

INTERREG SIV

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Content

1. Introduction.....	2
2. ESF PLUS - means of support for SIV projects.....	9
3. ERDF - means of support for SIV projects	9
4. Further funding Ideas.....	10
5. Conclusion.....	11



1. Introduction

We are all more and more aware of the fact that also vulnerable groups deserve equal treatment as the rest of the unemployed in the labour market.

At present there is a great number of actors (public and private) working on the same territory or with the same target group, so that often they compete directly for the assistance provided to disadvantaged groups and for the human, material and financial resources available.

Working collaboratively and networking with social organisations and other actors is urgent even though the pressure to compete is high. One important way to cooperate on the same territory is by sharing information about clients and job offers among all the organisations involved in the job placement services: facilitating the data about job offers and enterprises when it is not possible to cover their vacancies has a direct positive effect on the whole target group and on the general effort to promote job insertion.

The most successful and sustainable initiatives are those that combine the direct work with the user - through tailored training and job placement itineraries - with the development of proactive actions with the local actors that contribute to reduce the obstacles for work and social inclusion and create positive synergies. The work carried out to involve the local companies and enterprises, the knowledge of their needs and requirements, the development of trust relationships and their engagement in the programmes are critical success factors for an effective work and social inclusion.

The current situation in Slovenia: the monthly ILO unemployment rate is 3.9%, that is 66.654 of unemployed, 39.571 among them are long term unemployed (12m +) and we have 29.934 recipients of social assistance (September 2021). (ZRSZ 2021)

So, we believe new methods and innovative financing model of social, development and environmental projects are needed.

Despite the development of social vouchers in last 50 years in many countries (also in EU) this tool is still very unknown in Slovenia. As an example, we can mention similar financial instruments as Social Impact Bonds (SIB) that have also not been implemented in Slovenia yet. Under the project AlpSib (duration 1.11.2016 to 31.7.2019), a study about implementing SIB in Slovenia was made and main findings and recommendations which also apply to SIV are (Interreg Alpine Space 2019):

- The lack of social impact investors: although there are donors from private sector, there is almost no capital available for social impact investments
- Legal aspects: legal constraints linked to new financial instruments (SIB, SIV) implementation need to be investigated by a group of various experts



- Measurement: In Slovenia, we have only very limited experience with implementing evidence-based interventions and impact measurement. There is a need to develop adequate social impact measurement methodologies and methods.
- High transactional costs: the costs related to social impact financial instruments are very high. Besides the standard costs there are also transactional costs (legal and evaluation expenses, intermediaries' fees)
- We would need a campaign that would explain and promote new financial instruments and their benefits, if we want this concept to be accepted.

The use of social vouchers represents an added value in the economic and social environments where they are deployed. More particularly, social vouchers represent for their users a social advantage that increases their purchasing power and attributes targeted benefits. They are modern and efficient tools at the service of governments to directly stimulate local economies while enhancing macro-economic impacts such as job creation and the fight against undeclared work (Euractiv 2018).

COHESION POLICY 2021-2027

(source: [Post-2020 – English \(eu-skladi.si\)](#))

EU leaders agreed the EU's long-term budget for the period 2021-2027 (EUR 1.074 billion) and the new recovery instrument NextGenerationEU (EUR 750 million) on 21 July 2020. EU Council thus supported the initiative of the Commission that proposed grants and loans under the NextGenerationEU instrument to help Member States recover from the Covid-19 crisis, to repair the economic and social damage caused by the crisis across the EU, to boost EU economy and to preserve and create jobs in EU member states and regions.

The new Cohesion Policy framework continues investing in all regions and keeps the three different categories of regions, i.e.:

- less developed regions (GDP per capita up to 75% of the EU average),
- transition regions (GDP per capita varies between 75% and 100% of the EU average),
- more developed regions (GDP per capita exceeds 100% of the EU average).

Slovenia is divided in two cohesion regions, i.e. Zahodna Slovenija (western Slovenia) and Vzhodna Slovenija (eastern Slovenia). GDP per capita expressed in purchasing power parity (PPP) in 2019 stood at 89% of the EU average or two percentage points above the 2018 figure. According to the data released by Eurostat, Zahodna Slovenija achieved 106% of the EU average, whereas Vzhodna Slovenija managed to reach 73% of the EU average.

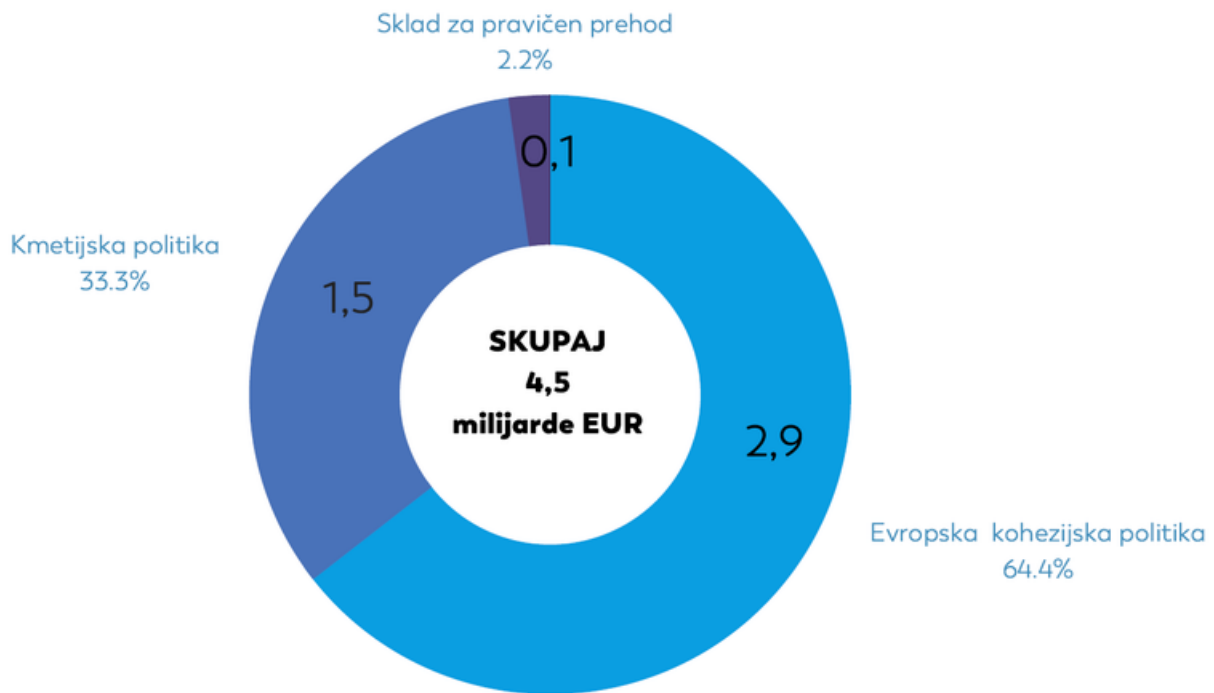
The Commission used the 2018 GDP per capita at PPS figures on which it built its allocation method for the programming period 2021-2027. Slovenia's GDP per capita in purchasing power standards (PPS) in 2018 stood at 87% of the EU average. The gap between the average



level of development of the two cohesion regions even increased in 2018, with Zahodna Slovenija recording 105% of the EU average and Vzhodna Slovenija standing at 73% of the EU average according to the Eurostat data.

Slovenia stroke a good deal in the negotiation on the EU's next long-term budget which closed on 21 July 2020. The country will remain a net recipient of EU funds. According to estimates, the Cohesion Policy envelope for Slovenia is to stand at a total of EUR 2.9 billion in the programming period 2021-2027 (Evropska kohezijska politika), coupled with EUR 1.5 billion under Common Agricultural Policy (Kmetijska politika) and a further EUR 100 million from the Just Transition Fund (Sklad za pravičen prehod).

Figure 1: Slovenia - EU's long term budget 2021-27



Source: RS Government office for development and European cohesion policy (2021)



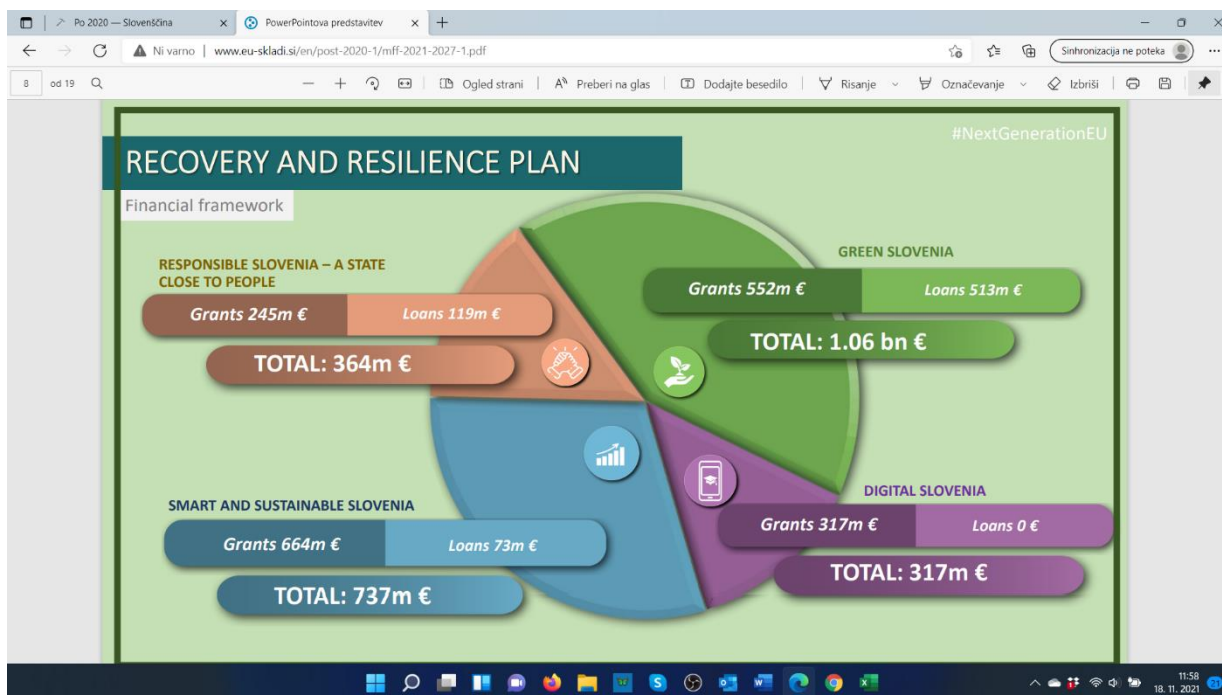
On 21th of July 2020 heads of member states at the European Council agreed on Multiannual Financial Framework for the 2021-2027 period and the “NextGenerationEU” Recovery Instrument.

The Recovery and Resilience plan (RRP) is the basis for drawing on the funding available under the Recovery and Resilience Fund (RRF). This is the largest financial mechanism under the EU’s Recovery and Resilience Package Next Generation EU in the frame of which Slovenia is also eligible to funding under the React-EU Initiative, the Just Transition Fund and Rural Development.

There are 5 main policy objectives driving EU investments in 2021-2027:

1. smarter Europe
2. greener, carbon, free Europe
3. more connected Europe through improved mobility
4. more social Europe delivering on the European pillar of social rights
5. Europe closer to citizens

Figure 2: Recovery and resilience plan for Slovenia 2021-27



Source: RS Government office for development and European cohesion policy (2021)



For 2021-2027 financial period, one program is planned for the European Cohesion Policy (CP) which will cover funding from four funds:

- ESF + : divided in east and west cohesion region
- ERDF: divided in east and west cohesion region
- Cohesion fund: entire Slovenia
- Just transition fund: for two coal regions (Zasavje and Štajerska valley)

Figure 3: Cohesion policy - Four funds



Source: RS Government office for development and European cohesion policy (2021)



In the period 2021-2027 the level of co-financing of projects in Western Slovenia can be max 40% while in the East max 85%.

Current priority areas where Slovenia has perceived gaps: measures to increase productivity, digitalization, infrastructure gaps - railway connectivity, sustainable mobility, declining major wastewater collection and treatment systems, the Third Development Axis (larger), systems to ensure adequate drinking water quality, energy renovation of buildings, investments in renewable energy sources, etc.

Figure 4: Slovenia - Available funds 2021-27



Source: RS Government office for development and European cohesion policy (2021)

CURRENT SITUATION IN SLOVENIA

Preparation of key documents is carried out in cooperation with stakeholders, for example Government Office for Development and European Cohesion Policy is planning a stakeholder consultation (with NGO representatives) which will take place on 15th of December 2021. The topic will be preparation of programming documents for the implementation of European cohesion policy in the period 2021-2027. CNVOS (national NGO association) was asked to select 20 participants, two for each program area.



As mentioned, there are 5 main policy objectives driving EU investments in 2021-2027 and one of them (4th) we see as very relevant:

More social Europe delivering on the European pillar of social rights: Labour market - measures to reduce the impact of negative structural trend; Increasing productivity; investor-friendly business environment; Supporting quality employment, education, skills, social inclusion and equal access to health care

This falls within this area:

1. Improving access to employment and activation measures for all jobseekers, in particular young people through the implementation of the Youth Guarantee, the long-term unemployed and disadvantaged groups in the labour market and inactive people as well as the promotion of self-employment and social economy
2. Modernising labour market institutions and services to assess and anticipate skills needs and provide timely and tailor-made assistance and support in matching supply and demand in the labour market, transitions and mobility
3. Promoting gender balance in labour market participation, equal working conditions and better reconciliation of work and private life, including through access to affordable childcare and care for dependants
4. Promoting the adaptation of workers, businesses and entrepreneurs to changes, active and healthy ageing and a healthy and well-adapted working environment addressing health risks
5. Improving the quality, inclusion, efficiency and relevance of education and training systems for labour market needs, including validation of non-formal and informal learning, in order to support the acquisition of key competences, including entrepreneurial and digital skills, and by promoting the introduction of dual training and apprenticeship systems
6. Promoting equal access to quality and inclusive education and training and completion of such education and training, particularly for disadvantaged groups, from early childhood education and care through general education and vocational education and training, to tertiary level and adult education and learning, including facilitating learning mobility for all and access for people with disabilities
7. Promoting lifelong learning, in particular flexible training opportunities and retraining for all, taking into account entrepreneurial and digital skills, better anticipation of changes and demands for new skills, based on labour market needs, facilitating career transitions and promoting career mobility
8. Improving the efficiency of labour markets and involving them and access to quality employment through the development of social infrastructure and the promotion of the social economy
9. Ensuring more consistent provision of equal access to inclusive and quality services in the fields of education, training and lifelong learning through the development of accessible infrastructure, including by strengthening distance learning and training and online education and training



2. ESF PLUS - means of support for SIV projects

The European Social Fund (ESF) is Europe's main tool for promoting employment and social inclusion in Europe. It has now a new name: ESF PLUS

Although the ESF is investing locally in measures to help people cope with economic and social challenges, the type of projects on local, regional and national level, as well as their aims, size and target groups vary greatly.

The main objective of the ESF PLUS is to contribute to a social Europe and to implement the European Pillar of Social Rights into practice.

In the new 2021-2027 funding period, ESF PLUS will focus even more on the idea of a more social Europe, bringing together the previous European Aid Fund for the Most Deprived (FEAD), the Youth Employment Initiative (YEI) and the EU Programme for Employment and Social Innovation (EaSI)

Under the ESF+ shared management strand, the Commission does not provide direct funding for projects. Member States and regions are responsible for the [implementation of ESF+ funding](#).

Member States can largely decide how they wish to organise the implementation of the ESF+. In agreement with the Commission, Member States may choose to have only a single national ESF+ programme, implement the ESF+ through a set of regional programmes or combine both approaches. ESF+ managing authorities will then select projects based on their relevance to national and/or regional programmes.

Beneficiaries are involved in applying for and implementing ESF and ESF+ projects. This wide variety of organisations includes public administrations, worker and employer organisations, non-governmental organisations (NGOs), charities and companies. The individuals who take part in ESF/ESF+ projects are called **participants**. These individuals may include workers training for new skills, young jobseekers getting work placements, people seeking advice on how to set up their own business, as well as children or students participating in educational and/or care programmes.

3. ERDF - means of support for SIV projects

The European Regional Development Fund (ERDF) aims to strengthen economic, social and territorial cohesion in the European Union by correcting imbalances between its regions

In 2021-2027 it will enable investments in a smarter, greener, more connected and more social Europe that is closer to its citizens.

Within the new funding period EU pays only 55% (not 80%) in most countries

National and regional authorities in the Member States share the financial responsibility with the Commission



Member States' administrations choose which projects to finance and take responsibility for day-to-day management

The regions are responsible for implementing ERDF funding

For each funding period, they draw up a so-called Operational Program, which describes the funding strategy and the planned funding measures of the respective region.

4. Further funding Ideas

1. SOCIAL OUTCOME CONTRACTING (SOC) PILOT SCHEMES AS A SOURCE OF SIV FINANCING IN THE 2022-2025 PERIOD

The launch of a new project is being prepared in cooperation with Ministry of Economic Development and Technology in Slovenia. Social Outcomes Contracting is an innovative way of procuring social services that enables the government to pay for the outcomes and not for the services provided by the contractor. SOC is the umbrella term for the result/outcomes-based contracting and encompasses various financing mechanisms where the payment to the service provider is linked to the results rather than the delivery of the services. SOC's foresee several benefits over the traditional way of procuring social services. SOC can be a cost-effective way of providing the services and transfer the risk from the government which allows providers to implement innovative ways of tackling the pressing social problems. Goals of the project:

- Establishing a national Social Outcomes Contracting operational framework
- Enhancing capacity of the national authorities implementing SIBs

The impact modelling, used in defining the SOC Framework, was performed for the five solutions, namely NEET_Tourism, NEETtoTEEN, NEETlife, NEET_WORK and WE_GROW.

2. PRIVATE DONATIONS & INVESTMENTS AS A SOURCE OF SIV FINANCING IN THE 2022-2025 PERIOD

Sklad 05 is in the final phase of an agreement with Google for project "Slovenia Googling Impact" where Google provides access to capital and support for underserved entrepreneurs with impact potential to create solutions for society challenges.

1. Underserved
 - o belonging to underserved group (young, rural areas, women)
2. Entrepreneurs
 - o Person in establishing process or with established legal entity offering services/products on the market



3. Impact potential:
 - business idea and motivation to develop solutions (service/products) solving society challenges
4. Society challenges:
 - challenges faced by marginalised groups
 - sustainable development challenges - SDG

5. Conclusion

Key recommendations for SIV becoming an alternative labour market instrument focused on long-term unemployed in Slovenia, cooperating with some national institutions i.e., ESS, MDDSZ, Education Institutions among others (OECD 2016), are:

Upgrading skills and assuring employability over the lifecycle:

Low rates of employment and high rates of unemployment for the low-skilled population are still important issues. Many researches and surveys show that more can be done in Slovenia to upskill the population continuously to promote longer working lives.

Implementing continuous learning and skills upgrading or upgrading to keep people employable can be one of the instruments.

Enabling the ESS to help harder-to-place jobseekers:

It is recommended to assure that harder-to-place jobseekers are given extra help faster and more consistently. Here, the system of SIV play an important role as a platform that ESS can use to support long-term unemployed into training and work.



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