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### First day of the 4th Training Visit, Vlore

On 2-3 December was organized the last Training Visit of IDEA Project, in the city of Vlore. This is the last training visit foreseen from the project. Read more about the meetings that were organized during this two-days session...



### What is Social Banking?

Learn more about Social Banking. In this article you will learn more about the definition of Social Banking and the services offered...

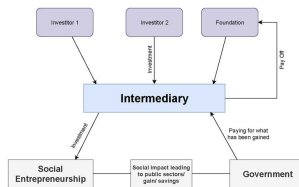


### *Invest In Social Capital*

Welcome to the next newsletter of IDEA project. The overall objective of the project is to "Improve cross border capacity to support entrepreneurship, business survival and competitiveness" regarding the social entrepreneurship sector .

### ROI - Models, Third Model

The Social Impact Bonds scheme (or Pay for Success/Payment by results scheme) unites the resources of government, private investors and social enterprises around supporting the realization of innovative solutions to social problems...



## Training Visit in Vlore, 2 –3 December 2019. First day

On December 2-3, in the framework of IDEA Investment Development and Empowerment Actions project, was organized the fourth and final Study Visit foreseen under the project. The study visit took place in Vlore and its purpose was to identify the best practices related to social business, to get to know the different models of financing, as best practices in Vlore city. One of the main goals of the project is to develop financial mechanisms that will facilitate the creation of social businesses. After a precise identification of needs and opportunities, by observing practices existing in the respective territories, the partners will work to improve the Social Entrepreneurship environment in the Albania - Greece cross - border territory.

Based on a pre-set agenda, the first day included visits to the Vlora District Council, a meeting with representatives from the Vlora Municipality, the Mental Health Community Center and was concluded with a meeting at Auleda premises with the Diving Center Radhime.

### Vlora District Council

The first meeting took place at Vlora Regional Council. The IDEA team was also hosted by the Chairman of the Council, Mr. Ervis Mocka, who welcomed the project initiative and hoping that this project would have a proper impact on the city of Vlora, briefly explained about the activities of the County Council.

The council representative Anila Hitaj presented more broadly the policies undertaken by the District Council in cooperation with the Vatra Psychosocial Center for the provision of social services related to the prevention of human trafficking and domestic violence or gender-based violence.

Mr Mocka said that maintaining the shelter and providing other services has a significant financial cost to the County Council, because they are a set of services that need to be provided. Trafficked women continue to need protection and education. Due to these costs, this initiative is also being developed in collaboration with the Ministry of Health and various donors.

Afterwards, Mrs Anila Hitaj presented in more detail the direct assistance provided to victims of trafficking or potential victims of trafficking and victims of domestic violence. These services include shelter in specially built or rented apartments, health care, psychosocial assistance, psychological assistance, mediation and strengthening of family relationships, legal assistance and counselling, educational assistance support, child support for trafficking victims and a cycle of counselling.

The center also offers socio-cultural activities, in which 29 educational topics and 35 group discussions conducted by the multidisciplinary group in the field of social, psychological, legal and health. Another phase is the provision of free legal services, with a total of 52 cases benefiting this service, or other psychological services. Another important aspect is the enhancement of the capacities of the state administration and other stakeholders such as NGOs to assist them in tackling issues.



## Community Services Center (Municipality of Vlore)

The second meeting took place in the premises of the Community Services Center, which is currently managed by the Municipality of Vlore.

Director of the Center Lorena Balla stated that the center was initially set up by an NGO that managed in an initial 3-year period together with the Municipality of Vlore 70% to 30% and after that period it was completely managed by the Municipality of Vlore. The center that supports children with physical and mental problems currently has 77 children, some of whom have been withdrawn as success cases (8 in total). The center has also facilitated job placement, or enrollment in vocational training courses. However, they say that in the case of training the family members were the first to be skeptical, most affected by their concerns about health and safety at work. The Center currently holds the status of a public institution and collaborates extensively with various organizations. Services offered are:

- Therapeutic services. They are done to examine the various problems and then act on it.

- Daily sessions for parents by training them and simplifying their childcare work.
- Awareness raising activities conducted in schools to raise awareness of children, teachers and parents. This through the creation of a triangular center-parent-child relationship.
- Other recreational activities.

Afterwards Mrs. Rezarta Andoni, from the Directorate of Social Services of Vlore Municipality, made a presentation of the Emergency Center and other services provided by this directorate. The Directorate includes child protection services, protection against domestic violence, economic assistance to needy families and economic assistance to people with disabilities. The Directorate has had ongoing collaborations with other organizations, one of which is Auleda, where they have previously collaborated to operate the emergency center. Emergency cases are later subdivided according to the problems at specialist centers.

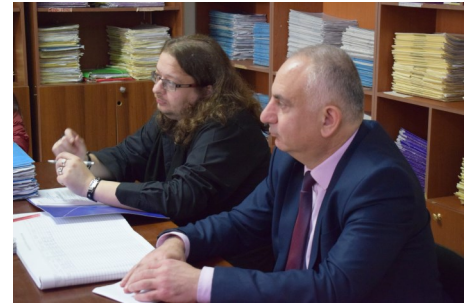


## Mental Health Community Center

The third visit for the first day took place at the Community Mental Health Center. Mrs. Najada Mali and Mrs. Rozeta Ciruna presented the work of the centre for the participants in this meeting.

Mrs. Ciruna explains that the Community Center treats patients with nervous system disorder. Currently, there are 3 family houses built with a capacity of 34 beds, which aim to treat patients in normal living conditions. They work to teach patients to develop activities of daily living like any other, to integrate them into society, by activating dormant mental areas. They have even collaborated several times with the labour office to offer some patients the opportunity to develop vocational courses and to help them integrate into the labour market.

The Community Center has been participating in various fairs, with patients presenting their work. The Center has been in constant collaboration with organizations and participated in various projects, one of which was the project developed in collaboration with Auleden. The consistent project of building a series of flowers, which would be integrated by working the centre's patients, at the same time the profits from the flowers would be used to cover the cost of the activity. Currently, the flower greenhouse is no longer operational due to the distance it is placed making it difficult to transport patients from the centre to the greenhouse.



## Diving Center Blue Expedition

The last meeting for the first day of the Study Visit was held with Mr. Pajtim Shpata, representative of the “Blue Expedition” diving centre.

The meeting took place at Auleda's premises. Mr. Shpata said that the diving sector in the city of Vlora is still underdeveloped while emphasizing the lack of a legal framework at present as well as various difficulties encountered in daily work starting from the lack of a convenient diving centre. He says that he is certified in providing various underwater services and has tried to engage in volunteer activities as well as underwater rescue action.

The main activities are the provision of tourist dives and service for underwater works. The centre has been part of a number of underwater environmental protection activities consisting of clearing the sea from pollution, one of the major threats to the underwater world in the Vlora Bay. They have collaborated with a considerable number of organizations extending the boundaries of cooperation outside the national borders, for example, he presents a collaboration they have had with the University of Lecce for monitoring seawater and proposing concrete policies based on measurements.

They currently operate as an NGO but they say that their sector does not yet have a clear legal status.



# Financial Tools. What is Social Banking?



Social banking services can boost positive external economies resulting from the greater involvement of certain social groups in the economy such as:

- unemployed persons aiming at reintegration into the labor market,
- very small businesses,
- social economy organizations
- people who are in a situation of social exclusion and enhancing social capital

## Social banking products::

### *Working capital loans*

Short-term (usually 3-18 months), preferably unsecured, flexible loans that cover the range of working capital requirements. Debt discounting is a form of working capital financing where the investor "buys" a defined source of future income from the social enterprise, such as income from a government contract. Factoring is a form of discounting receivables from qualified investors

Current / Savings Account in euro to cover daily and emergency banking needs with the ability to overdraft

### *Solidarity Debit Cards*

is a plastic payment card issued by a financial institution in favor of a holder with a bank deposit account, primarily to receive money from ATMs and provides the cardholder with electronic access to the bank account he holds.

### *Medium term loans*

Medium term loans are the largest means of social investment at present. Provided by value-based banks.

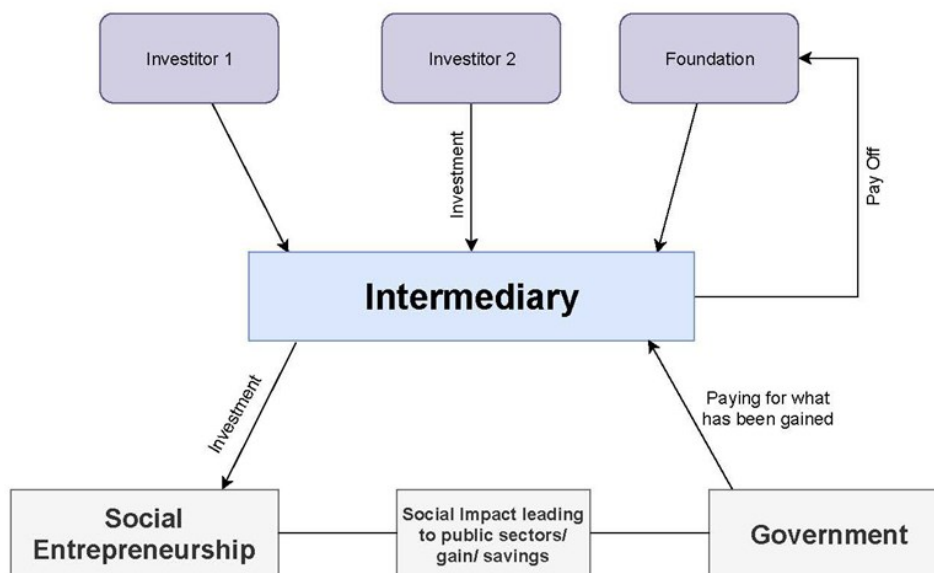
### *Long term loans.*

These may take up to 25 years, however, because some social enterprises are active in long-term infrastructure development, the period can be up to 50 years (or at least as long as the financial life of the financed asset). Almost always, these loans are covered by the asset and possibly all the assets and cash flow of the borrower.

# ROI—Model III - Social impact bonds

The Social Impact Bonds scheme (or Pay for Success/Payment by results scheme) unites the resources of government, private investors and social enterprises around supporting the realization of innovative solutions to social problems. A social impact bond is a particular variant on a payment by results contract in which there is a financial loop that enables finance to be raised at the outset whereas results payments are made either at the end or at milestones during the contracting this model, private investors make a long-term investment in an independent intermediary, which in turn places individual investments in social enterprises that provide well documented and efficient solutions to social challenges.

The social effects generated by the activities of the individual social enterprise result in specific gains or savings for the government institutions involved in the form of employment (reduced unemployment benefits), improved health (lower costs of treatment and care) or improved social status (fewer costs associated with social programs), etc. The value generated is then carefully calculated, resulting in a specific amount, which is then paid back to the intermediary by the government institution. If the value added by the social enterprises involved in the scheme is higher than what was originally invested in them, the principal as well as a return on investment is paid back to the private investors.



The model is particularly interesting to government institutions for which it is often a difficult exercise to evaluate the potential success of local social initiatives before they have started up. This is often both a highly complex and expensive exercise. Moreover, anti-trust laws often prohibit governments from supplying direct funding to social enterprises<sup>4</sup>. In the social impact bonds scheme, the involved government institution is held risk - free, only paying for the results that have in fact been achieved, while at the same time providing a legal way of supporting social enterprises. However, the public sector may retain the need to deliver a service should the social impact bond fail.

To private impact investors, the scheme presents an attractive way of financing social impact while at the same time receiving a financial return. In its pure form, the scheme might scare off some potential investors, given that they together with the involved foundations are the ones carrying the full risk. In the early bonds, the investors would receive no payment if the results targets were not achieved. This can, however, be mitigated by using different security mechanisms such as minimum return guarantees, risk sharing or investment matching (see separate brief on match-funding model). The deal can also be structured to mix some payment for service with some payment by results.



Such mechanisms would require the creation of a dedicated fund of, e.g. government and/or foundation money. Another way to enhance the attractiveness of the scheme for private investors is to apply a fixed interest rate (typically 5-9%), which the government institution must pay back to the investors (through the intermediary) on top of the calculated added value.

Foundations are often attracted to the scheme because it mobilizes a full selection of different actors (and their capital) around addressing the same social issue. The financial return, which can afterwards be reinvested in new social impact bonds, also makes the contributions made by the foundation last longer than traditional grants and donations.

To social enterprises, the scheme presents a clear alternative to other models in that the investment can be paid back as added social value instead of only hard cash. This is particularly attractive to enterprises in the 'social' end of the 'mainly social mainly business' continuum that otherwise often find it difficult to attract financing other than donations or project funding. However, many of the deficiencies for social enterprises could be solved by creating better structured contracts and longer term security of funding.

There are different variants on social impact bonds. In the so-called 'managed SIB' the intermediary is independent of the three other actors (private investors, social enterprise and government). It approaches potential investors and collects their investments, it makes and tracks the investments made in the social enterprises, it measures the social effects generated by the social enterprise, and calculates its value to allow the government to appropriately pay back the intermediary and, in turn, the private investors.

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## PARTNERS



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