

INTERREG SIV

D.T4.5.2

Policy Report
Slovakia (PP 11)

Version 1
November 2021





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1. Introduction

The Slovak Republic has been a member of the European Union for more than 17 years. During this period, Slovakia developed, grew significantly economically, and became richer. However, Slovakia has still not reached the standard of living in comparison with most of the countries of the original EU15. In addition, Slovakia began to lose momentum in catching up with neighboring countries, which also joined the EU in 2004.

High economic growth in past years has been also reflected in the higher standard of living of the population of Slovakia. Nevertheless, there is still a section of the population that addresses basic survival issues, has insufficient income and is most at risk of poverty. There are a large number of support programs and projects for low-income groups in Slovakia. However, the problems of this group are more complex. Existing support is often insufficiently high and unaddressed.

In November 2016, an Action Plan was adopted to strengthen the integration of the long-term unemployed into the market work in the Slovak Republic, investment in this group of people remains one of the priorities. In the implementation of the Action Significant progress has been made in the plan, which has helped to reduce the number over the last two years unemployed by one third. Points of single contact have been strengthened at all employment offices. Work integration agreements were introduced, which include, inter alia, a change of career directions, educational activities and social counseling. As of September 2018 working agreement 61,500 long-term unemployed people signed up for integration. In the period 2017-2019 they were strengthened activation measures for disadvantaged people in the labor market and provision has started individualized services.

Despite these measures, the long-term unemployment rate remains still above the EU average, affecting in particular the low-skilled, young people and the Roma. Their long-term retention in the records of labor, social affairs and family offices often causes them multiple disadvantage resp. mutual combination of different disadvantages, which means that work with this group it is extremely demanding and the results come only slowly and gradually. Focus active labor market policies for disadvantaged groups remains a problem. One of the shortcomings is e.g. an approach targeted at low-skilled people, in particular the marginalized Roma community.¹

However, one's own income from work remains the best social policy. Lack of self-employment is one of the factors at risk of poverty. In Slovakia, a total of 11.4% of the population was at risk of income poverty in 2020. This means that their income was lower than the calculated national poverty line. In total, there were 615 thousand people, this number decreased by 23 thousand people year-on-year. Income poverty is the most common of the three components of poverty and social exclusion in Slovak society.²

¹ Cited from: <https://www.mirri.gov.sk/wp-content/uploads/2019/11/V%c3%bdchodiskov%c3%bd-n%c3%a1vrh-prior%c3%adt-SR-pre-PS-2021-2027-final-upraven%c3%bd-po-RV.pdf>

² Cited from: <https://www.nbs.sk/sk/informacie-pre-media/tlacove-spravy/spravy-vseobecne/detail-tlacovej-spravy/viac-ako-600-tisic-obyvatelov-zije-na-slovensku-pod-hranicou-prijmovej-chudoby>



The risk of income poverty reached the value of € 435 per month (€ 5,222 / year) for an individual household. Compared to 2019, this value increased by approximately € 29 per month. The at-risk-of-poverty line for complete households with two children (2 adults + 2 children under 14) was € 914 per month. The at-risk-of-poverty line is calculated each year on the basis of the income of the population according to different types of households. The year 2020 also confirmed the long-term trend that income poverty in Slovakia is most at risk for the unemployed (56.1% of people) and then for several complete families with 3 or more dependent children (37.1% of people). Similarly, single-parent families, i.e. households of single parents with one or more dependent children (33.9% of people), were also at risk of poverty.

Despite the effects of the ongoing pandemic, the current unemployment rate is relatively low, reaching 7.09% in September 2021³. However, the problem is the structure of the unemployed, among whom the long-term unemployed, the disabled and graduates have long dominated. Disadvantaged job seekers thus make up 85% of the job seekers registered at the labour offices.

As the following chapters show, a large number of programs and projects have been or are being implemented in Slovakia, the aim of which is to help job seekers from disadvantaged groups find employment. Judging by the statistics, existing forms of support cannot comprehensively minimize the unemployment of these disadvantaged groups, and ultimately change the risk of poverty.

Existing forms of support have their justification and meaning. Based on our experience from the implementation of the activities of the Social Impact Vouchers project, we found that often the target groups do not know about the existing possibilities of support, do not suit them or do not understand it. Another frequently cited reason is the processes and conditions for obtaining various forms of assistance. In addition, employment involves two parties - the employee (job seeker) and the employer. In some cases, the form of assistance is set up complicated and unattractive for the job seeker or employer.

This could be the long-term benefit of the Social Impact Vouchers project or Social Impact Fund, respectively. The Slovak model involves both parties - job seekers and employers - in the project. Our goal in the project has been addressability, practicality and flexibility. In addition, we have tried to reach the target groups directly or contact them through umbrella organizations. The added value, which was positively evaluated during the presentation of the project, was the voucher system and the functioning of the fund. Although there are forms of reimbursement of wage costs for disadvantaged groups in Slovakia, employers would welcome a more flexible system. In addition, despite the fees that employers would pay, they would thus participate in a wider support system.

In Slovakia, social policy is the responsibility of the Ministry of Labor, Social Affairs and Family of the Slovak Republic.

Social policy is then a system of social security and labor market policy. Social security consists of three pillars:⁴

³ Cited from: https://www.upsvr.gov.sk/statistiky/nezamestnanost-mesacne-statistiky/kopia-2020.html?page_id=1060197

⁴ Cited from: <https://archiv.vlada.gov.sk/old.uv/data/files/7195.pdf>



A / social insurance - protection, securing the population against pension risks age, disability, illness, disease, and unemployment. The basic system is being built as mandatory, supplementary, voluntary co-insurance is possible.

B / state social support system, which is focused on precisely defined categories population in specific living conditions, the so-called demogrants / families with addicts children. This system is financed from the state budget

C / social assistance system is a residual system designed to help those who find themselves under living wage, and / or are in a state of material need, so-called socially deprived who they need social services In addition to social security, social policy also includes labor market policy.

Labor market policy is an area of social policy that creates tools for solutions employment problems as a result of the macroeconomic situation. It is implemented in two forms, passive policy - unemployment benefits, and active policy - community service, retraining, job creation allowances and income.

The main goals of the Slovak government in the field of employment and social policy are to increase employment and reducing the proportion of the population at risk of poverty.

The main stakeholders in social policy:

- the state and its bodies
 - employers
- employers 'and employees' trade union bodies
- municipalities
- charitable organizations, organizations of civic initiatives
- church (as a charity)
- citizens, families and households

Non-governmental non-profit entities active in social policy:

- foundations,
- associations,
- civic associations,
- non-profit organizations,
- non-investment funds,
- church institutions,
- municipalities,
- municipal contributory and budgetary organizations,
- sole traders,
- business entities according to the Commercial Code,
- non-state actors.



Private funding

The topic of employing disadvantaged groups also resonates in the private sphere. Several companies are involved in this topic, especially through various forms of subsidies, grants, sponsorship. In addition, this support is provided rather through foundations (for example, foundations set up directly by a private company), charities or other non-governmental organizations. However, we are currently unaware that private employment support for disadvantaged groups will be implemented, as in the vision of the Social Impact Vouchers project. Centire has a rich network of contacts in all spheres of business and society - from public to private.

One of the added values of the implementation of the Social Impact Vouchers project is the established network of experts and stakeholders. The topic of vouchers for disadvantaged groups and employers met with a positive response. The project was presented by representatives of the Ministry of Labour, Social Affairs and Family, job agencies, municipalities, universities, NGOs and foundations.

Continuation of good work is based on new partnerships from the project. Thanks to the Centire project, it intensified cooperation with Slovenská sporiteľňa Bank, Slovenská sporiteľňa Foundation, job agencies, social enterprises (as employers), secondary schools and associations. Key partners are also coaches, trainers and experts who help disadvantaged groups find a job and get a job.

2. ESF PLUS - means of support for SIV projects

European funds remain the main source of investment in Slovakia. The following chapters present the focus of the main ESI Funds in the current programming period 2014-2020.

European Social Fund (ESF) - contributes to the Community's priorities in strengthening economic and social cohesion by improving employment and job opportunities. ESF assistance should focus in particular on the following key areas:

- improving the adaptability of workers and enterprises,
- improving human capital, expanding access to employment and labor market participation,
- strengthening the social inclusion of disadvantaged people,
- fight against discrimination,
- motivating economically inactive people to enter the labor market,
- supporting partnerships for employment and inclusion reform.

Within the still ongoing programming period 2014-2020, the ESF financed the implementation of projects under the following operational programs. Hundreds of demand-oriented as well as national projects were implemented within the mentioned OPs.

- **Operational Program: Human Resources**



European funds are intended to support education, increase employment, support young people, help people at risk of poverty, increase employment or raise the educational level of marginalized communities. The finances of the operational program support the improvement and increase of the level of education, including the connection to the requirements of the labor market, which will contribute to the greater competitiveness of our graduates. Emphasis is placed on increasing the professional competencies of pedagogical and professional staff at all levels of education and better preparedness of future teachers. Key activities include increasing the employment of young people under the age of 29, for example by providing start-up assistance and support through start-up programs.

The implementation of activities and activities supported by the operational program should result in a reduction in unemployment with an emphasis on long-term unemployed, low-skilled, elderly and disabled citizens. We must also not forget to help people living on the brink of poverty. The result will be an increase in activities for these vulnerable people so that they can find a job more easily, or an improvement in access to housing.

One of the areas is also to increase the educational level of members of marginalized communities, especially the Roma. The result should be an improvement in parents' awareness and cooperation with educational establishments, a higher number of children attending pre-school establishments, a reduction in early school leaving, the development of financial literacy, but also an increase in health awareness.⁵

The Human Resources Operational Program is under the responsibility of the Ministry of Labor, Social Affairs and Family of the Slovak Republic.

It is the Human Resources Operational Program that represents the main potential for financing the continuation of the activities of the Social Impact Vouchers project, Social Impact Fund respectively.

The planned Calls for Proposals under the Human Resources Operational Program, within which it would potentially be possible to obtain financial support, are:

➤ **Step by Step**

Supported areas:

The call aims to support the introduction of a guarantee for young unemployed people belonging to NEETs to increase employment, employability and market participation of young people.

➤ **Streamlining existing and introducing new tools to increase the activity of people at risk of poverty and social exclusion**

Supported areas:

⁵ Cited from: <https://www.partnerskadohoda.gov.sk/60-sk/operacny-program-ludske-zdroje/>



The call aims to increase the participation of the most disadvantaged and vulnerable people in society, including in the labor market.

➤ **Operational Program: Effective Public Administration**

The operational program supports activities that will improve and streamline public administration as well as the judiciary. The services provided by the state will respond effectively to the needs of citizens in the 21st century and will address their specific life situations. This means that routine tasks will be faster, more convenient and easier for the citizen. Basic services will be available in one place, either at one office or online.

The Operational Program Effective Public Administration covers the entire territory of the Slovak Republic and its main target groups are state administration and territorial self-government bodies, social partners, civil society organizations and non-governmental organizations.⁶

The Managing Authority for the Operational Program Effective Public Administration is the Ministry of the Interior of the Slovak Republic.

3. ERDF - means of support for SIV projects

The ERDF funds a larger number of operational programs than the ESF in Slovakia, but SIV-related topics potentially support only one, namely:

➤ **Operational Program: Research and Innovation**

The resources of the operational program are intended for technological development and increasing the competitiveness of small and medium-sized enterprises, especially in less developed regions. Slovakia's participation in international cooperation projects and increasing research activities will be supported. Research, education, innovation and business capacities in the Bratislava region will also be financed from European funds of the operational program. Private investment in the construction of research and development centers in Bratislava will increase.

Supporting the business sector is one of the main priorities for financing, with an emphasis on increasing added value, stimulating growth and job creation. Support will also be targeted at disadvantaged social groups (women, young people under 30, seniors over 50, the long-term unemployed, third-country nationals, the socially disadvantaged and people with disabilities, the Roma).⁷

⁶ Cited from: <https://www.partnerskadohoda.gov.sk/63-sk/operacny-program-efektivna-verejna-sprava/>

⁷ Cited from: <https://www.partnerskadohoda.gov.sk/52-sk/operacny-program-vyskum-a-inovacie/>



The Managing Authority for the Operational Program Research and Innovation is the Ministry of Education, Science, Research and Sports of the Slovak Republic.

The remaining operational programs are rather irrelevant for the SIV-related topics:

- Operational program: Quality of the environment (*Ministry of the Environment*)
- Operational program: Integrated regional operational program (*Ministry of Investments, Regional Development and Informatization of the Slovak Republic*)
- Operational Program: Integrated Infrastructure (*Ministry of Transport and Construction of the Slovak Republic*)

4. Further funding Ideas

- **Next programming period**

The next programming period 2021-2027 is currently in the stage of intensive preparations. Slovakia is currently negotiating the final version of the main implementation document - the Partnership Agreement.

However, the current version of the Partnership Agreement document already represents a focus and objectives that could potentially support SIV-related activities.

The Partnership Agreement of Slovakia should have 5 goals:

- 1. A smarter Europe**
- 2. A greener Europe**
- 3. A more connected Europe**
- 4. A more social Europe**
- 5. Europe closer to the citizens**

The relevant objective for the implementation of activities related to the SIV will be Objective 4: A SOCIAL EUROPE, specifically through the fulfillment of the following objectives:

4.1 Improving access to employment for all jobseekers, in particular young people and the long-term unemployed and disadvantaged groups in the labor market, such as inactive people and the promotion of self-employment and social economy

4.2 Modernizing labor market institutions and services to assess and anticipate needs in skills and to provide timely and targeted assistance and support for harmonization labor market needs, as well as job transitions and mobility



4.3 Promoting a better work-life balance, including access to care for children and dependents in connection with gender - balanced participation in labor market

4.6 Promoting active inclusion in order to promote equal opportunities and proactive participation and improving employability

4.7 Promoting the socio-economic integration of marginalized Roma communities (MRK)

4.9 Promoting the social integration of people at risk of poverty or social exclusion including the most deprived persons and children

Within the new operational program - Slovakia - the relevant planned Call for Proposals are the following:

➤ **Adaptable and accessible labour market**

Supported areas:

The call is aimed at improving access to employment, modernizing labor market institutions and services, promoting work-life balance, and better preparing employers for technology changes.

Other financing options:

Other potential sources of funding for the continuation of the activities of the Social Impact Vouchers project include:

SUBSIDY/GRANT PROGRAMS

A certain part of the costs of continuing the project activities could be covered from various subsidy schemes. In Slovakia, subsidy schemes operate for:

- at the local level (subsidies of the city district, city)
- regional level (subsidies of self-governing region)
- at national level (subsidies of ministries, subsidies of various foundations and private companies)

FUNDRAISING

Fundraising could be an interesting option for financing the further activities of the project/Fund. Fundraising could be used for some one-off activity - for example fundraising for financing activities for single mothers, for example. Centire has extensive contacts with experts who deal with the topic of fundraising.



5. Conclusion

The activities of the Social Impact Vouchers project in Slovakia are entering the finals. The coming months will be proof of the viability and feasibility of the idea of social impact vouchers for disadvantaged groups and employers. One of the sustainability instruments will be the Fund, which should finance the activities of the project even after its completion.

The sustainability of the idea and the project is conditioned by financial resources. We are already looking for and identifying potential resources that will help keep project activities alive. One source is "fee for success" from employers who will successfully employ disadvantaged groups. But the sustainability of the project also requires additional resources.

This document provides an overview of possible sources through which the continuation of activities could be financed.

From the point of view of ESI Funds or funding under operational programs, we are currently in such an interspace. The previous programming period 2014-2020 is still catching up and the new programming period 2021-2027 is still being prepared. However, the insufficient use of funds from the period 2014-2020 still offers the opportunity to obtain funding from current operational programs. Operational programs will organize call for proposals as early as 2022.

The most promising are the planned calls for proposals under the Human Resources Operational Program, which is primarily funded by the ESF.

In addition, a new programming period should be launched, where the Social Europe pillar sounds very promising about the possible funding of our activities.

However, the life cycle of projects financed from operational programs tends to be very long. Therefore, funding from more flexible grant schemes should also be considered. There are the most potential grant programs at the national level - either from ministries or various foundations. In addition, we plan to continue to persuade various investors to join Social Impact Fund.

The Social Impact Vouchers project has proved its worth, which will be highlighted in the last months of the project's implementation. The project very well complements the implemented projects and the provided assistance and can suitably fill the uncovered, "blank" places of support.

The most beautiful reward is a satisfied job seeker who has found a long-term job that allows him to live a better life. And we will do our best for this goal.



Sources

Discussions with experts:

- Tamas Szoke - founder of the GrantExpert portal and expert on operational programmes (meeting on 10/11/2021)
- Richard Fekete - co-founder of Association of social economy and representative of Slovenská Sporiteľňa (meeting on 11/11/2021)

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