



Finland 2004

## **HYVE – Citizens’ social support networks model**

A model of building local  
partnerships in the  
context of universal  
welfare in Finland

Minutes,  
Peer Review Meeting,  
Joensuu  
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## 1. Welcome

*Timo Elo*, Deputy Mayor of Joensuu and also chairman of the Vocational Training Council of North Karelia, welcomed participants and said a few words about the host city.

Joensuu is the easternmost part of the continental EU – only Cyprus lies further east. The municipality has a population of 52,000, which will rise to 56,000 in two years when two adjoining municipalities join. It has an income tax rate of 18.5%, and unemployment of 16.3%, mostly among uneducated people. The average income is €10,879. The centre right is in a majority on the municipal council.

It has 1,207 foreign immigrants and, regrettably, something of a reputation for racism, though this problem has now died away. The largest employers are in the public sector – the city, the hospital and the university – but there are also the Abloy lock factory, Nokia mobile phone covers, and transport and wood industries. The University of Joensuu has 6,400 students, North Karelia Polytechnic 3,800 and the vocational school 2,500.

## 2. Introduction

*Raimo Ikonen*, Deputy Director-General of the Ministry of Social Affairs and Health, took the chair. He apologised for the fact that the Director General, Kari Välimäki, was unable to attend.

He has the pleasure of preparing Finland's NAP and sitting on the EU Social Protection Committee. He is therefore looking forward to learning from good – and bad – practices, and hopes for good and challenging discussion.

Finland has a 'Nordic' style of welfare system, and has been faced with the growing need to complement it in a multiactor direction – hence the importance of HYVE.

### *2.1 Peer reviews in the field of social inclusion policies*

**Hugues Feltesse, Employment and Social Affairs DG, European Commission**

Mr Feltesse thanked Finland for hosting this peer review meeting. It examines



a model of partnership among all actors, which is clearly relevant to one of the four objectives agreed at Nice: to mobilise all relevant bodies, by promoting dialogue and partnership, improving regional co-ordination, involving NGOs and promoting citizen participation. It also contributes to the Nice objective of better governance.

The peer reviews in the field of social inclusion policies have three objectives:

- firstly mutual learning: this means we are expected to be frank about what works and not
- more ambitiously, to facilitate the transfer of policies and institutional arrangements: the participants are here to assess good practice
- and finally, to see how to improve effectiveness of policies and strategies for social inclusion, for instance with the support of the dissemination of the key findings and results of the peer review exercises through synthetic reports and the website

We are now at the midpoint of programme, and can make some comparisons, for instance between the approach adopted in Sweden and the approach taken here in Finland. One is more top down, the other more bottom up, but may be the two are complementary.

Alongside the peer reviews, the EU's Social Inclusion Action Programme contains other instruments:

- a programme of transnational actions, which currently comprises 31 projects of three or more partners, out of over 150 that applied. A new call is to be published in November. Its objective to promote networking, find good practice and disseminate it.
- a programme of studies and the improvement of data
- finance for European NGO networks

## *2.2 Presentation of the programme*

### **Kai Leichsenring, Peer Review Manager, European Centre for Social Welfare Policy and Research**

The objectives of the peer review are to:

- present and discuss Finnish social inclusion policy
- present, visit and evaluate the HYVE initiative
- bring out the key issues
- assess the transferability of approaches and methods to other countries



- arrive at shared conclusions
- ... and also evaluate peer review itself

Mr Leichsenring presented the seminar programme and the three site visits: to the Kansalaistalo (Citizens' House) drop-in centre, the Kotikartano community for people with mental health problems, and the Niskakatu 21 centre for long-term unemployed people.

He pointed out that whereas the thematic expert would in the normal course of events come from a different country, in this case, for language reasons, she is a Finn, Elsa Keskitalo. She has endeavoured to adopt as neutral position as possible.

### *2.3 Outline of Finnish policies with respect to partnership between public authorities and NGOs in social service delivery*

#### **Matti Heikkilä, National Expert, National Research and Development Centre for Welfare and Health (STAKES)**

The HYVE model grew up in the context that Finland has no specific policy targeting poverty. Rather, its approach is to offer services which are generally available. In addition to the system of benefits, approximately 8% of the population (it was 10%) makes use of social assistance at least once a year. A study of the Netherlands, Britain and Germany showed that Finnish social assistance was the most efficient in reducing income poverty compared with other countries.<sup>1</sup>

Finland's voluntary sector fulfils the roles of recognising and articulating new needs, advocacy, and testing and piloting solutions. It is comparatively small, providing most of the 20% of social services that are not provided by the state. This activity is funded largely by RAY, the Slot Machine Association. As regards the composition of partnerships, the continental European model mobilises NGOs, local authorities, social partners and enterprises. However in Finland the partners include NGOs and local authorities (mostly municipal welfare authorities), plus sometimes parishes and users' associations, but rarely trade unions or enterprises.

1 Kainulainen, Susan (2004) *A Comparative study on Last Resort Social Assistance Schemes in Six European Countries*. Helsinki: STAKES (Research reports 146).



## *2.4 HYVE in Finland*

### **Riitta Särkelä, Executive Director, Finnish Federation for Social Welfare and Health**

Work on creating the HYVE model started in 1994, and has been a challenging job. It was a big reorientation, as it involved creating something that did not exist. Nowadays such ideas of partnership are on everyone's lips, but they are not always found in practice. HYVE's objectives are:

- to reform welfare services structures
- to develop local and regional social policy
- to find new ways to deliver services, and to meet needs better
- to create new forms of support for local needs
- to involve multiple actors
- to create local and regional partnerships

The problem was that system had gaps and was unresponsive. A new governance system was needed. HYVE was based on eight principles:

- a basis on contracts and agreements
- a combination of piloting with education and research
- a bottom-up approach – this takes time, but is crucial
- equal dialogue and partnership between actors
- citizen participation
- joint resolution of the tensions that inevitably arise – this creative way of dealing with conflict has been a very important principle to agree beforehand
- transparency and trust
- collective ownership of the results

The model now covers one-third of the Finnish population: it is permanently established in three regions of the country – around Joensuu, Jyväskylä and Oulu – and is being introduced in the Uusimaa (Helsinki) and Ostrobothnia (Kokkola-Vaasa-Seinäjoki) regions. A variant known as 'village HYVE' operates in two areas of the far north.

The key elements of the model are:

- working in pairs and teams – i.e. an NGO representative and a municipality representative: an innovation that gives leadership
- the combination of research, piloting, training and capacity building for NGOs – it is vital to build a common language among actors, and build the capac-



ity of teams, not just of individuals. In ten areas, surveys have been carried out of service provision, local employers' needs, actors in the field, and the views and perceptions of citizens.

- contracts and agreements
- shared objectives – in the one place where the model failed to take hold, Pori, the cause was the lack of common objectives
- arenas for dialogue and common workplaces
- network budgeting – new resources available were limited, so a method has been developed of allocating costs among partners' existing budgets
- a national/regional dialogue
- the empowerment of regions
- building arenas for participation and new forms of participation
- an orientation to multi-actor partnership.

HYVE's achievements include the establishment of new forms of support, the assessment of deficits in services, the creation of community-based forums for joint action, strengthened partnerships, a team training model, a new citizen-based model of information-production and influence on municipal strategies.

Challenges for the future include:

- step-by-step expansion into new areas
- better funding – delays in EU funding are difficult to deal with, and it would be a disaster if the Slot Machine Association funding were challenged by Internal Market rules
- more local-regional-national policy dialogue
- an orientation more towards policy development than to developing basic work
- finding funding for evaluation and indicators – especially external evaluation
- maintaining commitment – voluntary sector-local government partnerships can be vulnerable if trustees and elected representatives change

### **3. Comments by peer participants**

**Austria:** *Hans Steiner* found that his understanding of HYVE was still too abstract, and asked for clarification as follows:

- does HYVE now cover one-third of the Finnish population?
- does HYVE really influence social service policy and delivery or not?



- what does network budgeting mean? Are social service budgets part of this? Does it permit a reorientation of social service budgets?
- in what way does HYVE depend on Slot Machine Association funding, and why could there be problems in the future?

**Belgium:** *Johan Vandenbussche* had gained a lot of detail from the presentation. He asked:

- is HYVE based on NGOs being present throughout the country? In Belgium every municipality has a social service department, but NGOs only cover part of the country
- participation is very important. Is this about being a client, or a structural partner? Do clients have a place in the structure?
- who sets the goals, and how? Shouldn't the public set them to give the best service?
- effectiveness: adding a market element might raise cost-effectiveness, but does HYVE have a way of measuring its effectiveness in reaching goals?

**Germany:** *Werner Schumacher* noted that in Germany the philosophy very different – there the state's role is to guarantee welfare not necessarily provide it – NGOs do this, and are reimbursed by the state. So Caritas or the Diakonie will have a different approach from a Social Democratic NGO. For instance in Germany's biggest *Land*, Nordrhein-Westfalen, 55% of hospitals are public, 40% church-run and 5% profit-making. Most kindergartens are run by parishes.

The government knows NGOs are important social service providers, so NGOs are in a position to negotiate. Government consults them. And they know NGOs are cheaper, because firstly they are able to attract voluntary workers, and secondly they have to stick to the fixed 'price for the job', and stay within budget.

He asked if the attitude in Finland is changing, to one in which the state does not have to provide all social services itself, only guarantee that they are provided?

**Greece:** *Maria Kalouli* commented that there are two basic differences between Finland and Greece: firstly the tradition of the extended family replaces formal social services in many areas. Secondly NGOs, though growing, are undeveloped in comparison to Britain, Germany and other northern European countries. So the question arises as to how we can change mentalities and structures.



Also Greece is centralised and has only just started to empower regions.

First we need to focus on changing the attitudes:

- of the civil service, which is too bureaucratic
- of users and volunteers, to encourage them to participate
- of both sides, to take partnerships seriously

Secondly we need to tackle funding. There is a lot of EU money, including 13 regional programmes – but this is not necessarily sustainable. Many NGOs have no funding from the state, just small sums raised from public donations.

**Latvia:** *Maruta Pranka* said that the history of Latvia has determined the situation that NGOs' development is based on a short experience only (a bit more than 10 years). Though NGOs dealing with social issues are rather active, lack of financial resources reduce NGOs' ability to work on and to implement large social projects. In many cases the NGOs are dependent on financial support from different international funds. Potential role and responsibilities of NGOs depend on funding and their capacity to cooperate with the municipal and the state sector. It would be interesting to know how HYVE is organized practically. Who is the most active agent – the state, municipalities or NGOs?

In Latvia funding for social services includes expenditure from the basic national budget and municipalities' budget for the provision of social services – social care and social rehabilitation.

There are also such issues as the problem of economically and socially active residents and young people migrating to the largest cities and towns. Consequently there are locations without active people, without NGOs. There is also a problem of an inadequate education system and the lack of motivation and activation of risk groups. This is very acute in the Eastern part of Latvia.

**Malta:** *Albert Ball* commented that HYVE shows how key players can converge at regional level and encourage citizen participation and democracy. It also shows how service provision can be adapted to public need. Thirdly it shows effective targeting on emerging areas of vulnerability and risk. Interesting questions are: which areas of need are targeted? How are financial and human resources optimised? As a means of going beyond political rhetoric, what research strategies are adopted? What outcome indicators are used?

There are three difficulties as regards transferability:



- the entrenched ways of operating in a small country – fierce competition between state and NGOs, several turf wars going on. How can such conflict be resolved?
- like Greece, regional authorities were only created in 1993, so lack experience in providing social services. What role can they play?
- Malta has a limited independent research capacity. What remedial action can be taken to improve research capacity?

**UK:** *Chris Burston* admitted that the UK has quite a centralised government system. But it would not be right to underestimate the application of the principle of universality – the right for all to receive minimum levels of service. Where the UK differs from Finland is in its persistent failure to invest in adequate levels of social protection, or to tackle social inclusion. The 2003 NAP/ incl tries to move away from the technocratic central government system. The questions are: how are NGOs involved in policy-making? How are the results of HYVE fed into national budgets?

*Philip Cotterill* added that in the District of Kirklees, which has a population of 500,000, success has to come from joint working. So the questions are:

- how to align the top-down with the bottom-up, and solve mismatches of policy?
- how does HYVE approach the issue of universality versus targeting, for instance as regards drug abuse, which can to increasing exclusion, child abuse, crime and civil disorder?
- what does success look like for individuals, not just the process? How are their lives better? Evaluation is needed, otherwise we may adopt policies that do not work.

**Eurodiakonia:** *Martin Schenk* asked what instruments are used to reach the goals. For instance what type of participation, what type of empowerment? Is cutting benefit seen as a type of empowerment? He also wanted to know how the Federation is structured, and how power is exercised.

**European Transregional Network for Social Inclusion (RETIS):** *Aurel Trandafir* raised four points:

- local government relationships: how does the process appear to the local authorities? How are elected councillors involved? What are the budget implications and means? Are there local as well as national budgets?
- instruments: what is the nature and content of the agreements between national, local authorities and NGOs?



- is there a chance to transform this process-oriented project to a policy-oriented one, to aid its transferability?
- the link with social and territorial cohesion: how are municipalities selected or how do they volunteer? Is there a connection with national social inclusion strategy?

*Elli Aaltonen*, President of the Finnish Federation for Social Welfare and Health, rounded off the session by remarking that it was the strength of outsiders to be able to point out new questions that should be asked. She was sure this would have an impact on national thinking and on citizens' lives.

#### **4. Presentation of the discussion paper – HYVE: a model of building local partnerships in the context of universal welfare in Finland**

##### **Elsa Keskitalo, Thematic Expert, National Research and Development Centre for Welfare and Health (STAKES)**

Ms Keskitalo said she would address the results of HYVE, its European transferability and the questions raised by the peer country representatives.

HYVE is **complementary** to Finland's universal social services system. Its **objectives** are very broad: by involving a variety of actors including citizens, it aims to create new forms of partnership. So it is three things in one: a local development model, a model of NGO development, and a new governance agenda – the welfare mix.

It is not challenging the universal model as such, but meeting new problems. It combines experiment and practice; learning and information production. Its main results are qualitative and there are few hard facts. **Outputs** include:

- surveys have produced information on welfare needs
- new forms of service delivery, citizen involvement and partnership have been developed through local experiments
- local and regional social policies and joint welfare strategies have been developed.

HYVE started local projects in 1994, in the cities of Joensuu and Oulu, and extended to cover some other regions. It has developed from being a project to being an established partnership in three regions, and this transformation is progressing in the new regions. Though based on the same principles, the form



differs slightly from region to region. Its key **strength** is its genuine bottom-up approach based on NGO action to meet local needs within local circumstances. It combines new governance strategies (network, partnership, projects). It is deeply innovative in the Finnish environment (given the dominance of the public sector). Its small budget explains its limited extent.

It is hard to grasp the essence of HYVE as it is so process-oriented, so it is recommended to set up a framework for a more concrete evaluation. This modelling process would help outsiders to understand it.

**Comparisons:** Finland puts the main responsibility on municipalities to deliver social services. Private and NGO provision has grown to 21% of the total, but there is wide variation by sector. By contrast in some continental European countries NGOs have an institutionalised role (as in Germany). In the new Member States the authorities tend to be mistrusted (as in Latvia). Some countries have a centralised model (as in Britain) while others rely on the family (Greece). Meanwhile in Malta the authorities have limited competence and resources in local social service provision.

#### **Peer country questions**

Peer countries had raised the following issues:

- What are the model's goals and outcomes, and how measured by the various stakeholders?
- How are the participating municipalities selected?
- Possible adverse effects of more mixed provision: do organisations with few resources offer their employees worse wages and conditions, such as temporary contracts?
- The functions of co-operation and networking – are all partners equal? Is there competition for resources?
- The specific role of training and research
- Types of citizen involvement: formal/informal
- Sustainability – is funding scarce?
- Target groups – is there a problem of stigma or shame?
- How are newcomers dealt with?
- Dealing with passivity, pessimism, lack of trust among citizens
- Institutional differences

**Transferability context:** The transferability of a policy will depend firstly on the institutional context, which includes the roles of the public authorities and NGOs,



the degree of centralisation, and the tradition and structure of civil society. But it also depends on the characteristics of the policy itself – for instance whether it is simple or multidimensional, or whether it is national or local.

**Preconditions for policy transfer:** Policy transfer depends on there being a policy failure or crisis – which provides a reason to change. It is facilitated by there being shared values, like communication, contacts and networks (as in Nordic co-operation or the Open Method of Co-ordination). The process can follow one of two paths: either a predominantly path-dependent solution or learning from new good practices and experiences.

**Factors facilitating policy transfer:** Policies and programmes are easier to transfer where they have the following characteristics:<sup>2</sup>

- single goals
- simple problems
- a direct relationship between the problem and the solution
- few side-effects
- actors with high levels of information
- easily predicted outcomes

## 5. Questions and comments by peer participants

### *RAY, the Slot Machine Association*

*Klaus Halla*, director of Development at the Ministry of Social Affairs and Health, explained the workings of RAY (*Raha-Automaattiyhdistys*). About one-third of the compulsory welfare budget (i.e. social and health care services) is state-funded, with the remaining two-thirds coming from the municipalities and the client fees (10 %). State grants to municipalities depend on objective criteria such as unemployment, population structure etc. and municipalities are free to allocate them. It is the municipalities that have the responsibility to ensure welfare, but not necessarily to provide it directly. Their main resources are property taxes, client fees etc. 1<sup>st</sup> March 2005 sees the introduction of an onerous law laying down service deadlines and standards concerning non-acute health care treatment: this will enable users to go to the private sector or even to other countries for treatment at the expense of the municipality if the municipality is not able to guarantee the treatment before the deadline.

2 see Dolowitz and Marsh 1996



Complementary welfare is funded by the Slot Machine Association, which was founded in 1938 by six NGOs active in health and social care (not by the state). Uniquely to Finland, it holds a monopoly on slot machine gambling licences. There are now about 100 NGOs in membership. The general meeting is the supreme decision-making body, and the 14-strong board of administration comprises seven appointed by the members at the general meeting and seven by the government for a three-year term. Mr Halla represents the Ministry of Social Affairs and Health on the board.

The 100 or so NGOs that are members of the Slot Machine Association (RAY) tend to be the umbrella bodies, but other NGOs can also benefit – indeed in 2003 there were 1,200 beneficiaries. Even though some NGOs have municipalities as associate members, municipalities cannot benefit. NGOs cover the whole country: most national NGOs have local branches and some have regional ones as well.

In 2003 turnover of the RAY was about €600m, and profit about €400m, of which €300m goes to NGOs in social welfare and the remaining €100m to rehabilitate war veterans via the state budget. Annual income growth has slowed from 3-4% a year to 1-2% a year, but has not decreased (as has Belgium's national lottery income).

New services are often initiated and developed by NGOs and later taken over by municipalities. This allows access to the unique expertise that some NGOs have – for instance in caring for severely handicapped people.

The grant-making process is that NGOs apply, the board makes a recommendation, and the government has the final say. RAY's importance is all the greater because it supports not only project work but also running costs and investment. There is a three-year horizon.

As the main source of finance for NGOs in Finland, RAY is concerned by the recent development in the EU, e.g. the service directive, which may question the gambling monopoly.

### *Other questions*

*Matti Heikkilä* noted that the **size of voluntary sector** varies between sectors in social welfare, but asked if it is bigger in Finland than in Sweden or Norway.



*Elsa Keskitalo* confirmed that the NGO presence in social services is higher than in Sweden or Norway, for example in services for disabled people.

Secondly, he asked whether **trust in public services** is in crisis. *Elsa Keskitalo* replied that this is a problem in the new and future Member States. In Finland trust in public sector is high: people support the existing model and are prepared to pay taxes to fund it.

*Johan Vandebussche* raised the question of what we mean by '**NGOs**': a lot of Belgian NGOs (for example social housing providers) are in fact semi-public: they are 100% publicly funded, and are heavily regulated.

*Hans Steiner* asked what control the government has on how NGOs use the money. How do they influence how it is spent, and what sanctions are there for misuse of funds? *Mr Halla* replied that the Ministry draws up policy guidelines on how welfare is to be developed, which are negotiated with the Slot Machine Association to form an annual 'results agreement'. NGOs therefore know what they can successfully bid for.

Within the **Finnish Federation**, the core members are the 16 regional associations, (of which individual associations are members) and the national NGOs; municipalities are associate members with reduced voting power. A general meeting is held every three years, which elects a board of 26, which in turn appoints an 11-strong executive committee. Most, though not all, welfare NGOs are in the federation.

The **HYVE budget** is quite low – around €5.6m over the period 1994-2003, including both the project-based and permanent activities – because it covers only the facilitators. The costs of pilot projects are borne by the member associations through a process known as 'network budgeting' which involves a shared responsibility for obtaining resources, shares the risk and increases sustainability.

On the **changing philosophy** of the public role in service provision, *Matti Heikkilä* said that while there are occasional calls for more private provision, the idea of public welfare service is culturally rooted and accepted by both main political parties. *Reijo Väärälä* added that things have been changing since 1995 – now municipalities have a lot of discretion to outsource services.



On the **NGO role in NAPs**, *Raimo Ikonen*, who was in charge of writing Finland's NAP, confirmed that NGOs are closely integrated into the national action programme. When the NAP was reviewed in Brussels, Finland's was found to be one of the most connected, with the highest NGO role. NGOs are also involved in monitoring. *Aurel Trandafir* noted that whereas in Finland local authorities and NGOs are given a chance to comment on the NAP as it is prepared, Romania has created county agencies, which just copied the national plans. *Albert Bell* echoed this, saying that Malta's regional authorities do not have the competence to work in partnership: this competence is concentrated at central government. Malta lacks experience in regulation, and he would like to hear from others on this.

## **6. An introduction to HYVE Joensuu – a dialogue about building partnerships**

### **Elina Pajula, Finnish Federation for Social Welfare and Health and Local Association for Social Welfare in North Karelia**

In Joensuu, HYVE started as a project but has developed into a permanent partnership.

The partnership agreement covers six main goals, which are reviewed annually, and slowly evolve. This year, for example, homelessness moved up the agenda. Personnel work in pairs, but each of the partners stays in her own office. The system has changed strategic thinking, even if it is difficult to pin down exactly how. The six goals are:

- citizen participation (bottom-up approach, new forms of working)
- a community resource centre (platform for mutual support). 'Citizens' offices' have been piloted in Joensuu and Jyväskylä – they are run by NGOs to offer multiple services together
- support for NGOs – NGOs should be involved from the start, or they will refuse to come on board later. This support includes information technology services (supported by the Slot Machine Association) and training and employment (an EQUAL project)
- restructuring municipal services and finding new forms of working (partnership and dialogue; strategic projects)
- increased expenditure on social welfare: they organise regional forums for social service directors, and are building a Third Sector Training Network to put training materials on the web. However they are not trying to become or create an umbrella body



- influencing regional social and health policy (this goal was not planned – it grew up to meet the need for a neutral body to bring people together)

Structures are regional rather than local, as the population is so sparse.

An example of the research carried out is 'Tough regions', a survey of people's opinions on social services: 5,000 people were surveyed and a 40% response rate was achieved. The results were presented to politicians.

### **Annamari Savela, City of Joensuu**

Joensuu's population has grown from 50,400 in 1995 to 52,700 today, and over the same period its share of elderly people has risen from 12.6% to 14.2%. However unemployment fell from 25% to 17% and the number of families on income support from 6,000 to 4,400. Joensuu is the administrative centre for a region with a population of 190,000 people.

Effective welfare services are the best way to prevent exclusion, and are a precondition for Joensuu's vitality. Though progress is slow, Joensuu has for the first time succeeded in getting voluntary organisations and citizens involved in official working groups, for instance for elderly people. It has also set up regional development forums.

The results for the city include:

- the EQUAL development partnership, which brings together the regional employment office, the university and the Finnish Federation for Social Welfare and Health
- better dialogue and networking – horizontally between the public and third sectors and vertically between the local, regional and national levels
- new resources and actors
- a permanent development structure
- new forms of social service support in the community centre – e.g. 'Guys on the Corner' and 'Park Therapist'
- new services – e.g. young drug users' drop-in centre (cofinanced by association and city)
- citizen-based activities in housing areas
- a partnership with the NGO 'Save the Children' to cope with the rising number of children in care; they buy in a lot of residential care of course; with HYVE the difference is that they develop services.



Some of the challenges they have faced are:

- time and resources
- a suitable form for partnership agreements
- finding money – and follow-up money
- new qualifications in networking
- relaying citizens' experiences to decision-makers
- building reliable and equal partnerships

## 7. Site visits

The peer review group divided into three to visit:

- Kansalaistalo – a community centre for people with multiple social problems
- Kotikartano – community psychiatry and unemployment
- Niskakatu 21 – challenges and support for the long-term unemployed

The key questions to be posed during site visits were:

1. how has **citizen participation** been developed (methods, results)?
2. how have **responsibilities** been (re)distributed among the stakeholders (NGOs, local authorities, citizens...)
3. what does building **partnerships** mean operationally (methods)?
4. how have social services been **restructured** by the model (unintended effects, cost-effectiveness...)

### Feedback on key issues

Following the site visits, participants related their first impressions, the aspects that had struck them as most important, and any similarities with their own country.

#### 7.1 *Kansalaistalo Citizens' Centre*

*Jesmond Schembri* introduced the Citizens' Centre as a drop-in centre open to all. As regards participation, there is a healthy mix of people with problems and volunteers. It is located in a city-centre shop-front, so has no 'roots' and attracts detached and problematic citizens. As regards sharing responsibilities, the centre is co-funded by the municipality and RAY. It offers complementary services in a low-threshold way. It is informal and keeps no usage statistics. It is run by an NGO (Soroppi) but 83 other organisations use the premises.



*Hans Steiner* added that it is an NGO initiative that the municipality joined in with. It is multi-purpose, not focused on fighting poverty, but in reality most of its work is for vulnerable people. It works on the principle that if you want to help poorer people, the way to reach them is to create something for a broader group. He added that the municipality is generous not to insist on measuring the outcomes.

*Aurel Trandafir* was struck by what a friendly and flexible place it is. The manager Marko Haakana is very professional and very modest. There are similar centres in Romania run by local authorities.

*Maruta Pranka* found it to be a very good example of social integration. Latvia has no similar centres: the closest would be the mainly rural 'houses of culture'.

*Johan Vandebussche* commented that it was run very informally; it is still in the first stage of its life cycle where the pioneers are still present, and deal with each other in a warm way. This informality is a strong point, but could become a weak point when they move on. In Belgium there are similar centres in most cities, run by NGOs or the municipalities.

*Ute Buck* confirmed that such centres also exist in Germany, for instance neighbourhood centres in areas of high immigrant settlement. *Werner Schumacher* noted that the mix of different activities (e.g. computing, bicycle hire, coffee bar) attracted different types of people.

*Riitta Särkelä* reminded us that it is not a project, but a permanent platform. On responsibility-sharing, the costs (rent, computers etc.) are shared among the partners (Soroppi, the Finnish Federation, the local Association for Social Welfare, the Red Cross, the Association for Fair Trade) according to the partnership agreement. Project budgets – for instance for fieldwork outside the centre – are dealt with in various ways. *Anne Astikainen* added that there is a similar centre in Jyväskylä (82,000 population) for which 28 organisations hold the contract.

## *7.2 Kotikartano Community Mental Health Centre*

*Philip Cotterill* described the centre, which is run by an association composed of 16 other associations. It comprises a day centre with workshop activities,



established in 1996, and a crisis centre established in 2001. It serves a need because the level of psychosis in Joensuu is 1.9% (as against the Finnish average of 1.5%), and there is also a higher level of suicide. The centre has a broad range of staff, three of whom are permanent and 18 voluntary. Rehabilitation services are bought in.

The crisis centre, which receives 430 calls a month, is a different service, partly funded by RAY. Only 3.5% of clients make repeat contact.

The importance of partnership is that “Many small streams make a big river”. The third sector sees itself as impulsive, creative and chaotic as compared with the public sector, which is slow, bureaucratic and has too much work to do.

*Martin Schenk* added that the mental health centre is funded 80% by RAY and 20% by the municipality. In Austria, more support of this type, for people leaving mental hospital, is needed.

What link is there with HYVE? First, setting up HYVE involved talking to 80 NGOs, and this is one of the resulting strands. Secondly, the building of partnership into welfare strategies opened the way to their receiving money from the municipality. But it is hard to claim ownership in this networking area.

*Raimo Ikonen* clarified that the city of Joensuu owns the buildings and provides them free of charge. The centre has a small trading income from its shops.

### *7.3 Challenges and support for long-term unemployed in the North Karelian region, Niskakatu 21*

For *Albert Bell* the project presentations demonstrated the important role NGOs played in initiating new services. He had been struck by their ability to identify new needs, for instance for prisoners pending release. It was an example of a good long-term partnership. Malta has no comparable example of NGO power.

*Maria Kalouli* saw three projects: afternoon childcare with creative activities, prisoners re-entering society and youngsters who are not dealing well with life. She felt that partnership is a state of mind – if you believe it can work, it works. The HYVE method is not just a matter of co-ordinating, but of turning ideas into reality. It goes to the roots of the problem and, remarkably, something springs up. But how can it be transferred? It has taken ten years in Finland, so



might take 20 in Greece. In a similar process in Greece, the deinstitutionalisation of mentally ill people, major 'not in my back yard' problems arose, and neighbours even cut off the water supply. Partnerships might be a way round this.

*Chris Burston* was impressed by way an unemployed workers' association created jobs in an intermediate labour market initiative, combining different types of subsidy. An agency provided bureaucratic support. The system of pairing between employment agency and social services staff helped young people by bringing the issues together. In the UK it would be very difficult to get the money to do this – an evaluation plan would have to be prepared to show it met government targets. Two questions arise: what evaluation is done? Does the initiative cherry-pick the easier cases?

*Christine Stelzer-Orthofer* said that it seems to be a really good partnership. In Austria the funding situation is worse, and Austrian NGOs are in a more competitive situation. The Austrian labour ministry would not pay for such projects, as they are too far from the labour market. However funding might be obtained from other ministries.

*Aurel Trandafir* commented that new and candidate countries face two problems: firstly, it is harder to manage devolution where structures are unstable; secondly, trust-building is needed.

## **8. HYVE in the context of the reform of health and social services**

**Reijo Vääräla, Deputy Director General, Ministry of Social Affairs and Health**  
A few years ago saw the start of two reform processes: of social services<sup>3</sup> and of health (which is a much more difficult process). The system was 20 years old, so it was time for a reform. The aim is to modernise the whole system, through a long-lasting process of innovation that will last until 2007. HYVE is one part of this, and has brought the modernisation process new thinking about partnership at the local level. Though it is important at local level, it is true to say that it has not been a too big issue nationally, only one part of the process. HYVE is very important for social policy reform. It goes back to the roots, and opens up new ways of thinking.

3 see <http://www.stm.fi/Resource.phx/eng/strag/proje/social/index.htm>



Nine regional steering groups have been established on a partnership basis, each comprising 20-30 people from many types of organisation. Their task is to plan the way the reform is implemented.

The key aims of the reform are:

- firstly, securing access to services: this has required new legislation, for instance on waiting lists
- reforming structures and operations: here the government supports those aspects that go over local administrative boundaries
- securing staff skills and availability
- securing funding
- long-term development of the sector.

HYVE's critical contribution to the national reform of social services is that it shows the importance of collecting all partners in the process.

### **Discussion**

*Hugues Feltesse* asked whether the driver of the reform is cost or effectiveness? What was the diagnostic? Secondly, is the goal activation? Are there clear objectives?

*Reijo Vääräla* answered that the driver is aging – we have to prepare for a changed age structure in the population. The goal is accessibility of services, especially by old people, and by children with severe difficulties.

The traditional organisation was like a process of mass production, whereas today's is more about meeting individual needs. So there is a need to modernise.

*Raimo Ikonen* added financial data. The national budget for the years 2003-2007 means an extra spending for the health and social services through the two developing programs as follows:

- € 350m for improving the health services during 2002-2007 + an annual spending of € 30m for projects
- € 110m for social services during 2003-2007 + an annual spending of € 20m for projects + little for regional co-ordination.

In addition the municipalities receive annually the normal state grants. RAY also supports some of the single projects of the reform.



*Reijo Vääräla* continued that “we are tired of projects” and want to reform the system through the process of daily work. The aim is to decrease the number of projects in Finland this year. It is a new way of thinking, to combine development, education, research and training.

*Hans Steiner* asked whether Finland is introducing the principle of individual entitlement, that is giving citizens the power to enforce their rights. It would be a first to have not only an obligation for the community but a right for the individual. *Reijo Vääräla* replied that there has been lot of discussion on municipal budget problems versus citizens’ constitutional right to the services they need.

*Riitta Särkelä* commented that municipalities are quite independent and rights are strong, so the ministry can lead by making recommendations rather than by laying down norms. *Reijo Vääräla* and *Klaus Halla* agreed that this long-lasting reform is the ministry’s way of taking the strategic lead.

*Aurel Trandafir* asked whether there is a trend for local authorities to ask for greater budgetary independence. *Raimo Ikonen* answered that they already are independent! While some rely on an 80% budget grant from central government, the average is only 33%. Helsinki actually gets a negative state subsidy, under a “balancing system” very similar to Denmark’s.

*Maria Kalouli*: feared that the ministry intends to stop small projects. *Reijo Vääräla* replied that it has to concentrate on the most important key points, and that means it has to reduce local projects – which does not mean it wants to stop them entirely. In any case the local level says it is tired of the jungle of projects. HYVE is the model that connects the small projects. RAY money is not easy money – promoters have to report back and achieve lasting results.

## **9. Working groups on the transferability of good practices**

*Reijo Vääräla* took the chair, while *Kai Leichsenring* set out the task of the working groups: to distinguish the various levels of the model and of policy, and to look at their transferability. He suggested that participants ask themselves the following questions:

1. What is your general assessment of HYVE, if you think about the existing structures in your country? Would the model, or parts of it, be compatible?



2. Which aspects could usefully be implemented in your national context? (project development, approaches, methods...)
3. Could it be useful to further support the approaches expressed in HYVE at European level? If so, how? (mutual learning, further exchange, research...)

The group then broke into three workshops, led by Klaus Halla, Elsa Keskitalo and Kai Leichsenring respectively, for 1 1/2 hours of discussion.

### **Exchange of working group results**

#### **Working group 1: Kai Leichsenring**

*General assessment:* HYVE is the ideal approach, and is perfectly in line with EU pronouncements on governance and subsidiarity. It is perhaps possible to talk of horizontal subsidiarity as well as vertical subsidiarity.

In *Greece*, decentralisation is on the agenda of the NAP/incl, involving a transfer of resources to local level. An approach to transferring the HYVE method could be to start with municipalities that are already going in that direction.

*Austria* is already decentralised: the process demands political will, and the possibility of negative effects should be considered. There are useful ideas as regards NGOs as a complementary not a competitive provider, and on making funding available for experiments and innovation, not just service delivery.

In *Malta* the churches are a significant provider, and the role of family should be taken into account. However dialogue with NGOs has started.

*Germany* found the method of involving people in a cross-sector approach interesting.

Transferable aspects:

- employing networkers
- pairing between public and voluntary sectors
- arenas for co-operation (Germany has *ForTeil – Forum Teilhaber*)
- involving citizens (e.g. Citizens' Centre, volunteers with choice)
- multi-purpose aims
- services not targeted at the poor yet helping the poor (mainstreaming)
- training regional developers
- learning: intra-vision / seminars on new ways of working and thinking / need for initial awareness-raising stage / long-term, team-based



*European level:*

- Promote the idea of pairing between the voluntary and public sectors at EU level (cf. CESVOT in Italy and the *Assises de la Citoyenneté* in France)
- Use EQUAL development partnerships to promote social services modernisation
- Increase the budget for social inclusion within the new PROGRESS programme

**Working group 2: Martin Schenk**

*General assessment:* HYVE is a mechanism to create strategic partnerships. By providing funding for networkers at local level, it provides a community development service. It acts as a midwife, supporting processes related to service delivery but not necessarily actually delivering them. The lessons are:

- there is a dualism between the public and third sectors, and the relationship should not be idealised. Conflict needs to be recognised and managed
- to build trust, discussion is necessary and joint training is helpful
- a bottom-up approach works better than a top-down one – locally actors have a common interest that reduces competition for resources and power. One should not be afraid of the citizen
- the HYVE approach supports regional development
- HYVE builds bridges between the different parts of the welfare system (health, social, education etc.)
- HYVE provides places for NGOs to work together and make contracts with citizens
- HYVE is a win-win model because of its shared leadership – if you delegate power you gain in influence
- NGOs have their own agendas and have to fight for them. They have to be prepared to change too

Transferable aspects:

In *Latvia* social services are unsatisfactory, so perhaps HYVE can be a good model. The first step would be to organize some pilot it in a region, but the main problem is financing. Media attitudes sometimes also make some problems with marketing of good projects. Positive attitudes from the media would be very helpful.

*Elsa Keskitalo* commented that scale and multiculturalism are barriers to transfer. Trust is easier to build in a homogenous culture, and in areas undergoing economic crisis. HYVE has created a culture, and helped avoid competition among NGOs and with the public sector.



*European level:* The question of action at EU level is difficult because the EU has no competence in social policy. Its primary function is to promote a competitive single market, which is in contradiction with co-operative service delivery involving NGOs. Nevertheless dialogue at European level is important.

### **Working group 3: Chris Burston**

*General assessment:* the UK has a long tradition of involving NGOs, and in particular the 'foyers' seem comparable to drop-in centres. *Malta* by contrast has a tradition of competition between the public sector and NGOs.

The group worked on three crosscutting themes:

*Participation and partnership:* How can this be improved? It is on the agenda in all Member States, and in the NAPs. Several examples were discussed, and a key issue seems to be funding: HYVE gets money from RAY (the Slot Machine Association) as well as the state. The NGO representation within RAY gives NGOs an important measure of independence.

As regards transfer, the regional level would be an added complication in the UK. Pairing is a very strong model for building trust and a common agenda.

*The division of responsibilities:* NGOs represent civil society and have a lot more members behind them – they are the voice of civil society. Yet government has the responsibility to set goals, act as referee, ensure everyone can exercise their rights (which not all NGOs do). So by working in partnership with NGOs, is government in a sense abdicating its responsibility?

*Evaluation:* We need to know more on how HYVE is evaluated.

### **Discussion**

*Johan Vandebussche* said that the hottest topic seems to be 'the market versus partnership'. We have to choose, because we cannot combine the two. We are focussing on how and forgetting why.

*Chris Burston* gave the UK government's view, even if it might be provocative. In the example of combating unemployment, though the argument applies to care too, so long as government sets the goals and ensures funding is there, how they are delivered does not matter. In employment, the key thing is to work with employers, and ensure vulnerable people are catered for. Social enterprises are very important.



In *Hans Steiner's* view the question is whether states have right to decide which spheres of society can be protected from marketisation. *Philip Cotterill* believes that you can marketise a lot of things, but it is fundamentally wrong to marketise assessment for care. In this case, the idea that "the market can decide" is frightening.

*Johan Vandebussche* said the market exists not to provide a service, but to make a profit. What matters here is not only efficiency, but ensuring basic rights. We are undergoing a process of European integration, so it is not just about keeping decisions national (*pace* Hans Steiner's comments) – it is about improving things all over the EU.

*Hugues Feltesse* supplied the information that the European Court in Luxembourg has clearly ruled in SODEMAR decision that a state may privilege the supply of services by NGOs. For instance an Italy region decided that home care for the elderly should be restricted to NGOs, and the Court approved this.

Secondly, the communication on services of general interest, on which the European Platform of Social NGOs organised a conference in June 2004. The conclusion was not so clearly in favour of competition. There is some debate as to what constitutes the core of activities which may be protected from competition, but these certainly include defence, education, health and social services. At the conference, Jérôme Vignon of the Employment DG stressed that what matters is not only which services are delivered but how they are delivered. For instance if a service is directly produced by the community, it is treated differently. French NGOs took this issue up with the tax authorities; if they can prove they are differently organised – that participation adds value – they can qualify for tax relief.

The Dutch peer review showed up a clear contrast between the situation in The Hague, which has opted for a market solution, and that in Rotterdam, which has opted for a non-market solution. The question is still open at EU level.

*Werner Schumacher* commented that if you open an activity to the market, all contenders have to be treated equally. So if you allow NGOs a tax privilege or training, then you have to allow these to private companies too. The important decisions are therefore at national level.

*Philip Cotterill* said that in the past social services have been the poor relation of health and education, but people are now realising their importance for the



future. They are also realising that children are indivisible – so why would health visitors be national and home carers be private? You need to look at the skills needed, and the market confuses that. HYVE helps us to avoid making artificial delineations.

According to *Martin Schenk* it is a question of accessibility and quality – we need to ensure that poor people do not get poor quality. HYVE is a good example of organisational learning.

## **9. Conclusions on general assessment and lessons learned**

*Kai Leichsenring* chaired the session.

*Hugues Feltesse* thanked the hosts for their hospitality and entertainment, the projects that had made presentations, and the experts who had contributed to the review.

What are the key elements we can draw from this peer review? First, it is striking that the challenges that make social services reform necessary – reduced fertility, aging, migration, long-term unemployment – are shared by all Member States. There is a wide range of social problems, such as drug abuse, that make such reform relevant in all countries. The general goal of modernisation is certainly shared: ensuring access to social services is present in the objectives set by the European Council in Nice.

The holistic, tailored approach and the change from the industrial model of social service provision is a priority for some EU countries. The mobilisation of all relevant actors and the participation of service users are very important goals. There are a number of other links with EU policy:

- social activation is needed to prevent people falling into the poverty trap
- the lessons of HYVE need to be mainstreamed into social inclusion policy
- HYVE can help to ensure that policy-makers benefit from opportunities for lifelong learning
- improving the sustainability and efficiency of healthcare and social services is a future priority for all countries

At first the HYVE approach seems very general, in that it links to objective 4 of the Nice European Council conclusions. But we have to learn from comparing the results of different peer reviews: there are interesting complementary key



lessons learnt from the Swedish top-down approach and this bottom-up approach.

To recapitulate the objectives of the peer review process:

- Firstly, mutual learning: we certainly now better understand the Finnish model and see how to break down the walls between different levels of responsibility within a country – often through co-ordination. This has to be addressed very concretely. Mutual learning is very important for all of us in such areas as partnership working, the local development process and creating a modern welfare mix.
- Secondly, as regards facilitating the transfer of tools, methods and approaches, we have gained a lot of information, which will prove useful in a number of ways.
- The third objective is to make strategies and policies more effective. This is the most important result of the Open Method of Co-ordination. 2006 will soon be here and what we learn will be useful in preparing the next round of NAPs. A new call for proposals for transnational projects will be published in November and there are possibilities to undertake conferences, the transnational capitalisation of experience and training.

What we learn will also inspire work on various communications from the European Commission, for instance those on services of general interest and on the social activation of minimum income recipients.

Last but not least, we are half way through the Social Inclusion Programme and I think personally that it might be useful to take some concrete results into account in its continuation.

### **Discussion**

*Philip Cotterill* asked how we can keep abreast of social services reform at EU level? Is there a website? *Hugues Feltesse* replied that the issue has not been clearly addressed as such – only specific aspects of it like the activation of the unemployed or perhaps homelessness. It will be a question to be addressed in future through the Open Method of Co-ordination.

*Reijo Vääräla* commented that the Finnish system is 30 years old, so is well organised to register clients, but not to activate them. HYVE creates a lot of information that helps bridge the gap between the employment and social services departments.



*Hugues Feltesse* suggested reading the Dutch peer review, which shows the realisation rather than the concept, so is very complementary.

As regards the status of social services at EU level, *Hans Steiner* suggested that social inclusion, which is within the Open Method of Co-ordination, along with long-term care and health covers almost all of social services. We could therefore raise the idea that social services could be a topic in their own right. Social services already play a big role in some NAPs/incl (though not in others).

*Hugues Feltesse* agreed with *Chris Burston* that if we were to use the Open Method of Co-ordination with social services, we should need a clearly defined shared set of indicators.

### **Most important lessons**

*Kai Leichsenring* then asked participants to say what the most important lesson is that they take from the peer review.

*Riitta Särkelä, Elina Pajula and Annamari Savela*: the need for **evaluation**, though it is a big challenge. We think we have been doing a lot of evaluation, but have found that the peer review has raised some concrete questions that we cannot answer.

*Chris Burston*: the importance of, and ways of, building **trust** between government and NGOs. The obvious success of **pairing** approach that provides a long-term basis for working together.

*Philip Cotterill*: there is so much to learn at all levels. Social services are an integral part of dealing with social inclusion and exclusion, and we would benefit from much more **vibrant discussion** of social services at EU level.

For *Reijo Vääräla* the review was a big **mirror**. The discussion has been most as it has shown up shadows and hidden things. He has picked up many diamonds.

*Klaus Halla*: the **flexibility** of NGOs in identifying new needs and supporting public sector in reforming public services.

*Anda Gulbe*: building **partnerships** to solve social and employment problems.

*Maruta Pranka*: listening to different **experiences**.



*Christine Stelzer-Orthofer* was sceptical at the beginning, but during the review has formed a good picture of HYVE. Austria has a different structure and could learn at **local** level, but it would be too difficult at national level.

*Johan Vandenbussche* has the strengthened conviction that to fulfil unmet needs you can succeed through **partnerships** and a creative approach.

*Maria Kalouli* felt that the partnerships HYVE builds are **sustainable** because of equality, shared responsibility, complementarity, tackling citizens' needs, stimulating participation, and even just giving people somewhere to meet.

For *Elsa Keskitalo* it was useful to visit and to see HYVE's concrete results. Policy transfer is not easy because of **different cultures and institutions**, but this meeting has at least moved towards this.

*Raimo Ikonen* draws three lessons:

- firstly the mutual **respect** and understanding among the various actors. The recession of the 90s taught us that impact is not guaranteed.
- secondly, clear **financing partnerships**. Trade unions rely on this a lot. Finland is lucky to have RAY and that the Commission approves it.
- thirdly, **working in same direction** nationally and locally. HYVE was one example in the national NAP, and it is good to see it growing stronger.

He added his thanks on behalf of the ministry for everyone's active participation, and wished participants a safe journey home.

*Aurel Trandafir*: apart from the financial and operational aspects, he would mention the consistent **human-centredness** and the **openness** and readiness for partnership that he saw on site visits.

*Jesmond Schembri*: firstly, the usefulness of disseminating **good practice** examples – it was important to see the model working at first hand. Secondly, the importance of **political will** and **tact** to successful working together.

*Albert Bell*: the importance of forging **partnerships** in social service provision – while not forgetting debate on why.

*Anne Astikainen*: the peer review has been a great opportunity. It teaches us firstly to place greater stress on **evaluation** – we need to focus on our goals



and prove our achievements to people. Secondly the value of **international co-operation**: it takes time to understand each other but, as with long-distance running, you have to take a deep breath and keep going.

*Ute Buck* also had little idea at the start what to expect, but the site visit cured that. In Germany as in Austria, transfer cannot be through central government action, but the **local** authorities or welfare federations might perhaps voluntarily pilot it in a region as an own initiative.

*Werner Schumacher* continued that there appeared to be a **Finnish way** of doing things. Compared to Germany, Joensuu does not really look like a town with over 16% unemployment! Furthermore in Germany the discussion about reforming the social system is very heated and controversial. Unlike Finland where people first try to sit down and find a solution in a consensual process.

*Martin Schenk*: The first thing is the public **funding** for the space to create a partnership process. The other is the lack of social balance in the mainstreaming process at EU level because of the **power imbalance** between economic and social sectors.

*Hans Steiner* would look for more openness of the social welfare system to **innovation** – willingness, courage and funding for such innovation.

*Kai Leichsenring* concluded the peer review meeting by saying that it is especially difficult in the field of social services to present ourselves to each other. So we should think how to present what we have learnt here to our colleagues at home. Of course evaluation indicators would help.

He thanked everybody for making the sort of active contributions upon which the peer review process depends. He encouraged participants to look at the peer review website and make use of its forum to communicate.

*Riitta Särkelä* thanked participants for the very encouraging feed-back that they had given to the HYVE team.