

INTERREG SIV

O.T4.1

Strategy for Capacities in Scale and Scope
Slovakia

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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 unemployment of disadvantaged groups.

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

2.1.1. Main economic and labour market trends

The development of the economy in Slovakia has been shaped by two main events - the war in Ukraine and record inflation. The following trends are expected in 2022: The war in Ukraine will temporarily slow down the Slovak economy and put pressure on prices. The economic recovery from the pandemic will be temporarily slowed down. Energy prices are rising, more expensive food and other goods and services are expected. Average inflation will remain below 8% this year. In 2023, however, it may jump to 10 to 14%, depending on developments in Ukraine. In terms of employment, integrating as many talented and skilled migrants and refugees as possible is a great opportunity for our labor market in the future.¹

2.1.2. Unemployment situation and data

Slovakia currently has one of the lowest unemployment rates in history. In March 2022, the registered unemployment rate (that is, calculated from the number of registered citizens at the employment office) reached 6.67%.² The unemployment rate is directly proportional to the economic development of individual regions. The economically strongest regions - the Bratislava, Trnava and Trenčín regions have an unemployment rate of 4%, while the regions in eastern Slovakia (Košice and Prešov region) have an unemployment rate of up to 10%.

On the positive side, unemployment has been declining for several months in almost all districts / regions monitored.

¹ <https://www.nbs.sk/sk/titulna-stranka>

² https://www.upsvr.gov.sk/statistiky/nezamestnanost-mesacne-statistiky.html?page_id=1254



2.1.3. Facts and data on unemployment of disadvantaged groups in Slovakia

In March 2022, disadvantaged job seekers accounted for 168,791, which means up to 85% of all applicants.

The most numerous group are job seekers who have not had regular paid employment in the last 12 months (120,322), followed by the long-term unemployed (91,007) and job seekers with basic education (64,371) During the implementation of the Social Impact Vouchers project (2019-2022), unemployment increased mainly due to the effects of the pandemic. The highest unemployment rate in this period was measured in April 2021, namely the level of 8 % Higher unemployment growth was prevented mainly by government aid to maintain jobs during the pandemic and covid-measures release.³

2.2. Status quo of social impact investments in Slovakia

2.2.1. Private donations in Slovakia

Private investment in social innovation in Slovakia has still not started properly. This topic remains almost absent. While social investment is almost non-existent, private donations in social innovation are widespread in Slovakia - mainly in the form of sponsorship, donations and 2% tax assignment.

The main driver of investments in social innovations should be [Slovak Investment Holding](#). Slovak Investment Holding, hereinafter referred to as the “SIH”) is a joint stock company 100% owned by the Slovak Guarantee and Development Bank. SIH's main objective is to support public and private investments in strategic sectors in Slovakia. SIH fulfils this goal through its four core activities:

- National Development Fund
- European Investment Advisory
- Slovak Asset Management
- Venture to Future Fund

2.2.2. Overview of social impact investment in Slovakia

Just these days, progress was announced on the topic of social impact investment in Slovakia, thanks to the establishment of the first investment fund for activities with a positive social impact. [CB ESPRI Investment Fund Impact One](#) was established as a joint venture between CB ESPRI, which will be its manager, and Slovak Investment Holding (SIH), which will provide European Social Fund resources from the Human Resources Operational Program.

³ https://www.upsvr.gov.sk/statistiky/nezamestnanost-mesacne-statistiky.html?page_id=1254



By the end of 2023, the fund will invest up to 10.5 million euros in activities with a positive social impact outside the Bratislava region. The aim of the fund is to support the establishment and development of non-governmental organizations, as well as small and medium-sized enterprises. The fund's consortium, ESPRI and [Crowdberry](#), has selected SIH in its procurement. The majority, 60% owner of the fund is ESPRI, management the fund will be in charge of its owner Miroslav Beblavý. The remaining forty percent is owned by the Crowdberry investment platform.⁴

Centire plans to establish communication with this investment fund and look for penetrations for cooperation.

2.2.3. Examples for social impact investors in Slovakia

An example of social impact investors is this emerging fund. Non-governmental organizations or small and medium-sized enterprises can be the recipients of the fund's investment if the investment supports the development of their activities in seven Slovak regions other than Bratislava. Applicants should primarily work in one of the areas with a positive social impact. These include, for example, education and science, social affairs, health, culture, the environment, housing, the protection of human rights or regional development.⁵

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

In Slovakia, all initiatives and projects aimed at long-term unemployment are financed from:

- the state budget,
- European Structural and Investment Funds,
- Budgets of municipalities,
- Non-profit sector (donations and subsidies received by the third sector).

2.3. Description of the social impact fund developed to finance social impact vouchers in Slovakia

1. Fund geographic scope:

- Country: Slovakia

2. Fund type:

⁴ <https://disrupter.refresh.sk/114170-Slovensko-ma-svoj-prvy-investicny-fond-na-aktivy-s-pozitivnym-spolocenskym-dosahom-Bude-ho-riadit-exposlanec-Beblavy>

⁵ <https://disrupter.refresh.sk/114170-Slovensko-ma-svoj-prvy-investicny-fond-na-aktivy-s-pozitivnym-spolocenskym-dosahom-Bude-ho-riadit-exposlanec-Beblavy>



- Grant based

The Contracting Parties agree to establish an endowment fund called the Centire Endowment Fund in the Slovak Children's Foundation.

The purpose of the Fund is to:

- support for activities and initiatives leading to the employment of disadvantaged and vulnerable groups in the labor market
- provide social assistance, especially in the area of job creation for disadvantaged/vulnerable groups among employers
- support for education, especially in the field of career counseling and vocational training of job seekers in various fields (eg financial counseling, project management, etc.)
- protect human rights,
- carry-out science and research
- organize and arrange volunteering .

The purpose of the Fund is to raise funds from natural and legal persons for their subsequent use to support activities in the areas referred above. The fund also aims to develop cross-sectoral cooperation in these areas.

The objectives of the Fund shall be pursued in particular through the award of grants and the implementation of activities in the areas referred above.

3. Fund is already active?

- No

4. Fund has rules of operations?

- Yes

5. Fund has established a body that decides about giving funds to beneficiaries with at least 3 people participating in the decision making

- Yes

The Fund shall be managed by the Fund Committee. The Fund Committee shall have four members and shall consist of at least two representatives of the Foundation and at least two representatives of the Company. In the event that the fund's committee consists of a larger number of members, the representatives of the Foundation and the company's representatives must be represented in equal numbers.

6. Fund has established a supervision body consisted of people that do not participate in the decision making about funding beneficiaries:



- No
7. Fund has clear funding strategy in a form of a strategy document:
- No (In the process of development)
8. The process of decision making about funding beneficiaries in the fund:
- In the process of development
9. Financial size of the fund at the moment (paid-in contributions):
- Private contribution: EUR 0
 - Public contribution: EUR 0
10. Funds committed for the fund from private sources:
- EUR 0
11. Funds committed for the fund from public sources:
- EUR 0
12. Projection of new funds to be fund raised in the next 5 years:
- 2023: EUR €20,000
 - 2024: EUR €20,000
 - 2025: EUR €20,000
 - 2026: EUR €20,000
 - 2027: EUR €20,000
13. Amount eligible to be granted to a beneficiary:
- Minimum: EUR €100
 - Maximum: EUR not defined
 - Median expected: not defined
14. Expected lifetime of the fund:
- Number of years: 5

2.4. Challenges for scaling the social impact fund in Slovakia

2.4.1. Economic challenges of scaling



The main challenge is to obtain sufficient funding for the operation of the fund and to finance activities. Activities aimed at disadvantaged people are perceived as the domain of mainly state funding. The challenge remains to persuade potential donors to make donations in this area.

2.4.2. Labour market challenges of scaling

The integration of refugees from Ukraine will clearly be a new challenge in the labor market. The fund's activities can therefore also focus on this area. In addition, it is highly likely that Slovakia will have a persistent problem, especially with the unemployment of the long-term unemployed and the disabled.

2.4.3. Challenges based on the status of impact investments

Impact investment remains a new topic in Slovakia. Also with regard to the establishment of the above-mentioned fund (CB ESPRI Impact One Investment Fund), awareness of this form may grow and bring a positive impact on its scaling.

2.4.4. Legal challenges

The system of endowment funds has been established in Slovakia for a long time and no changes are expected in this area.

3. Country-specific Objectives

- Objective 1: Involvement of 10 private donors by the end of 2023
- Objective 2: Raising €100,000 as donations by the end of 2027

4. Actions

4.1. Action 1 - Scaling the scope of donors

Activity 1	Organize presentations for potential (regular) donors
Outputs/indicators	Number of conducted presentations: 30
Milestones	Number of engaged donors - 10 (31 December 2022)
Key actors/stakeholders	Slovenska sporitelna Asociácia sociálnej ekonomiky Jeden rodič, n.o. Nadácia pre deti Slovenska Slovak Investment Holding
Estimated costs and funding sources	€2,000 (funded by Centire and stakeholders)



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

Activity 1	Raising donations in the sum of €20,000 for each year of Fund operation
Outputs/indicators	Amount of raised donations: €20,000/year
Milestones	Raised donation: €20,000 as of 31/12/2023 (and continuously on a yearly basis)
Key actors/stakeholders	Slovenska sporitelna Asociácia sociálnej ekonomiky Jeden rodič, n.o. Nadácia pre deti Slovenska Slovak Investment Holding
Estimated costs and funding sources	€2,000 (funded by Centire and stakeholders)