

OUTPUT FACT SHEET

Strategies and action plans

Version 2

Project index number and acronym	CE 1345 SIV
Output number and title	O.T4.1 Strategy for Capacities in Scale and Scope
Responsible partner (PP name and number)	PP2 Zadruga za etično financiranje (ZEF)
Project website	https://www.interreg-central.eu/Content.Node/SIV-.html
Delivery date	31.5.2022

Summary description of the strategy/action plan (developed and/or implemented), explaining its main objectives and transnational added value

The output O.T4.1 Strategy for Capacities in Scale and Scope is a strategy document, which analyses the economic, labour market and investment environment of the social impact vouchers programme in Croatia.

The employment and unemployment situation in Croatia has been greatly impacted by the COVID-19 pandemic. In 2019, the unemployment rate in Croatia was 7.5%. However, as a result of the pandemic and the associated economic slowdown, the unemployment rate increased to 12.2% in 2020.

In 2021, there was some improvement in the employment situation, with the unemployment rate decreasing to 10.2%. However, this was still higher than pre-pandemic levels. The number of employed persons also increased, but remained lower compared to the levels prior to the pandemic.

The Croatian government introduced measures to support employment, including wage subsidies and support for self-employed individuals, which helped to mitigate the impact of the pandemic on the labor market. However, the overall economic recovery is expected to be slow and uneven, with the tourism industry, which is a major source of employment in the country, expected to take longer to recover.

As of 2022, the unemployment rate in Croatia has continued to decrease and was estimated to be around 8.7%, which is still higher compared to pre-pandemic levels. The country is expected to continue to face challenges in the labor market as the economy continues to recover from the impacts of the pandemic. Based on the analysis the document identifies the main challenges for scaling the funds for the social impact vouchers programme and defines objectives and actions for further development of its financial background.

The strategy addresses the following main challenges of scaling the voucher programme:

- Crisis mitigation difficulties regarding the consequences of the COVID-19 pandemic, the Russo-Ukrainian war, the record inflation etc.
- Increasing unemployment

- Appearance of Ukrainian refugees on the Croatian labour market
- Less developed social impact investment sector
- Less attractive legal incentives for private donation
- State aid regulations discouraging companies from joining the programme

Since Croatia and PP2 are co-founders and members of the transnational fund, strategy is closely coordinated with other PPs participating in the Transnational fund, especially on the side of fundraising and fund management.

On the voucher side, ZEF and its partners in Croatia are developing methodology to expand the reach of the vouchers to different types of beneficiaries. At this moment, a scheme was piloted for employment of people with disabilities. In the coming period, we hope to be able to extend this reach to other deprived groups in order to improve the value and the impact of the fund.

NUTS region(s) concerned by the strategy/action plan (relevant NUTS level)

HR - Hrvatska (Croatia)

Expected impact and benefits of the strategy/action plan for the concerned territories and target groups

The strategy and pilot actions implemented through the SIV program is the first known attempt to address labor-related issue through private initiative and transnationally. All existing employment related instruments are managed by Croatian Employment Service (a government agency) and are usually not flexible enough to quickly adopt to ever changing circumstances and environment we live in.

Therefore, the strategy brings an innovation to Croatian employment support services, enables creation of tailor-made and very specifically designed employment instruments, able to target particular socio-economic groups and provide them tools to establish connections through a voucher model directly with employers involved in the voucher scheme.

Also, for the first time in Croatia, a scheme has been implemented on the transnational level, enabling it to share and transfer experiences from other countries to Croatia and vice versa as well as to enabling it to approach fundraising for planned activities through an instrument of joint Transnational fund established between the parties.

We believe that through the implementation of this strategy, we will be able to provide support to around 100 newly employed people from various disadvantaged groups in companies issuing vouchers for their services to buyers.

Sustainability of the developed and/or implemented strategy/action plan and its transferability to other territories and stakeholders

Sustainability of the strategy is closely related to the sustainability of the fund itself. To ensure it's sustainability, we have developed two possible directions of action:

1. Scaling up the scope of investors:

Enabling scheme that will support public-private collaboration in the process. The enabling scheme for public-private collaboration in empowering impact investors could consist of the following activities:

1. Development of a common definition and framework for impact investment: This would involve collaboration between public and private sector actors to develop a shared understanding of what constitutes impact investment and to establish a framework for measuring and reporting impact.
2. Creation of standardised impact investment products: This would involve collaboration between financial institutions, impact investors, and other stakeholders to develop a range of standardised impact investment products that can be easily understood and marketed by investors and financial intermediaries.
3. Establishment of an impact investment exchange: This would involve the creation of a platform for buying and selling impact investment products, as well as a clearinghouse for information and data on impact investments. The exchange would be open to all actors involved in the impact investment market, including investors, financial intermediaries, and impact-focused companies.
4. Expansion of tax incentives and other regulatory support: This would involve collaboration between public and private sector actors to develop tax incentives and other forms of regulatory support for impact investment, such as simplified reporting requirements or streamlined investment processes.
5. Facilitation of access to capital for SMEs: This would involve collaboration between public and private sector actors to provide SMEs with greater access to capital, including through the establishment of dedicated impact investment funds and other financial instruments.

2. Scaling the amount of money invested in the Fund

The activity for scaling the amount of money invested in the social impact fund could include the following steps:

1. Partnering with Croatian Employment Service and other government institutions: This would involve establishing official partnerships with these organizations to further develop the investment and collaboration framework for social impact investing in Croatia.
2. Promotion of the social impact fund to potential investors: This would involve a marketing and outreach campaign aimed at promoting the social impact fund and increasing investment in it. This could include public speaking engagements, targeted advertising, and other outreach efforts to reach a broad audience of potential investors.
3. Exploration of social impact bonds and Non Financial reporting directive: This would involve exploring the potential for implementing social impact bonds or payments through Non Financial reporting directive on the EU level. This could involve conducting research and analysis of existing models, engaging in consultations with key stakeholders, and developing a proposal for implementation.

A

ctions listed above would help to ensure long-term sustainability of the Strategy.

References to relevant deliverables and web-links
If applicable, pictures or images to be provided as annex

Transnational fund website: <https://www.next-access.org>

Relevant deliverables

- D.T1.1.2 Country Report on Social Impact Investment with Status Quo Diagram
- D.T1.2.2 Voucher Report
- D.T1.2.5 Report and Infographics for Target Group Segmentation
- D.T4.3.1 Growth forecast calculation

Attachments:

- O.T4.1 Strategy for Capacities in Scale and Scope