

# INTERREG SIV

## O.T4.1

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Strategy for Capacities in Scale and Scope  
Slovenia

Version 1.0  
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## 1. Objectives of the Strategy according to the Application Form

This output will be a strategy for further uptake of the social impact fund by other stakeholders and an increased size of the existing fund, reducing long-term unemployment.

Accordingly, the strategy aims at describing the plans for scaling the social impact fund developed with the contribution of the partner organizations within the frameworks of the Social Impact Vouchers project regarding the number of contributors to the financial fund and the amount of the financial contribution paid into the fund.

## 2. Strategic frameworks

### 2.1. Employment situation in the partner country

[Revision and update of the D.T1.2.5. Report and Infographics for Target Group Segmentation. Please describe how the situation of employment as well as unemployment has changed in your country/region since the beginning of the project!]

#### 2.1.1. Main economic and labour market trends

Economic growth is projected to recover to about **5.4% in 2022**, and moderate to a still robust **3.2% in 2023**. Domestic demand will be the main driver of growth.

### Labour Market and COVID-19

The COVID-19 epidemic has had a huge impact on the labour market in Slovenia. The number of persons in employment has fallen, the most in manufacturing, in the private sector and among young people.

At the end of June 2020, there were just over 884,000 persons in employment (i.e. employed and self-employed) in Slovenia, 14,000 fewer than in February 2020, i.e. just before the COVID-19 epidemic. The number of persons in employment started to fall in March 2020. At the monthly level, the number dropped the most in April, by 10,459. In March and May the fall was slightly smaller, while in June the number slightly increased. (source: <https://www.stat.si/StatWeb/en/news/Index/9070>)

### Labour market and Ukraine war

We do not record a large number of jobseekers from Ukraine in Slovenia. Displaced persons from Ukraine who have been granted temporary protection shall have free access to the labour market. This means that they shall be employed in Slovenia under the same conditions as Slovenian nationals, and their employers are not required to obtain work permits when employing them. The Employment Service seeks to provide foreigners with tailored career counselling and programmes to speed up their labour market integration. (source;



<https://www.gov.si/en/topics/slovenias-assistance-to-the-citizens-of-ukraine/employment-of-ukrainian-nationals-living-in-slovenia/>)

Once they have registered with the Employment Service, each unemployed person is assigned a career counsellor with whom they:

- draw up an employment plan
- plan how to take further steps to speed up their labour market integration.

Due to administrative demands, some potential employers seeking remote employment or integration started to use the [employ-ukraine.org](https://employ-ukraine.org) portal for the work of migrants.

Slovenia's economy expanded in 2021, especially in the last quarter of the year. Benefiting from the strong carry over from 2021, growth is expected to continue in 2022-23 at 3,7% and 3,1%, despite the uncertainty arising from war in Ukraine, price increases and supply chain difficulties.

In Slovenia, unemployment is expected to be 4.8% this year and 4.6% in 2023. (source: [https://www.ess.gov.si/trg\\_dela/publicistika/analize](https://www.ess.gov.si/trg_dela/publicistika/analize) ; [https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/slovenia/economic-forecast-slovenia\\_en](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/slovenia/economic-forecast-slovenia_en))

### 2.1.2. Unemployment situation and data

The robust economic growth of past years also boosted the labour market. The unemployment rate fell to less than 7 % in 2019 and has remained there even throughout the pandemic. The employment rate is higher than the EU average (76% vs 72% in 2020). Strong demand for labour and a quickly ageing society have been contributing to labour shortages.. Income inequality, the risk of poverty, and the gender pay gap are all relatively low. (source: <https://tradingeconomics.com/slovenia/long-term-unemployment-rate>, [https://www.ess.gov.si/trg\\_dela/publicistika/analize](https://www.ess.gov.si/trg_dela/publicistika/analize))

Table 1: Overview of unemployment in Slovenia, February 2019 and april 2022



	February 2019		April 2022	
	Number	Rate	Number	Rate
<b>Unemployed persons</b>	<b>80.755</b>	<b>8,4%</b>	<b>58.081</b>	<b>6,6%</b>
Young (15-29 years)	14.548		10.524	
Older (over 50)	30.613		25.100	
Low educated (primary school or less)	24.362		18.363	
Long term unemployed (more than 12 months)	39.117		32.359	

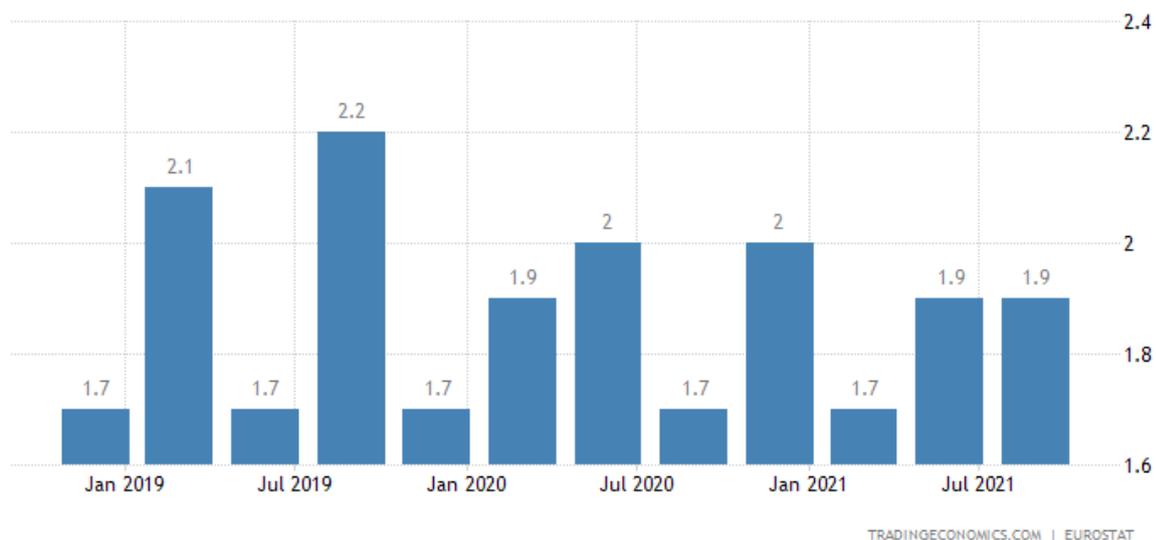
Source: ZRSZ 2019 and 2022 (The registered unemployment rate is the percentage of registered unemployed among the active population.)

### 2.1.3. Facts and data on long-term unemployment in Slovenia

Long-term unemployment rate was 1.90% in December of 2020. Long Term Unemployment Rate in Slovenia averaged 3.28 percent from 1996 until 2021, reaching an all time high of 5.70 percent in the first quarter of 2014 and a record low of 1.60 percent in the third quarter of 2008. (source: <https://tradingeconomics.com/slovenia/long-term-unemployment-rate>)

Figure 2: Development of the long-term unemployment rate in Slovenia between January 2019 and July 2021

The frequency in figure below shows a quarterly dynamic.



Source: TradingEconomics.com



2.2. Status quo of social impact investments in the partner country/region  
[Revision and update of the D.T1.1.2. Country Report on Social Impact Investment.  
Please describe how the situation of social impact investments has changed in your  
country/region since the beginning of the project!]

### 2.2.1. Private donations in Slovenia

One of the most important and popular mechanism is the 0.5% investment program. The allocation of part of personal income tax increased from 0.5% to 1% in 2021. This allows individuals to donate 1% of their income tax to a cause of their choice, therefore making it an ideal solution for individuals to dedicate their funds to a social enterprise or a nonprofit organization. The 1% mechanism is defined in the 142nd Article of the Income Tax Act (source: PISRS). Each year any resident may require that up to 1% of personal income tax is intended to finance public benefit purposes. It is done via the submission of a form stating the individual's preferences.

At the same time, corporate donors can, based on the corporate profit tax, dedicate up to 1% of their income for public benefit purposes and get tax relief. Unfortunately, many companies do not use this possibility, and a significant part of possible donations remains undonated.

### 2.2.2. Overview of social impact investment in Slovenia

No relevant changes from 2019 to 2022. Slovenia currently has only a scarce number of stakeholders dealing with social impact investment.

As a first locally based impact fund Feelsgood fund started with activities in Slovenia and Croatia(feelsgoodcapital.com) in 2021.

In December 2021 it was joined by FUND2740 - High Impact Foundation (the new name of the company Fund 05), providing Google.org funds within the ActImpAct program (distributing app. 290.000 EUR to Kovacnica and 290.000 EUR to Zavod Meta, both offering support to underserved starting impact and social economy ventures).

In 2022 French organisation INCO started distributing funds from GROW and ASPIRE programs within Google.org supported Start Social program (app. 15 mio EUR within GROW for six countries, including Slovenia and app. 1 mio EUR for ASPIRE in Slovenia only, available in 2022 and 2023).



### 2.2.3. Examples for social impact investors in Slovenia

No relevant external examples except Google.org and ActImpAct program implemented in 2022 with 28.000 EUR investment (donation) for SIV scheme.

ActImpAct program managed in Slovenia by FUND2740 is financing two accelerator programs (in a total amount of app. 600.000 EUR) implemented by Zavod Meta and Kovačnica. Both are focused on underserved groups (young unemployed, women). The program included social vouchers provided to potential participants to motivate them to join the program. The total amount of vouchers is 28.000 EUR, program started in January 2022.

### 2.2.4. Social impact investment focusing on (long-term) unemployment in Slovenia

Impact investment supply focused on unemployment is underdeveloped. Mentioned investors might include some measures for reducing unemployment within financed programs but are mostly not focused on unemployment.

Option SID Bank, needs to be assessed as a possible investor. The mission of SID Bank is to develop, provide and promote long-term financial services designed to supplement financial markets for the higher competitiveness of the economy, creating new jobs and sustainable development of Slovenia (more on <https://www.sid.si/en/about/about-sid-bank>).

Another prosperous possibility is the Ministry for economic development and technology's implementation of the project Social Impact Bonds - SIB, supported by the European Commission. The first project phase ended with a detailed study on developing bonds and social outcome contracts in Slovenia, including two pilot projects (Women Entrepreneurship, Impact Tourism) for Phase 2. In both projects, we assured that social impact vouchers are included as an instrument to reduce unemployment in target groups. The second phase is planned for Autumn 2022.

## 2.3. Description of the social impact fund developed to finance social impact vouchers in the partner country/region

[Please use the input you provided to PP2 to the deliverable D.T4.3.1 Growth forecast calculation! In case of partners participating in the transnational fund chapter 1.3.1 will be the same.]

### 1. Fund geographic scope:

- Transnational

### 2. Fund type:

- Grant based

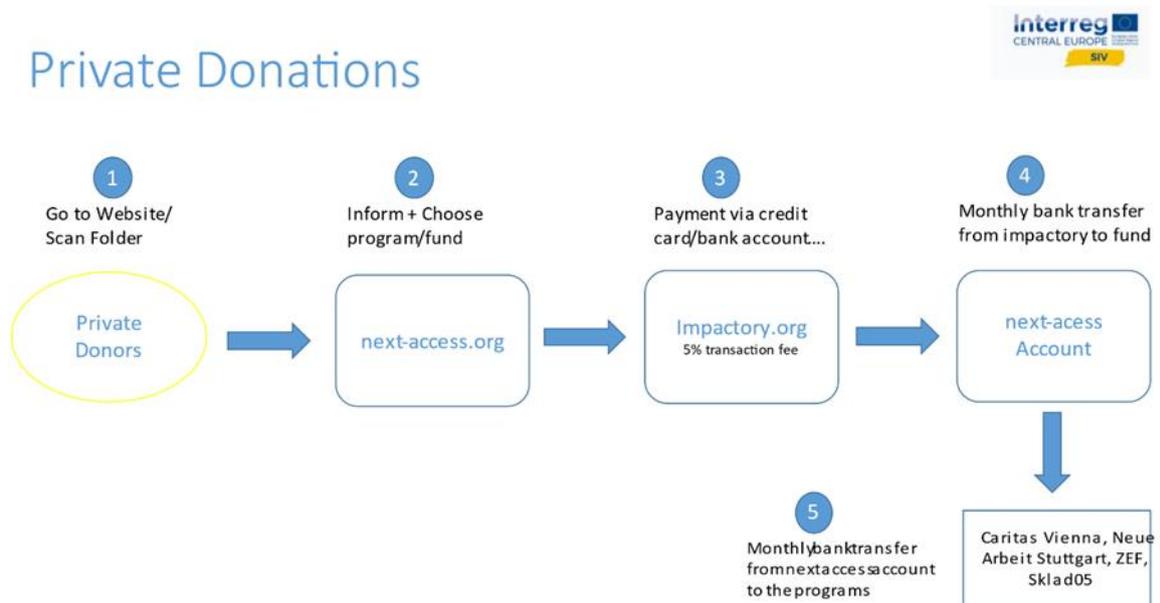


- If fund is investment based, what is the expected return rate to investors?: It is not possible to have return based fund for the activities supported by voucher programmes of organisations participating in transnational fund. The best that we can hope is to recycle funds to some extent and find a model of continuous inflow of funds in order to keep (and enlarge) its size.
3. Fund is set up in a form of: Trust agreement
  4. Fund is already active?
    - No
  5. Fund has rules of operations?
    - Yes
  6. Fund has established a body that decides about giving funds to beneficiaries with at least 3 people participating in the decision making
    - No
  7. Fund has established a supervision body consisted of people that do not participate in the decision making about funding beneficiaries:
    - No
  8. Fund has clear funding strategy in a form of a strategy document:
    - Yes



9. The process of decision making about funding beneficiaries in the fund:

## Private Donations



10. Financial size of the fund at the moment (paid-in contributions):

- Private contribution: EUR 0.00
- Public contribution: EUR 0.00

11. Funds committed for the fund from private sources:

- EUR 50,000.00

12. Funds committed for the fund from public sources:

- EUR 0.00

13. Projection of new funds to be fund raised in the next 5 years:

- 2023: EUR 50,000
- 2024: EUR 50,000
- 2025: EUR goal not set yet
- 2026: EUR goal not set yet
- 2027: EUR goal not set yet

14. Amount eligible to be granted to a beneficiary:

- Minimum: EUR 10.00
- Maximum: EUR no limitation



- Median expected: EUR 100.00

#### 15. Expected lifetime of the fund:

- Indefinite

### 2.4. Challenges for scaling the social impact fund in Slovenia

[Please provide information on challenges and barriers of scaling the social impact fund regarding the scope of donors and the invested/donated amount of funding according to the situation of the economy, the labour market, impact investing and legal frameworks in the respective country!]

#### 2.4.1. Economic challenges of scaling

Post-Covid times bring even more limited financial resources, part of investors and humanitarian help is moving towards war in Ukraine and to industries suffering from Covid. However, due to the new government (June 2022), some policy shifts are predictable and financial support might be more viable than before. A coalition of left and middle winged political parties announced respect for human rights, social equality and protection of most underserved groups as a priority, including announced financial measures to support these causes.

Post Covid times with limited financial resources; new government (2022) and possible shifts in policies

#### 2.4.2. Labour market challenges of scaling

The lack of interest of leading stakeholders and our limited capacity to motivate and include them (trade unions, employers) were challenging during the project implementation. Scaling the social voucher schemes in the Slovenian system depends mainly on the success of the first larger pilot projects and later support from the main stakeholders in social dialogue - the Chamber of commerce and industry of Slovenia, the Association of Employers of Slovenia and the critical trade unions networks participating in the social dialogue in Slovenia. The new government announced interest in strengthening social dialogue, so the Social and Economic Committee would be the right place to start a debate on the systemic introduction of social vouchers.

#### 2.4.3. Challenges based on the status of impact investments

Almost not existing impact investment market in Slovenia



There are several challenges to be tackled to scale impact investment market. There are reserves in the corporate donations and investments. Also, a significant part of Income Tax Law funds could be channelled into impact investment. Hopefully, fund Feelsgood will play an essential role in scaling impact investment (around 15 Mio EUR available) but need to focus not only on information technology and "green" oriented projects but also on those with significant social impact. Challenge remains to strengthen the role of some financial intermediaries (FUND2740, for example) so that their activities don't stay at the level of project, unsustainable financing. Google.org stream seems to be an essential stakeholder, and the challenge remains to attract them for a more extended period (5-10 years). Also, all these instruments and stakeholders need to strengthen their attention to the unemployment challenge. As mentioned, SIB programs remain challenging due to technical and operative complexity.



#### 2.4.4. Legal challenges

As Slovenia joined the trans-national fund, legal uncertainty was noticed in the project implementation. The best legal form was considered, and detailed research was conducted. Some countries have more restrictive legislation (Austria, Germany), and overall there is no legal harmonised legislation in this area.

In case social vouchers will be an integral part of SIB projects in Slovenia, the legal challenge remains to define the flow of funds and avoid possible obstacles in legislation regarding the repayment of investors. Therefore, pilot projects will need to answer these legal challenges.

### 3. Country-specific Objectives

[Please define the objectives of your Strategy for Capacities in Scale and Scope in order to tackle the challenges affecting the scaling of the fund in your country! Please define at least 2 objectives! Please be as specific as possible, provide specific, measurable, achievable, relevant and time-bound objectives! e.g. Involvement of 10 new private investors from sectors less hit by the COVID-19 pandemic by the end of 2023. In case of countries with public funds the objectives should focus on the involvement of private money (investment/donation) in the fund!]

- Objective 1: Linking the fund to the Social Impact Bonds (SIB) schemes (testing pilots from Ministry for economic development)
- Objective 2: Strengthening fund investments with existing investors (ActImpAct, Google.org)

### 4. Actions

[Please define the actions of your Strategy for Capacities in Scale and Scope in order to achieve the objectives defined in chapter 3! Please define at least 2 action - 1 for scaling the scope of investors/donors, 1 for scaling the amount of money invested in the fund! Please present activities (at least one in case of each activity), the expected outputs/indicators, the milestones, the key actors/stakeholders to be involved and the estimated costs with funding sources in case of each action!]

#### 4.1. Action 1 - Scaling the scope of investors



Activity 1	Linking fund to the SIB scheme, form of vouchers to be decided upon SIB content
Outputs/indicators	Public sources available to fund, app. 1.0 mio EUR available, expected around 20% for social vouchers
Milestones	Ministry of economic development and technology decision on pilot
Key actors/stakeholders	Ministry of economic development and technology, FUND2740
Estimated costs and funding sources	Costs estimation not available until final draft project proposal, funding sources up to 1,0 mio EUR

#### 4.2. Action 2 - Scaling the amount of money invested in the fund

Activity 1	Strengthening fund investments with existing sources - Google.org and ActImpAct. ActImpAct program managed in Slovenia by FUND2740 is financing two accelerator programs (in a total amount of app. 600.000 EUR) implemented by Zavod Meta and Kovačnica. Both are focused on underserved groups (young unemployed, women). The program included social vouchers provided to potential participants to motivate them to join the program. The total amount of vouchers is 28.000 EUR, program started in January 2022. Google.org announced more extended-term support for social and impact economy environment in selected countries. Based on the expected effects of existing programs, we estimate to scale programs in the next five years, also because INCO (Google.org partner in France) will start with ASPIRE and GROW programs to finance impact ventures and some projects will include social vouchers.
Outputs/indicators	Private sources from ActImpAct project and Google.org available in 2023 scaled to 100.000 EUR
Milestones	End of 2023 with 100.000 EUR investment,
Key actors/stakeholders	FUND2740, Google.org, INCO
Estimated costs and funding sources	Estimated costs 100.000 EUR, funding sources Google.org and INCO

[www.fund2740.com](http://www.fund2740.com), [www.start-social.eu](http://www.start-social.eu)