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Why engage private investment in social service delivery at all?

Based on a4i State of Play on social investment in social care and support in Europe

The 2008 crisis and the coronavirus crisis have and will have a strong impact on the governance of social services in Europe: European member States have (more often than not) cut their budgets. However, new instruments and tools are needed to ensure the presence of quality care and support services, with well-paid staff.

Funding of social investment by the private sector: commercial banks

Opportunities with conventional bank lending:

- Private financing can play a role in accelerating the development of quality community-based services by providing capital at a faster rate than what the public authorities can currently provide. This is particularly the case for social infrastructure
- Accelerate the access to capital supports the transition from institutional to community-based care and support
- Provide more options for public authorities and providers
- Changing the rules of financing of social services and enabling creating a profit (CZ - SP)
- Diversifying the financing resources of Service Providers in order to strengthen their social purpose and autonomy

Funding of social investment by the private sector: "performance- based"

Opportunities with performance-based lending:

- Boost investment into innovative forms of service provision, by sharing the investment risk between public and private investors
- More experience and reachable supply of those financial products

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