# The Role of NGOs in the Governance of Homelessness in Hungary and Slovenia

Maša Filipovič Hrast, Eszter Somogyi and Nóra Teller

Centre for Welfare Studies, Faculty of Social Sciences, University of Ljubljana; Metropolitan Research Institute, Budapest

- ➤ Abstract\_ This paper offers some insights into the governance of homeless services provision in two post-socialist countries Hungary and Slovenia focusing on the emerging roles of NGOs since the transition. The analysis is carried out within the complex framework of changes in social welfare service delivery and the emergence of multi-level governance (national, county and local) in homeless services provision. The paper addresses the current roles of, and relationships between, NGOs in the homeless sector, highlighting differences and similarities between the two countries. We conclude that two formerly similar Central and Eastern European countries have diverged in their development of homeless services and that this divergence is closely linked to how decentralisation has occurred, how NGOs are represented in service provision, and the relative size of the countries and their homeless populations.
- **Key Words\_** Non-governmental organisations; homeless; social welfare state; Slovenia; Hungary; governance.

### Introduction

After the fall of the Soviet regime, Central and Eastern European (CEE) welfare systems based on full employment had to transform and adjust to the new social and economic circumstances. There have been several attempts to classify the post-socialist countries' newly developed welfare systems in relation to the Western European welfare models and recent studies have reached quite different conclusions. One study argues that some CEE countries (Czech Republic, Hungary, Poland and Slovenia) have returned to their common pre-war, historical and cultural

roots and thus, from an ideal-typical point of view, follow a Christian Democratic welfare regime model (Aspalter et al., 2009). Another study says that CEE countries neither followed a single welfare regime model nor established a CEE welfare state model, but rather developed heterogeneous systems involving the further hybridisation of the existing welfare regimes (Hacker, 2009). A third study contends that, despite micro-level diversity, there are strong macro-level similarities between CEE countries, such as a high take-up rate of social security coupled with relatively low benefit levels and a low level of public trust in state institutions; these similarities allow for the definition of an ideal-type post-communist regime (Aidukaite, 2009). All the studies agree, however, that examining the development of welfare regimes in CEE countries reveals a quite heterogeneous picture and a serious lack of data and detailed analyses. Further examination is needed in order to reach a less ambiguous definition and classification of the welfare regimes in CEE countries.

Studying CEE countries and their welfare regimes is important for understanding development within the region and the circumstances under which these countries operate as compared with the more developed (although also continuing to evolve) welfare states of the West. This paper aims to contribute to the body of knowledge on third sector development in the region, with an emphasis on homeless services provision, and to illustrate how specific forms of governance are linked to the specific circumstances of individual countries. While hoping to contribute to academic discussions on the topic of homeless services provision, we also seek to address issues that are relevant for policy makers and practitioners in the field.

By examining such a narrow slice of the welfare regime (homeless services provision) from a governance point of view in just two CEE countries (Hungary and Slovenia), we do not intend to draw far-reaching conclusions in respect of welfare regime classification. Rather we hope to contribute to formulating a more detailed picture of the social provision systems in these countries, highlighting possible divergent and convergent developments in a region that is too often seen as homogeneous. This is also the reason for choosing two neighbouring, but possibly quite different, countries as case studies. We do not intend to deliver an in-depth comparative analysis, but we raise questions about the similar conditions that may have existed in the emerging roles of NGOs in Slovenia and Hungary. To put this approach into Pickvance's (2001) typology, this paper aims at avoiding a juxtapositional analysis (Kemeny and Lowe, 1998) and seeks to identify plural causations.

Given their socialist past, CEE countries are often analysed in the context of their similarities. In the transition period they have also all gone through privatisation and liberalisation processes, market deregulation and the general withdrawal of the state. Their shared experiences should not, however, cloud the differences that existed in the past and which have been accentuated in the period of transition.

CEE countries have often taken different developmental paths 'at different speeds and intensities, with different interior and exterior actors with their different interests and ideologies, which led to different results' (Kolarič, 2009, p.3). Keeping this in mind, we seek to show the similarities and differences that emerged in the homeless sector and its governance in Hungary and Slovenia.

Homelessness was a new phenomenon in both countries when it emerged at the very beginning of the transition period, such that subsequent service provision had no roots in the socialist system and had to be newly developed. Despite the absence of exact data, it is clear that the level of homelessness in relation to the total population is considerably higher in Hungary than it is in Slovenia. Different starting positions, the state of the economy and past policies are further influential factors when observing how the two countries have differed in their development and organisation of social service provision. A notable divergence is the level of decentralisation. By the mid-1990s Hungary had developed a solid decentralised local governance structure, whereas decentralisation has continued at a slower pace in Slovenia and has not yet been fully realised. In Hungary a strong incentive for decentralisation was the deep economic crisis of the 1990s, during which the central state wanted to cut back radically its much-extended social support system. Another difference, which is also relevant for the question of decentralisation, is that Hungary is five times the size of Slovenia.

The level of decentralisation has affected the structure of social services. In Hungary various options were developed for the delivery of local government services, and many local authorities opted to contract out service delivery in the area of homelessness. This led to the emergence of new actors: many NGOs stepped in and developed partnerships at the local level. Subsequent conflicts brought to light discrepancies between demand and local- or state-funded service supply, difficulties regarding the role of the state at the local level and - last but not least problems within the NGO sector itself. In Slovenia the role of the public sector remains strong and it was among the first to respond to new and growing needs in the social domain. NGOs had only a minor role in general social services provision, but played a greater part within the homeless sector, primarily through churchbased organisations, and the demand for these services is constantly growing. The governance of homelessness remains a challenge in both countries. This paper is concerned with examining these challenges, focusing particularly on possible strategies for NGOs in the framework of (de)centralisation and multi-level governance, as well as potential roles in the homeless sector.

In order to understand the roles and strategies of the different actors in homeless services provision we rely on several theoretical approaches from the vast literature on governance (Rhodes, 1997 and 2008; Goodship and Cope, 2001). We use the

word 'governance' to describe 'a change in the meaning of government, to a new process of governing' which relies on 'self-organizing, interorganizational networks characterized by interdependence, resource exchange, rules of the game and significant autonomy from the state' (Rhodes, 1997, p.15). In describing the changes in, and challenges for, the governance of homelessness we refer to the features developed by Rhodes (1997 and 2008) to discuss the role of government, to the work of Goodship and Cope (2001) on issues of joined-up governance and to a recent paper of significant regional relevance by Osborne et al. (2008) on how NGOs represent their interests by 'whispering at the back door'. Some useful additional explanations are drawn from Salamon (1987) and Hradecky (2008).

Using this framework, the paper analyses the role that NGOs have been playing in the homeless sector since transition, considers how NGOs are included in policy formulation and implementation and examines the ways in which their interests are represented. The methods used are mainly desktop research and reference to primary research in the homeless and NGO sectors in both countries, though in the case of Hungary an interview was also carried out with a leading NGO. The authors have been researching homelessness and housing exclusion for many years and conclusions also draw on their deep general knowledge of this area.

The paper begins by examining how social welfare services developed in Hungary and Slovenia, before taking a closer look at their systems of homeless services provision and the levels of NGO participation. The cases are first presented separately to allow for a clear understanding of the divergences of the (de)centralisation processes and the emerging systems of provision. An analysis of developments from a governance perspective considers the two countries together and highlights the different strategic roles that NGOs play in each. Finally, conclusions are offered on the similarities and differences of the two countries in relation to governance in the homeless sector.

# Decentralisation of Social Welfare Services in Hungary and Slovenia

# Hungary

The transformation of the socialist state involved the division of public and private services. Public services were reorganised and decentralised to the local level in the early 1990s, partly because of the lack of central financial resources (Somogyi and Teller, 2003). Other motives for decentralisation included increasing local accountability and public participation in order to match the local articulation of needs with decisions on services (Hermann et al., 1998).

Hungary's three-tier governmental system is based on local governments, county governments and central government, and responsibilities are divided between these tiers. Social services are mainly the responsibility of local governments. Since 1993, however, municipalities are not obliged to perform certain tasks or to establish particular institutions (including most homeless services) if the population is below a certain level. As well as local government institutions, any other contracted firm, including for-profit companies in municipal ownership and NGOs, may become a partner and receive national and local funding to deliver municipal services. Besides a strong belief that contracting out is more cost-efficient, municipalities aim to ensure a higher quality of services through such market solutions, though this reasoning is not evidence based (Zupkó, 2001). Funding is divided equally among service providers, though church-based organisations receive slightly more.

The central budget finances 90 to 100 per cent of eligible service costs through social subsidies and allowances governed by state regulations. Specialised service provision (including per capita financing of residential homes, homes for the elderly and homeless services) is based on a per client parameter that normally covers between 60 and 100 per cent of the emerging costs, depending on service type and location (State Audit Office, 2008). Additional social tasks, which are the decentralised tasks per se, are financed entirely by local government budgets. For example, social housing is funded entirely from local budgets (approximately 4 per cent of all housing in Hungary is municipally owned social housing), while the most important housing allowance scheme is 90 per cent centrally funded. Other state-run programmes include family benefits, child benefits (nurseries, temporary homes, child care etc.), benefits and services for the elderly, family mediation services, debt management services, services for the disabled, services for addicts, diverse services for the homeless, unemployment benefits and so on (Hegedüs and Teller, 2009).

The question was and is how to develop incentives to organise and carry out quality control of local services under heavily underfinanced circumstances. Recent attempts at standardisation have tried to move the system towards more equalised provision of local government social services, but the process is rather slow. As with other post-socialist countries, the social welfare sector is further characterised by a prevailing inability to reach those most in need. Poor targeting in social welfare programmes is related to large-scale tax evasion, informal labour market activities that have been increasing since the late 1990s and ineffective assessment of income in social programmes (Semjén et al., 2008).

Among social services, homeless provision has always been distinctive. On a practical level, it had to be newly established after the transition; homelessness had been considered a crime in Hungary and many of those who began to appear on the streets during the economic restructuring and the narrowing down of social

and health systems had previously been 'invisible' in hostels for workers and other social and health institutions. Services have largely emerged from civil and church charitable initiatives aimed at bridging the welfare gap that became slowly institutionalised in the early 1990s.

As homelessness is perceived to be an urban problem that mostly affects large cities, the regulations stipulate that only municipalities with more than 30,000 inhabitants have to establish night and temporary shelters for the homeless and temporary homes for families. County governments must organise homeless services that fall outside the competence of local municipalities. These responsibilities include homeless rehabilitation institutions and permanent homes for homeless elderly people and the county governments must ensure the spatial coordination of such services. As these county responsibilities concern the whole social services sector and not just homeless services, seven regional methodological centres were set up in 2004 under the Social and Labour Ministry to ensure the coordination of the operation of homeless institutions, a higher professional standard in the sector and the efficient allocation of available funds.

## Slovenia

Since transition Slovenia has introduced a single level system of local government. Municipalities are defined as the basic socio-economic, political and administrative units (Dimitrovska and Ploštajner, 2001), with practically no obligations delegated to them from central government (Grafenauer, 2000). There are ongoing discussions about decentralisation through the formation of regions as political and administrative units, but this has not yet occurred. The reasons for this include reluctance to transfer public functions to municipalities and future regions, the small size of the municipalities, the absence of recognised regions and most particularly a lack of political agreement on the future reform of local government (Vlaj, 2005).

Under the Local Government Act 2007, the municipalities are responsible for the regulation and maintenance of water and power supply facilities; protection of air, soil and water resources; protection against noise pollution; provision of waste collection and disposal services; preservation of natural and cultural monuments of local interest; provision of public transportation; maintenance of local roads and public spaces; management of community assets; and preparation of spatial development plans. The provision of social housing is also the domain of the municipalities, and partly linked to this is the issue of housing subsidies. In several

Housing subsidies for young families for profit rents are granted at the national level by the Housing Fund of the Republic of Slovenia. Housing subsidies for non-profit rents are provided by municipalities, which can decide whether to provide housing subsidies for those in the profit rental sector.

other areas the role of the municipalities can be described as an enhancing or enabling one (e.g. to enhance conditions for the development of social services, education associations, cultural activities or sport and recreation facilities).

Slovenian municipalities range in size from 400 to 270,000 inhabitants and half have fewer than 5,000 inhabitants. Due to their size many lack the financial resources and administrative capacity to perform their functions successfully (Dimitrovska and Ploštajner, 2001). In the field of social and health services, municipalities often share functions with central government; for example, municipalities are responsible for primary health care where they are able to provide it, otherwise responsibility falls on central government.

The Slovenian social welfare sector has not been decentralised and public services are coordinated by central government under the Social Security Act 2007. The Act stipulates that services be delivered directly by a public network of social care services in which public institutions as well as private institutions operate under the same conditions on a concession basis. Services catered for by the public network include social work centres, residential homes for the elderly, special institutes for adults, social care institutes for the training of young persons with severe mental development disorders, occupational activity centres and crisis centres for children and adolescents.<sup>2</sup> Exceptionally, family assistance in the home is provided entirely by the municipalities. The Ministry for Labour, Family and Social Affairs (MLFSA) can grant working licences for the provision of these services outside the public network. Homeless services are not specifically mentioned in the Act, or regulated, although it is stated that under certain conditions shelters can be organised as public social welfare organisations.

In the past the state was the primary provider of services in all sectors (social, health etc.) and the well-developed public network left little room for civil society organisations to act as service providers, meaning that their role was primarily complementary rather than substitutive (Kolarič and Rakar, 2007). After transition the civil sector began to develop quite rapidly. However, in comparison with other CEE countries, Slovenia still has one of the least developed civil society sectors (based on the level of sector professionalisation as measured by employment within the sector). Consequently, it could be said that no major changes have been made in Slovenia in the pluralisation of the welfare system. The governmentalisation process, or the process by which civil society organisations become service providers for the welfare state, has not really begun (Kolarič, 2003). This also meant that Slovenia did not experience the so-called welfare gap that other post-socialist countries experienced during the transition period (Kolarič and Rakar, 2007, p.13).

<sup>2</sup> See the MLFSA's website for further information: www.mddsz.gov.si/en/areas\_of\_work/social\_affairs/social\_security\_services/.

# Provision of Homeless Services and the Role of NGOs

# Hungary<sup>3</sup>

There are only estimates of the number of homeless people in Hungary.<sup>4</sup> Higher estimates range from 25,000 to 30,000 persons, while others fall between 15,000 and 20,000 persons. Homelessness is highest in Budapest at about 10,000 persons.

The provision of homeless services mainly involves specialised institutions such as night and temporary shelters, rehabilitation homes and day centres, which have not changed significantly since they were first developed during the 1990s. Two more recent services are street social work and medical centres for the homeless, which gained a normative financing base in 2005. Additionally, regional dispatch centres were set up to ensure better coordination and capacity use among the institutions. NGOs, including religious charities, play a very substantial role in the provision of homeless services. In 2005 they operated 48 per cent of night and temporary shelters, 65 per cent of rehabilitation homes and 69 per cent of day services (State Audit Office, 2006). Local governments often prefer to contract out homeless services to NGOs, which have more experience in dealing with marginalised groups and may be a cheaper option.

Homeless services are primarily financed from three sources: the central budget, local government contributions and an annually defined central grant. The majority of service provider revenue (on average around 70 per cent) comes from the central fund, financing the homeless institution on a per capita basis. Local governments contribute about 17 per cent, giving greater support to their own institutions than they give to NGOs, which received only one-fifth of local government support in 2005 (State Audit Office, 2006). A further 5 per cent is derived from the central grant, which is distributed by a tendering process and finances sectoral development activities, winter crisis interventions (e.g. beds, tea and food services to meet increased capacities) and innovative pilot projects. The size of the central grant is determined annually in an ad hoc manner according to central budget capacities and other central policy priorities. Unfortunately the grant continues to decrease each year. This financing system means that the NGO sector strongly depends on the central budget.

With thanks to Márta Maróthy, Director of the Foundation for Homeless, who provided us with valuable information on the operation of public foundations.

<sup>4</sup> The concept of homelessness means groups of those who literally have no homes and includes the following subgroups: rough sleepers, people living in places not appropriate for human habitation (e.g. abandoned buildings, doorways) and people staying in homeless institutions (e.g. shelters, temporary homes).

The roles and responsibilities of state authorities and other service providers are legally regulated. However, regulation is still mainly focused on crisis intervention services and does not ensure appropriate coordination with other sectoral services that play a significant role in preventing homelessness, nor does it provide sufficient solutions for eliminating homelessness. The prevention and elimination of homelessness would require more efficient cooperation between homeless service providers and the social, labour, health and housing sectors. Innovative programmes that aim to strengthen such cooperation are mainly funded through the central grant, which means a very unpredictable financial situation for maintaining such programmes in the long term.

This level of dependence on central resources creates great uncertainty for the operation of NGOs as the per capita funding does not sufficiently finance their services and there are very limited alternative resources. The primary alternatives are the one per cent personal income tax (taxpayers can transfer one per cent of their tax to registered foundations) and EU programmes. Voluntary unpaid work is not very common in Hungary but the numbers of volunteers are beginning to increase. Material donations (e.g. food, clothes, medicine) are in fact the most significant contributions to the operation of NGOs. Despite these difficulties, it is the NGOs that initiate and run the majority of innovative programmes.

Although some elements of this complex approach to homeless services provision have produced concrete results (e.g. a street social work programme received normative financing, and a separate grant has been designated to finance move-on housing programmes), there is still no overall national homeless policy. This reflects the central government's attitude to homelessness: while it acknowledges the importance of systematic solutions to homelessness, in reality it has other higher policy priorities. Within the Social and Labour Ministry there is a department that also deals with homeless issues, but its tasks are mostly related to the legal regulation of the sector. Between 2002 and 2008 a State Commissioner of Homeless Affairs, who had been the head of one of the most important NGOs, was assigned to the area, but no institutionalised mechanisms for the formation of a homeless policy were defined.

An important step was taken in 2003 when the State Commissioner designated two public foundations with different territorial relevance, the aim of which was to move professional debate outside the ministry, which lacked the capacity to maintain a balance among different stakeholders within the sector. The main tasks of the two foundations are to coordinate and develop the performance of homeless services in Hungary. The members are former NGO activists that formed two small 'elite' groups from the most active NGOs, and the boards comprise professional service providers and ministry officials. The foundations operate the above-mentioned

annual central grant, for which they have to develop a yearly programme that is accepted and approved by regional partners and the Social and Labour Ministry. They distribute the resources through tendering procedures (either open or by invitation). It is basically these foundations that finance that part of the sector not covered by per capita financing or additional resources (e.g. from local government). As the NGOs provide approximately 60 per cent of homeless services, the two public foundations are crucial in maintaining their operation.

The foundations were established with the intention of including the most active NGOs in central decision making and policy formulation. Backed by charismatic members of dominant NGOs and fed by their field experiences, the foundations define new policy lines and render them acceptable both to central government and to the wider circle of service providers. A good example of this is the Development Programme of Homeless Provisions 2007–2013.<sup>5</sup> The main elements of the programme (e.g. move-on housing and medical centres) had already been 'tested' through the central grant process. The government accepted the programme but only some elements gained normative financing, others must depend on longer term funding for which EU resources will be used in the coming years. Clearly with the creation of the programme, the related EU support and the involvement of a wider circle of service providers, the consultation process has developed considerably in the sector.

The programme is based on the idea that there should be more emphasis on preventing homelessness and more cooperation between the concerned sectors (Foundation for Homeless, 2004). It promotes alternative solutions for rough sleepers. It aims to develop the quality of existing night and temporary shelters through physical renovation and decrease overcrowding. It is underpinned by the belief that the reintegration of homeless people can be achieved through increasing access to move-on and affordable housing, and through individually tailored social work elements. Based on stronger cooperation with the health sector, the programme includes initiatives for homeless people who need permanent care or have other specific problems such as a psychiatric illness or cancer.

To sum up, the state delegated the development and control of homeless programmes to two public foundations, which have direct links to the ministry but operate outside central government. In this way the state saves on capacity, as the ministry has only a small number of personnel dealing with homelessness. The public foundations have strong links to the dominant NGOs and, due to the growing significance of consultation processes, to other service providers. They have a

A recommendation for a national homeless policy has also been made by the two public foundations, although it has not been discussed by the government and its future is uncertain.

coordinating and mediating role, transmitting the problems and interests of the sector to central government and other stakeholders. They also have a significant role in policy making.

#### Slovenia

In Slovenia, during the socialist era, civil society organisations existed mainly in the form of associations that were not professionalised (Kolarič et al., 2002; Kolarič et al., 2006; Kolarič and Rakar, 2007). The third sector in Slovenia today still manifests these characteristics (Kolarič et al., 2006). In the CEE region in general the social service function of civil society tends to be less developed than the expressive function, which is the member-serving section of civil society. This tendency is accentuated in Slovenia, where development falls significantly behind the majority of other CEE countries, including Hungary (Kolarič and Rakar, 2007, p.8). However, it should be noted that almost one-quarter of all people employed in civil society organisations work in organisations that are active in the field of social services, even though these represent less than 4 per cent of all organisations (Kolarič et al., 2006). This indicates that this is one of the third sector fields with the most professionalised structure.

There is no exact data on the number of homeless people in Slovenia, as no comprehensive national research has been done and official statistics are not regularly gathered. Slovenia does not have a national homeless strategy or a clear definition of homelessness. Consequently, we must rely on professionals in the field for estimates on trends in homelessness, as well as for some limited information on the number of service users.

In 2007 the number of users of homeless shelters was 540<sup>7</sup> (Smolej and Nagode, 2008) and estimates of the number of homeless people ranged from 300 to 800 in Ljubljana (Dekleva and Razpotnik, 2007, p.111) and from 1,000 to 1,200 persons nationwide (Filipovič Hrast, 2007). Programmes for the homeless usually involve counselling or other work with individuals and focus on social aid, reintegration, motivation for job seeking, improving hygiene and nutritional habits, resocialisation, help in accessing health institutions, public information services and the provision of free meals and shelter (Smolej and Nagode, 2008).

<sup>6</sup> It is a consequence of the special position held in the past by organisations for the disabled and humanitarian organisations, which received, and still receive, extensive financial support from the lottery fund – the Foundation for Financing Disabled and Humanitarian Organizations in Slovenia (FIHO) (Črnak Meglič and Rakar, 2009).

<sup>7</sup> The number refers only to shelters co-financed by the MLFSA and includes specialist shelters for homeless drug users.

There is no comprehensive overview of organisations working with the homeless in Slovenia, however, a description of the situation in the municipality of Ljubljana illustrates the type and numbers of organisations in existence. According to Dekleva and Razpotnik (2007), relevant institutional systems of governmental and non-governmental organisations working with the homeless population include:

- A shelter for the homeless (which operates within the Centre for Social Work)
  offers clothes, food (daily meals) and long-term or short-term shelter. It is
  financed mainly by the MLFSA and the municipality.
- A shelter for homeless drug users (operating through the NGO Altra) offers counselling, a day centre and a night shelter. It is a low-threshold programme financed by the MLFSA, the municipality and FIHO.
- An association of volunteers of VZD<sup>8</sup> offers food (from a mobile unit), clothes and a day centre. It is financed by the MLFSA, the municipality, FIHO and voluntary contributions (mainly from covenants).
- Karitas, which has numerous branches, offers food and clothes and facilitates basic hygiene.
- · Red Cross Ljubljana offers food and clothes and facilitates basic hygiene.
- The Shelter of God's Mercy enables stays for up to a maximum of three months.
- The Kings of the Street association organises street newspapers, runs a day centre, offers food and clothes and organises workshops. It is financed by the MLFSA, the municipality and other sources.

Two other relevant organisations are a clinic for people without health insurance (offering basic health care) and the Stigma Association (a day centre that aims to reduce the damage caused by drugs). The majority of the above organisations offer food, clothes and basic hygiene to the homeless. There are three shelters, the largest and oldest among them being a shelter that operates from within a public institution, the Centre for Social Work Ljubljana, with forty-six sleeping places<sup>9</sup>.

The MLFSA has co-financed social welfare programmes since 1993. Funds, which have been increasing over this period, are distributed based on public tender. In 2007 the public tender called for programmes for maternity homes, supported housing for people with mental health problems or with disabilities, housing communities for drug users, therapeutic programmes for those with alcohol abuse issues and psycho-social problems, and shelters for the homeless and for homeless

<sup>&</sup>lt;sup>8</sup> Vincenzijeva Zveza Dobrote (Vincent's Association of good will).

<sup>9</sup> There are twenty-eight beds in the long-term shelter, and eighteen beds in the short-term shelter for overnight stays only.

drug users (Smolej and Nagode, 2008). Financing is provided both on a short-term (one year) and on a long-term (five years) basis, with long-term financing usually being reserved for shelters with programmes that offer overnight stays. In 2007 the MLFSA financed seven programmes for homeless persons; three on a yearly basis (Association of Volunteers of VZD, Kings of the Street and Diocesan Karitas Koper) and four on a longer term basis (Centre for Social Work Ljubljana, Centre for Social Work Maribor, Public Institute Socio and Diocesan Karitas Maribor). In addition to these, it co-financed three programmes for homeless drug abusers for one year (Smolej and Nagode, 2008).

The majority of the long-term programmes are in public institutions, such as social work centres, which is also where the largest numbers of users are. This shows that the public network of institutions responded to the needs identified and offered new programmes that were not part of their basic services. The prevalence of public organisations in social service provision has been explained as follows: 'Only entry into the public network enables the non-public providers equal financial possibilities for performing services as for the public institutes. In this way non-public service providers only take part in the implementation of the complementary programmes, for which there are only limited public sources' (Črnak Meglič and Rakar, 2009, p.18).

Church-based organisations also constitute a significant sector within homeless services provision and have a widely dispersed network. The NGO sector in general has been important and, although its programmes often fall into the category of short-term financing, it has been responsible for some innovative initiatives, a good example of which is Kings of the Street. 10 Established in 2005, this association has initiated projects such as the street newspaper that homeless people sell and help to produce, and a pilot resettlement programme started in 2008, which is financed by the municipality, EGP financial mechanisms and Norwegian grants. 11 National funds were thus not used for this new initiative, whereas local funds were very important.

In general, public funding is more common in the social care sector than in other sectors, and is therefore also very important for NGOs working in the field of homelessness. According to a report on the implementation of social protection

The organisation is financed mainly by the MLFSA and the municipality of Ljubljana, and also by FIHO, Office of Youth, Office of Equal Opportunities, Employment Office and others.

<sup>11</sup> It should be noted that the transition from shelters to more permanent housing is very difficult due to a small non-profit sector, and that there has been until now no programme in Slovenia to target this transition. The organisation rents apartments for the homeless and additional support is offered by professional workers through regular weekly meetings, 24-hour availability for crisis intervention and regular contact and visits.

programmes (Smolej and Nagode, 2008), of seven MLFSA-funded programmes targeting homelessness, the share of national funding was 43 per cent, with a further 30 per cent from municipalities. Additional sources included service users, FIHO, own resources and donations. Programmes for homeless drug abusers showed a similar pattern, with the share of national funding at 47 per cent, and the rest mainly financed by municipalities (Smolej and Nagode, 2008, p.59). The importance of local financing illustrates the increasing role of local governance in the provision of these services.

# Governance Issues

As can be seen from the above descriptions, development during the period of transition was quite different in both countries; in Hungary it led to strong decentralisation, while in Slovenia the public welfare system remained centrally organised although most provision is actually at municipal level. The set-up of social services in the two countries differs, particularly when it comes to the institutional options for the delivery of homeless services. The history behind the divergence is complex. In Hungary private and charity organisations were the first to respond to the sudden emergence of homelessness and the government later established the legal regulatory framework and institutional system. There was no corresponding welfare gap in Slovenia, where the state continued to provide general social welfare services. In the homeless sector this is perhaps less obvious, although there is a strong presence of public institutions providing shelters for the homeless, church-based organisations are also very important.

As a result, while multi-tiered governance exists in both countries, with homeless services on the lowest level, there is a divergence of roles at the central and local level. Central government has a crucial role in financing homeless institutions in both countries, but in Hungary it has no direct role in service delivery as the institutions are owned by local governments or NGOs, whereas in Slovenia the majority of the system is part of a public network of institutions. Table 1 sets out the current situation.

Table 1: Actors and tasks related to homeless services at different levels of governance

	Hungary	Slovenia
State/central	Basic regulation	Basic regulation
government level	Capitation financing of services and financing yearly central grants Representation in the two public foundations that run homeless programmes	Financing, and part provision based on a public network of institutions
Regional level	Methodological centres in the seven regions Representatives of the regional service providers form part of an advisory board for the public foundations	Non-existent
Local level	Local governments are responsible for homeless provisions; service providers are owned by local governments and NGOs Local governments co-finance service delivery	Service delivery: local service providers of state and NGOs Local governments (municipalities) co-finance service delivery

The transition period in the region brought about immense institutional changes, which relied heavily on models from Western countries due to a belief in their workability and the influential role that international and donor agencies played in reforming public administration and the structure of service delivery. In addition, the absence of existing players in certain service areas facilitated the emergence of a market for alternative stakeholders. Countries also experienced 'a change in the meaning of government, to a new process of governing' that relies on 'selforganizing, interorganizational networks characterized by interdependence, resource exchange, rules of the game and significant autonomy from the state' (Rhodes, 1997, p.15). The role of central government is also an important element of the model: 'its relationships with other units of government and with policy networks are "asymmetric"; for example, the centre has more legal resources than any domestic actor' (ibid.). Thus, it seems relevant to apply the term 'governance' to the emergence of NGO roles in the homeless services sector. There has been, in addition, privatisation of utilities, contracting out of services to the private sector, introduction of quasi-markets through purchaser-provider divisions where services could not be privatised, and transferral of operational management from central departments to independent agencies; all examples of what Rhodes refers to as a 'hollowing out' of the state (ibid.). The price paid is high: the government loses its

hands-on control in return for a control over resources and the centralisation of financial control (Rhodes, 1997, p.16). Accountability becomes an important issue among the players, the clients and the institutions.

While in Slovenia only the first steps in this process have been taken, it is obviously under way in Hungary. As new methods of governance emerge, there is a bargaining process between network members (Rhodes, 2008), of which there is a now a large number for each area of service delivery (e.g. welfare); in Hungary this is especially true of the homeless sector both at local and central levels. At a local level NGOs are responsible for carrying out a substantial proportion of services and they often initiate new local solutions for which they then try to get funding, while at central level the most dominant NGOs try to influence policy making.

In Slovenia the role of NGOs is formally recognised as an important part of the bargaining process. The Ministry of Public Administration has created a set of priority tasks in the pursuit of NGO cooperation, including the streamlining and adoption of an agreement on cooperation between NGOs and central government; the implementation of the governmental strategy for NGO cooperation; and the implementation of measures for the cooperation of interested public bodies through the adoption of regulatory and strategic documents. The government has also established a permanent inter-sectoral working group for the harmonisation of open questions on government cooperation with NGOs. However, there is no formal cooperation between NGOs and central government as there is in Hungary by virtue of the two public foundations. To coordinate the results of increased fragmentation, however, a new role had to be invented at central level to promote 'joined-up governance' (Rhodes, 2008, p.8). This very much corresponds to the decentralisation-related phenomena observable in Hungary over the last two decades. Although decentralisation has not occurred to the same degree in Slovenia, the idea of 'joined-up governance' has nonetheless been promoted and can be observed in the co-financing of programmes and sharing of responsibility between central and local government.

The regulatory and financing powers of central government have become a key factor in both countries. The balance is delicate: too much regulation may result in more fragmentation and a lack of trust, and if those being regulated are professionals, which they mostly are as service deliverers, the state then comes under their control and influence. This might be against the interests of the state in terms of joined-up governance, as sectoral interests could become dominant (Goodship and Cope, 2001, p.41). In Hungary the centrally established public foundations coordinate and develop homeless services whilst sponsoring cross-sectoral activi-

<sup>12</sup> Salamon (1987) would take a different perspective: the state steps in only where the second (market) and third sector (NGO) are not efficient.

ties carried out at local level by NGOs and municipalities. There was no other choice as the integration of sectoral interests within a 'real' joined-up governance model facilitated by central government was not feasible. However, with two public foundations that are strongly connected to the dominant NGOs, the state has formalised the strategic role of NGOs in policy making and sector coordination, and reduced its own role to that of legal regulation, defining the financial framework and having a final say in policy decisions. In Slovenia no such coordination exists, which leaves a situation where the main role is played by central government and its funding conditions, priorities and interests are supplemented by local initiatives that try to respond to the needs and capabilities of individual municipalities.

In both Slovenia and Hungary there are some path-dependent elements of the current governance models, although the homeless sector as such is relatively new. Osborne et al. (2008) describe this path-dependent element as one of the mechanisms that has had a substantial effect on the operation of the NGO sector in Hungary (which they call VCOs – voluntary and community organisations) and relate it to lack of trust and accountability towards VCOs on the part of local governments and the reestablishment of the legitimacy of VCOs for service delivery. They state that VCOs are 'developing their own policy alternatives, and services, and commencing a dialogue with political decision makers on this basis (the "alternative paradigm" approach)' (Osborne et al., 2008, p.337). The reason for this is that 'first establishing the service-providing organization and then seeking to attract government support "step-bystep" is successful in the Hungarian context, where direct lobbying often proves to be futile' (Osborne et al., 2008, p.338). Similarly, it seems that NGOs working in the social service sector in Slovenia could largely be described as independent of government, and also as having low levels of communication and contacts.

In the Slovenian case, the whole welfare sector could be described as a well-developed national public network, with NGOs as complementary organisations filling gaps in service provision. The system is governed hierarchically by public authorities that finance and evaluate public, as well as third sector, organisations. However, there are policies in progress that aim to improve contact between central government and NGOs, including the creation of priority tasks, drafting a strategy of cooperation and the setting up of working groups. Basically, however, cooperation between civil society and the Slovenian government is poor, and only somewhat better at the level of NGOs and local government (Kolarič et al., 2006). Research has shown that Slovenian NGOs consider their influence on policy making and government decisions to be low, whereas Slovenian public servants report cooperation between civil society and the government to be good, and NGOs' influence on the formation of policies to be high (Government Office for European Affairs, 2004). In Hungary cooperation differs according to subsectors of social services, and NGOs are present at each level of homeless services provision. In both

countries, however, cooperation is generally less demanding and informal, involving personal or telephone communication, writing letters and so on, and in Hungary it is mainly carried out by a small 'elite' group of NGOs.

We can conclude that Slovenia still follows a classical welfarism strategy path where the public sector plays the main role in reducing social inequalities, while the third sector, whose role is small and largely complementary, bridges the gaps<sup>13</sup>. The system is governed hierarchically by public authorities, which finance public as well as third sector organisations. Hungary, on the other hand, seems to be moving in the direction of empowerment and participation strategies where the goal is to empower individuals and give greater responsibility to the third sector. The welfare system is governed in a way that allows third sector organisations to participate in policy making, but with serious limitations.

In Hungary the result is that the third sector has moved ahead of the regulating and sponsoring state level in terms of providing new solutions for preventing and ending homelessness, which it can achieve by finding partners at the numerous levels of governance. The two public foundations established by the state to coordinate joined-up governance are indeed 'captured by the deliverers' as they are run by former representatives of NGOs and still have strong links to them. On the one hand such professionalism increases the legitimacy of state-run actions, while on the other it results in a blurred governance model with arbitrary and non-accountable solutions and 'whispering at the back door' policy processes (Osborne et al., 2008) at all governance levels relevant to homeless services provision. However, through the two public foundations this 'whispering' is really at the front, rather than the back, door. This is the framework within which the heavily state-dependent NGOs operate in Hungary.

# Conclusion

Hungary and Slovenia have taken quite different developmental paths in homeless services provision. This divergence can be ascribed to variations in the development of social welfare services in general, development in the third sector and the extent of the homelessness issue. It confirms that countries in the CEE region, while sharing some common history and development in recent years, are quite diverse and cannot be seen as the same. In the decentralised Hungarian system local government is mainly responsible for the delivery of homeless services, whereas in Slovenia the central state responded to the need for services partly through its own institutional network and financing mechanisms, and partly through NGOs, mainly church-based organisations that continued or broadened their charity work.

<sup>&</sup>lt;sup>13</sup> On classical welfarism strategy see Evers (2008).

The role of the state and levels of decentralisation (with the consequent role of local governments) have influenced the way services for the homeless are provided in both countries, which may also affect the developmental potential of these services, their proper implementation, standards and so on. The important gap-filling role of the NGOs in homeless services provision is apparent in both countries, though again there are significant differences. In Hungary the majority of services are delivered by NGOs as they were the first to respond to the emerging needs in question and local governments later remained willing to contract out related tasks due to their lack of resources and professional staff. NGOs play more of a complementary role to the 'public' service providers in Slovenia, though their role in providing basics such as food and clothing is strong. In both countries NGOs deliver new and innovative programmes that aim to handle the problems of homelessness in a more integrated way by fostering cross-sectoral cooperation.

Financing is one of the central issues affecting the development of this sector and the way it is governed. With regard to the funding of NGOs, it is common in both countries for a strong financial dependence on public resources to mean limitations on the scope of their activities. It seems that in Hungary the financial constraints of central government present a more severe problem, especially given that the extent of homelessness is significantly greater in Hungary than in Slovenia in both absolute and relative terms. At local level both countries face a lack of financial resources, and short-term financing, which is particularly common for the more innovative NGO programmes, presents a significant problem for the development and planning of services.

Financial constraints often mean that central and local governments are willing to transfer service provision tasks to NGOs, which are in a position to respond more flexibly to emerging needs, while the government retains only the regulatory and financing roles. This reallocation of tasks may promote the emergence of new forms of governance in the observed countries, where direct state roles of provision and regulation can be substituted by a kind of 'joined-up governance'. This reallocation of tasks can thus allow for the development of closer cooperation between central government, local government and the NGO sector, something that can be observed to at least some degree in both countries. Bargaining processes, informal networks and interdependency of actors have all been important factors in the process of forming concrete joined-up governance structures in the homeless sector in Hungary. The strong presence of the NGO sector in homeless provision and its substantial influence on policy making, particularly through the establishment of the two public foundations, is especially striking when compared with the Slovenian case.

As the bargaining and lobbying role of NGOs in Hungary became more visible and structured, the state 'got captured' by its own service deliverers; coordination of actors within the sector and policy formulation became the tasks of the public foundations and the state lost a large part of its direct control over the sector's actors. This form of governance of homeless services provision has the potential to have a significant effect on the development of services. It can be anticipated that in the future, through the broader consultation processes required by strategy formulation and EU programming, the negotiation and bargaining processes will become more transparent and accountable.

In Slovenia welfare services have remained mainly in the public domain, but the process of joined-up governance is developing along with the increasing role of the third sector. The trend towards an enabling role for the state as opposed to a providing role is demonstrated by the MLFSA funding programmes for the homeless. The role of municipalities as additional funding bodies is very strong. Public institutions, as well as NGOs, can compete for these funds. The small but growing role of NGOs in the provision of services for the homeless can be linked to Slovenia's relatively slow development of the NGO sector, relative to other CEE countries. No outside or international NGO has stepped in and influenced service development in this sector, as was the case, for example, with the Salvation Army in the Czech Republic (Hradecky, 2008).

Unlike Hungary, where joined-up governance is evident even to the degree that the state 'got captured' by its own service deliverers, in Slovenia the role and relationship between central government and service providers, especially those in the NGO sector, is less clear and there are varying views on the relationship. NGOs see their role as small, while central government sees their involvement in policy making as significant. At the local level, mainly in city municipalities where there is a stronger need to respond to the problem of homelessness, closer cooperation between NGOs and the local government seems to have developed and NGOs have generally described these relationships as improved. The role of NGOs seems to be strengthening at this level, and central government is also aware of the importance of including all stakeholders in the policy-making process. However, since the homeless sector is not to the fore of the policy agenda, and no special policy in this field has yet been developed, it is unclear what future trends here will be.

Finally, it should be noted that, despite the significant differences, there is a slight convergence between the two countries in terms of governance of the homeless services provision sector: Hungary, from a very decentralised system, tends to foster the coordination of homeless services through new forms of joined-up governance, while Slovenia is moving towards greater responsibility at a local level both in terms of financing and service delivery. NGOs play a substantial role in both

processes. Examining the policy consequences of the new forms of joined-up governance and the crucial role that NGOs play in them, the main result, though on different scales, is that a more integrated and complex approach is evolving in the development of systems of homeless services provision, although this approach has not appeared in formal homeless strategies in either country.

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