

## **Final Report - ABZ Solidarity Fund 2019**

# **MOBA Revolving Fund: kickstarting a new wave of cooperatives in Central and South-Eastern Europe**

### **Project pitch**

To break the deadlock in accessible and affordable housing, a group of pioneering housing cooperatives in Central and South-Eastern Europe (CSEE) aims to launch a regional cooperative (MOBA) with a revolving solidarity fund (MOBA Housing Development Fund). The aim is to support the development of new housing cooperatives, and address the prime obstacle in the semi-peripheral European countries: access to financial capital for such an ambition. MOBA evolves in a context where public housing is practically non-existent and the private housing market in major cities is extremely expensive (both for rental and for buying). Therefore, establishing a novel form of affordable and cooperative housing in the CSEE region requires to re-introduce and re-conceptualise the cooperative rental model as a long-term and stable solution for households who cannot afford to or do not want to buy a property.

### **Activities implemented (January 2020 - August 2021)**

- **Establishing the MOBA Network as a European Cooperative Society (SCE)**

What is an SCE? The European Cooperative Society (SCE) provides a legal form for a transnational cooperative, existing in the European Union since 2003. An SCE's aim is to facilitate cross-border activities amongst its members. An SCE needs to be registered in an EU country - but can include members from non-EU countries. The minimum capital requirement to set up an SCE is 30,000 Euro.

Why the MOBA SCE? For almost three years, the MOBA pioneers address structural limitations that block the development of collective affordable housing solutions by building a common platform. Our aim is to attract, channel and manage affordable and fair financing for – construction, purchase and repurposing of buildings of – a new generation of rental, non-speculative housing cooperatives. To take up this role, MOBA members decided to form a European Cooperative Society (SCE), with the capacity to act as an intermediary between financial actors interested in social investment and cooperatives on the ground – thus accelerating the upscaling of housing cooperatives in CSEE. The decision for MOBA to register as an SCE was taken with the aim to formalise the loose network that existed since 2017 and to provide a legal entity through which its members can pool their resources, share

their expertise and access the services and financial resources necessary for the development of housing models on a regional basis. MOBA Housing SCE is registered in Pula, Croatia. The decision to register in Croatia has been based on the possibility for an SCE to formally be recognised as a non-profit organisation. In the case of MOBA, its surplus has to be reinvested in MOBA's activities.

Establishment of the SCE. Our four founding members (Cooperants, according to the Statutes) – Pametnija Zgrada from Belgrade, Zadrugator from Ljubljana, Prvni vlaštovka from Prague and Otvorena Arhitektura from Zagreb have provided the required initial capital. Apart from full membership (Cooperants), the MOBA Housing SCE hosts associate members (in the Statutes formally referred to as Investors).

With the Founding Assembly held in Zagreb, on 29 February 2020, MOBA Housing Network became the **European Cooperative Society MOBA HOUSING (SCE)**, and with this, the first SCE registered in Croatia! At the end of May 2020, the first SCE's assembly took place. Originally planned to take place in Prague, due to Covid-19 regulations we held a two-day virtual session involving the initial MOBA groups, guests from Co-Hab Athens, as well as professional organisations in the field of housing – urbaMonde, World Habitat – and the Cooperative for Ethical Financing (ZEF).

In October 2020, Zugló Collective House from Budapest joined MOBA as a full member, and urbaMonde and World Habitat as associate members, while ZEF joined in January 2021.

*“Aware of the decreasing affordability and the commodification of housing taking place globally, with our region of Central, Southeastern and Eastern Europe (CSEE) hit particularly hard by the housing crisis, we – a group of pioneering housing initiatives – have joined forces to establish the European Cooperative Society MOBA HOUSING SCE. We believe that our countries are in an urgent need of new actors and new models of housing provision as well as innovative approaches to housing financing. The name MOBA comes from a term used in South Slavic languages to refer to the widespread custom of mobilizing mutual help. We mobilize to build an institutional framework rooted in cooperative principles, in order to jointly enable access to affordable housing and provide durable homes to communities region-wide.” (from MOBA Housing SCE Statute's Preamble)*

MOBA Housing SCE's Statutes can be found at the [following link](#).



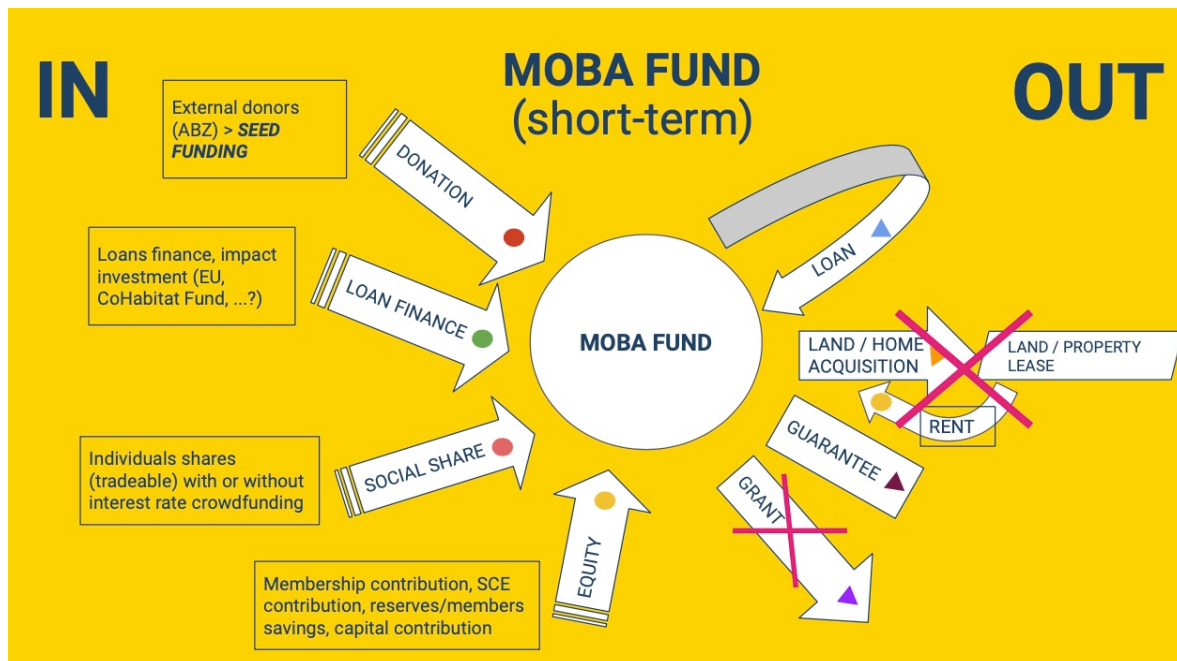
Signing the registration of the MOBA Housing SCE

- **Developing MOBA’s Membership Guide**

We have prepared our Membership Guide, a practical introduction to the community-led housing approach pioneered by MOBA. It is intended to support new members with setting up a community-led housing project and outlines what support and options are available to MOBA members. The guide contains two parts: the “how-to” section outlines MOBA’s approach, instruments and the governance of its legal entity; while the second section provides background information on why MOBA came into existence, its ambitions, and the housing context in Central and South-Eastern Europe. Similarly to everything taking place within MOBA, this document has been drafted collaboratively, and is now available to assist the enlargement of the MOBA member pool!

- **Setting up MOBA’s Housing Development Fund**

Parallel to this, in Autumn 2019, we started preparing the ground for the MOBA Housing Development Fund, which is an essential part of the SCE. As a part of this process, we set up a development plan that projects MOBA’s membership and financial growth in the coming years, and also inquired and researched existing funds and financial mechanisms that could inspire the MOBA Housing Development Fund. Several discussions and working sessions throughout 2020 and early 2021 have allowed to formulate the working principles, conditions, requirements and aims of the MOBA Housing Development Fund.



In May 2021, we set up the first [Call for Loans](#) for MOBA members, and the MOBA Fund Committee, which takes the decision concerning the attribution of the loans. The aim is to organise a test for the MOBA Housing Development Fund attributing a total amount of 18,000 EUR to the MOBA members. Additionally, the MOBA Housing Development Fund will keep a reserve of 3,600 EUR.

The MOBA Fund Committee is composed of one representative of each full MOBA member (with voting rights) and a facilitator appointed within the associate members (with no right to vote). The decision on the attribution of loans is taken on a consensus basis, whenever possible, or by voting.

MOBA members can submit loan applications for different types of loans:

- Kick-start loan/door-opener for other financiers
- Bridge loan
- Renovation costs
- Land or house acquisition

The loan cannot be used to pay consultants, studies or human resources.

Eligibility criteria:

- To request a loan, one must be a full member of MOBA Housing SCE.
- The repayment capacity/financial solidity/risk will be assessed on the basis of the financial plan of the project.
- Priority will be given to projects with urgent financial needs and that have a high impact on the project lifecycle.

The definite criteria will be discussed and established by the Fund Committee.

In July 2021, the Fund Committee decided to attribute two loans:

- (1) Zuglói Kollektív Ház Egyesület (Zugló Collective House Association) - Hungary - for the purchase of a second house and cooperative building (9,000 EUR)
- (2) První vlašťovka, sociální družstvo - Czechia - for the purchase of a first cooperative building (9,000 EUR).

In August 2021, both loan contracts were signed.

We have established collaboration with a lawyer from Zagreb, Croatia, who has helped us draft various types of contracts for MOBA SCE and its Fund.

- **Expanding the Network of partners, allies and supporters**

Since 2017, MOBA has sought to consolidate a network of like-minded individuals and organisations and to build alliances with the Social and Solidarity Economy sector, housing cooperatives, ethical finance institutions and housing associations at the local, national and international level, as well as engaged conversations and negotiations with EU institutions and commercial and public banks.

In 2020 and 2021, MOBA has doubled its efforts in obtaining substantial co-funding for developing a financially viable model for cooperative housing in the region. Some of the milestones for this are the submission of a funding application to the EU programme for Employment and Social Innovation (EASI) and a Venture Capital Fund (“Analyzing the potential for catalytic capital investment in the affordable housing sector of Eastern and South-Eastern Europe”). The latter was approved in August 2021.

## Achievements at a glance

- ★ Consolidating MOBA as a Cooperative Housing SCE, a legal entity capable of channeling resources to its members
- ★ Sustaining collective action and solidarity throughout pandemic times and consolidating MOBA Housing SCE's working principles
- ★ Implementing the first Call for Loans for the MOBA Housing Development Fund
- ★ Obtaining co-funding and support for the future development of MOBA Housing SCE and the MOBA Housing Development Fund

## Financial Report

<b>Initial Budget (CHF)</b>	<b>Spent (CHF)</b>	<b>Difference (CHF)</b>
<b>Setup MOBA revolving solidarity fund</b>	6,000	-4,000
<b>Activating MOBA revolving solidarity fund</b>	24,000	+4,000

Due to COVID-19 restrictions and impossibility to hold a physical face-to-face workshop which was then replaced by several online workshops. This left a significant portion of the travel and accommodation budget available, which was transferred to the MOBA revolving solidarity fund budget line. This enabled a higher loan volume already for the first pilot run as well as assured a larger safety buffer (useful due to higher currency volatility in the past year).

Due to the fact that the MOBA SCE was not yet established and registered as a legal entity, ABZ initially transferred the total project budget to Zadrugator cooperative - one of the Founding members of MOBA. In 2021, Zadrugator transferred the total investment volume (24,000 CHF) first to the other three Founding members which then transferred the funds in the form of cooperative shares to MOBA SCE. This assured the equity required by European regulations for the establishment of the SCE (together with the initial down payment of 7,500 EUR provided by the Founding members in 2020). A specific contract was made between MOBA and its Founding members that the initial (Founding) shares are forfeited by the Member and become full equity of MOBA to prevent speculation and assure financial stability and liquidity. The equity gathered through the Founding members' down payments in shares (from ABZ fund) are used as the initial MOBA revolving solidarity fund - the MOBA Housing Development Fund.

Members of the MOBA SCE and UrbaMonde (as an associate member) also contributed a total of 280 hours of volunteer work to plan and coordinate the project activities as well as work on developing the final project outputs.

## **INITIAL BUDGET**

<b>(1) Setup MOBA revolving solidarity fund</b>	<b>10 000 CHF</b>
Personnel costs (at 35 CHF / hour): 100 hours	3 500
<ul style="list-style-type: none"> <li>- explore the legal and organisational aspects</li> <li>- drafting a set of principles for providing solidarity support</li> <li>- organising workshops and meetings</li> <li>- work towards fundraising</li> </ul>	
Legal costs (external legal & fiscal consultancy)	1 500
Financial costs (bank account, fund transfers, accountant)	1 000
Travel and workshop logistical costs	4 000
<ul style="list-style-type: none"> <li>- inception worksession</li> <li>- worksession with ABZ</li> <li>- study trips and meetings with existing funds</li> </ul>	
<b>(2) Activating MOBA revolving solidarity fund</b>	<b>20 000 CHF</b>
Actual seed funding	20 000
(10% of which set aside for covering currency exchange risks)	
<b>Total</b>	<b>30 000 CHF</b>

## **THE ACTUAL BUDGET SPENT**

<b>(1) Setup MOBA revolving solidarity fund</b>	<b>6 000 CHF</b>
Personnel costs (at 35 CHF / hour): 100 hours	3 500
<ul style="list-style-type: none"> <li>- explore the legal and organisational aspects</li> <li>- drafting a set of principles for providing solidarity support</li> <li>- organising workshops and meetings</li> <li>- work towards fundraising</li> </ul>	
Legal costs (external legal & fiscal consultancy)	500
Financial costs (bank account, fund transfers, accountant)	2 000
<b>(2) Activating MOBA revolving solidarity fund</b>	<b>24 000 CHF</b>
Actual seed funding	20 000
Set aside for covering currency exchange risks	4 000
<b>Total</b>	<b>30 000 CHF</b>