

Case study 6: Na Šternbersku k sobě máme blíž – debt counselling

Abstract



The case study focuses on the project "Na Šternbersku k sobě máme blíž," specifically on its activity dedicated to debt counseling as a form of targeted and direct support for individuals from at-risk target groups. The project responds to the declining community life in the region and aims to revitalize it through the mobilization of local leaders and strengthening cooperation among stakeholders in the area. Debt counseling serves as a tool to improve the living conditions of residents and

address specific problems associated with debt traps and their social impacts. This form of support has a long tradition in the region and is sustainably provided by an experienced project partner. The project has enabled the creation of a new position for a debt counselor and the implementation of follow-up activities, such as collaboration with businesses and public awareness campaigns.

Case Study Subject

The project and its activity focus on addressing issues related to indebtedness. The goal is to improve the living conditions of individuals in the territory of the Local Action Group (LAG) by increasing the availability of services in their natural environment and supporting activities with a direct impact on community members. Debt counseling and legal assistance are provided to address debt enforcement and debt relief, thereby reducing the risk of social exclusion.

LAG Šternbersko and its partners

LAG Šternbersko collaborates with dozens of partners, including non-profit organizations, individuals, entrepreneurs, and representatives of the public sector. In the selected activity, the involvement of the collaborating organization, Charita Šternberk, was crucial, as it has long-term experience working with the target group. Additionally, there was an effort to establish cooperation with business representatives, although this has not been entirely successful so far.



Example of good practice – Comprehensive support in the area of indebtedness

The benefit of the project was the comprehensive approach to support, leveraging the experience of the involved partner in debt issues. A position for a debt counselor was created within the project, and lawyers were also involved. This is perceived as an enhancement of standard practice and, combined with comprehensive support for individuals with debts, allows for more effective resolution of their life situations. Experts and administrative support in the area of debt issues are involved in the activity, and representatives of the target group are actively sought out. Another benefit is that the project



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partner engaged an expert who reviews individual cases and coordinates support based on the complexity of the issues.

“ „Generally, our work is unique in that we have a lawyer at hand, and we can address non-bank loans to a much greater extent if they come to us. This is not entirely standard practice, although it's not only lawyers who can do this; financial arbitrators can also assist. However, if you find out how complicated it is, an ordinary person wouldn't be able to navigate it. (...) The lawyer takes it over and resolves it..“

- Representative of the implementation team

The target group of the project's key activity consisted of individuals at risk of over-indebtedness. The primary goal was to help families urgently address their situations. Some families are eager to resolve their issues, but due to the complexity of the problem, they are unaware of their options. The project responds to this through expert support in processing debt relief and increasing individual financial literacy. There is significant interest in counseling, and by the time of evaluation, the set indicator for supported individuals had already been exceeded. Thanks to comprehensive support, the project managed to resolve complicated cases and thus assist specific individuals in addressing their challenging life situations related to debts. The specific benefits for the target group are summarized in the diagram below.



THE ADDED VALUE OF CLLD

- ▶ LAG not only connects local actors and initiates cooperation in the area within the project and its activities but also supports the social and educational sector. The project partner organizes career counseling, which involves not only schools but also businesses and organizations in the area.
- ▶ LAG also facilitates the exchange of information across sectors, such as between municipal leadership, schools, and others regarding collaboration opportunities. Breakfast meetings for mayors are held in the area to present project activities.
- ▶ A key role of LAG is also in identifying the need for follow-up projects based on experiences and statistics from the previous debt counseling project, which ended in 2022. Even then, capacity limits and the need for more intensive fieldwork were evident, which became the basis for current activities. This confirms the importance of continuous work.
- ▶ The synergy effect of this intervention is that activities are interconnected, addressing the life situations of local residents and striving to improve them. An advantage is that LAG had the opportunity to communicate and consult with other LAG organizations, sharing documents, forms, and experiences in similar projects.
- ▶ The presence of LAG in the area has a significant community dimension. Community workers operate in individual municipalities, and community meetings are held. LAG purchased equipment for organizing events and activities (e.g., mobile screenings) from



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lump-sum costs. Community camps are organized, where demand exceeds supply and MAS's capacities.

- As an advantage, LAG perceived the involvement of a partner with extensive experience in the project. Without this partner, the project's benefits would not have been as significant, not only due to the organization's experience but also because of its resources, employees, and knowledge of the target group.
- x Conversely, LAG identified insufficiently defined requirements for the position of debt counselor as a barrier to implementation. The partnership with Charita, which has long-term practice in debt counseling, contributed to understanding the concept of the debt counselor's position and its integration into the overall support system.
- x Despite LAG creating special leaflets for the target group and payroll accountants and visiting local businesses, it generally struggles to engage individuals other than those who are standard clients of the partner organization. Similarly, in the case of awareness events, it was challenging to generate interest from potential representatives of the target group.

IMPLEMENTATION EXPERIENCE



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