

WP T1
Pilot - Preparation

D.T1.2.2.
Voucher reports



VOUCHER REPORTS

D.T1.2.2

Deadline:

November 30th 2019



D.T1.1.2.
*Country reports on social impact investment
with status quo diagram*

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Austria



Austria

VOUCHER REPORT

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Deadline: November 30th 2019

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Overview of active and passive labour market instruments in Austria

1. General overview of available labour market instruments in Austria

Labour market policy in Austria involves a number of measures taken by public facilities, such as the federal government of Austria, the Public Employment Service (AMS) etc. in order to organize and administer the labour market. The government takes these measures because a regulated labour market has positive effects on the social system and therefore can ensure reasonable economic competition. The Austrian labour market policy aims at preventing and reducing unemployment, as well as at balancing the supply and demand for workers, while adhering to social and economic principles.

According to the Austrian Ministry of Social Affairs, the goal of its labour market policy is (Sozialministerium, n.d.a.):

- To achieve and maintain full employment
- To keep older employees in work for longer periods of time
- To take active measures to raise the level of qualifications and skills of the workforce and to promote equal opportunities
- To increase transparency in the labour market
- To develop human resources
- To help get the unemployed back to work
- To fight against long-term unemployment.

Current labour market policy in Austria includes a wide range of passive and active instruments designed to ensure that people can subsist during periods of unemployment on one hand, and on the other designed to promote the better functioning of the labour market.

Passive labour market policy in Austria contains, but is not limited to, the following measures (Sozialministerium, n.d.a.):

- Wage replacement benefits, such as unemployment benefit (Arbeitslosengeld) and unemployment assistance (Notstandshilfe), funded by unemployment insurance in the case of unemployment.
- Means-tested minimum income - this is a benefit provided by the provinces.
- Insolvency compensation - a wage replacement benefit if an employer becomes insolvent.
- Advances on a pension - money paid for reasons of old age as well as due to reduced ability to work or inability to work.

The Public Employment Service (AMS) is not only responsible for managing unemployment insurance, which is mainly funded by wage-related contributions made by employers and employees, but also for measures of active labour market policy. The Austrian active labour market policy includes actions and measures concluded by means of a contract between the Public Employment Service and those affected.

The most important measures of active labour market policy are (Sozialministerium, n.d.a.):

- Increasing the transparency of the market by processing various items of information with the aid of state of the art information technology: Job matching, careers information and advice
- Subsidisation of initial and further vocational training in order to adapt the skills of the labour force to the needs of the market
- Promotion of the mobility of the workforce, e.g. by providing assistance in finding suitable child care
- Support in overcoming personal problems or obstacles, which make it difficult to advance oneself in employment (advice and support in cases of addiction, debt, homelessness, physical and mental disabilities etc.)
- Temporary subsidised employment via recruitment grants to facilitate entry into working life.

Furthermore, there is a number of activating measures, which are a strong point of Austrian labour market policy. They may be assigned to active labour market policy, but are financed by funding earmarked for passive labour market policy.

Examples of activating measures are (Sozialministerium, n.d.a.):

- **Part-time benefit for older workers:** this is a benefit from unemployment insurance, which is paid to the employer for a maximum of five years, so that older workers can reduce their working hours. If the conditions for the so-called corridor pension (possible from the age of 62 at the earliest) are fulfilled, from 1 January 2016 a partial pension has also been available as a special form of part-time benefit for older workers
- Various benefits to help ensure **people's livelihoods during initial and further training:** training unemployment benefit and unemployment assistance, unemployment benefit during rehabilitation, foundation unemployment benefit and further education benefit.

2. Available labour market instruments in Austria specifically designed for groups at risk of long-term unemployment

The leading goal of active labour market instruments is to enhance matching between job openings and workers and to raise the employment opportunities for job seekers. For the most part, the active labour market policies make sure that the unemployed return to employment as fast as possible, by providing them with the assistance they need to return to the labour market effectively.

The main target groups of active labour market policies are young people, older workers, low-skilled and long-term unemployed with particular barriers to enter the labour market. Especially long-term unemployment can have serious unfavourable aftereffects for the individual, society and the economic system. The long-term unemployed may find it more challenging to find work over time; they also might face lower earnings and career opportunities (Arbeitplus, 2017).

There are various labour market instruments in Austria that are developed particularly for groups at risk of long-term unemployment.

Work trial / Work training (AMS, 2019c)

The **work trial** consistently relates to the intended conclusion of an employment contract with an employer and serves to verify the professional or personal eligibility for the job.

The **work training** contributes to an increase in placement opportunities in the labour market. The AMS Vienna (Public Employment Service) ensures the financial subsistence of applicants with the so-called "Beihilfe zur Deckung des Lebensunterhalts" (supplementary aid for covering living costs).

All unemployed persons can, after previous unsuccessful attempts to start work, make use of a work trial or work training in enterprises and institutions (excluding the AMS, political parties, political party clubs, radical associations and companies abroad).

The **work trial** can be granted for:

- Determination of professional eligibility up to a maximum of one week.
- Determination of personal eligibility up to a maximum of four weeks.

The **work training** is not necessarily aimed at concluding a contract of employment and may be granted to reach the following objectives:

- Acquisition of working experience (e.g. internship) after completed vocational training.
- Acquisition of practical experience as a prerequisite for an educational qualification.
- Acquisition of work experience and training of skills and abilities, increase of resilience.

Depending on the target group, a work training may be granted for a period of **at least one week to a maximum of twelve weeks**.

The aid is at least equal to the amount of the appropriate unemployment benefit (Arbeitslosengeld) or unemployment assistance (Notstandshilfe), including any family allowances. There is no claim for remuneration against the company or the institution. All applicants who receive subsidies are covered by health, accident and pension insurance.

The endorsement of a work trial or a work training is only possible upon agreement between the Public Employment Service (AMS Vienna) and the applicant, as a result of a preceding consultation and support process.

Subsidies to wage costs and associated charges for companies

Under certain conditions, AMS Vienna provides financial funding for wage costs and associated charges. The financial sponsorship is tied to a consultation between the AMS Vienna and the employer regarding the person to be supported.

For **hiring of individuals over the age of 50**, one of the following requirements must be met (AMS, 2018a):

- The applicant has been unemployed for at least 91 days

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- The applicant has health restrictions
- The applicant has not worked for more than two months during the last 12 months and has been unemployed for at least four months
- The applicant is re-entering the job market (Wiedereinsteiger / Wiedereinsteigerin)

The total of financial funding amounts to

- ✓ 66.7% of the assessment basis **for women** over 50 during 6 months
- ✓ 100% in the first month, for the remaining 3 months 25% of the assessment basis **for men** over 50 (maximum funding € 5,000, -)

Incentive period: four to max. 6 months

Another incentive for integration into the labour market - "Come Back" - is designed for persons under the age of 50 who have been unemployed for more than 365 days (AMS, 2018b).

The total of financial funding amounts to

- ✓ 66.7% for women
- ✓ 100% in the first month, for the remaining three months 25% for men (maximum funding € 5.000,-) of the assessment basis.

Incentive period: four to max. 6 months

In the event of employment of persons with disabilities - these are beneficiary disabled persons according to the Disability Employment Act (Behinderteneinstellungsgesetz) or according to the Domestic Disability Act (Landesbehindertengesetz) and persons with disability pass - who are registered as unemployed (AMS, 2018a):

The total of financial funding amounts to

- ✓ 66.7% of the assessment basis **for women**
- ✓ 66.7% of the assessment basis **for men** (maximum funding € 8.000,-)

The incentive period is limited to 6 months.

Combined Wage Subsidy (Kombilohn-Beihilfe)

Applicants with a prospective comprehensively insured low-income job can receive a temporary subsidy from the Public Employment Service (AMS) under following conditions (AMS, 2019b):

- Applicants have been **unemployed for at least 6 months** and
 - ✓ are **over the age of 45**, or
 - ✓ wish to re-enter the job market (i.e. after returning from parental leave), or
 - ✓ have health limitations
- Applicants are **unemployed** and
 - ✓ have completed vocational rehabilitation or
 - ✓ have received REHAB funding;

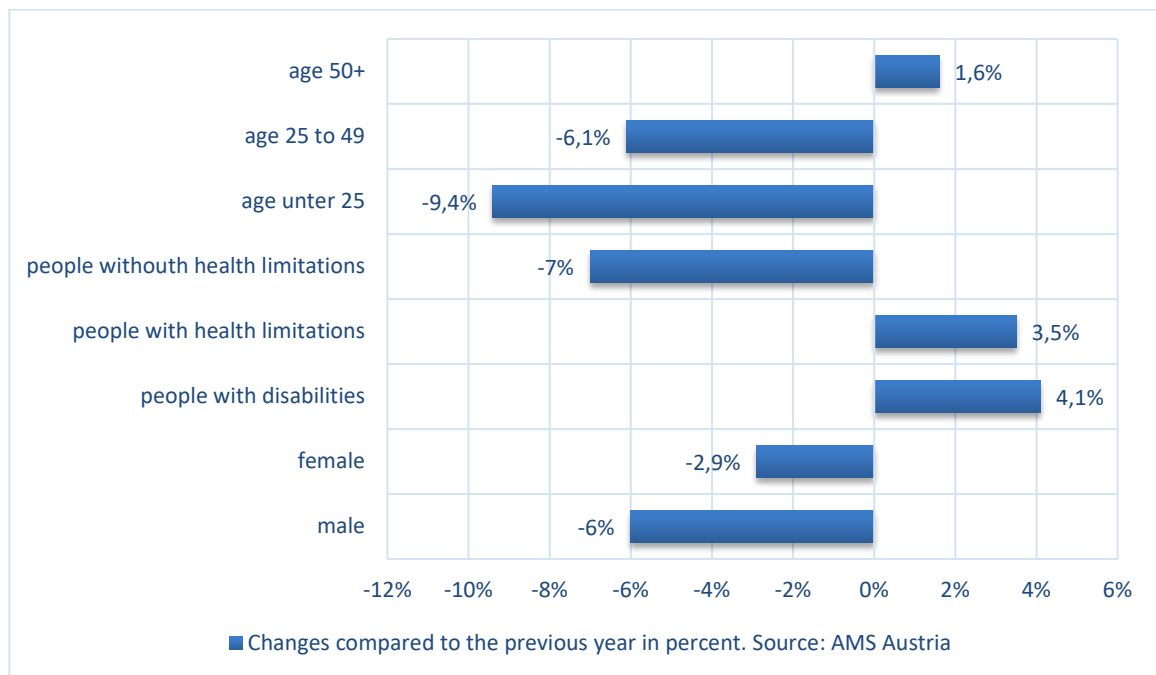
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- ✓ are about to take a job located far away from their home address, or
- ✓ have several job placement obstacles and have been registered as unemployed with the AMS for at least two years

The Public Employment Service (AMS) supports solely comprehensively insured work contracts with at least 20 working hours per week and indorses employment with fewer working hours per week only in exceptional cases. The total amount of aid granted corresponds to unemployment benefit (Arbeitslosengeld) or unemployment assistance (Notstandshilfe) plus 30% minus net earned income to the maximum of € 950,- per month, for as long as the employment lasts, however only to the maximum of one year.

Applicants over the age of 59, who have been unemployed for more than 182 days, or who have completed a vocational training or have received REHAB funding acquire an employment subsidy up to three years (AMS, 2019a).

Figure 1: Unemployed and course participants in July 2019



Source: AMS, 2019a

3. Identification of gaps in the labour market policy in Austria with emphasis on long-term unemployment

The advantageous economic situation in Austria over the past four years also influences the situation on the labour market. The number of unemployed persons and trainees, differentiated according to personal characteristics, continued to fall in July 2019 among almost all groups.

In July, 96,329 people in Austria were long-term unemployed persons. With this decrease of 7,932 persons compared to the previous year, the number of long-term unemployed persons has been below 100,000 for the first time since November 2014, at least three months in a row. The improved economic situation thus also applies to this group (Arbeit plus, 2019).

In relative terms, the number of long-term unemployed fell 7.6 percent in July 2019 according to the AMS Austria. At the same time, a large number of long-term unemployed people find it still difficult to acquire permanent employment despite the improving economy. The situation is particularly difficult for people who have multiple placement barriers, such as age, long-term unemployment or health problems. Furthermore the unemployment fell twice as fast for men as for women in comparison to the previous year (Arbeit plus, 2019).

Particularly the group of women wishing to re-enter the labour market (i.e. after returning from parental leave), older people over the age of 50 years, physically or mentally impaired individuals or persons with health restrictions, as well as those furthest from the labour market, with or without migration background, still face major difficulties in the process of hiring. Placement obstacles can be either a lack of professional qualifications, lack of work experience or long absence from the labour market, as well as limited flexibility due to child or other family caring responsibilities.

For this group of people, the employment options currently funded by the Public Employment Service (AMS) work on a too high-threshold level and need to be supplemented.

4. The potential of the Social Impact Vouchers program in view of the shortcomings of the labour market policy in Austria

4.1. General considerations concerning the viability of the Social Impact Vouchers

Social Impact Vouchers (SIV) is a project of social enterprises and research in Central and Eastern Europe for the integration of long-term unemployed people. SIV develops innovative instruments for using private capital through a Social Impact Fund.

To face challenges of long-term unemployment and remaining difficulties for **integrating disadvantaged groups into the labour market**, the SIV project will introduce a novel instrument to increase the capacities of social enterprises and public stakeholders for **leveraging private capital for solving social challenges of unemployment**.

The partners will jointly test the **initiation of Social Impact Funds** in the CE countries to make use of private capital for integrating disadvantaged groups into the labour market. In this regard, the partners will also establish the capacities for an **incentive system for SMEs to hire long-term unemployed people**, based on a **voucher system**.

The voucher system will be financed via the Social Impact fund. Building on these pilot activities, the partners give **guidance to stakeholders** on how to create the necessary capacities and abilities to replicate both the Social Impact Fund and the voucher system.

4.2. The Social Impact Vouchers as an addition to alternative programs addressing the target group of long-term unemployed

Long-term unemployment has a strong impact on certain groups, such as low skilled workers and older people over the age of 50, more than on others, and especially strikes those that work in weakening fields and professions. The increased mismatches between labour demand and labour supply is only one of the elements propelling the rise in long-term unemployment.

For the target group of long-term unemployed, there are several active labour market policies in Austria offering support to various degrees. As previously demonstrated in the subsection 2, particularly the group

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of women wishing to re-enter the labour market (i.e. after returning from parental leave), older people over the age of 50 years, or those furthest from the labour market, with or without migration background, still face major difficulties in the process of hiring. **The SIV project could intervene by focusing on gradual introduction to employment on the first or extended labour market (or qualification) by means of intensive preparatory phase. For this purpose, tools such as potential analyses and processing of placement obstacles, evaluation of suitable employment fields, as well as the acquisition of work related knowledge in the context of job training on the 1st and extended labour market could prove themselves useful.** The SIV Project planned for Vienna will also offer a nine-month training programme to develop coding and software development skills. The programme is aimed at unemployed persons who wish to work as developers in the near future.

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Tables and figures

Es konnten keine Einträge für ein Abbildungsverzeichnis gefunden werden.

Overview of active and passive labour market instruments in Croatia

1. Unemployment insurance in Croatia

1.1. Passive employment policy in Croatia

Pursuant to the provisions of the previous Job Placement and Unemployment Insurance Act (OG 16/17)¹ (Narodne novine, 2017), unemployment insurance in Croatia is included as part of other unemployment benefits (UB). Unemployed persons have the right to UB, provided that they have worked 9 out of the 24 months prior to the termination of their employment contract and that this was not caused by their own will or fault. The mentioned Act (in Article 37) stipulates that an unemployed person shall be entitled to financial compensation (unemployment benefit), provided that he or she has, at the moment of termination of his/her employment, worked for at least nine of the last 24 months. The time spent at work referred to in the Law shall be considered the time of mandatory insurance contributions paid by virtue of employment in the Republic of Croatia and the time spent on sick leave, maternity or parental leave after the termination of employment or service, if during that time the employee was receiving a salary compensation in accordance with health insurance regulations.

On the other hand, a person shall not be entitled to unemployment benefits if the employment has ceased:

- 1) because he or she has quit his or her job, except for an extraordinary termination of the work contract caused by the employer's conduct;
- 2) by a mutual written agreement;
- 3) by a court settlement ordering termination of employment;
- 4) because he or she has not successfully passed the probation or internship period or has not successfully and in a timely manner passed the vocational examination prescribed under a special regulation as a condition for continued work;
- 5) as a result of the infringement of obligations arising from employment (dismissal caused by inappropriate conduct on the part of the employee), as well as a serious infringement of working obligations (extraordinary dismissal) or official duties;
- 6) due to imprisonment longer than three months (Article 39).

A person shall not be entitled to unemployment benefits that would have been entitled to him or her upon the cessation of an employment or service, which did not last longer than three months, if the preceding employment or service was terminated through his or her fault or with his or her consent. A person whose employment has ceased by a mutual written agreement shall be exceptionally entitled to benefits if the employment has ceased as a result of:

- 1) relocation of the spouse or the common-law spouse to another place of residence in accordance with special regulations;

¹ Current Zakon o tržištu rada (The Act on the Labour Market, OG 118/18) came into force at the beginning of 2019. It has slightly changed some rules for the unemployment benefits, but there are no statistical data on its effects yet.

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- 2) change of residence for health reasons and based on an opinion by a health establishment designated by the minister responsible for health; and
- 3) at the proposal of the employer and in the case of collective dismissal of redundant workers under a special regulation (Article 40).

According to Article 45, unemployment benefits are due to an unemployed person in the duration of:

- 1) 90 days if he or she spent between 9 months to 2 years in the previous employment;
- 2) 120 days if he or she spent more than 2 years in the previous employment;
- 3) 150 days if he or she spent more than 3 years in the previous employment;
- 4) 180 days if he or she spent more than 4 years in the previous employment;
- 5) 210 days if he or she spent more than 5 years in the previous employment;
- 6) 240 days if he or she spent more than 6 years in the previous employment;
- 7) 270 days if he or she spent more than 7 years in the previous employment;
- 8) 300 days if he or she spent more than 8 years in the previous employment;
- 9) 330 days if he or she spent more than 9 years in the previous employment;
- 10) 360 days if he or she spent more than 10 years in the previous employment;
- 11) 390 days if he or she spent more than 15 years in the previous employment;
- 12) 420 days if he or she spent more than 20 years in the previous employment;
- 13) 450 days if he or she spent more than 25 years in the previous employment.

An unemployed person who has spent more than 32 years in the previous employment and has less than five years remaining until reaching the retirement age shall be entitled to unemployment benefits until reemployment or until fulfilling the required age for retirement (Article 45, 2).

In determining entitlement to unemployment benefits, the time of mandatory insurance payment under the pension insurance regulations based on employment in the Republic of Croatia and the time spent on sick leave, maternity or parental leave after the termination of employment shall be calculated as the time spent at work, provided that during that time the employee was receiving salary compensation in accordance with health insurance regulations. The duration of unemployment benefits can be extended to an unemployed person if he or she has been continuously is in the Registry of unemployed persons for more than 12 months and if he or she has completely used the right to unemployment benefit. The mentioned right can be extended for:

- 1) 30 days if he or she has received an unemployment benefit between 360 and 450 days;
- 2) 60 days if he or she has received an unemployment benefit between 270 and 330 days;
- 3) 90 days if he or she has received an unemployment benefit between 180 and 240 days;
- 4) 120 days if he or she has received an unemployment benefit between 90 and 150 days (Article 45).

The basis for determining the UB amount is the average salary earned in the three-month period preceding the end of employment, minus any statutory contributions. Unemployment benefits for the first 90 days shall amount to 60% and for the remaining time to 30% of the base determined according to the provisions of this Act. During the first 90 days, UB may not exceed 70% of the legally defined base amount, which is equal to the average salary paid in the Croatian economy in the previous year. In the remaining period, it

may not exceed 35% of this base amount (Article 44). The highest unemployment benefit in 2017 amounted to HRK 3,979 (€534), whereas the average unemployment benefit was HRK 2,028 (€272) (Hrvatski zavod za zapošljavanje, 2018). Thus, the net replacement rate (meaning the share of the average unemployment benefit in the wage before unemployment) was 33.9%, which is one of the lowest in the EU, while the coverage rate (meaning the number of the unemployment benefit recipients in the total number of unemployed persons) in 2017 was 17.5%. In comparison with other EU Member States, UB in Croatia have a relatively low replacement rate and a very low coverage rate (Esser, Ferrarini, Nelson, Palme and Sjöberg, 2013). This is also reflected in spending, as Croatia only spent 0.5% of its GDP on benefits to the unemployed, compared to around 1.6% in the EU-28 (Stubbs, Zrinščak 2015: 12).

An unemployed person who is entitled to unemployment benefits may be paid a one-time compensation of an amount depending on the determined duration of the eligibility for benefits for the purpose of reemployment, self-employment or re-skilling and education, without conclusion of the employment relationship in accordance with labour regulations. An unemployed person entitled to benefits in the duration determined according to this Act, may at his or her request be paid a one-time compensation for a period that may not be longer than two years following the day on which the request was submitted for the one-time payment of benefits (Article 46). An unemployed person who has been paid a one-time compensation may not register with the Service before the elapse of time for which he or she has received a one-time payment. An unemployed person, whose benefits have been paid, may regain the right to benefits subject to the condition referred to this Law. In determining the eligibility for the unemployment benefits referred in this Act, the time of mandatory insurance payment under the pension insurance regulations based on employment in the Republic of Croatia and the time spent on sick leave, maternity or parental leave after the termination of employment shall be calculated as the time spent at work, provided that during that time the employee was receiving his or her salary compensation in accordance with health insurance regulations effective after the elapse of time for which he or she received the one-time payment.

An unemployed person shall be entitled to unemployment benefits from the first day of the termination of employment, the termination of sick leave, maternity or parental leave following the termination of employment, provided that he or she applies to the Service for unemployment benefits within the period of time specified in this Act. When an unemployed person submits the request within the period of time specified in the Act, benefits shall be due for payment as from the day on which the request was submitted (Article 47).

Payments of benefits to the beneficiary shall be discontinued:

- 1) by the number of months that equals the quotient obtained by dividing the total earnings or income with the lowest monthly base on which mandatory insurance contributions are calculated under a special regulation;
- 2) during voluntary military service;
- 3) while serving a prison sentence of a duration up to three months;
- 4) while in custody;
- 5) during re-skilling and education without conclusion of the employment relationship;
- 6) during maternity or parental as well as foster parents and guardian persons leave from work under a special regulation, and
- 7) during determined temporary unemployability, defined by the centre for professional rehabilitation (Article 48).

According to the Article 49, an unemployed person shall cease to be entitled to benefits, if:

- 1) he or she becomes employed;

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- 2) the period for which he or she has been entitled to benefits expires;
- 3) he or she is found to work without an attestation, a contract or a decision on which his or her work is based;
- 4) registers a company or other legal entity, or acquires more than 25% share in a company or other legal entity,
- 5) becomes a member of the cooperative,
- 6) he or she becomes a CEO and/or a member of a managerial board or a manager of a cooperative;
- 7) he or she registers a business entity, a freelance trade or a trade in agriculture and forestry;
- 8) begins to perform domestic activity or a secondary occupation under a special regulation,
- 9) he or she becomes an independent farmer insured in accordance with pension insurance regulations;
- 10) he or she becomes employed according to the special rules;
- 11) fulfils conditions for old-age pension, or survivor's pension or disability pension due to general incapacity for work, or becomes eligible for disability pension due to incapacity for work in an amount higher than the determined unemployment benefits;
- 12) is found generally incapable to work;
- 13) becomes eligible for benefits under special regulations in an amount higher than the determined benefits;
- 14) starts serving a prison sentence longer than three months;
- 15) turns 65 years of age (legal retirement age in Croatia);
- 16) declines to participate in the training course or abandons it without a justified reason, or fails to complete the training course conceived to suit his or her mental and physical capacities and arranged and financed by the Service with a view to improving his or her employability;
- 17) does not fulfil conditions concerning active job seeking and availability for work in accordance with this Law;
- 18) cancels his or her registration (Article 49).

An unemployed person shall cease to be entitled to benefits if he or she refuses to accept jobs offered within his or her qualifications and working experience before the occupational scheme referred to this Act has been compiled, and thereafter refuses to accept jobs specified in the compiled occupational scheme, or if his or her conduct causes the employer to withdraw the job offer:

- 1) in the place of permanent or temporary residence pursuant to the Act;
- 2) outside the place of permanent or temporary residence at a distance of up to 50 km provided that the employer covers the commuting expenses or organizes the transport to and from work;
- 3) outside the place of permanent or temporary residence, regardless of the distance, provided that appropriate accommodation is made available, unless the person refuses to accept the job because of the employer's failure to regularly meet the obligations towards the employees (Article 49, 2).

As an exception to the mentioned regulation, this shall not apply to the following groups:

- a pregnant woman,
- either parent with a child younger than eight years of age,

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- either parent of a child with serious developmental disorders under a special regulation,
- if the other parent is employed, either parent with three or more underage children,
- if the other parent is employed, a self-supporting parent of a child of up to 15 years of age, unless he or she declares in writing that he or she accepts the job (Article 49, 3).

By way of derogation from the provision of the Law, a person kept in the Service's records as an unemployed person longer than 12 months shall no longer be kept as such if he or she refuses an offered job that corresponds to his or her assessed mental and physical capacity.

Article 50 defines that an unemployed person may regain the right to benefits, if from the moment of the cessation of the right to benefits the person meets the requirements laid down in the Act. An unemployed person whose eligibility for benefits has ceased upon reemployment ahead of the expiry of the period in which the person was entitled to benefits and who has again become unemployed, shall be entitled to continued payment of benefits for the rest of the time remaining for the payment of these benefits. For an unemployed person who has used up unemployment benefits to regain the right to benefits only the time spent at work after the cessation of the last established right to such benefits shall be calculated as the time spent at work.

1.2. Active employment policy in Croatia

According to the Croatian Employment Service (HZZ, 2018), active employment policy measures in 2017 include:

- grants for employment
- grants for training
- self-employment support
- education for the unemployed,
- on-the-job training
- professional non-employment training
- public works
- job-support grants and the
- 'Permanent Seasonal' measure.

With a new approach in defining active employment policy measures, the programme has enabled combination of different measures, especially education measures, all with the aim of improving employability (Ministry of Labour and Pension System, 2019).

Grants for employment (HZZ, 2018)

Grants for employment is dedicated state aid granted to encourage the employment of the unemployed and is available to for-profit enterprises.

The target groups that can use this measure are:

- unemployed persons without labour experience

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- unemployed persons with labour experience (long-term unemployed, persons over 50 and special groups of the unemployed)
- persons with disabilities,
- former trainees - beneficiaries of government supported professional training without employment.
- Employers who can use this measure are:
 - for whom supported employment will lead to a net increase in the number of employees compared to the average number of employees in the last 12 months
 - who have employed at least one worker in the last 6 months,
 - who do not have increased employment for the past 12 months but are filling already justified emptied positions with a supported employment measure,
 - who do not have terminated any work positions due to business reasons in the last 6 months

Duration of support: 12 months.

Financing: The employer is co-financed for the cost of the work of the person he hires (in the amount of up to 50% of the annual cost of workers' gross II salary or 75% of the annual cost of workers' gross II salary for people with disabilities).

Grants for training (HZZ, 2018)

Government grants for training are intended for employers who, due to changes in production processes, the transition to new technologies or lack of skilled labor, need to further train their employees.

This measure is especially useful for young newcomers who need workplace training and for older people who are at risk of being fired due to changes in their employer's production processes. Support is granted for programs of general (transferable skills that can be used by another employer) and special training (non-transferable skills specific to that employer).

The target groups that can use this measure are:

- newly employed persons, regardless of their labor experience, occupation and qualification from the unemployment register, if they have been employed for a period of at least 12 months,
- employed persons with the aim of increasing the competitiveness of the existing workforce, at the choice of the employer, provided that they are employed with permanent contract,
- employees who are at risk of losing their jobs due to a change in production program, the introduction of new technologies and higher standards.

Employers who can use this measure are:

- Employers operating for profit and developing a training cost sheet.

Duration: maximum 6 months (with obligation to keep a person in employment for at least during the same training period, for example 3 + 3 months).

Financing: The employer is allocated funds on the basis of the elaborated training plan and up to 70% of the training costs are co-financed. The maximum amount of training grant per participant is HRK 15,000.00.

Grants for self-employment (HZZ, 2018)

Grants for self-employment are awarded to unemployed persons to co-finance the costs of opening and operating a business entity.

Support is given to persons who have carried out preparation with a counsellor and have developed an entrepreneurial idea accompanied with realistic business plan. For the duration of the support measure, to entities set up by self-employed persons additional measure for professional training without employment may be granted, but for maximum of two additional persons.

The target groups that can use this measure are:

- unemployed persons registered with the CES (Croatian Employment Service).

Duration: 12 months.

Financing: Self-employment support is up to HRK 35,000, respectively up to HRK 45,000 in case it is combined with professional training for work without employment. Also, in the case of mergers into companies or cooperatives, it is possible to grant a grant of HRK 35,000 to several members separately. In the case of establishing a cooperative and employment in a cooperative, the upper limit of the amount that beneficiaries of the association can earn is HRK 175,000 (for a maximum of five persons). In the case of establishment and employment in a company, the upper limit is HRK 140,000 (for a maximum of four persons). In case of opening a trade or freelance, the upper limit is HRK 70,000 (for two persons). For all activities of agricultural character, seasonal agricultural character and activities related to the manipulation of agricultural goods, support for self-employment cannot be granted.

Education of the unemployed (HZZ, 2018)

The measure is aimed at increasing the level of employability of unemployed persons and matching their qualifications with the needs of the local labour market.

Persons who have a lack of knowledge and skills, or who have an inadequate level and type of education, are sent to professional training, retraining or training programs in educational institutions according to the education plan developed by relevant regional office of the Croatian Employment Service (CES)

The target groups that can use this measure are:

- unemployed persons registered with the CES. Duration: 6 months on average.

Financing:

- To educational Institution: 100% of the cost of education to the educational institution (tuition and material costs of practical training).
- To Healthcare facility: Costs of medical examinations (for educational programs subject to the same enrolment requirements).
- Attendee: Cash is paid according to a predefined schedule, in the highest monthly amount, which may not exceed 50% of the minimum wage minus the compulsory insurance contributions (or HRK 1,310.40); transportation costs for days spent on education; insurance costs under Croatian Pension Insurance Institute (HZMO) regulations; special contribution for occupational health and safety at the rate of 0.5%.

Workplace training (HZZ, 2018)

The measure is intended to train the unemployed by the employer to acquire the practical knowledge and skills required to perform the duties of a particular job.

a) On-the-job training for the purpose of obtaining employer certification

Training the unemployed by the employer to acquire the practical knowledge and skills required to perform the duties of a particular job. Training is provided in a work environment with secured mentoring, the cost of which is funded by the CES, with the aim of increasing employability, which results in the recommendation / confirmation of the employer on the acquired knowledge and skills.

The target groups that can use this measure are:

- unemployed people with a high school diploma who do not have work experience to perform the jobs they will be trained for.

b) On-the-job training for the purpose of obtaining a public certificate of competency

Training the unemployed by the employer to acquire the practical knowledge and skills required to perform the duties of a particular job. The training is carried out in cooperation with educational institutions so that the theoretical part of the teaching takes place in the institutions, which will result in a public document on the qualifications of the students.

The target groups that can use this measure are:

- unemployed persons without qualifications or with completed primary education who do not have work experience to perform the jobs for which they will be trained.

Employers who can use this measure are:

- all employers and social protected workshops.

Duration: up to 6 months.

Financing:

- Employer:
 - mentoring cost - up to HRK 700 per month per person (one mentor can train up to three people).
 - mentoring costs - up to HRK 700 per month (one mentor can train a maximum of three people); cost of theoretical education in an educational institution - HRK 800; the cost of passing the qualification exam - HRK 1,200; and the cost of a medical examination.
- To the participant: in proportion to the days spent on training, the right to financial assistance in the amount of the minimum wage minus the compulsory insurance contributions, transportation costs for days spent on education, insurance costs under HZMO regulations and special health protection contribution at work at the rate of 0.5%.

Professional training without employment (HZZ, 2018)

In-service professional training is a measure aimed at young people with the aim of gaining experience and / or formal requirements to take the professional / master's exam.

Within the first three months of professional training without employment, employers may refer trainees to an educational program of their own choosing for up to three months if they find that they lack certain knowledge and skills to successfully complete the professional training program.

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The target groups that can use this measure are:

- unemployed persons up to the age of 30 who have no more than 12 months of professional training for which they have been educated and who have been registered with the CES for at least 30 days, as follows:
 - for the purpose of gaining experience - unemployed persons with completed higher education and unemployed persons with completed secondary education,
 - for the purpose of gaining experience and taking a master's or professional examination at the chambers of trades and crafts - unemployed persons with completed secondary education in the craft professions in the related crafts and occupations in which the performance of jobs is conditioned by membership in professional associations established in accordance with special regulations,
 - for the purpose of gaining experience and passing the professional and state examination - unemployed persons with completed higher education and unemployed persons with completed secondary education in the four-year vocation who have a professional exam or work experience determined by law or other legislation as a requirement to perform the workplace of a particular occupation.

Employers who can use this measure must be:

- employers who can organise supervision by an experienced mentor (who has the appropriate qualifications, educational level or has at least three years' work experience in the workplace for which the person will be trained) and develops a professional training program,
- employers pursuing an economic activity - if the number of persons being trained will result in a net increase in the number of employees compared to the average number of employees in the last 12 months,
- employers who have at least one employee employed (except for crafts and independent activities),
- employers who do not have a Decision on termination of employment due to business reasons within last 6 months.

Duration: 12 and 24 months respectively.

Financing:

- To the employer:
 - payment of compulsory pension insurance contributions (which for 12 months amount to HRK 7,057.92 and for 24 months 14,115.84 HRK), payment of compulsory health insurance contributions (which for 12 months amount to HRK 5,469.96), the cost of education if applicable (up to a maximum of HRK 7,000).
- To the participant:
 - Payment by the CES: financial assistance in the amount of the minimum wage minus contributions for compulsory insurance, for days spent on professional training for work without employment (or HRK 2,620.80), the cost of taking the professional / master's exam for obligors to take the same, unless otherwise regulated by law and regulation.
 - Employer pays: the cost of transportation for trainees is paid by the employer (non-taxable benefit) in the amount and at least equal to the cost of transport according to the conditions of payment of the transport cost from the Decision of the Administrative Board of the Institute on the amount of transport costs.

Public works (HZZ, 2018)

It is carried out with the aim of activating unemployed persons in socially useful jobs that are not interesting to existing enterprises, with the aim of motivating them to continue to enter the labour market.

Beneficiaries of public works may also be referred, according to the employer's assessment, to short-term education programs necessary for the execution of public work activities, for a maximum of three months, and to submit the costs to the CES.

The target groups that can use this measure are:

- Group 1:
 - unqualified persons, persons with disabilities, victims of trafficking, victims of domestic violence, asylum seekers, young people who have left the care system (homes for children) and foster families, educational institutions, etc., drug addicts, persons released from prison in last 6 months, Roma, homeless - regardless of the length of time they are registered,
 - young people under 29 registered in the records of unemployed for up to 4 months,
 - young people under 25 registered as unemployed for more than 6 months and young people up to 29 years registered as unemployed in for more than 12 months
 - persons registered in the unemployment register for 3 years or more;
- Group 2: beneficiaries of the guaranteed minimum social benefit support registered in the unemployment register;
- Group 3: Persons over 50 registered as unemployed for less than 6 months and Persons over 29 registered as unemployed 12 to 36 months.

Employers who can use this measure are:

- employers who are non-profit-making in the labour market (local self-government units, non-profit organizations) and who develop a public work program that must be based on socially beneficial work, must not be of a commercial nature and must not include the regular work of an employer undertaking a public work program.

Duration: 6 months (full-time), 9 months (6 months full-time and the remaining 3 months part-time with compulsory education) or 9 months part-time for minimum guaranteed benefits.

Financing:

- For target group 1: 100% of the minimum gross wage cost, which is HRK 3,839.47 transportation costs for days spent in public service.
- For target groups 2 and 3: 50% of the minimum gross wage cost, which is HRK 3,839.47. Transportation costs for days spent in public service.

Grants for preservation of workplaces (HZZ, 2018)

Grants to preserve jobs are granted to workers employed by an employer in temporary difficulties, which have resulted in a temporary decline in business activities and/or a loss in business.

They are also awarded to workers for acquiring the necessary knowledge and skills, which need to be prepared for the market given the potential job loss due to difficulties in the employer's business.

The target groups that can use this measure are:

- employees employed by an employer who, due to a temporary decline in business activities and/or a loss in business, developed a job preservation program; workers over 50 years of age employed by employers in difficulty or who, due to their personal, work and other characteristics, are unable to fully meet the requirements of the workplace.

Employers who can use this measure are:

- Employers who have experienced a temporary decline in business activities and/or a loss in business.

Duration: maximum 6 months.

Financing:

- Support for part-time work - proportionate part of the amount of pay for the number of hours worked for a worker (maximum up to 40% of part-time work and maximum up to 40% of the amount of gross I pay) and maximum up to the minimum wage according to a special regulation.
- Support for the education or training of workers - the total cost of education or training of workers.

Permanent seasonal worker (HZZ, 2018)

The "Permanent seasonal worker" measure is intended to support persons who work during the season, and for one part of the year they do not have a guaranteed salary or continuity of contributions to a pension insurance.

The measure also allows grants for permanent season work and during extended insurance periods by participating in the preparations for the next season and at special events where there is no opportunity to work during the season.

The target groups that can use this measure are:

- Persons who have worked continuously for at least 6 months with the same employer and who will work with the employer for at least 1 more season (at least 6 months).

Employers who can use this measure are:

- employers from all business sectors who have a period of reduced workload during the year due to the seasonal characteristics of the business.

Duration: 6 months.

Financing:

- To the employer: 100% of the cost of the extended insurance for the first 3 months, and in the following period, which may last for a maximum of 3 months, 50% of the extended insurance.
- To the beneficiary: Financial assistance is paid for a maximum of 6 months of extended pension insurance in the amount determined on the basis of the calculation of unemployment benefit, up to a maximum of 70% of the average salary paid per employee in legal entities in the previous year according to the last official published data for the first 90 days, and 35% for the remaining period.

2. Identification of gaps in the labour market policy in Croatia with emphasis on disadvantaged groups of job seekers

According to the Croatian Chamber of Economy (2012), many unemployed persons in Croatia, particularly long-term unemployed persons and persons with disabilities, have very low employability. This occurs due to their mostly low educational attainment, often low level of working habits and/or insufficient working experience. It would be reasonable to assume that many do not have basic skills of literacy and numeracy and some have had no formal education. Therefore, a comprehensive and holistic approach is necessary in order to increase the employability² and employment rate of these people. This could be achieved through a combination of active inclusion, professional education and rehabilitation, supported employment and flexible employment schemes.

Long-term unemployed and people with disabilities constitute a very diverse group, with different rehabilitation and educational needs. They need assistance of specialists, that must be tailored to their individual needs. Therefore, a wide range of vocational training options and rehabilitation plans should be offered, tailored to individual needs. However, quite often disability is not the cause of the problem, but it is rather the relationship between disabled people and their environment. Therefore, it is often necessary not only to help disabled people to develop their capacities, but also to change the way society, and particularly employers, perceive disability. A very important role in achieving equal positions on the labour market and society have various documents related to the guarantee of rights for persons with disabilities. However, this is quite often nicely prepared on paper and in theory, but relatively weakly and/or merely partially implemented.

The realisation of education and training for long-term unemployed and of professional rehabilitation programmes for persons with disabilities, is faced with serious limitations. Most severe are prejudiced views in the society as a whole, particularly by possible employers. In addition, the expectations and approach of employers are not favourable towards long-term unemployed and disabled persons. In some cases, persons with long-term unemployed and/or disability are stuck in unemployment and fully discouraged from participation in training and professional rehabilitation programs. Compared to employed persons, long-term unemployed and disabled persons without a job tend to experience a higher prevalence of serious depression and long-lasting anxiety disorders, more frequently are addicted to alcohol and tobacco consumption, use more drugs, and report lower scores on self-esteem and quality of life measures. As mentioned, the qualifications level among long-term unemployed and/or disabled persons is generally very low and does not reflecting the existing demand for workers on the labour market. In Croatia as well as in many countries, the exiting benefit systems are not motivating the disabled to get on the labour market, but stimulate them to be inactive. In some cases, after finishing professional rehabilitation programmes, expectation of the persons with disability regarding their knowledge, skills, employability and future revenues are unrealistic (Croatian Chamber of Economy, 2012).

Even if and when they start working, long-term unemployed and disabled persons are in some cases affected by discrimination, prejudice and even bullying and harassment at work, in most cases due to their long-term

² Employability is a term commonly used to provide a more detailed definition of the key skills. The main areas that are highlighted as being beneficial to employers and, therefore, to current and future workers (now students in educational process) starting and continuing in their careers include: problem solving skills, communication skills, analytical skills, data analysis, critical appraisal, time management, and team working. Employability is a key outcome of education and training of high quality, as well as a range of other policies. It encompasses the skills, knowledge and competencies that enhance a worker's ability to secure and retain a job, progress at work and cope with change, secure another job if she/he so wishes or has been laid off, and enter more easily into the labour market at different periods of the life cycle. Individuals are most employable when they have broad-based education and training, basic and portable high-level skills, including teamwork, problem solving, information and communications technology (ICT) and communication and language skills, learning to learn skills, and competencies to protect themselves and their colleagues against occupational hazards and diseases. This combination of skills enables them to adapt to changes in the world of work. Briefly, employability covers multiple skills that are essential to secure and retain decent work (Croatian Chamber of Economy, 2012).

unemployment, a lack of experience and skills and health problems. Such persons continue to face barriers to inclusion, both in integrated work settings as well as in the competitive job market. This also demotivates and discourages long-term unemployed and persons with disability from participation in education, professional rehabilitation and search for jobs on the open labour market. Finally, there are quite often inadequate facilities in the work environment for disabled and weak and/or inadequate support after participation in the education, training and rehabilitation programmes (Croatian Chamber of Economy, 2012).

As mentioned previously, long-term unemployed and people with disability are not one homogenous group with the same needs for education, skilling, training and professional rehabilitation. Therefore, in preparation of such programmes, there is a need to have in mind various types of activities related to education, skilling, training professional rehabilitation. Finally, it should not be neglected that such programmes need to be responsive to a large number of people with various disadvantages and disabilities in search of employment assistance, usually with a limited amount of available funding.

Recognizing the importance of work, experts in the field of active labour market measures, particularly skilling, occupational and vocational rehabilitation have consistently advocated participation in such measures and employment as a fundamental human right of people. The purpose of all activities in education, training, rehabilitation, research, administration, and employment is to advance the health, employability and wellbeing of long-term unemployed and persons with disability with the goal to enable their employment on the open labour market. In brief, although the situation in Croatia has improved, a most important gap is still insufficient attention dedicated to the persons with the lowest employability, primarily those which are unemployed for more than one year and persons with disability (Croatian Chamber of Economy, 2012).

As presented in the following subsections of this report, the social impact voucher program attempts to close exactly this gap and serve people from these disadvantaged groups to become more competitive on the labour market.

3. The potential of the Social Impact Vouchers program in view of the shortcomings of the labour market policy in Croatia

3.1. General considerations concerning the viability of the Social Impact Vouchers

A crucial aspect of bettering the quality of jobs is increasing employment security by enhancing the employability of the labour force. Taking the above into account, measures for improvement should incorporate various activities, primarily the reduction of long-term unemployment (it is necessary to decrease the inflow in the long-term unemployment and to decrease the number of those who are already long-term unemployed). That can be achieved by optimally targeting the Social Impact Voucher program on those with the lowest employability. In other words, that means raising the level of employability for those groups that are most affected by long-term unemployment and disabilities, primarily by focusing active labour market policy measures on persons with disabilities and jobless persons that have been out of the labour market for a longer time. This could be realised, among others, by promoting and facilitating training, skilling and rehabilitation for better adjustment to the demands of the labour market. Also, it is necessary to ensure the elimination of discrimination of all groups that are in unfavourable positions on the labour market.

Consequently, activities related to professional orientation, life-long learning, education and qualification, professional development and rehabilitation ought to be enhanced. This will increase the employability of this part of the labour force and make it more capable of adapting to the current and future requirements of the labour market. Therefore, increasing access to employment and improving activity rates is clearly

vital to both preventing and reducing unemployment and to improving the quality of life, living standards and social inclusion for many people. However, the employment has to be of a sufficient quality in order to generate a sufficient income. In order to increase the employment of those with a low level of education or those with the knowledge and skills that are not in demand on the labour market, it is necessary to continue shifting the emphasis from passive measures (financial support of the unemployed) to active forms of assistance (training, skilling, education and rehabilitation in accordance with the changing labour market needs).

The Social Impact Vouchers can be an important push not only for long-term unemployed and people with disability to search for a job, but also for employers to grant jobs to these groups of job seekers. This is the case because such vouchers can cover a significant part of their additional costs related to the employment of long-term unemployed and people with disability and to the needed - usually relatively costly - adjustment of working place for their employment. The voucher can be a very important additional instrument for employers in the first phase of training and skilling of long-term unemployed and people with disability, so that they can obtain on the job the needed practical knowledge and skills as well as valuable working experience.

3.2. The Social Impact Vouchers as an addition to alternative programs addressing the target group of long-term unemployed

The best security (or protection against unemployment) that people could obtain is by enhancing their employability. Thus, with further education and acquiring new knowledge, skills and gaining working experience, long-term unemployed and people with disabilities can significantly improve their employability and increase their chances to find and remain in well-paid jobs.

Croatia faces many aspects of challenges that will require new policy responses. In particular, key issues where policy efforts will be needed include tackling long-term unemployment and the employment of people with disabilities. As mentioned earlier, the attention towards the groups with the lowest employability in Croatian employment policy is insufficient. For this reason, the SIV model could be a great addition. Possible positive experiences and practices of voucher implementations can be a clear sign and a blueprint for needed broadening of existing measures of employment policy and for the implementation of similar measures in the regular employment policy. We would not stress that the Social Impact Vouchers are not only an alternative programme addressing the needs of disadvantaged groups of job seekers, but they could be a successful complementarity measure for the regular employment policy in Croatia. Furthermore, the Social Impact Vouchers can be an important measure for empowering the currently relatively weak political influence of long-term unemployed and persons with disabilities and their insufficient impact on the decision making process, where their voices are not very often listened and respected.

In conclusion, as stated earlier, the possible introduction of the Social Impact Vouchers in Croatia and their efficient use can be a valuable measure in co-financing employment for long-term unemployed and persons with disabilities without sufficient educational attainment and/or working experience. In that way, the Social Impact Vouchers could be a crucial step for enhancing their employability and chances on the labour market and for aiding such persons in their exit from poverty, social exclusion and marginalisation. Education, rehabilitation and inclusion in the labour market of such vulnerable social groups due to the efficient use of the Social Impact Vouchers can also contribute to the protection and maintenance of the social fabric, peace, co-operation, trust and other institutional benefits that favour the socio-economic development.

4. Literature

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VOUCHER REPORT

WP T1 Pilot Preparation
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Deadline: November 30th 2019

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Overview of active and passive labour market instruments in the Czech Republic

1. General overview of available labour market instruments in the Czech Republic

State employment policy aims to strike a balance between supply and demand for labor, productive use of labor resources and to secure citizens' right to employment. The state employment policy is ensured by the Ministry of Labor and Social Affairs and the relevant labor offices. Ensuring state employment policy includes, for example (Kolman 2008):

- continuous monitoring and evaluation of the labor market situation, preparation of employment forecasts and concepts and programs for further employment of citizens,
- implementation of active employment policy,
- coordination of human resources and employment development measures with the European Employment Strategy,
- developing and engaging in international and bilateral programs related to human resource development, employment and the labor market.

The content of the state employment policy is the application of the tools and methods they lead (Vybihal et al 2014):

- to increase employment (as part of the active employment policy - AEP) or
- to dampen the impact of imbalances on the labor (the passive employment policy - PEP).

Active Labour Market Policy

Active employment policy means a set of measures aimed at ensuring balance on the labor market. Active employment policy is ensured from funds earmarked for employment policy. Within the framework of this active policy, we can distinguish programs and measures of regional and national character, as well as international employment programs. In line with positive law, active employment policy can also be described as a set of measures aimed at ensuring the maximum possible level of employment. The Employment Act speaks of measures aimed at maximizing employment, so social reality is taken into account here. The active employment policy is primarily provided by the Ministry of Labor and Social Affairs and Labor Offices, but not absolutely, as, depending on the situation on the labor market, they cooperate with other entities in its implementation (Kolman, 2008).

Part of the state employment policy is support for the creation of new jobs by providing contributions to employers in the employment of job seekers, as well as to job seekers themselves. These are mainly the following measures (instruments) of active employment policy (Ministry of Labour and Social Affairs 2019 n.d.a):

- a) requalification,
- b) investment incentives,
- c) community service work,

- d) socially beneficial jobs,
- e) bridging contribution,
- f) contribution upon a switch to a new business programme.

Counseling is also a part of the active employment policy.

Passive Employment Policy¹

Passive employment policy means mediation of employment for job seekers as well as material security of job seekers. The current Employment Act no longer works with this legal-theoretical term, but it can be found, for example, in decrees of the Ministry of Finance (Kolman 2008).

The passive employment policy focuses on securing the unemployed in the sense of compensating the loss of work income for a transitional period. Unemployment benefits are based on employers 'and employees' contributions and state financial support (European Union 2013).

Passive employment policy includes:

- a) mediation of employment, which is provided free of charge in the Czech Republic,
- b) unemployment benefit.

2. Available labour market instruments in the Czech Republic specifically designed for groups at risk of long-term unemployment

The target groups on which the active employment policy operates are mainly people with insufficient or inappropriate qualifications, people with health issues or disabilities etc. For these groups of people, the passive employment policy (PEP) measures in the form of benefits are not enough to address their situation. The groups of persons at risk of long-term unemployment in the Czech Republic are as follows: people with disabilities, Roma Minority, unqualified job seekers, job seekers caring for children under the age of 15 or for severely disabled citizens, job seekers over 50 years of age and graduates.

The following **active employment policy instruments** are available for these groups of people (Ministry of Labour and Social Affairs 2019 n.d.a.):

Retraining

Retraining means acquiring a new qualification or extending an existing qualification of a job applicant. The determination of the content and extent of retraining is based on the existing qualification, health status, abilities and experience of the natural person to be retrained by acquiring new theoretical knowledge and practical skills in the framework of continuing professional education. Retraining takes place on the basis of an agreement between the labor office and the job seeker, if their placement on the labor market so requires. On behalf of the retraining participant, the Labor Office pays the cost of retraining and can provide him / her with a contribution to cover the proven necessary costs associated with retraining (meals, fares, overnight, insurance). Retraining is provided by the regional branch of the labor office, which is determined according to the place of the job seeker (Ministry of Labour and Social Affairs 2019 n.d.a).

¹ More information about individual instruments of active and passive employment policy in the Czech Republic can be found at the following link: <https://www.mpsv.cz/en/1604>.

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Selective retraining

The job seeker can also choose and arrange the retraining himself and can subsequently pay the labor office under the stipulated conditions. The retraining course must correspond to the applicant's state of health. The maximum amount provided by the Labor Office for applicants for the selected retraining is CZK 50,000. If a job seeker refuses to start a job corresponding to a newly acquired retraining without a serious reason, he / she is obliged to pay the costs of retraining. The Labor Office pays only the costs of retraining for the period during which the candidate for the selected retraining is kept in the records of the Labor Office (Ministry of Labour and Social Affairs 2019 n.d.a).

Investment incentives

The employer, who has been promised an investment incentive, thus significantly supports the creation of new jobs and the retraining or training of new employees. Material support for the creation of new jobs can be provided to an employer who will create new jobs in an area where the average unemployment rate for the two previous six months is at least the average unemployment rate in the Czech Republic (Ministry of Labour and Social Affairs 2019 n.d.a).

Community service work

Socially beneficial jobs are temporary job opportunities created especially for hard-to-place and long-term unemployed job seekers registered with labor offices. These jobs are created by the employer on the basis of a written agreement with the Labor Office for the short-term placement of the job seeker, however, for a maximum of twelve consecutive months from the date of the agreed start of the job seeker. A financial contribution to cover the wage costs of an employee registered in the Labor Office can be provided to the employer up to the amount of actual wage costs, including social and health insurance (Ministry of Labour and Social Affairs 2019 n.d.a).

Socially beneficial jobs

The aim of providing a contribution to the establishment or reservation of socially beneficial jobs is to fill jobs with jobseekers who cannot otherwise be employed, including the start of self-employment by the applicant. One of the prerequisites for the creation of socially beneficial jobs and their effective use is the low level of job vacancies from the professional or territorial perspective.

There is no legal entitlement to the contribution to the costs of the establishment or reservation of socially beneficial jobs. The Labor Office may provide it in the form of:

- a) repayable allowance,
- b) contribution to the payment of interest on loans;
- c) any other targeted contribution;
- d) partial or full reimbursement of wage costs paid, including social security contributions and contributions to the State employment policy and public health insurance contributions.

The allowance is provided for a maximum period of 12 months; the employer applies for it to the relevant regional branch of the Labor Office, where job seekers are to be placed in the established or reserved jobs.

The Labor Office may provide a job seeker with a contribution to the establishment of a socially beneficial job that the jobseeker will set up for himself / herself in order to start self-employment. The application must be submitted to the relevant regional office of the Labor Office. The allowance is intended for the purchase of equipment related to job creation. A self-employed person who has started a self-employed activity on the basis of an agreement with the Labor Office may also apply to the Labor Office for a bridging allowance within 30 days of the conclusion of this agreement. This contribution is intended to cover part of the running costs of self-employment (Ministry of Labour and Social Affairs 2019 n.d.a).

Bridging contribution

The Labor Office may provide a contribution to a self-employed person who has ceased to be a job seeker and who has received a contribution to the creation of a socially beneficial job. The bridging allowance is granted for a maximum period of five months at a monthly rate of 0.25 times the average wage in the national economy. The contribution can be applied for at the Labor Office no later than 30 calendar days after the conclusion of the contract for the creation of socially beneficial employment (Ministry of Labour and Social Affairs 2019 n.d.a).

Contribution to the introduction of worker

A contribution may be granted by the Labor Office to the employer on the basis of an agreement if the employer recruits a job-seeker who is given increased care in the mediation of employment. The maximum contribution period is 3 months and may not exceed a half of the minimum wage per natural person per month (Ministry of Labour and Social Affairs 2019 n.d.a).

Contribution upon a switch to a new business programme

The allowance is intended for employers who are switching to a new production program and cannot provide work for their employees within the set weekly working hours. Transition to a new business program means a change in the production or provision of services that involves major technological changes or a change in the subject of business recorded in the Commercial Register or in a trade license. The allowance may be provided for the partial payment of wage compensation for a maximum period of 6 months, which the employees are entitled to under the labor law regulations. The monthly allowance per employee may not exceed half the minimum wage (Ministry of Labour and Social Affairs 2019 n.d.a).

AEP measures to support the employment of people with disabilities

This includes a sheltered job and a contribution to partially cover the operating costs of the sheltered job. A sheltered job is a job established by an employer for a person with disabilities on the basis of a written agreement with the Labor Office. The Labor Office provides a contribution to the employer for the establishment of a sheltered job. The sheltered job must be filled for 3 years. A sheltered job may also be a job that is occupied by a disabled person, if it is defined in a written agreement between the employer and the Labor Office. The agreement is concluded for a period of 3 years. The Labor Office may also conclude an agreement on the establishment or delimitation of a sheltered job with a disabled person who decides to pursue a self-employed activity.

On the basis of an agreement with the employer or self-employed person who is a disabled person, the Labor Office may provide a contribution to the part of the sheltered job's operating costs for a protected job created or defined. This agreement may be concluded no earlier than 12 months after the occupation of the established sheltered job or the date on which the protected job is established. The annual amount of the contribution may not exceed CZK 48,000 (Ministry of Labour and Social Affairs 2019 n.d.a).

The following **passive employment policy instruments** are available for groups at risk of long-term unemployment (European Union 2013):

The social insurance system provides **unemployment benefits related to income** for a maximum of five months (eight months for persons aged 50-55, 11 months for persons over 55). All citizens are entitled to this benefit if they meet the following conditions:

- a) beneficiaries are not allowed to work or study;
- b) beneficiaries must be registered as a job seeker with the Regional Labor Office and must not fulfill the conditions for entitlement to old-age benefits;

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- c) In the last two years, the beneficiaries must have had 12 months of basic pension insurance, which they have obtained from employment or from another work activity (or from a substitute period of employment - e.g. personal care of a child).

Job seekers who do not meet the stipulated conditions, in particular in cooperation with the Regional Labor Office, are suspended from the Labor Office register. They may re-register at the earliest after six months. They must also reimburse all unduly paid benefits. Unemployment benefit is not paid if one is entitled to severance pay. Unemployment benefits will be paid after termination of severance pay.

The unemployment benefit may be combined with family allowances, material need benefits and social assistance benefits for the disabled. Unemployment benefits cannot be combined with income from work. Applicants may take up short-term employment for a maximum of three months if they accept employment that is inappropriate in view of the applicant's qualifications and experience and the obligation to contribute to the pension scheme (European Union 2013).

The amount of unemployment benefit is determined by previous earnings and the length of unemployment. Unemployment benefits are calculated from the average net earnings for the last quarter. Anyone who has fulfilled the condition of previous employment in periods of substitute employment, or who cannot confirm the average monthly net earnings, or for whom this amount cannot be assessed, will use another reference, i.e. average national earnings for the period from the first quarter to the third quarter of the calendar year of the previous year in which the claim for benefit arose.

The amount of unemployment benefits decreases over time (European Union 2013):

- 65% of the reference earnings for the first two months;
- 50% of the reference earnings for the next two months;
- 45% of the reference earnings for the remainder of the support period;
- 60% of the reference earnings during retraining;
- 45% of the reference earnings for the entire duration of the aid if the person concerned has left his / her profession on his own or in agreement with his / her employer.

Assistance in material need (European Union 2013):

The guaranteed minimum support benefits are provided by the system of assistance in material need (SAMN). SAMN is aimed at people with insufficient income. Its aim is to provide basic housing and housing needs. The basic condition is a low income with a low probability of being improved by its own efforts. Benefits provided under SAMN are subject to resource testing.

Three benefits are provided under this system (European Union 2013):

- a) the *allowance for living* (Příspěvek na živobytí) is a benefit provided to a person or family who does not have sufficient income to ensure basic needs. It is determined as the difference between the 'amount of living' of a person or family and the income of that person or family, less reasonable housing costs (reasonable housing costs are up to 30%, in Prague 35%, of the income of a person or family). The amount of living is determined on the basis of an assessment of the income, effort, opportunity of the person or family;
- b) the *supplement for housing* (Doplatek na bydlení) is a benefit provided to a person or family who does not have sufficient income to cover the eligible housing costs. It is calculated to cover the difference between the eligible housing costs and the amount of living. Eligible housing costs include rent, housing services and energy costs;

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- c) *extraordinary immediate assistance* (Mimořádná okamžitá pomoc) is a one-off benefit provided to persons in insecure situations prescribed by law. The amount varies according to the situation to be solved.
- d) Social assistance is organized centrally by the Labor Office of the Czech Republic, but benefits are paid by regional labor offices and their contact points under the same conditions throughout the country. Labor office contact points evaluate the situation of persons based on the application. The decision to grant a benefit is taken as soon as the application for a benefit is submitted on the prescribed form.

Willingness to work is an essential condition for being treated as a person in material need. Recipients, unless being in employment or a similar relationship, have to (European Union 2013):

- register with the Labour Office as jobseekers;
- actively look for a job;
- accept any employment;
- participate in active employment policy programmes, public works, public service etc.

State employment policy expenditure is shown in the following table:

Table 1: Employment policy expenditure in the Czech Republic

	2015	2016	2017	2018
State Policy Employment (v thous. CZK)	22 521 725	20 318 256	18 399 624	18 891 482
Passive Employment Policy (in thous. CZK)	8 303 370	8 254 527	7 853 520	7 542 836
Active Employment Policy (in thous. CZK)	9 668 796	6 860 879	4 703 189	4 336 836
Active Employment Policy - of which				
Graduates jobs				
jobs created	0	0	0	0
placed job seekers	0	0	0	0
expenditure at 31.12. (in thous.of CZK)	0	0	0	0
Social Beneficial Jobs				
jobs created	51 232	25 244	16 338	11 137
placed job seekers	50 161	26 759	17 437	12 180
expenditure at 31.12. (in thous.of CZK)	3 806 978	3 480 869	943 165	735 988
Community service work				
jobs created	34 541	21 137	18 287	15 842
placed job seekers	35 169	22 608	19 259	16 279
expenditure at 31.12. (in thous.of CZK)	2 669 611	2 687 116	2 242 218	1 923 670
Retraining				
new inclusion	38 078	22 548	18 174	13 241
dismissed	44 276	23 112	18 502	13 558
expenditure at 31.12. (in thous.of CZK)	380 350	269 494	174 338	128 410
OZP				
jobs created	871	824	593	169
placed job seekers	1 255	899	1 187	566
expenditure at 31.12. (in thous.of CZK)	60 462	54 194	40 737	14 526
operation (thous. CZK)	3 091	3 800	4 209	5 434
donation**				
Contribution to employers on employees more than 50 % Disability persons***	4 320 059	4 952 515	5 675 572	6 754 655

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<i>insolvency (thous. in CZK)****</i>	229 500	250 339	167 343	257 154
<i>other (thous. CZK)*****</i>	2 736 479	323 102	1 239 023	1 394 197
<i>Investment incentives (thous. in CZK)</i>	11 825	42 300	59 500	134 611

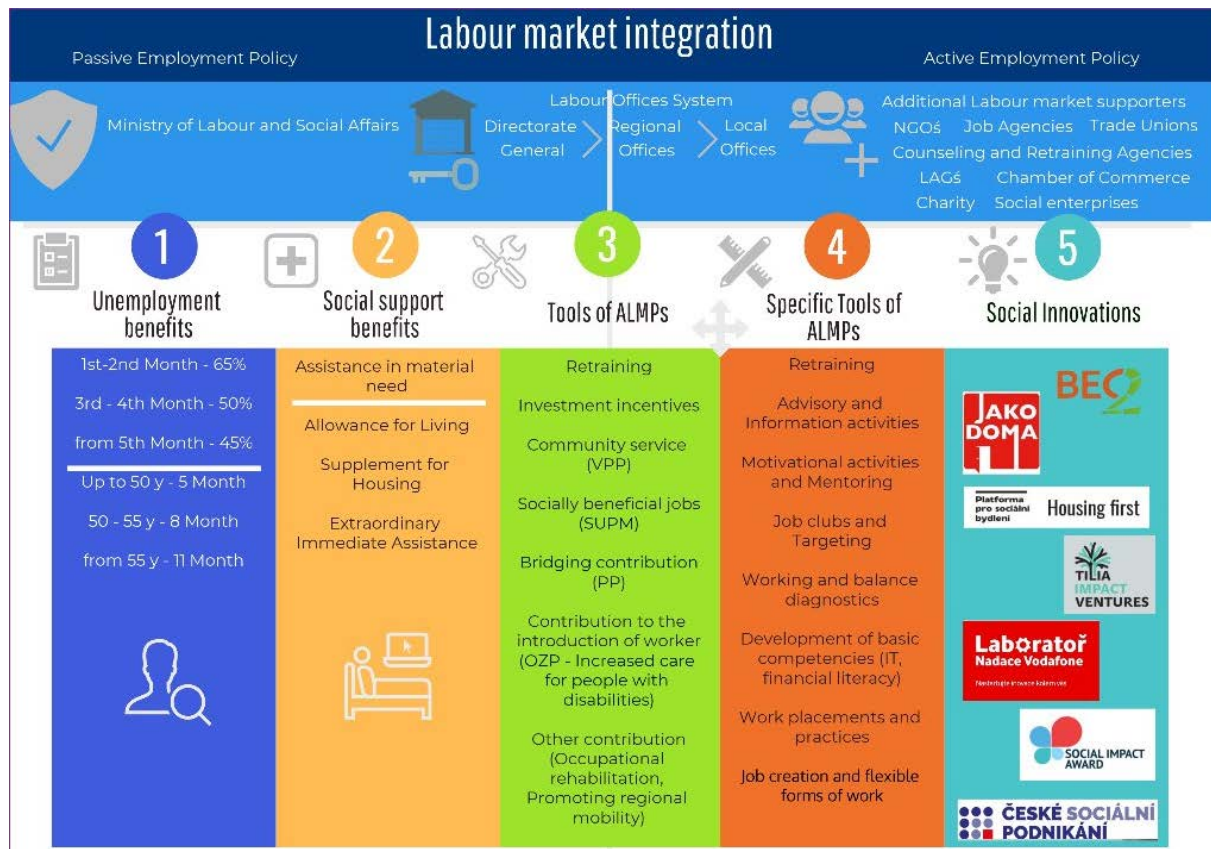
Source: Ministry of Labour and Social Affairs 2019 n.d.b

Community service work is one of the most used active employment policy tools (AEP), especially for the long-term unemployed. Thanks to them, it is possible to increase employment, especially of those who cannot find a job for a long time. However, it is always necessary to take into account the situation in a particular labor market. In practice, this means that the role in deciding whether to award a community service work contribution is whether or not the candidate has a chance to get a job in the open labor market. As of 31 December 2018, those who have been out of work for more than a year accounted for 26.1% of the total unemployed. There were 60,529 in total. A total of 16,279 people were placed on community service work last year. The total amount provided was more than CZK 1,923 billion. The most supported clients were in the Moravian-Silesian (2,337), Usti (2,263) and South Moravian (1,400) regions (Ministry of Labour and Social Affairs 2019 n.d.c).

Table 1 shows the preference of the community service work tool and the socially beneficial jobs tool over the retraining tool, which has been growing rapidly since 2012. It is the job creation in the public and private sectors that helps most applicants to find their job. According to advisors and intermediaries of the Labor Office, both instruments are no longer intended only for the least able job seekers. In small remote villages, these people are often the only ones who really work and even perceive their jobs as a certain prestige (Brizgalová, Závodská, 2016).

Retraining is the third most commonly used tool, but is experiencing a decline in its success. It was retraining that was the main tool that helped the unemployed to acquire the necessary skills to get a new job. The reason for this reduction is that the market is gradually becoming saturated in relation to the occupations provided by retraining and simply does not exist for them. It is not possible to retrain unlimitedly to all existing professions. Therefore, people often travel from one retraining to another, or the retraining itself is denied immediately because of the impossibility of applying. However, the numbers of people using retraining are still relatively high (Brizgalová, Závodská, 2016).

Figure 1: Overview of the labour market instruments currently available in the Czech Republic



Source: Own representation CpKP, 2019

3. Identification of gaps in the labour market policy in the Czech Republic with emphasis on long-term unemployment

Significant gaps are indicated in the application of active employment policy instruments to support self-employed, where various studies assess that there are no new or widespread incentives to do business respectively to facilitate the self-employment of the unemployed. The low interest in starting a business among job seekers is also due to the relatively large extent of illegal work, which can be estimated at about a third of the total unemployment (Sirovátka, Šimíková 2013).

In the Czech Republic, the use of active employment policy instruments to support self-employed workers and to create conditions for self-employment in the labor market remains low. The share of the socially beneficial jobs for the purpose of performing a self-employed activity is low and with regard to other causes and problems, it happens that some people do not find a job and as a result remain in the labor office for a long time. The following beneficial jobs as tools of the Active Employment Policy are being currently applied by the Labor Offices in the Czech Republic (Ministry of Labour and Social Affairs 2019 n.d.d.):

- ALMP - Socially beneficial jobs - Czech European Social Fund projects,
- ALMP - Socially beneficial jobs reserved for the employer,
- ALMP - Socially beneficial jobs for the purpose of performing a self-employed activity (SVČ) and bridging contribution.

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Other gaps can be seen in spending a lot of money on community service works and there is little support for jobs for people with disabilities. Many resources are also spent on passive employment policies and material need benefits. The focus is on support for non-profit organizations and start-ups, but little support goes on focusing on working with long-term unemployed clients.

According to the Czech Statistical Office, the average gross monthly wage in the Czech Republic in the first quarter of this year rose by 7.4 percent to 32,466 crowns. The average wage in the Czech Republic has been rising steadily since the beginning of 2014. However, statisticians point out that two-thirds of employees will not reach the average wage (IROzhlas 2019).

Further gaps can be found in the following areas:

- The scope of the ALMP tools to support the entrepreneurial activities of the unemployed is very diverse within individual regions (e.g. no use / use of bridging contribution) (Ministry of Labour and Social Affairs 2014).
- The ALMP tools to support entrepreneurship in the Czech Republic are insufficiently applied (the share of the socially beneficial jobs for the purpose of self-employed (SÚPM SVČ) to regular socially beneficial jobs (SÚPM) as well as the share of participants of the business start-up oriented retraining course to the total number of participants in all retraining courses are very low) (Ministry of Labour and Social Affairs 2014).
- Low participation of job seekers in AEP activities - AEP in advance has obviously positive impacts on the chances of vulnerable / vulnerable groups from unemployment loss and finding employment (Ministry of Labour and Social Affairs 2014).
- Low participation of job seekers in ALMP activities - although ALMP has obviously a positive impact on the chances of members of disadvantaged/vulnerable groups to leave unemployment and apply on the labor market (Ministry of Labour and Social Affairs 2014).
- Another issue of ALMP in the Czech Republic is its targeting to groups of people who really need intervention in the labor market. For example, Hora and Sirovátka (2012) state that it is necessary to optimize the amount of contributions based on the level of the disadvantage on the labor market as well as to target more the tools provided. This illustrates the low level of targeting to support self-employment of the unemployed through socially beneficial job for the purpose of a self-employed activity or other ALMP instrument.
- In 2018, a total of 27,148 jobs were newly created under the ALMP, which represented a decrease of 23% compared to 2017 (35,218) and even a decline of more than 70% compared to 2015 (Ministry of Labour and Social Affairs 2014).
- The socially beneficial jobs for self-employed have their regional specifics, both in the maximum amount of contribution and in terms of its sustainability and support activities (Ministry of Labour and Social Affairs 2019). The bridging contribution, which the Labor Office may provide to a self-employed person that has already obtained the socially beneficial job for self-employed, is provided to cover operating costs of starting self-employment. This contribution was renewed only in 1 January 2011. The contribution is provided in a lump sum for a maximum period of 5 months in the amount of 0.25 times the average wage in the national economy for the first to third quarters of the previous year. Even in this case, the application of this instrument has its regional specifics - e.g. in some regions this institute was not used at all (NICM 2019).

During the economic crisis, the attention paid to the use of active employment policy instruments to tackle unemployment has increased significantly in the EU and OECD countries, specifically through the support of start-ups, respectively self-employment (e.g. by means of start-up incentives). At the same time, experience from abroad shows that the potential of self-employed to reduce unemployment, including unemployment of low-skilled people, is significant and is also more economically advantageous than

alternative instruments supporting direct employment (Escudero 2015). In international comparison, the Czech Republic has long been lagging behind more advanced countries with regards to this instrument, compared to other forms of ALMP (Širovátka, Šimíková 2013). The importance of using the already available ALMP instruments to support the self-employment of unemployed is also low (Ministry of Labour and Social Affairs 2015). This deficit is recognized by the regional labor offices and by local development stakeholders.

The causes of unsustainable business include an increase in secondary economic activity, a decline in core economic activity and a total decline in the number of self-employed persons, which has been slightly declining over the past 5 years. Furthermore, a lack of bargaining business skills, the ability to assert oneself, marketing, business confidence, or risk management have a negative impact on self-employment as well. As a result, business ends, entrepreneurs suffering from financial losses, lack of orders, legislative barriers and competition with which they cannot cope. Entrepreneurship only becomes available to people with higher education and wealthy people. People with low education and without capital have low chances of maintain businesses (GEM 2016).

Duell, Thureau, Vetter (2016) have developed recommendations and key policy lessons to prevent and tackle long-term unemployment problems, to which we favor:

- a) Develop coherent and comprehensive activation approaches by introducing simple registration procedures, early intervention and follow-up.
- b) Increasing the capacity of public employment services by increasing staff, deepening specialization, developing e-services and working with external providers.
- c) Providing adequate active employment policy funding based on a social investment approach.
- d) Investing in employability by implementing training measures and improving VET and continuing education and training systems.
- e) Utilizing a wide range of active employment policy measures and personalized services, including employee benefits, wage subsidies and job creation programs.
- f) Ensuring an adequate balance of “carrots and sticks” by combining generous off-site benefits with activation and availability requirements.
- g) Integrating activation policy into a broader mix of policies against long-term unemployment, including macroeconomic, structural, regional, education and social inclusion policies.

4. The potential of the Social Impact Vouchers program in view of the shortcomings of the labour market policy in the Czech Republic

4.1. General considerations concerning the viability of the Social Impact Vouchers

In connection with the problem of low support for self-employed people, we see the main purpose of Social Impact Vouchers in promoting entrepreneurship. But we will not forget to support long-term unemployed people through the creation of traditional jobs in companies. So we distinguish two approaches to the application of Social Impact Vouchers:

Approach 1: Integration of the SIV programme into the BEC method (training, support, capacity building, financial security):

Phase 1: Defining the business idea / creating a business plan;

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Phase 2: Business incubator; entrepreneur receives a salary for 6-12 months and can practice the business in a secure environment inside the BEC,

Phase 3: Includes 3 alternatives:

- a) Independent entrepreneurs practicing their business on the open market; they receive between 70% and 90% of profits from phase 2; it is not a requirement, but some can choose to become members of the cooperative themselves.
- b) Paid entrepreneurs under the BEC Cooperative; they receive between 70% and 90% of profits from phase 2 for prolongation of their contracts;
- c) Also possible to supplement the BEC concept with a second approach aimed to create traditional jobs for long-term unemployed by mobilizing private funds

Voucher is the salary that the programme candidates receive for the first 3 - 6-12 months for testing their business under the BEC Cooperative. Some percentage from profits from Phase 2 (business incubation) will be returned to the Fund.

The BEC method already uses a matching tool for selecting the candidates for phase 2. Therefore, the Czech PP offers to give input on their experiences with the tool and to assist with their expertise in creating the tool for the SIV programme.

The BEC cooperatives supporting the future entrepreneurs.

Approach 2: Creation of traditional jobs in companies (starting / training / trial jobs - 3 - 6 months).

Voucher is the salary for 3 - 6 months for programme candidates in traditional companies. Not exactly defined percentage will be stated to be paid back by the employers. We expect a minimum of 10% from the amount of vouchers / salaries will be returned to the Social Impact Fund. In order to ensure the sustainability of the Social Impact Fund we expect to diversify the funds to include the private capital money, public donors and foundations and additional funds.

Employer candidates fill out the online registration form where they describe the potential jobs. The programme candidates receive the potential job descriptions in order to match with the companies.

Cooperation with traditional employers, social firms and SME's based on the experience and field of the programme candidates.

Programs to support the long-term unemployed in the Czech Republic are often conditional on the length of the job seeker registration at the Labor Office. Thus, long-term unemployed people often have to fulfill a number of criteria in order to receive support. Our program does not want to put any restrictions.

Another gap can be seen in the limitation of the length of support provided to long-term unemployed persons or employers in setting up a job. The duration of the support should depend on the individual needs of the person. We consider the possibility of extending the support for up to 12 months as important in terms of the effective retention of long-term unemployed people in the labor market.

Figure 2: Voucher System



4.2. The Social Impact Vouchers as an addition to alternative programs addressing the target group of long-term unemployed

The primary target group of the SIV are job seekers, job applicants and economically inactive persons. The secondary target group are socially excluded people or people at risk of social exclusion and poverty.

Main target groups according to the two approaches of Social Impact Vouchers:

Approach 1: Future entrepreneurs as part of the BEC method.

Approach 2: Open target group without specific restrictions, complementary to the setting of the Active Employment Policy in Czech Republic. For example:

- youth,
- older people over 50 years (men and women),
- women during or after maternity leave who would want to change jobs,
- people that are not satisfied with their position on the labour market and need some change (different job, new qualification etc.) .

Approximately (expected) 40% of all potential target group will be involved in Approach 1. 60% will have benefit or will use individual approach for their integration into the labour market.

Looking at the target groups of Social Impact Vouchers, we would like to take a more comprehensive account of the life situation of future participants and their motivation to start working or doing business. Participant's interest in support under the program can be considered as a criterion.

Thus, not only long-term unemployed persons, but also those who are unemployed for a short period of time can be included in the program. These could be women during or after maternity leave who would want to change jobs, every job seekers, not only long-term unemployed and also job applicants and people that both have employment and /or self-employment but they want to change their situation on the labor market. The target group can also consist of people that were dismissed from the Labor Office, economically inactive people, students or young people that are considering starting their business or socially excluded persons or persons at risk of social exclusion and poverty. They may also be entrepreneurs who have already ceased their activities but are eager to start again. Also older people over 50 years or disadvantaged people that want to start their business or seek job.

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Overview of active and passive labour market instruments in Germany

1. General overview of available labour market instruments in Germany

In Germany, the material (passive) protection and also the (active) measures for the labour market integration of the unemployed are regulated by the Social Security Books / Social Security Code II (SGB II) and III (SGB III).¹ The Social Security Code III regulates the social security rights and obligations of unemployed persons. Since the benefits of unemployment insurance (unemployment benefit I) expire after one year for people under the age of 50 (for older people, they can last up to two years, depending on their age), then the "basic security for jobseekers" (unemployment benefit II) according to the Social Security Code II is becoming the material protection for the long-term unemployed. The amount of income replacement benefits in SGB III depends on the last income and amounts to 60% (without children) or 67% (with children) of the last net income. After the expiry of these insurance claims, the state-financed basic security of SGB II sets in, which is defined by demand-oriented rules. For a single unemployed person, the standard rate is currently 424, - Euro (2019), for spouses and children, additional age-related standard rates are added. Reasonable housing costs and some additional needs (for single parents or the sick) are also added (SGB II).

For people who have previously earned very little, the unemployment benefit I is often not enough and they have to apply for additional benefits under the SGB II (O-Ton Arbeitsmarkt 2018). However, the benefits of the SGB II are criticized both by the welfare associations, as well as by specialist scientists as being too low and not on demand. Many unemployed people are forced to take low-paid jobs to supplement their income. Their ability to search for better paid work is limited (Bundesagentur für Arbeit 2019).

Due to the organization of the unemployed in two social law areas and the limited duration of benefits under SGB III, about 80% of all long-term unemployed people are in the area of SGB II. For this reason, we refer in the following to labour market support for the long-term unemployed of the SGB II.

Although the (active) measures for labour market integration are formulated differently in the two social codes SGB III and SGB II, most measures of SGB III can also be used for the unemployed of SGB II, if they are so advertised by the job centers. In addition, there are some partially new instruments in SGB II that have been specially designed for the long-term unemployed.

¹ There are a total of 12 social security books, federal laws, in which the entire social security is regulated by the child and youth welfare, on health insurance, employment promotion, basic insurance for disabled persons up to the pension insurance.

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In general, labour market integration measures distinguish between placement measures, training measures and employment measures, which are prioritized in this order.

Mediation efforts should begin immediately with the onset of individual unemployment, to bring the unemployed back into employment. Qualification measures should maintain or improve existing qualifications so that the unemployed can maintain or regain access to the requirements of the labour market. Employment measures are necessary if labour market integration fails even after a long period of unemployment and fruitless mediation efforts.

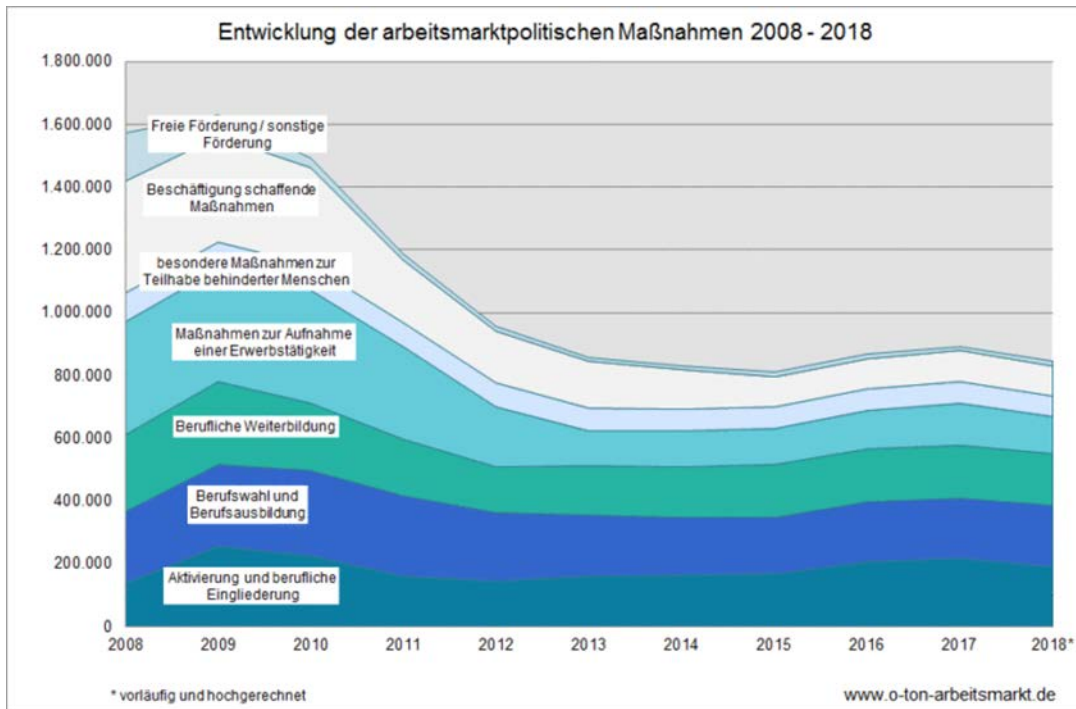
"The number of participants in labor market policy measures in unemployment insurance and the Hartz IV² system was according to preliminary and extrapolated data from the Federal Employment Agency (BA) on average in 2018 at just under 845,000 people. That was almost 49,000 or three percent more than in the previous year. After the number of participants in all labor market policies increased in the last two years, in 2018 it fell again for the first time. Only in the area of funding for free support were more participants registered in the past year than in 2017. Previously, between 2009 and 2017, the number of participants in all labor market policy measures had more than halved.

The decline in participation is not surprising given the positive development in the labor market. In relation to the 2.34 million unemployed in 2018, the subsidies even increased slightly. In addition, there were significantly fewer entries than at the same time of 2017, especially at the beginning of 2018 due to the late budget decisions (O-Ton reported). The long-term trend of continuous decline in labor market policy measures was halted for the first time in 2016. Measured by the participation before mining, which reached almost 1.5 million people in 2010, cannot be spoken of any turnaround.

Here is the development in the individual funding areas since 2010:

- *Activation and occupational integration measures: 2010: 226,634 participants, 2018: 192,653 participants, representing a decrease of 15.0 percent.*
- *Career choice and vocational training: 2010: 272,022 participants, 2018: 191,652 participants, that is a minus of 29.5 percent.*
- *Vocational training: 2010: 214,810 participants, 2018: 166,275 participants, showing a decrease of 22.6 percent*
- *Employment: 2010: 356,509 participants, 2018: 117,432 participants, a decrease of 67,1%.*
- *Special measures for the participation of disabled people: 2010: 82,947 participants, 2018: 67,277 participants, representing a decrease of 18.9 percent.*
- *Employment-generating measures: 2010: 308,955 participants, 2018: 94,188 participants, showing a decrease of 69.5 percent.*
- *Free funding / other funding: 2010: 31,638 participants, 2018: 15,153 participants, a decrease of 43.4 percent. " (O-Ton Arbeitsmarkt 2019a).*

² Hartz 4 (ALG II) regulates in Germany the basic security benefit for employable beneficiaries according to the Second Book of the Social Code (SGB II).

Figure 1: Development of labour market policy measures 2008 - 2018

Source: O-Ton Arbeitsmarkt 2019a

Translation (from top to bottom):

Free promotion/other promotion

Employment-creating measures

Special measures for the participation of disabled people

Measures to take up gainful employment

Continuing vocational education

* extrapolated provisionally

2. Available labour market instruments in Germany / Baden Württemberg specifically designed for groups at risk of long-term unemployment

The labour market policy discussion in Germany has been defined for several years by the fact that there is a positive development in the labour market, but that especially long-term unemployed with additional restrictions have little chance of returning to the labour market. The professional public has long been calling for a publicly subsidized labour market, which also offers an opportunity to participate in work to those, who cannot return to the general labour market through placement and / or qualification.

The German Federal Government, which is responsible for the introduction of new instruments in the context of SGB III and SGB II, has since the beginning of 2015 first introduced a "Federal Social Participation Program in the labour market", which did not aim for placement in the general labour market, but aimed at social participation. The target group were particularly people with children and / or health restrictions who were out of reach of the labour market, and initially up to 10,000 places should be created for this group of people. At the end of the term of this program at the end of 2018, there were even more than 15,000 participants.

In 2015, another program was launched by the Federal Government, which is also co-financed by European funds and should run until the end of 2021. In this program, jobs should also be realized with private employers in the general labour market. *"The ESF federal program for the integration of long-term unemployed persons under SGB II into the general job market enables the participating job centers to target long-term unemployed women and men far from the labor market by targeting and advising employers, by employee coaching after taking up employment and by compensating for shortages through wage subsidies support."* (Bundesministerium für Arbeit und Soziales 2019).

Based on these model projects, a new instrument was introduced in 2018, a new paragraph in SGB II. The conditions formulated in § 16i SGB II are that for persons who have been unemployed for more than six years, new employment relationships can be financed for a period of up to five years and in the coming years up to 150,000 jobs nationwide (in Baden -Württemberg up to 2,500) will be created.

3. Identification of gaps in the labour market policy in Germany / Baden-Württemberg with emphasis on long-term unemployment

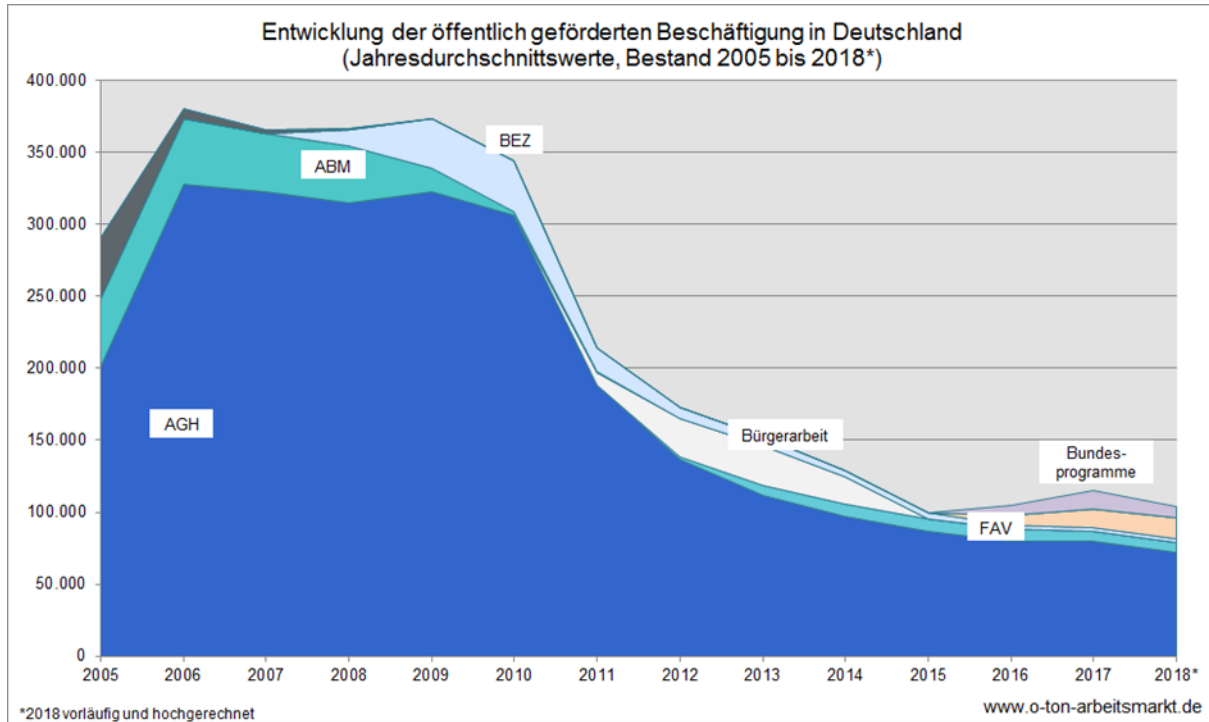
If one looks at the figures for the different instruments, it becomes clear that the number and proportion of measures affecting employment with 94,000 jobs nationwide currently reaches only 11% of the approximately 724,000 long-term unemployed, with over a third of all unemployed being long-term unemployed. The AG Arbeit (social association for labour market policy in Baden-Württemberg) has repeatedly criticized this for Baden-Württemberg: *"The unemployed, especially the long-term unemployed, continue to have poor opportunities in the labor market despite good employment figures. Above all, the long-term unemployed need active support through publicly funded employment. The number of employment-generating measures increased slightly to 5,065 places compared to the same month of the previous year (+296). However, the newly introduced instruments of §§16e and 16i SGB II (with approx. 1,300 positions in June) hardly have a positive effect, but they are apparently almost neutralized by the dismantling of other instruments. Their share of only 6.4% of the total of 79,652 labor market policies is completely unsatisfactory. The total number of long-term unemployed is 49,401, or 25.5%, and in SGB II as much as 41.2% of all unemployed, and it is precisely these people who need employment-generating measures, as they often have no more opportunities in the labor market."* (AG Arbeit 2019).

"In 2018, the Federal Employment Agency (BA) spent around 104,000 people per month on publicly subsidized employment (in Germany). With the 2012 reform of the instrument, labor market policy measures of publicly subsidized employment were massively reduced. After a slight increase by the federal programs, the number of participants has now fallen again."

Measures of publicly subsidized employment included employment opportunities in 2018, better known as "one-euro jobs", the promotion of employment relationships (FAV) and the two federal programs Social Participation and the integration of long-term unemployed beneficiaries. In terms of employment opportunities, the number of participants dropped to just under 72,000. The employment subsidy (BEZ) was summarized in 2012 together with the employment opportunities in the pay alternative to the instrument for employment promotion (FAV). In 2018, the FAV counted around 7,000 participants."

The federal program Social Participation in the Labor Market and the ESF federal program for the integration of long-term unemployed beneficiaries led in 2016 and 2017 to a slight increase in the number of participants. However, both programs expired last year. In the federal program Social Participation in the Labor Market, just under 15,200 participants were funded each month in 2018. In the ESF federal program, the monthly number of participants in 2018 was almost 8,000." (O-Ton Arbeitsmarkt 2019b).

Figure 2: Development of publicly subsidised employment in Germany (annual averages, portfolio 2005 to 2018*)



Source: O-Ton Arbeitsmarkt 2019b

Translation (from left to right):

* 2018 extrapolated provisionally

Job opportunities

Job creation schemes

Employment subsidies

Citizen work

Promotion of employment relationships

Federal programmes

As a result, it is important to note that labour market instruments, which are particularly important for the long-term unemployed, have been increasingly reduced, especially for those who have few opportunities in the general labour market. At present, it can be observed that the new instruments for long-term employment promotion cannot even compensate for the expiring model attempts to participate in work, let alone the reduction of previous employment opportunities. It is doubtful whether this trend can be reversed in the coming months and years.

In general, however, it has to be stated that the labour market instruments laid down in the social legislation cover a broad spectrum. The gaps are created by the fact that these laws are traditionally provided with far too little financial resources to realize the actual support needs. As a result, these funds are mostly used for those unemployed who are likely to have better job placement opportunities, while the long-term unemployed are often disadvantaged both in the general allocation of funds and in individual support (see German Report on target group segmentation).

4. The potential of the Social Impact Vouchers program in view of the shortcomings of the labour market policy in Germany / Baden-Württemberg

Given the background of the numbers and the extent of social unemployment, private resources are likely to be poorly targeted. However, it was always important for diakonia / social enterprise stuttgart to be able to demonstrate on a small scale, which tools are particularly important for the long-term unemployed and how they have to be designed in order to actually be accepted by people.

4.1. General considerations concerning the viability of the Social Impact Vouchers

In the past, it has repeatedly been shown that it is difficult to acquire private funds to support the long-term unemployed. The assessment that support as a state and social security task is being carried out at a high level, as well as the prejudice that many people have caused their own unemployment are widespread.

Even within the church and diakonia / social enterprise Stuttgart, the acceptance of this field of work must be constantly and repeatedly promoted. Although it was possible for the first time in 2013 that the Evangelical Church in Württemberg provided money for direct support of long-term unemployed, the current program of participation and employment vouchers expires in 2020. It will probably not be possible to continue to provide church funds for this purpose unless other partners and supporters can be recruited for this program.

Although, as was already pointed out in the report on the Social Impact Investment in Germany, there is a comprehensive and differentiated foundation system in Germany, the promotion of long-term unemployed and labour market projects is not widely spread. This can be a starting point to give the previous employment voucher / SIV a longer-term perspective, by specifically asking foundations and foundations associations for support of this model.

Diakonia / social enterprise stuttgart see the SIV Interreg project as an opportunity to further develop the existing program and to gain new partners in order to be able to organize work and participation for the long-term unemployed in the future.

4.2. The Social Impact Vouchers as an addition to alternative programs addressing the target group of long-term unemployed

Apart from the fact that employment-creating measures have traditionally been implemented on too small a scale by the employment agencies and job centres so that SIV are already meeting a major shortage and need for employment measures, these measures have in the past been largely limited by the fact that they had to be additional and neutral in competition. They were thus far removed from the real labour market in terms of content and working conditions. Not least through the years of political commitment of the charities, it has been possible to achieve that the model tests since 2015 and also the new instruments of SGB II since 2018 no longer have to fulfil these conditions.

However, especially the new instruments of SGB II require high prerequisites in order for a long-term unemployed person to be placed in one of these publicly funded positions. In order to benefit from up to five years of support for a job (§ 16i SGB II), the persons must usually be six years in the benefit reference. In order to benefit from up to two years of support for a position (§16e SGB II), the persons must have been

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unemployed for at least two years. - There are many people whose benefit and / or unemployment have been interrupted over and over again and who therefore do not fulfil these conditions, but who nevertheless require support from subsidized employment. In these cases, SIV / employment vouchers can be an addition to the flat-rate regulated general legal instruments, as they can be implemented individually and without much bureaucracy.

The SIV / employment vouchers can be used to support persons who do not meet the formal requirements for the general labour market instruments and can also support persons who cannot benefit from the general labour market instruments due to very different causes (e.g. absenteeism, stressfulness, conflicts in the workplace). Remedying unemployment in these cases can also avoid the high risk of negative health and psychological consequences.

So far, the instruments of SGB II and SGB III have been financed exclusively by the employment agency (social insurance) and the job centres (federal budget). Employment-generating measures, too, are wholly or partly financed and thus work like a wage subsidy to the employer and there are no refinancing models for this wage subsidy from employers until they have been successfully and long-term mediated by this support. Especially in times of a growing shortage of skilled workers, there is the opportunity to raise additional funds for the active promotion of long-term unemployed people. The companies that previously used unemployed people with the support of the SIV / vouchers can also be requested as beneficiaries for refinancing. This approach could also be presented to the social partners (trade unions and employers' organizations) as possible additional partners.

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Overview of active and passive labour market instruments in Hungary

1. General overview of available labour market instruments in Hungary

As we have seen in the 1st part of the Country Report (Report and Infographics for Target Group Segmentation) the Hungarian labour market has been going through constant change during the last decade. While the mass unemployment and long-term unemployment had been the main challenges during the years of the crisis, recently the exhaustion of the labour force reserve and the lack of labour force are the major problems for the employers, the economy and the employment policies in Hungary.

This constant transformation of the labour market induced continuous changing of the labour market instruments applied for tackling the actual and most pressing employment problems, however due to legal and administrative inertia the adaptation of labour market instruments and policies to the rapidly changing labour market circumstances is usually months or sometimes years behind.

In the following, we try to provide a general overview of the currently available passive and active labour market instruments in Hungary, in order to give an insight into the directions and trends of the Hungarian labour market policies. This overview is based on the 2017 situation of the Hungarian labour market and labour market policy, since this is the latest year, from which the most complete spectrum of statistical data and information is published and accessible publicly. According to these data, the share of passive and active labour market instruments was formed in 2017 as follows:

Table 1: Breakdown of labour market policy instruments in 2017 in Hungary

Breakdown of labour market policy instruments in 2017 in Hungary				
Instruments	Expenditures in 2017 (thousand HUF)	Share	Affected beneficiaries in 2017	Share
Passive	97,920,347	22.47%	494,479	60.20%
Active	337,915,232	77.53%	326,857	39.80%
Together	435,835,579	100.00%	821,336	100.00%

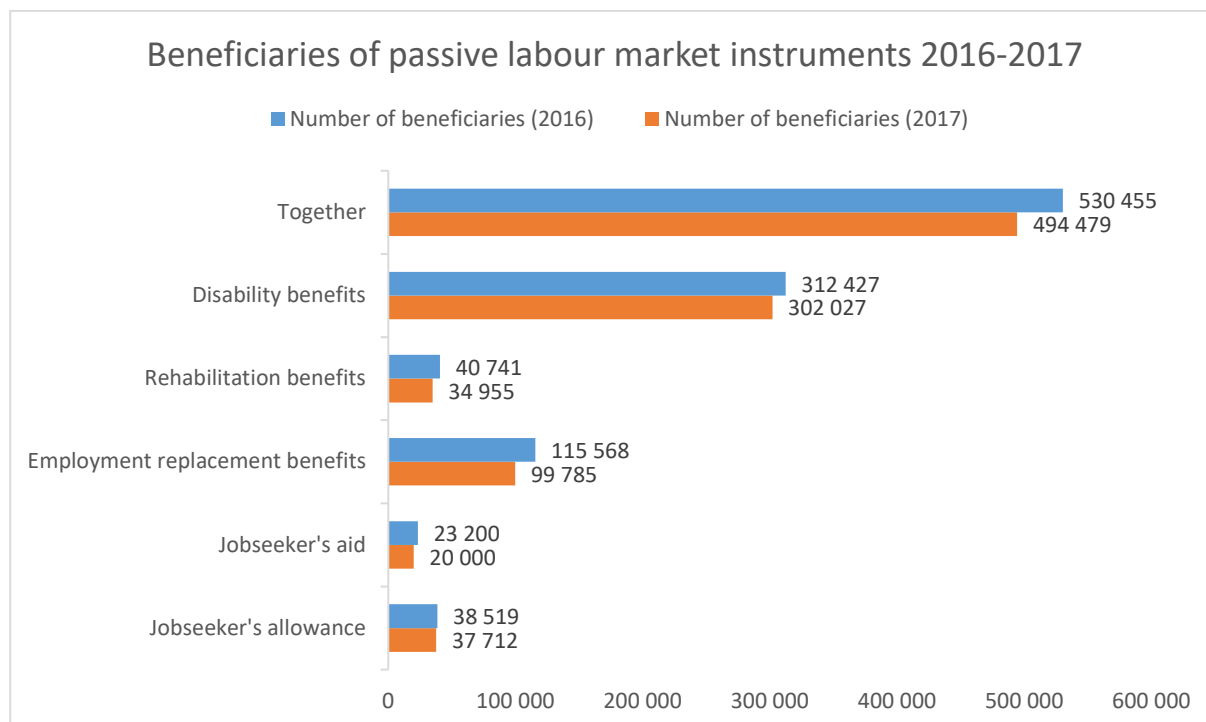
Source: own representation IFKA, based on KSH n.d.a, KSH n.d.b, KSH n.d.c, NFSZ n.d.j, NFSZ n.d.m, parlament n.d.a

1.1. Passive labour market instruments

Passive labour market instruments affected 60.20% of the total of 821,336 beneficiaries of labour market instruments in Hungary in 2017, while their share in the total expenditures of labour market instruments was 22.53%. These expenditures had been financed by the National Employment Fund, the Health Insurance Fund and the Central Budget of Hungary (parliament n.d.a, parliament n.d.b, jogtar n.d.a, kormanyhivatal n.d.a, jogtar n.d.c).

The number of beneficiaries of passive labour market instruments had decreased between 2016-2017 as it can be seen on the following diagram. This decrease indicates the relocation of the emphasis of labour market policy from the passive to the active labour market instruments.

Figure 1: Beneficiaries of passive labour market instruments in 2016-2017 in Hungary



Source: own representation IFKA, based on: KSH n.d.c, parliament n.d.b, KSH n.d.b

In the following, we provide short description of these passive labour market instruments.

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Table 2 Description of passive labour market instruments in 2017 in Hungary

Description of passive labour market instruments in 2017 in Hungary					
Labour market instruments		Description	Number of beneficiaries (2017)	Expenditures (2017) (thousand HUF)	Source
1. Unemployment benefits	1.1 Job seeker's allowance	<p>The Hungarian unemployment benefits system significantly changed in the last years in order to incite the faster return of the unemployed to the labour market.</p> <p>As the first component of the Hungarian unemployment benefits system, the Job seeker's Allowance is available only for those registered job seekers who have had at least 360 days of cumulated employment relationship 3 years prior to becoming unemployed.</p> <p>Disbursement period: maximum 90 days. Amount of the benefit: 60% of the labour market contribution base (the last average wage of the beneficiary), but not more than the 100% of the minimum wage. (NFSZ n.d.i, KSH n.d.c, parliament n.d.a)</p>	37,712	36,480,000 ¹	National Employment Fund
	1.2 Job seeker's aid	<p>As the second component of the Hungarian unemployment benefit system, the aid is available only for those registered job seekers who will reach the normative retirement age limit within not more than 5 years and formerly received Job seeker's Allowance for at least 45 days.</p> <p>Disbursement period: until the subject of the aid qualifies for old-age pension or for the benefits of people with reduced working capacities Amount of the benefit: 40% of the minimum wage. (NFSZ n.d.j, parliament n.d.a)</p>	20,000 ²	9,960,000 ³	National Employment Fund

¹ Planned data based on the 2017 year budget of the National Employment Fund. (NFA)

² Planned data based on the 2017 year budget of the National Employment Fund. (NFA)

³ Planned data based on the 2017 year budget of the National Employment Fund. (NFA)

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	<p>1.3 Employment replacement benefits</p>	<p>As the third component of the Hungarian unemployment benefits system, the Employment Replacement Benefits are available for those registered job seekers, who meet the following requirements:</p> <ul style="list-style-type: none"> • Eligibility for Active Age Benefits (average monthly income per person in the household does not exceed 90% of the minimum old age pension and the household does not own wealth), but not for Health and Child Care benefits (Active Age Benefits consists of two components: a) Health and Child Care Benefits; b) Employment Replacement Benefits) • Disbursement of Job seeker's Allowance or Job seeker's Aid has expired • Disbursement of Job seeker's Allowance or Job seeker's Aid is terminated due to earning activity before the end of the disbursement period and, after finishing the earning activity, neither the Job seeker's Allowance nor the Job seeker's Aid can be claimed for ineligibility reasons • Cooperation with state employment organization for at least 1 year in a two years' period before applying for the benefit • Cooperation with the state employment organization during the disbursement time of the benefit, which includes the yearly revision of the eligibility for the benefits. <p>Disbursement period: Until the subject of the benefits meets the above requirements (yearly revised) Amount of the benefit: 80% of the minimum old age pension. (jogtar n.d.a, KSH n.d.b)</p>	99,785 ⁴	27,382,626	Central Budget
<p>2. Benefits of people with reduced working capacities</p>	<p>2.1 Rehabilitation benefits</p>	<p>Rehabilitation benefits are available for those who:</p> <ul style="list-style-type: none"> • Have had a social insurance legal relationship for at least 1,095 days within 5 years, or 2,555 days within 10 years or 3,650 days within 15 years before applying for the benefits • Do not perform any earning activities • Do not receive regular benefits, aids or other financial support • Cooperate with the rehabilitation authority (includes the revision of the decision of the rehabilitation authority) and fulfils the obligations set out in the rehabilitation plan • Belong to one of the following groups <ul style="list-style-type: none"> a) people with 51-60% health status whose employability is recoverable with rehabilitation. 	34,955	1,618,137 ⁵	Health Insurance Fund

⁴ Monthly average number of beneficiaries addressed by the instrument (KSH)

⁵ Average monthly cost per beneficiary multiplied by the number of beneficiaries (KSH)

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	<p>b) people with 31-50% health status whose continuous employment rehabilitation is necessary.</p> <p>Disbursement period: until the subject of the benefits meets the above criteria, but up to the maximum of 36 months (after the expiration of the disbursement period, the benefits might be re-claimed at the rehabilitation authority). Disbursement of the benefits must be terminated if the subject of the benefits performs earning activities and his/her monthly salary exceeds the 150% of the minimum wage during 3 continuous months.</p> <p>Amount of the benefit: The amount of the benefits is based on the former average monthly income of the subject and the centrally defined baseline amount (101,560 HUF/month in 2019).</p> <ul style="list-style-type: none"> In case of group a): 35% of the average monthly income, minimum 30% maximum 40% of the baseline amount In case of group b): 45% of the average monthly income, minimum 40% maximum 50% of the baseline amount (KSH n.d.a, kormanyhivatal n.d.a, jogtar n.d.c) 			
2.2 Disability benefits	<p>Disability benefits are available for those who:</p> <ul style="list-style-type: none"> Have had social insurance legal relationship for at least 1,095 days within 5 years, or 2,555 days within 10 years or 3,650 days within 15 years before applying for the benefits Do not perform any earning activities Do not receive regular benefits, aids or other financial support Cooperate with the rehabilitation authority during the revision of his/her health status Belong to one of the following groups <ul style="list-style-type: none"> a) people with 51-60% health status whose employability is recoverable with rehabilitation but the rehabilitation is not recommended for complex reasons. b) people with 31-50% health status whose employability is recoverable with rehabilitation but the rehabilitation is not recommended for complex reasons. c) people with 1-30% health status who are only employable with continuous support d) people with 1-30% health status who totally or partially lost their self-sustaining abilities <p>Disbursement period: a lifelong disbursements as long as the subject of the benefits meets the above criteria. Disbursement of the benefits must be terminated if the health status of the subject of the benefits significantly improves or he/she performs earning activities and his/her monthly salary exceeds 150% of the minimum wage for 3 continuous months.</p>	302,027	22,839,584 ⁶	Health Insurance Fund

⁶Average monthly cost per beneficiary multiplied by the number of beneficiaries (KSH)

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	<p>Amount of the benefit: The amount of the benefits is based on the former average monthly income of the subject and the centrally defined baseline amount (101,560 HUF/month in 2019).</p> <ul style="list-style-type: none"> • In case of group a): 40% of the average monthly income, minimum 30% maximum 45% of the baseline amount • In case of group b): 60% of the average monthly income, minimum 45% maximum 150% of the baseline amount • In case of group c): 65% of the average monthly income, minimum 50% maximum 150% of the baseline amount • In case of group d): 70% of the average monthly income, minimum 55% maximum 150% of the baseline amount (KSH n.d.a, kormányhivatal n.d.a, jogtar n.d.c) 			
Together		494,479	97,920,347	

Source: own representation IFKA

1.2. Active labour market instruments

According to the publicly accessible statistical data, active labour market instruments affected 39.80% of the total of 821,336 beneficiaries of labour market instruments in Hungary in 2017, while their share in the total expenditures of labour market instruments was 77.47%. These expenditures had been financed by the National Employment Fund - Decentralized Sub-fund, the National Employment Fund - Public Works Scheme supports appropriation and the following four main EU programmes (parliament n.d.a, parliament n.d.b, <https://nfsz.munka.hu/>):

- EDIOP (Economic Development and Innovation Operative Programme) -5.1.1-15-2015-00001 "Road to the Labour Market" priority project in the less developed regions of Hungary
- CCHOP (Competitive Central Hungary Operative Programme) -8.1.1-14-2015-00001 "Road to the Labour Market" priority project in the Central Hungarian region
- EDIOP-5.2.1-15-2015-00001 "Youth Guarantee" priority project in the less developed regions of Hungary
- CCHOP-8.2.1-15-2015-00001 "Youth Guarantee program in the Central Hungarian region" priority project

In the following table, we present the distribution of the different active labour market instruments in 2017, according to the number of affected beneficiaries and how it changed between 2016-2017, which clearly shows which trends characterized the Hungarian labour market recently.

Table 3: Breakdown and change of active labour market instruments in 2016-2017 in Hungary

Breakdown and change of active labour market instruments in 2016-2017 in Hungary					
Instruments	Number,of,beneficiaries		Change	Share	
	2016	2017		2016	2017
Educational programmes	25,,960	32,,062	23..5%	7..29%	9..81%
Employment increasing wage subsidies	10,865	12,620	16.2%	3.05%	3.86%
Wage costs subsidies	71,085	82,114	15.5%	19.97%	25.12%
Job seekers subsidies for becoming entrepreneurs	7,175	9,802	36.6%	2.02%	3.00%
Mobility supports	3,159	1,983	-37.2%	0.89%	0.61%
Job creation and job protection supports	14,290	8,785	-38.5%	4.01%	2.69%
Public Works Scheme	223,469	179,491	-19.7%	62.77%	54.91%
Total	356,003	326,857	-8.2%	100.00%	100.00%

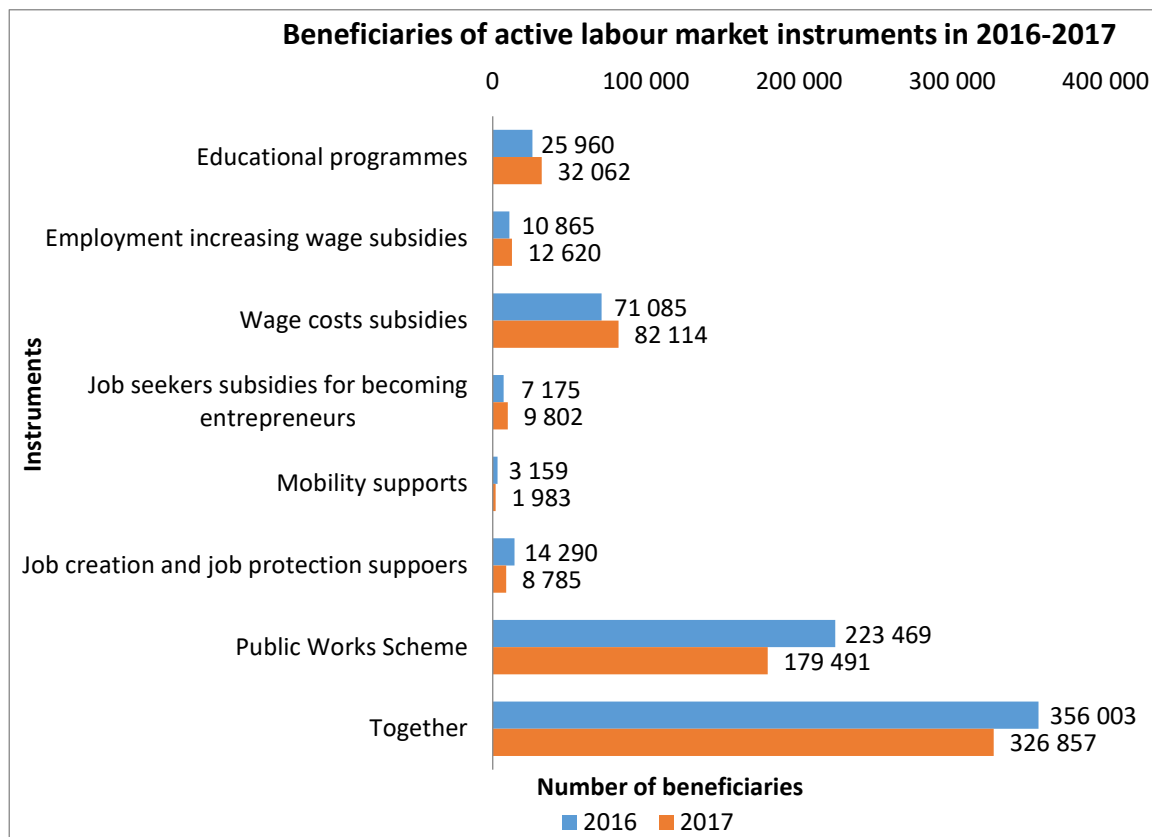
Source: own representation IFKA, based on NFSZ n.d.m

According to the above data, we see that the public works scheme is still the most important active labour market instrument in Hungary. Nearly 55% of the beneficiaries (223,469 people) had been addressed by this instrument.

Beside the public works scheme, the wage costs subsidies (71,085 people, 25.12% of the beneficiaries), the educational programmes (25,960 people, 9.81%) and the employment increasing wage subsidies (10,865 people, 3.86%) were the most important instruments in 2017 regarding the number of affected people.

The following diagram shows how the number of the beneficiaries of the active labour market instruments changed between 2016-2017, which also represents how the labour market policy strategy has changed slowly in the recent past, according to the recent labour market transformations in Hungary.

Figure 2: Beneficiaries of active labour market instruments in 2016-2017 in Hungary



Source: own representation IFKA, based on NFSZ n.d.m

Comparing the number of beneficiaries that accessed different active labour market instruments in 2016 and 2017, we can see a general decrease in the number of beneficiaries of these instruments. This was caused by the nearly 20% decrease of beneficiaries of the public works scheme.

Besides this, the importance of Mobility supports and Job creation and job protection supports had also decreased by 37.2% and 38.5% between 2016 and 2017.

Meanwhile, the number of beneficiaries increased in the Educational programmes (23.5%), Employment increasing wage subsidies (16.2%), Wage costs subsidies (15.5%) and Job seekers subsidies for becoming entrepreneurs 36.6%.

These changes clearly show that the dominance of the public works scheme, which has characterized the 'palette' of active labour market instruments since 2012, had been broken in 2017, and according to the recent labour market data, this trend of decrease still continues.

In the following table, we give a description of the above-mentioned active labour market instruments.

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Table 4: Description of active labour market instruments in 2017 in Hungary

Description of passive labour market instruments in 2017 in Hungary					
Labour market instruments		Description	Number of beneficiaries (2017)	Expenditures (2017) (thousands HUF)	Source
1. Educational programmes	1.1 Employment supporting labour market trainings	<p>The "Employment supporting labour market trainings" is an employment promotion active labour market instrument, which might increase the chance to find or keep a job in case of the unemployed or the employed in the risk of job-loss.</p> <p>Only those trainings may be supported, which are offered or accepted by the state employment service (National Employment Service) in case of the following target groups:</p> <ul style="list-style-type: none"> • registered job seekers • people under 25 years (30 years in case of higher education) not qualified for Job seeker's allowance or Job seeker's Aid. • people receiving childcare benefits • people receiving rehabilitation benefits • those who are in risk of losing their jobs within 1 year (officially reported by the employer) • participants of the public works scheme • those, who are employed but whose regular employment cannot be ensured without training <p>Means and extent of support for trainees</p> <ul style="list-style-type: none"> • salary supplement or salary replacement allowance (minimum 60% and maximum 100% of the public employee wage) • training and examination costs (max. 100%) • travel costs (max. 100%) • meal costs (max. 100%) • accommodation costs (max. 100%) • childcare costs (max. 100%) • costs of care for relatives (max 100%) (NFSZ n.d.a, NFSZ n.d.m) 	5,462	526,100	National Employment Fund - Decentralized Sub-fund

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	<p>1.2 Labour market training support</p>	<p>Labour market trainings support is provided by the state employment service (National Employment Service) within the frameworks of the following programmes:</p> <ul style="list-style-type: none"> • EDIOP (Economic Development and Innovation operative Programme) -5.1.1-15-2015-00001 "Road to the Labour Market" priority project in the less developed regions of Hungary • CCHOP (Competitive Central Hungary Operative Programme) -8.1.1-14-2015-00001 "Road to the Labour Market" priority project in the Central Hungarian region • EDIOP-5.2.1-15-2015-00001 "Youth Guarantee" priority project in the less developed regions of Hungary • CCHOP-8.2.1-15-2015-00001 "Youth Guarantee program in the Central Hungarian region" priority project <p>Objectives.</p> <ul style="list-style-type: none"> • EDIOP-5.1.1 and CCHOP-8.1.1: Improving the employability of job seekers and the inactive, in particular those with low educational qualifications, promoting their employment on the open labour market, and supporting the transition from the public works scheme to private employment in case of public employees. • EDIOP-5.2.1 and CCHOP-8.2.1: Supporting young people to enter to the labour market or study with complex, personalized support and services tailored to local labour market opportunities and needs. <p>Target groups:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1 and CCHOP-8.1.1: registered job seekers, public employees and inactives between 25-64 years • EDIOP-5.2.1 and CCHOP-8.2.1: NEETS between 15-24 years <p>Means and extent of support for trainees</p> <ul style="list-style-type: none"> • salary supplement or salary replacement allowance • training and examination costs (max. 100%) • travel costs (max. 100%) • meal costs (max. 100%) • accommodation costs (max. 100%) • childcare costs (max. 100%) • costs of care for relatives (max 100%) (NFSZ n.d.b, NFSZ n.d.m) 	<p>26,600</p>	<p>No information on the breakdown of expenditures is available. Cumulated expenditures of the related programmes in 2017 are indicated at the bottom of the table</p>	<p>EDIOP-5.1.1 (ESF) EDIOP-5.2.1 (ESF+YEI) CCHOP-8.1.1 (ESF) CCHOP-8.2.1 (ESF+YEI)</p>
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2. Wage subsidies	2.1 Employment increasing wage subsidy from national funds	<p>Employment increasing wage subsidy might be provided for those employers, which undertake the employment of the following target groups:</p> <ol style="list-style-type: none"> 1. Disadvantaged job seekers: <ol style="list-style-type: none"> a) job seekers with lower education (maximum 8 grades of primary education) b) job seekers over 50 years c) job seekers under 25 years d) long term (over 6 months) unemployed persons e) adult job seekers living alone with one or more dependent persons in his or her own household f) job seekers receiving child care benefits within 12 months before the employment g) job seekers on pre-trial detention or spending imprisonment penalty within 12 months before the employment h) job seekers who finished their studies at least 2 years before and never have been regular paid employees 2. Severely disadvantaged job seekers <ol style="list-style-type: none"> a) long term unemployed job seekers (at least 24 months) b) long term unemployed disadvantaged job seekers (at least 12 months) 3. Job seekers with reduced working capacities <p>Means and extent of employment increasing wage subsidy:</p> <ol style="list-style-type: none"> 1. 50% of the wage and the social contribution tax costs during 1 year in case of disadvantaged job seekers and 2 years in case of severely disadvantaged job seekers 2. 60% of the wage and the social contribution tax costs during 1 year in case of job seekers with reduced working capacities and 2 years in case of severely disadvantaged job seekers with reduced working capacities 3. 70% of the wage and the social contribution tax costs in case of social cooperative employers (NFSZ n.d.m, NFSZ n.d.u) 	12,620	759,100	National Employment Fund - Decentralized Sub-fund
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	<p>2.2 Employment increasing wage subsidy from EU funds</p>	<p>Employment increasing wage subsidy is provided by the state employment service (National Employment Service) to the employers within the frameworks of the following programmes:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1-15-2015-00001 • CCHOP-8.1.1-14-2015-00001 • EDIOP-5.2.1-15-2015-00001 • CCHOP-8.2.1-15-2015-00001 <p>Objectives: Same as in case of "Labour market training support" (see point 1.2. in the current table)</p> <p>Target groups: Same as in case of "Labour market training support" (see point 1.2. in the current table)</p>		<p>No information on the breakdown of expenditures is available. Cumulated expenditures of the related programmes in 2017 are indicated at</p>	<p>EDIOP-5.1.1 (ESF) EDIOP-5.2.1 (ESF+YEI) CCHOP-8.1.1 (ESF) CCHOP-8.2.1 (ESF+YEI)</p>
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		<p>Means and extent of employment increasing wage subsidies:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1 and CCHOP-8.1.1: those employers are eligible for the subsidy which undertake the employment of the following target groups: <ol style="list-style-type: none"> 1. Disadvantaged job seekers: <ol style="list-style-type: none"> a) job seekers with lower education (maximum 8 grades of primary education) b) job seekers over 50 years c) long term (over 6 months) unemployed persons d) adult job seekers living alone with one or more dependent persons in his or her own household e) job seekers receiving child care benefits within 12 months before the employment f) job seekers on pre-trial detention or spending imprisonment penalty within 12 months before the employment g) job seekers who finished their studies at least 2 years before and never have been regular paid employee 2. Severely disadvantaged job seekers <ol style="list-style-type: none"> a) long term unemployed job seekers (at least 24 months) b) long term unemployed disadvantaged job seekers (at least 12 months) 3. Job seekers with reduced working capacities <p>Disbursement period of the subsidy: maximum 8 months (beneficiaries undertake further employment obligations for the first 50% of the length of the subsidized employment) Subsidy intensity: maximum 70% of the wage and social contribution tax costs.</p> <ul style="list-style-type: none"> • EDIOP-5.2.1 and CCHOP-8.2.1: those employers are eligible for the subsidy, which undertake the employment of the following target groups: <ol style="list-style-type: none"> 1. Disadvantaged job seekers: <ol style="list-style-type: none"> a) job seekers with lower education (maximum 8 grades of primary education) b) job seekers under 25 years 		<p>the bottom of the table</p>	
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		<ul style="list-style-type: none"> c) long term (over 6 months) unemployed persons d) adult job seekers living alone with one or more dependent persons in his or her own household e) job seekers receiving child care benefits within 12 months before the employment f) job seekers on pre-trial detention or spending imprisonment penalty within 12 months before the employment g) job seekers who finished their studies at least 2 years before and never have been regular paid employees <p>2. Severely disadvantaged job seekers</p> <ul style="list-style-type: none"> h) long term unemployed job seekers (at least 24 months) i) long term unemployed disadvantaged job seekers (at least 12 months) <p>3. Job seekers with reduced working capacities</p> <p>Disbursement period of the subsidy: maximum 8 months (beneficiaries undertake further employment obligations for the first 50% of the length of the subsidized employment) Subsidy intensity: maximum 70% of the wage and social contribution tax costs. (NFSZ n.d.m, NFSZ n.d.t, NFSZ n.d.v, NFSZ n.d.x, NFSZ n.d.y)</p>			
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	<p>2.3 Wage costs subsidies</p>	<p>Wage costs subsidies are provided by the state employment service (National Employment Service) to the employers within the frameworks of the following programmes:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1-15-2015-00001 • CCHOP-8.1.1-14-2015-00001 • EDIOP-5.2.1-15-2015-00001 • CCHOP-8.2.1-15-2015-00001 <p>Objectives: Same as in case of "Labour market training support" (see point 1.2. in the current table)</p> <p>Target groups: Same as in case of "Labour market training support" (see point 1.2. in the current table)</p> <p>Means and extent of wage costs subsidies:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1 and CCHOP-8.1.1: <ol style="list-style-type: none"> a) Scheme 1 - maximum 90 days, maximum 100%, de minimis: supporting work experience gaining in case of the following target groups: a) school leavers between 25 and 30 years, b) job seekers with lower education, c) long term (over 6 months) unemployed; d) job seekers returning to the labour market after maternity leave or caring for relative; e) job seekers over 50 years b) Scheme 2 - maximum 8+4 months, maximum 70%, de minimis: only for supporting the employment of registered job seekers c) Scheme 3 - maximum 8+4 months, maximum 100%, de minimis: only for supporting the employment of the following target groups: a) job seekers with lower education; b) job seekers over 50 years; c) former public employees entering to private employment • EDIOP-5.2.1 and CCHOP-8.2.1: <ol style="list-style-type: none"> a) Scheme 1 - maximum 90 days, maximum 100%, de minimis: supporting work experience gaining of registered job seeker NEETs b) Scheme 2 - maximum 10+5 months, maximum 100%, de minimis: supporting the employment of registered job seeker NEETs (NFSZ n.d.m, NFSZ n.d.o, NFSZ n.d.p, NFSZ n.d.q, NFSZ n.d.r) 	<p>82,114</p>	<p>No information on the breakdown of expenditures is available. Cumulated expenditures of the related programmes in 2017 are indicated at the bottom of the table</p>	<p>EDIOP-5.1.1 (ESF) EDIOP-5.2.1 (ESF+YEI) CCHOP-8.1.1 (ESF) CCHOP-8.2.1 (ESF+YEI)</p>
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3. Self-employment support	3.1 Job seekers' subsidies from national funds for becoming entrepreneurs	<p>Subsidies might be requested for self-employment in the following forms:</p> <ul style="list-style-type: none"> • Private entrepreneurship • Ownership of private firm • Personal collaboration membership in a joint venture • Small farming <p>Target groups:</p> <ul style="list-style-type: none"> • job seekers • registered job seekers for at least 1 month before applying for the support in case of capital injection • job seekers receiving rehabilitation benefits <p>Means and extent of the subsidy:</p> <ol style="list-style-type: none"> a) Refundable and /or non-non-refundable, interest-free capital injection up to 3 million HUF in tender form b) Non-refundable monthly wage subsidy for maximum 6 months, up to the amount of the obligatory minimum wage, based on a simple request. c) costs of the professional consultancy necessary for starting and performing entrepreneurial activities, based on simple request. (NFSZ n.d.e, NFSZ n.d.m) 	2,500	2,380,000	National Employment Fund - Decentralized Sub-fund
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	<p>3.2 Job seekers' subsidies from EU funds for becoming entrepreneurs</p>	<p>Job seekers' subsidies for becoming entrepreneurs are provided by the state employment service (National Employment Service) within the frameworks of the following programmes:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1-15-2015-00001 • CCHOP-8.1.1-14-2015-00001 • EDIOP-5.2.1-15-2015-00001 • CCHOP-8.2.1-15-2015-00001 <p>Objectives: Same as in case of "Labour market training support" (see point 1.2. in the current table)</p> <p>Target groups: Same as in case of "Labour market training support" (see point 1.2. in the current table)</p> <p>Means and extent of Job seekers' subsidies for becoming entrepreneurs:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1; CCHOP-8.1.1; EDIOP-5.2.1 and CCHOP-8.2.1: <ol style="list-style-type: none"> 1. Non-refundable monthly wage subsidy for maximum 6 months, up to the amount of the obligatory minimum wage, based on a tender process. Eligible target group members: job seekers undertaking self-employment in the following forms: <ul style="list-style-type: none"> ▪ Private entrepreneurship ▪ Ownership of private firm ▪ Personal collaboration membership in a joint venture ▪ Small farming (NFSZ n.d.d, NFSZ n.d.f, NFSZ n.d.g, NFSZ n.d.h, NFSZ n.d.m) 	<p>7,302</p>	<p>No information on the breakdown of expenditures is available. Cumulated expenditures of the related programmes in 2017 are indicated at the bottom of the table</p>	<p>EDIOP-5.1.1 (ESF) EDIOP-5.2.1 (ESF+YEI) CCHOP-8.1.1 (ESF) CCHOP-8.2.1 (ESF+YEI)</p>
<p>4. Job creation investments' support for SMEs</p>	<p>Objectives: supporting job creation investments creating new jobs in order to improve the market position, economic role and development of SMEs.</p> <p>Means and extent job creation investments support: The financial support might be requested in two forms:</p> <ol style="list-style-type: none"> 1. Regional investment support, 20-50% subsidy intensity: <ul style="list-style-type: none"> • purchase of new equipment, machinery, • costs of immaterial assets, • purchase of real estate, • renting and leasing costs related to equipment, buildings 	<p>5,369</p>	<p>69,300</p>	<p>National Employment Fund - Decentralized Sub-fund</p>	

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	<ul style="list-style-type: none"> • construction costs related to the construction of a new buildings /new parts of a building <p>2. De minimis support, 75% subsidy intensity:</p> <ul style="list-style-type: none"> • purchase of new equipment, machinery, • costs of immaterial assets, • purchase of real estate, • renting and leasing costs related to equipments, buildings • construction costs related to the construction of a new buildings /new parts of a building <p>Available support:</p> <ul style="list-style-type: none"> • 1.5 million HUF/job seeker <ul style="list-style-type: none"> ○ additional 0.5 million HUF in case of registered job seekers recruited by the state employment service ○ additional 0.8 million HUF if the registered and state employment service recruited job seekers had been employed as public employees during 12 months before the recruitment ○ additional 0.4 million HUF if the job creation is implemented in legally defined prioritised micro-regions or settlements • Maximum of available support: 240 million HUF (NFSZ n.d.m, kormany n.d.a) 			
5. Job protection subsidies	<p>The subsidy might be provided to those employers, which would have to terminate employment relationships with their employees for operational reasons, but intend to keep the affected employees further employed.</p> <p>The subsidy might be claimed only after those employees, who have been employed by the applicant enterprise for at least 6 months.</p> <p>The subsidy is available only for those employers which undertake the following obligations:</p> <ul style="list-style-type: none"> • Further employment of the subsidized employees for a period equal with the subsidized employment time • Keeping the statistical number of employees during the period of the subsidized employment and the further employment. 	3,416	1,885,500	National Employment Fund - Decentralized Sub-fund

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		Maximum time of subsidized employment: 12 months Available subsidy: 25-90% of the wage and social contribution tax costs of the employees in the risk of dismissal but not more than 150% of the minimum wage. (NFSZ n.d.m, NFSZ n.d.z)			
6. Mobility supports	6.1 Collective transportation support from national funds	<p>The subsidy is available for those employers, which provide return collective transportation service for their employees between their home (place of residence) and the place of work.</p> <p>Further criteria of the support is that the home/place of residence of the employees affected by collective transportation is to be situated in such settlements which are not accessible by public transportation, or it is disproportionately difficult to reach by these means.</p> <p>The support may cover only the legally defined share of the employers in the costs of public transportation passes for the itinerary between the employee's home (place of residence) and the place of work. Disbursement period: maximum 12 months (NFSZ n.d.m, NFSZ n.d.s)</p>	68	21,700	National Employment Fund - Decentralized Sub-fund
	6.2 Regional transportation support from national funds	<p>Regional travel support may be requested by the employers and the registered as job seekers. In case of employers the support covers the reimbursement costs up to the legally defined 86% of the price of public transportation passes or tickets bought and presented by the employees for commuting to work if,</p> <ul style="list-style-type: none"> a) the affected employee had been registered job seeker before his/her employment b) the employer has not dismissed employees from similar job <p>In case of registered job seekers, the support might be requested up to the 60% of the commuting costs if,</p> <ul style="list-style-type: none"> a) there is no public transport service between the home/place of residence and the place of work of the employee; b) the employee is unable or only with a long waiting time able to use the public transportation because of his/her work schedule; c) the employee is unable to use a public transport vehicle because of his / her reduced mobility or severe disability; d) the worker has a child under 10 years attending public education institution or early childcare institution <p>The support may be granted for a maximum period of one year. (NFSZ n.d.c, NFSZ n.d.m)</p>	235		National Employment Fund - Decentralized Sub-fund

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	<p>6.3 Accommodation support from national funds</p>	<p>The support might be provided for the following target groups</p> <ul style="list-style-type: none"> • registered job seekers for at least one month • school leavers registered as job seekers • registered job seekers affected by group dismiss • former public employees registered as job seekers <p>The support might be claimed if:</p> <p>the target group member establishes employment relationship for at least 6 months with at least 20 hours/week working time and the distance between the home/place of residence and the working place is 60 km or more.</p> <p>the target group member do not own real estate for living at the place of work or 60 km or less distance from that.</p> <p>the target group member establishes an employment relationship that is different from his/her last employment, or will be employed in a new working place different from his/her last place of work</p> <p>the target group member wants to arrange his/her housing by renting real estate on the place of work or within the distance of not more than 60 kilometres from that.</p> <p>the salary of the target group member do not exceed the 300% of the minimum wage</p> <p>Disbursement period: maximum of 12 months</p> <p>Extent of the support:</p> <ul style="list-style-type: none"> • maximum of 100 thousand HUFs in case of 1 target group member • maximum of 150 thousand HUFs in case of 2 target group members moving together • maximum of 200 thousand HUFs in case of 3 target group members moving together (NFSZ n.d.c, NFSZ n.d.m) 	<p>1,680</p>	<p>472,100</p>	<p>National Employment Fund - Decentralized Sub-fund</p>
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	<p>6.4 Collective transportation support from EU funds</p>	<p>Collective transportation support from EU funds is also provided by the state employment service (National Employment Service) within the frameworks of the following programmes:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1-15-2015-00001 • CCHOP-8.1.1-14-2015-00001 • EDIOP-5.2.1-15-2015-00001 • CCHOP-8.2.1-15-2015-00001 <p>Means and extent of the support is the same as in case of the national programme (jogtar n.d.b NFSZ n.d.m)</p>		<p>No information on the breakdown of expenditures is available. Cumulated expenditures of the related programmes in 2017 are indicated at the bottom of the table</p>	<p>EDIOP-5.1.1 (ESF) EDIOP-5.2.1 (ESF+YEI) CCHOP-8.1.1 (ESF) CCHOP-8.2.1 (ESF+YEI)</p>
	<p>6.5 Regional transportation support from EU funds</p>	<p>Regional transportation support from EU funds is also provided by the state employment service (National Employment Service) within the frameworks of the following programmes:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1-15-2015-00001 • CCHOP-8.1.1-14-2015-00001 • EDIOP-5.2.1-15-2015-00001 • CCHOP-8.2.1-15-2015-00001 <p>Means and extent of the support is the same as in case of the national programme (jogtar n.d.b, NFSZ n.d.m)</p>		<p>No information on the breakdown of expenditures is available. Cumulated expenditures of the related programmes in 2017 are indicated at the bottom of the table</p>	<p>EDIOP-5.1.1 (ESF) EDIOP-5.2.1 (ESF+YEI) CCHOP-8.1.1 (ESF) CCHOP-8.2.1 (ESF+YEI)</p>

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	<p>6.6 Accommodation support from EU funds</p>	<p>Accommodation support from EU funds is also provided by the state employment service (National Employment Service) within the frameworks of the following programmes:</p> <ul style="list-style-type: none"> • EDIOP-5.1.1-15-2015-00001 • CCHOP-8.1.1-14-2015-00001 • EDIOP-5.2.1-15-2015-00001 • CCHOP-8.2.1-15-2015-00001 <p>Means and extent of the support is the same as in case of the national programme (jogtar n.d.b, NFSZ n.d.m)</p>		<p>No information on the breakdown of expenditures is available. Cumulated expenditures of the related programmes in 2017 are indicated at the bottom of the table</p>	<p>EDIOP-5.1.1 (ESF) EDIOP-5.2.1 (ESF+YEI) CCHOP-8.1.1 (ESF) CCHOP-8.2.1 (ESF+YEI)</p>
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7. Public works scheme	7.1 Support of longer term employment within the frameworks of the public works scheme	<p>General features of public employment in the public works scheme:</p> <ul style="list-style-type: none"> • Public employment relationship might be established only for a fixed term (maximum of 12 months, that can be prolonged by 6 months in case of long term and national programmes) • Probation time cannot be imposed • Ordinary daily working time is 6-8 hours. In case of employees receiving rehabilitation benefits, personal allowance of the blinded or other disability benefits, or employees with at least 40% health deterioration 4-8 hours. • Public employee basic wage is 81,530 HUF, in case of public employees with at least secondary or vocational qualification 106,555 HUF (public employment guaranteed wage), if their job requires that qualification. In case of shift leaders the basic wage is 89,705 HUF or 117,245 HUF (public employment guaranteed wage) if he or she has secondary or vocational qualification and the job requires that qualification. • Number of paid holidays is 20 working days • Public employees receive 70% of their basic or guaranteed public employment wage in case of sick-leave • The public employer must permit unpaid leave to the public employee if he or she signs in for a minimum of 3 days, maximum of 120 days long fixed term employment relationship at non-public employers • Public employee is exempt his or her working obligations in case of attending on work interview. • Public employee might be excluded from the public works scheme if <ul style="list-style-type: none"> ○ he or she is sanctioned for violating the education law for his/her school age children absence from school ○ he or she violates local regulations regarding the order of the living environment • Registered job seekers cannot be recruited to the public works scheme during 3 months after the registration if they are not in public employment relationship already. 	78,169	99,815,901	National Employment Fund - Public Works Scheme supports appropriation
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		<ul style="list-style-type: none"> • Job seeker cannot be recruited to the public works scheme if his or her employment relationship had been terminated within a prior 3 months period with employee quit or extraordinary immediate dismiss by the employer. • Public employee might be excluded from the public works scheme, if he or she do not accept the job offered <ul style="list-style-type: none"> ◦ his / her public employment relationship had been terminated with extraordinary immediate dismiss by the public employer ◦ he/she do not accept the training offered by the state employment service. <p>Specific features of longer term employment within the frameworks of the public works scheme:</p> <ul style="list-style-type: none"> • Longer term public employment programmes may last up to 12 months that can be prolonged by a maximum of 6 months • Longer-term public employment supports the achievement of public interest objectives related to the performance of tasks affecting local communities or the general public interest activities. • The majority of the supported programmes are implemented by the municipalities. (kozoglalkoztatás n.d.a, kozoglalkoztatás n.d.b, NFSZ n.d.m) 			
	7.2 Support of the national level public works scheme programmes	<p>Specific features of the National level public works scheme programmes:</p> <ul style="list-style-type: none"> • The national level public employment programmes may be supported within the public works scheme if they are aimed at achieving public interest objectives defined by the Parliament or the Government • Subsidies to public employers implementing national level public employment programmes may be granted if they provide employment supporting trainings. • The largest public employers implementing national level public employment programmes are: <ul style="list-style-type: none"> ◦ water management directorates, ◦ state forestry organizations, ◦ national park directorates, ◦ water management associations, ◦ law enforcement organizations ◦ Hungarian State Railways (kozoglalkoztatás n.d.a, kozoglalkoztatás n.d.d, NFSZ n.d.m) 	34,041	55,477,201	National Employment Fund - Public Works Scheme supports appropriation

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	7.3 Micro-regional "Start work" model programmes	<p>Specific features of the Micro-regional "Start work" model programmes: 'Start work' model programmes in the micro regions basically are longer-term public employment programs, which are designated as model programmes, since they are aimed at the implementation of specific tasks related to the development of disadvantaged settlements defined by the 290/2014. (XI. 26.) government decree on the classification of beneficiary micro regions and the 105/2015. (IV. 23.) government decree on the classification of beneficiary settlements.</p> <p>There are 7 supportable program elements defined by the Ministry of Interior within the frameworks of the "Start Works" model programmes:</p> <p>A. Value creation programme elements</p> <ol style="list-style-type: none"> 1. Agricultural programmes 2. Programmes based on local particularities <p>B. Social programme elements</p> <ol style="list-style-type: none"> 3. Inland water drainage 4. Maintenance of agricultural roads, 5. Maintenance of the internal road networks, 6. Liquidation of illegal garbage dumps, 7. Use of bio and renewable energy (kozfoglalkoztatás n.d.a, kozfoglalkoztatás n.d.c, NFSZ n.d.m) 	67,281	105,513,330	National Employment Fund - Public Works Scheme supports appropriation
8. Labour market services	<p>The state employment service provides the following labour market services to job seekers and employers in order to increase employability and the volume of employment in Hungary:</p> <ul style="list-style-type: none"> • Labour force recruitment • Job seekers' club • Rehabilitation consultancy • Psychological consultancy • Local (regional) employment consultancy • Mentoring • Employment Information Consultant • Employment Information Points • EUROFIT • EURES (NFSZ n.d.k, NFSZ n.d.m) 	No information on the breakdown of the number of beneficiaries is available.	1,320,600	National Employment Fund - Decentralized Sub-fund	
Together			326,857	266,920,232	

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EDIOP-5.1.1-15-2015-00001 (2017) (NFSZ n.d.m)	40,104,000	
EDIOP-5.2.1-14-2015-00001 (2017) (NFSZ n.d.m)	25,154,000	
CCHOP-8.1.1-15-2015-00001 (2017) (NFSZ n.d.m)	3,944,000	
CCHOP-8.2.1-15-2015-00001 (2017) (NFSZ n.d.m)	1,793,000	
Altogether	337,915,232	

Source: own representation IFKA

2. Available labour market instruments in Hungary specifically designed for groups at risk of long-term unemployment

According to the above descriptions, the national level active and passive labour market instruments financed from the central budget, different central funds and EU funded priority projects intend to solve the unemployment in general with a global approach.

In spite of this general approach, the groups at risk of long term unemployment appear emphatically among the target groups of some of the above mentioned passive and active labour market instruments as follows:

I. Passive instruments:

1. Jobseeker's aid (see table 2, section 1.2): The benefit provides financial support to elderly job seekers who are at risk of long term unemployment according to the target group segmentation.
2. Rehabilitation benefits (see table 2, section 2.1.): The benefit provides financial support to job seekers with reduced working capacities receiving rehabilitation, another group that is exposed to the risk of long-term unemployment.
3. Disability benefits (see table 2, section 2.2.): The benefits provide financial support to disabled people who cannot be rehabilitated. They form one of the target groups, which is affected with the highest long-term unemployment indicators.

II. Active instruments:

1. Employment supporting labour market trainings (see table 3, section 1.1.); Labour market training support (see table 3, section 1.2.): Both instruments target jobseekers with low level of education, who are exposed to the risk of long term unemployment according to the target group segmentation.
2. Employment increasing wage subsidy from national funds (see table 3, section 2.1); Employment increasing wage subsidy from EU funds (see table 3, section 2.2.); Wage costs subsidies (see table 3, section 2.3.): Wage subsidies aiming at the labour market involvement of many of the target groups being at risk of long term unemployment according to the target group segmentation as follows:
 - job seekers with lower education (maximum 8 grades of primary education)
 - job seekers over 50 years
 - long term (6-24 months) unemployed persons
 - job seekers receiving child care benefits, job seekers returning to the labour market after maternity leave or caring for relative
 - Job seekers with reduced working capacities
3. Job seekers' subsidies from national funds for becoming entrepreneurs (see table 3, section 3.1.); Job seekers' subsidies from EU funds for becoming entrepreneurs (see table 3, section 3.2.): These self-employment support instruments are also targeting job seekers receiving rehabilitation benefits, besides other target groups. Since this target group is severely exposed to the risk of long term unemployment, these instruments might play an important role in the liquidation of long-term unemployment.

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Besides of the above described national level passive and active labour market instruments, there are further smaller scale active instruments, mainly provided by national, regional or local level authorities, public bodies and civil organizations within the frameworks of EU funded projects, which also might be relevant for the target groups affected by long-term unemployment in Hungary.

III. Additional active labour market instruments

1. Territorial and settlement development Operative Programme (TOP) - Territorial employment cooperations

The following three subsidy programmes have been running since 2016 for county-level, county centrum-level and local governments within the frameworks of the TOP, in order to establish employment partnerships, cooperations and pacts for increasing employment, and to implement training programmes and employment service programs of the employment pacts (NFSZ n.d.n)

- TOP-5.1.1-15 (County level, 26.4195 billion HUF) (palyazat n.d.c)
- TOP-5.1.1-16 (County level, 1.447 billion HUF) (palyazat n.d.d)
- TOP-5.1.2.15 (Local level, 10.490 billion HUF) (palyazat n.d.e)
- TOP-5.1.2.16 (Local level, 10.490 billion HUF) (palyazat n.d.f)
- TOP-6.8.2 (County centrum level, 25.623 billion HUF) (palyazat n.d.g)
- TOP-6.8.2-16 (County centrum level, 6.674 billion HUF) (palyazat n.d.h)

The following target groups of the programme are at risk of long-term unemployment:

- a) People with low education (8th grade primary qualification the highest, without ISCED 1-2 vocational qualification)
- b) Elderly people over 50 years
- c) Job seekers returning to the labour market after maternity leave or caring for relative and people raising at least one child alone
- d) Recipients of employment replacement allowances
- e) People at risk of long-term unemployment
- f) People with reduced working capacities or disabilities
- g) People of Roma nationality (NFSZ n.d.n)

2. EDIOP - Support for Labour Market Services of Non-Governmental Organizations

The Ministry of National Economics (later Ministry of Finance) launched the GINOP-5.1.5-16 "Support for Labour Market Services of Non-Governmental Organizations" tender in 2017. The purpose of the programme is to complement the work of the National Employment Service (NFSZ) with labour market services of NGOs and non-profit organizations, since the state employment service is not able to provide tailored assistance available to special disadvantaged groups or any unemployed or inactive person, due to its overloaded capacities. (Fazekas-Köllő 2017:188).

The program targets job seekers with lower education.

The program is being implemented in each of the six less developed regions in Hungary, in one county per region.

Total budget of the programme is 6 billion HUF. (Fazekas-Köllő 2017: 188).

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3. Support of social enterprises

Recognizing the employment increasing potential of social enterprises the Hungarian State support the development of social businesses with national and EU funded resources. There are several programmes launched in the past few years to support social enterprises and to help them to get better access to markets, to reach financial sustainability and to create remarkable social and employment impact.

- National programmes:
 - FÓKUSZ - "Focusing on the support of social enterprises organized on the basis of public employment programmes of local governments"

Among its complex goals related to the development of the social enterprise sector, especially the social enterprises operating with the membership of local governments the program defines its priority employment goal as follows:

"Facilitate the return of disadvantaged people, in particular public employees and long-term job seekers, to the primary labour market, in order to make them able to contribute actively to their employment as social cooperative members or employees." (OFA n.d.a)

According to this goal, the programme might be considered as an active labour market instrument targeting groups at risk of long term unemployment.

Available subsidy provided by the programme: 1.5 million HUF/employee, 9.406 billion HUF altogether. (OFA n.d.a, OFA n.d.b)

- EU funded programmes:

There are three programmes running in parallel in Hungary in order to increase employment through the development of social enterprises. These are the EDIOP-5.1.3-16 and its continuation, the EDIOP-5.1.7-17 subsidy programme and the EDIOP-8.8.1-17 subsidized loan programme. These tenders might be considered as programmes specifically designed for groups at risk of long term unemployment because the following groups are the final beneficiaries of these programmes:

- a) Registered job seekers with low education
- b) Registered job seekers over 50 years
- c) Job seekers returning to the labour market after maternity leave or caring for relative and people raising at least one child alone
- d) Long term unemployed job seekers
- e) People with reduced working capacities or disabilities

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- o EDIOP-5.1.3-16 (7.2 billion HUF), EDIOP-5.1.7-17 (15 billion HUF)

Overall goal of these subsidy programmes is the dynamization and stabilization of already operating civic and non-profit organizations and already operating social enterprises - by promoting the sustainable business model-based production, marketing and market access of marketable products and services - in order to create long lasting and sustainable employment opportunities.

An additional goal is to prepare social enterprises to be able to operate independently from state aid, basing their sustainability on market revenues.

In accordance with the above-mentioned goals, the programme provides financial resources for:

- business development
- product and service development
- production activities
- marketing of the products,
- purchase of related tools and equipment
- real estate investments
- development of the human resource capacities necessary for efficient operation.
- community events strengthening SEs' relationships with local communities
- social impact measurement

- o EDIOP-8.8.1-17

Overall goal of the financial instrument is to enhance the competitiveness by improving access to external funding in the case of formerly inactive or unemployed private entrepreneurs, their micro enterprises and social enterprises (SMEs) that implement employment promoting investments while not having access or having insufficient access to financial resources. In accordance with the above-mentioned goals, the instrument provides subsidized loans for:

- employment and business development related investments (tools and equipment purchase and real estate investments)
- employment and business development related stock purchases in case of social enterprises

The loan programme brings several new elements to the Hungarian state-subsidy system, as it is the first subsidized loan available for formerly unemployed and inactive private entrepreneurs and social enterprises.

4. Programmes for supporting the training and employment of the Roma and women of Roma nationality.
 - Human Resources Development Operational Programme (HRDOP)- 1.1.2-16 "Female chances / Increasing chances - training and employment"

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The programme supports the integrated training and employment of disadvantaged, preferably Roma women, preferably at social, child welfare and child protection institutions and at public education institutions.

Subsidy budget: 4.5 billion HUF (Fazekas-Köllő 2017: 190)

- CCHOP-7.1.1-16 "Female chances / Increasing chance

The programme has been launched in the Central-Hungarian region in 2017 with the same aims as the above HRDOP-1.1.2-16 programme.

Subsidy budget: 250 million HUF (Fazekas-Köllő 2017: 191)

- HRDOP-1.1.3-17 "Female chances / Increasing chances - employment"

The programme is aimed at the improvement of social inclusion and employment of the Roma, especially Roma women struggling with social prejudices and labour market discrimination through increasing the number of target group-members employed in the public services sector.

Subsidy budget: 3.15 billion HUF. (Fazekas-Köllő 2017: 191)

5. Programmes for increasing labour market activity of parents raising small children.

- TOP-6.2.1-15, TOP-1.4.1-15, CCHOP-6.1.1-15-BP1, TOP-6.2.1-16; TOP-1.4.1-16

These programmes support the improvement of the access to basic child welfare services and kindergarten services. Furthermore, it supports the quality development of these services.

The program is aimed at the support of the employment of parents raising small children and at the help of the families, especially at providing the possible earliest support for children living in the most disadvantaged regions.

Subsidy budget:

- TOP-6.2.1-15: 21.1 billion HUF
- TOP-1.4.1-15: 46.4 billion HUF
- CCHOP-6.1.1-15-BP1: 7.3 billion HUF
- TOP-6.2.1-16: 9.9 billion HUF
- TOP-1.4.1-16: 15.2 billion HUF (Fazekas-Köllő 2017: 191)

6. HRDOP-1.11.1-17 - "Experimental programmes for strengthening the social economy and for the employment of the most deprived groups through the cooperation between non-profit organizations and enterprises".

The aim of the subsidy programme is to develop that incite the introduction and spreading of sustainable social enterprise models in the social economy, involving the most disadvantaged social groups: (Fazekas-Szabó-Morvai 2018: 209)

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- addicts and / or persons with disabilities,
- persons without primary education
- registered job seekers being unemployed for at least 18 months
- registered job seekers of Roma origin being unemployed for at least 12 months
- people with reduced working capacities
- job seekers over 50 years if they belong at least to another disadvantaged group

The total amount of the tender is HUF 785 million. (palyazat n.d.a)

7. HRDOP-1.2.9-17 - Women in the family and at job

The programme was launched in June 2017 to improve the labour market position of women and the balance of work and family life. The program aims to increase the willingness to have children, to improve the financial status of families and the social prestige, mental health and self-evaluation of mothers with young children by facilitating their employment and faster return to the labour market.

The total amount of the programme is 14.1 billion HUF. (Fazekas-Szabó-Morvai 2018: 209)

8. HRDOP-1.1.7-17 - Supporting the labour market integration with local instruments.

The programme was launched in May 2017. The aim of the program is to improve the labour market position of disadvantaged people through the participation of non-profit organizations that are established or located in less developed regions. (Fazekas-Szabó-Morvai 2018:2 09)

The programme might be considered as an active labour market instrument specifically designed for groups at risk of long term unemployment, because one of its primary target groups consists of jobseekers who have been registered for at least 12 months and have not participated in the public works scheme for the last 12 months.

The budget of the tender is 6.0 billion HUF. (palyazat n.d.b)

9. HRDOP-1.1.6-17 - Promoting group and individual employment of people with reduced working capacities.

The programme was launched in June 2017. The program provides specific competence and skill development as well as training opportunities to target group members in order to increase the efficiency of employing people with reduced working capacities.

The total amount of the tender is HUF 1.1 billion. (Fazekas-Szabó-Morvai 2018: 210)

10. EDIOP-5.1.9-17 Inciting job seekers and young people to become entrepreneurs - training and mentoring

The programme was launched in June 2017 targeting job seekers over 30 and young people under 30 to start enterprises and increase the number of businesses in Hungary.

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The programme might be considered as an active labour market instrument specifically designed for groups at risk of long term unemployment, because job seekers with reduced working capacities belong to its target groups.

The program has a budget of 6 billion HUF (Fazekas-Szabó-Morvai 2018: 210-211)

Continuation of the programme are the EDIOP-5.2.7-17 and EDIOP-5.2.7-18 subsidy programmes for supporting the enterprises established by young people under 30 and the EDIOP-5.1.10-17 and EDIOP-5.1.10-18 subsidy programmes for supporting the enterprises of registered job seekers over 30 including the target group of job seekers with reduced working capacities (Fazekas-Szabó-Morvai 2018: 211)

3. Identification of gaps in the labour market policy in Hungary with emphasis on long-term unemployment

According to the above description of and active and passive labour market instruments, the Hungarian state offers a rich landscape of supply and demand-side labour market instruments specifically designed for groups at risk of unemployment; however, their impact remains limited. In the following we sum up the potential causes of the reduced effectiveness of these instruments:

1. Labour market services in Hungary are largely inefficient due to mainly supply-driven interventions and horizontal coordination issues. As it can be seen clearly in the above descriptions, the majority of interventions, programmes and services is based on the registered unemployed. Therefore, the existing labour market instruments target only a share of clients who face labour market barriers. (Karácsony et al. 2019: 23) The number of clients currently registered in the Integrated Registry (IR) of the National Employment Service was 247,787 at the end of July 2019 (NFSZ n.d.I), whereas the EU-SILC data identifies 1.25 million people of working age who face key entry barriers in the labour market; of whom 765,000 people are inactive or unemployed (but not necessarily registered), and the rest are considered marginally employed. Consequently, the National Employment Service engages only with a fraction of those individuals who are currently not on the labour market or are only on its margins, of whom many are long term unemployed or have been never employed. The result of this approach is that the delivery of services and programs is driven by supply rather than demand. (Karácsony et al. 2019: 23)
2. "Employment policies and institutions have no single owner within the governance system. In the current institutional setting, labour market programs are designed and delivered independently by various ministries and stakeholders. As a result, the existing LMPs and related services are offered by a multitude of actors, and referral between services and employment support programs is difficult due to the institutional set-up." (Karácsony et al. 2019: 23)
3. Instead of the reduction of the number of participants in the public works scheme, it remains the major active labour market instrument in Hungary, while it is much behind of the expectations. For example, the exit of public employees from the public works scheme towards the open labour market still remains limited to around 12%. (Karácsony et al. 2019: 24).

This is linked to the significant retention effect of the public works scheme on the rural labour force, that limits job seekers mobility and chance to find better paid jobs, even on the currently supply labour market. Therefore, the public works scheme contributes to the

conservation of poverty especially in the disadvantaged regions and the most vulnerable groups.

4. The potential of the Social Impact Vouchers program in view of the shortcomings of the labour market policy in Hungary

4.1. General considerations concerning the viability of the Social Impact Vouchers

In order to give well-founded and consensual answers, we started consultations with potential stakeholders of the social impact voucher. According to the outcomes of the stakeholder meetings, Social Impact Vouchers may be viable and sustainable in Hungary if the following elements of the voucher models are properly established:

- Social Impact Voucher Fund:

Public bodies (e.g. Ministry of Interior), specific private donors (multinational companies) and religious organizations (e.g. Hungarian Catholic Church, Hungarian Baptist church etc.) are those potential "investors", which should be addressed and involved into the creation of the fund in the initial phase of the pilot project. Later, local SMEs as further investors may be involved in the development of the Fund based on the experiences gained during the test period of the voucher system.

- Employers:

In the initial phase of the voucher system such employers should be addressed and involved, which have a solid financial and organizational background (e.g. multinational companies, religious organizations of the "historic" churches of Hungary). Furthermore, those enterprises also may be relevant employers in the voucher system in its initial phase, which are motivated because of facing with the most actual labour market challenge in Hungary, the lack of labour force. Later, based on the outcomes and results of the pilot project, further employers (local SMEs) may be involved into the operation of the Social Impact Voucher System.

4.2. The Social Impact Vouchers as an addition to alternative programs addressing the target group of long-term unemployed

As we have seen in the labour market instruments related chapters of this report, there are several passive and active labour market programs which address those groups, which are in the risk of long term unemployment. According to the opinions shared by labour market experts and policy makers during the stakeholder meetings, the Social Impact Voucher System should be territorially focused instead of addressing only one or two specific target groups targeted by the already existing labour market instruments of the National Employment Service and other public authorities.

Based on the outcomes of the mapping process there are two regions in Hungary which are in extremely disadvantaged situation and affected by complex economic and societal problems with the long term unemployment among them. These are Northern Hungary and the North Great Plain.

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These regions are targeted by the 'Catching up Communities' program of the Hungarian Government, implemented with the professional support of the Hungarian Maltese Charity Service.

The Social Impact Vouchers System may play an important role in these regions as an addition of the 'Catching up Communities' program if it applies properly the territorial and direct diagnose based approach elaborated by the Hungarian Maltese Charity Service and offers the most relevant and fitting employment supporting model and services for the following complex target groups:

- Job seekers who can be made employable with consultancy (4th segment according to the new segmentation system of the Hungarian Employment Service)
- Job seekers who can be made employable with training. (5th segment according to the new segmentation system of the Hungarian Employment Service)

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VOUCHER REPORT

WP T1 Pilot Preparation
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Overview of active and passive labour market instruments in Poland

1. General overview of available labour market instruments in Poland

Unemployment was identified as one of the basic socio-economic problems in 1919 by the International Labor Organization (ILO), which at its first congress adopted the Convention no. 2 on unemployment. It recommended the creation of public job placement and mandatory unemployment insurance systems. Since then, a number of documents and recommendations on the fight against unemployment has been published (Dragan 2012).

1.1. Labour Market Policy - Short Overview

The shape of the Polish labour market policy is provided by the government, more precisely by the Minister of Labour and Social Policy. The minister's main tasks are to:

- assure uniformity of employment and labour market policy legislation (working hours, contractual arrangements, the payment of unemployment benefit, the establishment of training and subsidized employment programmes),
- establish and supervise the standards for the delivery of services on the labour market,
- develop effective methods and instruments in order to deliver career advice, job search assistance and training provided to the unemployed.

At regional level, the organisations in charge of supervising labour market policy are: **the Provincial Employment Office (WUP)** as well as **the Poviats Employment Office (PUP)**. The services that are delivered directly to unemployed people are performed by the local employment offices. The services include

- registration of the unemployed,
- paying out unemployment benefits,
- providing job counselling and job search assistance services
- targeting active labour market programmes (including subsidized employment programmes) (Maksim 2012).

According to Act of 20 April 2004 on Employment, Promotion and Labour Market Institutions in Poland, all the tasks related to the promotion of employment, mitigation of the effects of unemployment together with the occupational activation are performed on the basis of **the National Action Plan** for Employment. "The National Action Plan", which also implements the rules of the European Employment Strategy is based on the initiatives of *gmina*, *poviat* and *voivodeship* self-governments. Its main aims are related to:

- actions and aims that are harmonious with of the State labour market policy directions as well as priorities;
- fulfilment of guidelines as well as priorities of the European Employment Strategy;
- obtaining financial support from territorial self-governments;

- the efficiency ratios of the National Action Plan;
- the way of monitoring and coordinating the task implementation.

On the basis of the National Action Plan, *voivodeship* development strategy as well as *voivodeship* social policy strategy, the *voivodeship* self-governments prepare a regional action plan for employment annually, specifying regional programmes, local projects, priority groups of the unemployed and other persons requiring support. The National Action Plan allows the Council of Ministers to adopt government programmes for employment promotion and counteracting unemployment, aimed at the occupational activation of the unemployed (Employment Promotion and Labour Market Institutions Act 2014).

1.2. Labour Market Instruments

In order to counteract unemployment, the Provincial Employment Office (WUP) and the Poviast Employment Office (PUP) implement different labour market activation programmes, which focus on the promotion of employment with the intention of integrating or reintegrating the unemployed into the labour market (Jaworska 2018).

1.3. The Division of Labour Market Instruments

The integration mentioned above is put into practice, among other things, with the means of labour market instruments, whose divisions and short descriptions are presented in the following lines.

Active labour market instruments focus on mitigating the effects of unemployment by activating the unemployed and increasing their chances of getting employed (Dragan 2012).

At present, the following active labour market instruments to support unemployed persons are delivered in Poland:

- funds for creating new jobs including start-up incentives
- the financing of the costs of travel to an employer who announced a work offer
- the financing of the costs of accommodation at a workplace borne by the person who started employment
- subsidizing the furnishings of a workplace
- refunding the expenses incurred due to the social insurance premiums paid in connection with employment of an appointed unemployed person;
- the financing of additional activation allowances
- job placement and career guidance;
- training;
- internships;
- public works
- intervention works;
- preparation of adult vocational education (Employment Promotion and Labour Market Act 2014)

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- employment bonuses
- socially useful works;

Passive labour market instruments do not eliminate unemployment, they only provide the unemployed with an income that enables existence (Dragan 2012). These are as follows:

- Benefits for the unemployed
- Pre-retirement benefit
- The extension of educational period for young people
- Lowering of the retirement age
- One-off compensation for dismissal (Skiba and Placyńska 2018)

Due to the fact that passive labour market instruments do not make for elimination of unemployment and consolidate the mechanisms of passive expectations of the unemployed for state assistance, the Ministry of Labour focuses mostly on allocating as much funds as possible from the Labour Fund to active forms of preventing unemployment (Walada 2015).

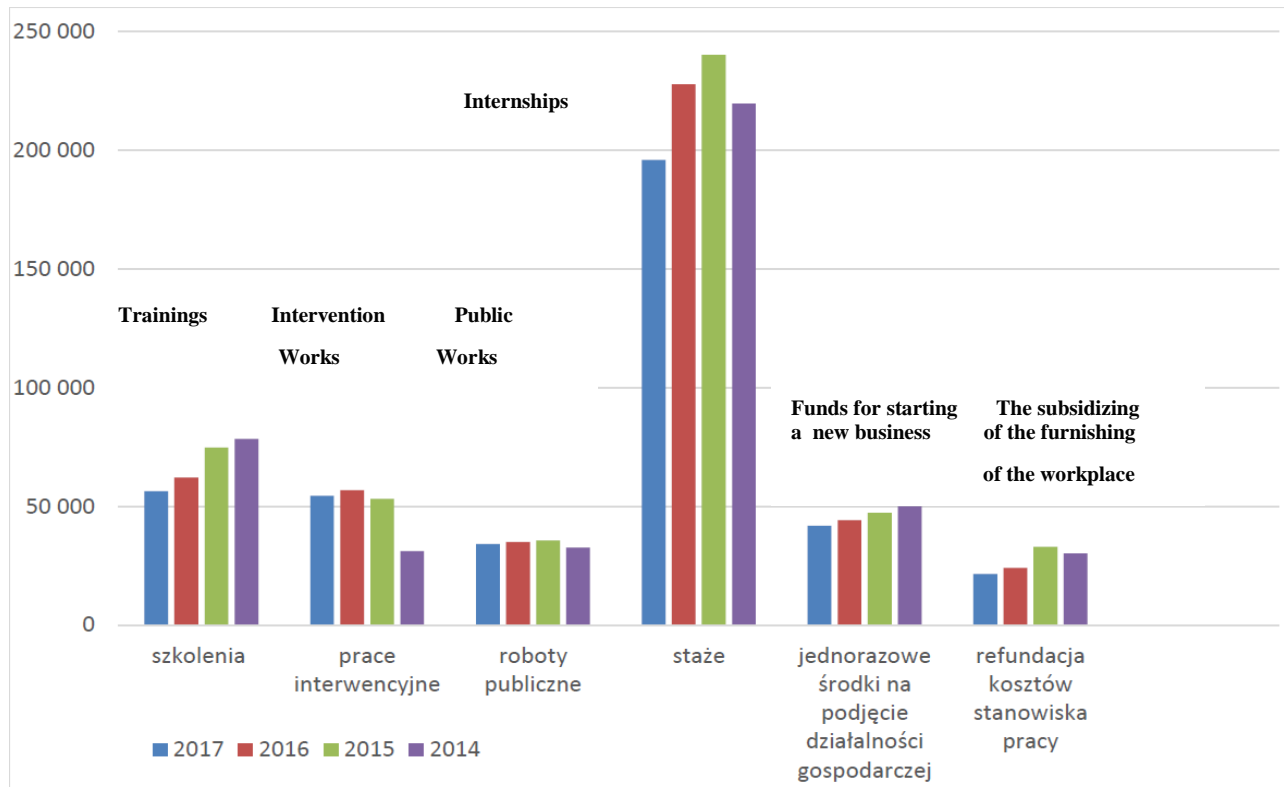
As per the 2019 statistics, despite all the efforts put by the employment offices, Warmińsko-mazurskie, Kujawsko-pomorskie and Podkarpacie regions reach the highest unemployment rate with around 10% and 9%. In comparison, the lowest unemployment rate is represented by 2 regions, namely, Wielkopolskie (3,3%) and Śląskie (4,5%) (PARP Grupa 2019).

2. Available Labour Market Instruments in Poland specifically designed for Groups at Risk of long-term Unemployment

Before focusing on the labour market instruments specifically designed for groups at risk of long-term unemployment, it is essential to present a brief description of the instruments most frequently implemented in Poland. The forms of support of long-term job seekers presented below will also serve as foundation for addressing the groups at risk.

The best way of picturing the most commonly implemented labour market instruments is presented in the following infographics.

Figure 1: The number of participants taking part in the basic forms of professional activation in 2017



Source: Ministerstwo Rodziny, Pracy i Polityki Społecznej 2017

In 2017, 404,455 people participated in basic forms of professional activation as part of unemployment prevention programs. 327,844 people completed their participation in these forms of support, which is 81.05%. 268,755 people were employed, which constituted 66.44% of all participants of the basic forms of professional activation (Ministerstwo Rodziny, Pracy i Polityki Społecznej 2017).

2.1. Overview of Labour Market Instruments for long-term unemployed Groups

In the country report on long-term unemployment, a few groups at risk of long-term unemployment have been differentiated. In the following lines, a short description of the most popular forms of support for job-seekers in general is to be presented.

Internships

The most relevant form of support for the first group of job-seekers (people with limited work experience) presented in the report on unemployment in Poland are internships.

This form of activation is mainly dedicated for unemployed graduates above the age of 25 and unemployed university graduates who are under 27 years of age. For these people, an internship is a chance of getting in contact with a real work environment and enables them to gain their first professional experience. The internships also increase the opportunity of getting a permanent employment with the employer organizing the internship or with other employers. It is also important to note that a person taking part in this particular

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form of activation is not threatened by being professionally inactive. The duration of an internship may last up to 6 months for an unemployed and up to 12 months for those under 30 years of age. After completing the program, the employer issues an opinion together with the information about the performed tasks and acquired practical skills. The unemployed is given a certificate of internship completion (Dragan 2012).

In 2017, a total of 196,070 people began their internships, 137,085 people from the previous year completed them, and 112,395 people found employment (Ministerstwo Rodziny, Pracy i Polityki Społecznej 2018).

The more recent 2019 source indicates that internships are of high importance for students and graduates. 82% of them are of the opinion that it is worth having this experience while studying. They explain that employers expect previous competences and experience while searching for new workers. Furthermore, 61% of students and graduates claim that internships helped them prepare for future work. 63% mentioned the acquirement of soft skills (PARP Grupa 2019).

Trainings (including vocational training of adult unemployed persons and persons in order to obtain their qualifications or professional skills, confirmed by certificates).

People with low qualifications are among the groups at risk of long-term unemployment. The most suitable form of integrating or reintegrating them into the labour market is via trainings. Vocational trainings of adult unemployed persons aim at obtaining qualifications or professional skills, confirmed by certificates. Adult vocational trainings take place in the form of:

- practical vocational training for adults enabling them to take an exam confirming their qualifications in the profession or a journeyman's examination;
- practical vocational training for adults allowing them to take a vocational exam or a journeyman's examination;
- apprenticeships for adults in order to acquire selected professional qualifications or skills necessary to perform specific professional tasks that are important to the profession appearing in the classification of professions and specialties for the needs of the labor market.

The adult vocational trainings last between 6- and up to 12 months and the apprenticeships for adult work between 3- and up to 6 months. Adult vocational trainings are implemented according to a program aimed at acquiring practical skills and gaining theoretical knowledge necessary to perform professional tasks prepared by the employer or training institution in cooperation with the employer (Employment of Promotion and Labour Market Institutions Act 2014).

In order to picture the effectiveness of this particular form of support, the following infographics is used.

In 2017, 56,413 people participated in trainings aimed at raising qualifications increasing the chance of employment, maintaining employment or other paid work.

In order to picture the effectiveness of this particular form of support, the following table is useful.

Table 1: The number of the unemployed taking part in trainings

No	Voivodeship (Region)	Number ofunemployed starting trainings	Number of people that have completed trainings	Number of employed people after completing trainings

1.	Dolnośląskie	2,897	2,491	1,491
2.	Kujawsko-pomorskie	4,284	3,877	2,170
3.	Lubelskie	4,579	3,952	2,149
4.	Lubuskie	847	760	470
5.	Łódzkie	2,403	2,246	1,356
6.	Małopolskie	5,302	4,797	2,940
7.	Mazowieckie	6,202	5,620	3,143
8.	Opolskie	1,465	1,397	999
9.	Podkarpackie	2,120	1,847	1,191
10.	Podlaskie	1,088	941	552
11.	Pomorskie	6,033	4,050	3,150
12.	Śląskie	5,395	4,340	2,700
13.	Świętokrzyskie	1,942	1,737	800
14.	Warmińsko-mazurskie	2,616	2,330	1,455
15.	Wielkopolskie	6,428	5,486	3,073
16.	Zachodniopomorskie	2,812	2,497	1,720

Source: Ministerstwo Rodziny, Pracy i Polityki Społecznej 2017

The above statistics indicate that percentage of the unemployed that completed trainings revolves around 90%. This number shows a very high engagement and willingness of the unemployed to improve their professional competences and skills. The only region that does not reach the average rate is the Pomorskie region, with a mere 67% of the unemployed that completed the trainings. Taking into consideration the number of the unemployed that found employment after completing any kind of training, the percentage exceeds 50%, with Świętokrzyskie region in this case reaching the highest rate of 69%.

Intervention Works

The form of activation for the older people in the labour market (including 50 plus and more job seekers) that can be appropriate is described as follows below.

Intervention works are initiated and financed by the employment office, when it is not able to provide the unemployed with any offer of employment. In general, employers take up cooperation with the unemployed, receiving in return a part of the costs of remuneration and social security contributions. The duration of intervention works may vary from 6 to 24 months and depends on the individual situation of the unemployed on the labor market. The employer is obliged to keep the employment of the unemployed person directed for three months after the end of the reimbursement of wages and social security contributions (Dragan 2012).

In 2017, 54,375 people took part in the intervention works. The number of those who completed them (including persons who completed intervention works the previous year) equals 36,766. Out of this number,

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32,890 persons, which represents 89.46%, have obtained further employment (Ministerstwo Rodziny, Pracy i Polityki Społecznej 2017).

Public Works

One of the most suitable forms of activation for the older people in the labour market (including 50 plus and more job seekers) are also public works.

Public works can be organized by municipalities and non-governmental organizations. Their activities may be related with, for instance, environmental protection, sport and tourism or social assistance. Different organizations can apply for employing long-term job seekers in their infrastructural investments and other investment-related tasks under the condition that the projects are fully or partially financed from the state budget or local government. The financing may also come from the funds earmarked for this purpose or own funds of social care and unemployment services organizations. The total employment time cannot exceed 6 months. The refunded amount that goes to the employer is also different. The amount is a maximum of 50% of the average monthly wage and social security contributions from the reimbursed wage (Dragan 2012).

In 2017, a total of 34,194 people participated in public works, 30,087 people completed them, and 25,267 people found employment (Ministerstwo Rodziny, Pracy i Polityki Społecznej (2018)).

Funds for starting a business (start-ups)

A very desirable form of support for the people living in regions characterized by small number of available jobs and lacking mobility is starting a new business. From an economic point of view, starting a business is the most effective form of returning the unemployed to the labor market. Financial support for this purpose is not available to all job-seekers. Money will not be received by people who:

- refused to take up employment indicated by the employment office during the 12 months preceding the submission of the application
- refused to participate in training or professional preparation
- performed socially useful works or took part in public works.
- within 5 years before submitting the application, had already received co-financing for their own business from public funds.

The maximum amount of funding that an unemployed can count on is six times the average wage (Dragan 2012).

In 2017, 41,856 people started their own business with Labour Funds allocated. Participation in this kind of support was completed (maintaining the activity for the period specified in the Act, including those who started participating in this form of support in the previous year) by 46,054 persons, whereas employment within the period of 3 months from the day of the completion of the programme was maintained by 43,580 people (Ministerstwo Rodziny, Pracy i Polityki Społecznej 2018).

The subsidizing of the furnishings of a workplace and refund of the expenses incurred due to the social insurance premiums paid in connection with employment of an appointed unemployed person.

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The Labor Fund may refund to the entity conducting business activity the costs of equipping or retrofitting the workplace for an unemployed or directed jobseekers in the amount specified in the contract, no higher than 6 times the average remuneration.

In 2017, entities conducting business activity were refunded from Labour Fund costs of equipment or retrofitting the workplace for a directed unemployed for **21,547 positions**. Participation in this form of activation (assuming that the refund is a form of activation lasting 24 months) was confirmed for **29,484 positions** (cf. *ibid*).

The financing of the costs of travel is available for employers who announced a work offer as well as the financing of the costs of accommodation at a workplace borne by the person who started employment.

These are the last forms of activation of the unemployed that increase the chances of finding employment especially for **people living in regions characterised by small number of available jobs and lacking mobility**.

It is possible to reimburse the travel costs from the place of residence and to the place of employment or other gainful employment, or during the period of internships, adult vocational training or vocational training classes. The period of reimbursement may last up to 12 months and is dedicated to persons who meets the following conditions:

- started employment or other gainful work, adult vocational training, internship or was directed to vocational guidance classes and commutes to these places
- receive a remuneration or other income in the amount not exceeding 200% of the minimum remuneration for work.

There exists also a possibility of returning the costs of accommodation to a person who meets all the following conditions:

- has taken up employment or other gainful work, internship, professional preparation of adults outside the place of residence in the place where travel and return time to the place of residence by public transport exceeds 3 hours a day;
- lives in a hotel or a rented flat near the place where he/she is employed, performs other gainful work, internships or vocational training of adults;

receives a remuneration or other income in the amount that does not exceeds 200% of the minimum remuneration for monthly work for which the accommodation costs are refunded.

2.2. Implementation of the Vouchers as a Form of Labour Market Instruments

Polish employment services offer 4 types of vouchers as the form of labour market instruments. These relatively new instruments are as follows:

- Internship Vouchers
- Training Vouchers
- Employment Vouchers
- Settlement Vouchers

According to 2019 statistics, the highest chances of finding employment are given by the Employment Voucher together with Settlement Voucher. 72% of the unemployed that used these forms of support have not reregistered in any of the employment offices. The instruments constituted only 0.1% and 1.9% of all activated job-seekers. Internship as well as training vouchers, however, are perceived as less effective instruments (PARP Grupa 2019).

Internship Vouchers

The poviát labor office as part of an internship voucher guarantees an unemployed person under the age of 30 to be referred for an internship to the employer of his choice and to finance the scholarship. In addition, the internship vouchers finance:

- the costs of travel to and from the place of the internship (in the form of a lump sum)
- the costs of necessary medical or psychological examinations, if incurred.

The internship lasts six months and after this period the employer is obliged to hire such a person for the next six months. After fulfilling this obligation, the employer receives a bonus of PLN 1,500. The internship voucher is awarded on the basis of an individual action plan. The validity of the internship voucher is determined by the staroste¹.

Employment Voucher

The employment voucher is a guarantee of refunding part of the salary costs and social security contributions to the employer in connection with the employment of the unemployed voucher holder. An employment voucher may be granted to a registered unemployed person up to the age of 30, who has found an employer willing to hire him/her for 18 months. The employment voucher is awarded at the request of the unemployed. The voucher's validity period is determined by the staroste, setting the time to find an employer. As part of the employment voucher, the potential employer receives reimbursement of the costs of remuneration and social security contributions for the employed unemployed in the amount of unemployment benefit for the first 12 months of employment. Refund of salary costs and social security contributions for the unemployed person is awarded according to the conditions of the *de minimis* aid.

The employer is obliged to continue employing the referred unemployed person for a period of six months after the end of the refund period. The employment voucher is issued on the basis of a contract between the staroste and the employer. In case of failure to comply with the obligation of employing the voucher holder for a period of 18 months, the employer returns the amount of the refund received, together with statutory interest accrued from the date of receipt of the first refund, if the obligation was not met within 12 months of the date of employment of the unemployed (PARP Grupa).

Training Vouchers

The training voucher is an instrument for activating the unemployed up to 30 years of age, which guarantees the referral of the unemployed person to the training indicated by him/her and payment of the costs that will be covered in connection with the training.

The training voucher is granted at the request of the unemployed person. The bonus and its implementation is based on an individual action plan and the probability of the unemployed to take up employment or other

¹ *starosta* designates a district administrator, who heads the district administration *starostwo* and manages a *powiat* district, akin to the leader of a town or rural council.

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gainful employment or economic activity. The training voucher finances to the unemployed up to 100% of the average salary, applying from the day of the training voucher is granted. The covered costs may include:

- one or more training, including qualifying vocational course and course awarding professional qualifications - in the form of payment to the account of the training institution;
- necessary medical or psychological tests - in the form of payment to the contractor's account;
- transfer to training (in the form of a lump sum) paid to an unemployed person in the amount of: to the unemployed
- accommodation, if the classes take place outside the place of residence (in the form of a lump sum) paid to the unemployed

The amount of the scholarship is 120% of the amount of the unemployment benefit, provided that the number of hours of training is not less than 150 hours per month (Departament Rynku Pracy MRPiPS (2016)).

Settlement Voucher

If one is unemployed up to the age of 30, he or she can also apply for a placement voucher, which is a guarantee of granting funds to cover the cost of living in connection with taking up employment, other gainful employment or business outside the place of residence. In this case a settlement certificate is granted.

In order to obtain the certificate, it is necessary that the following requirements are met:

- perform work/economic activity, receive a remuneration or income in the amount of at least the minimum monthly gross remuneration and is the subject to social insurance;
- the distance from the place of residence to the place of taking up employment, other gainful employment or business activity is at least 80 km or travel and return time to this place and back to the place of residence exceeds(in total) 3 hours a day;
- the duration of employment, other gainful employment or duration of business activity will last for at least six months.

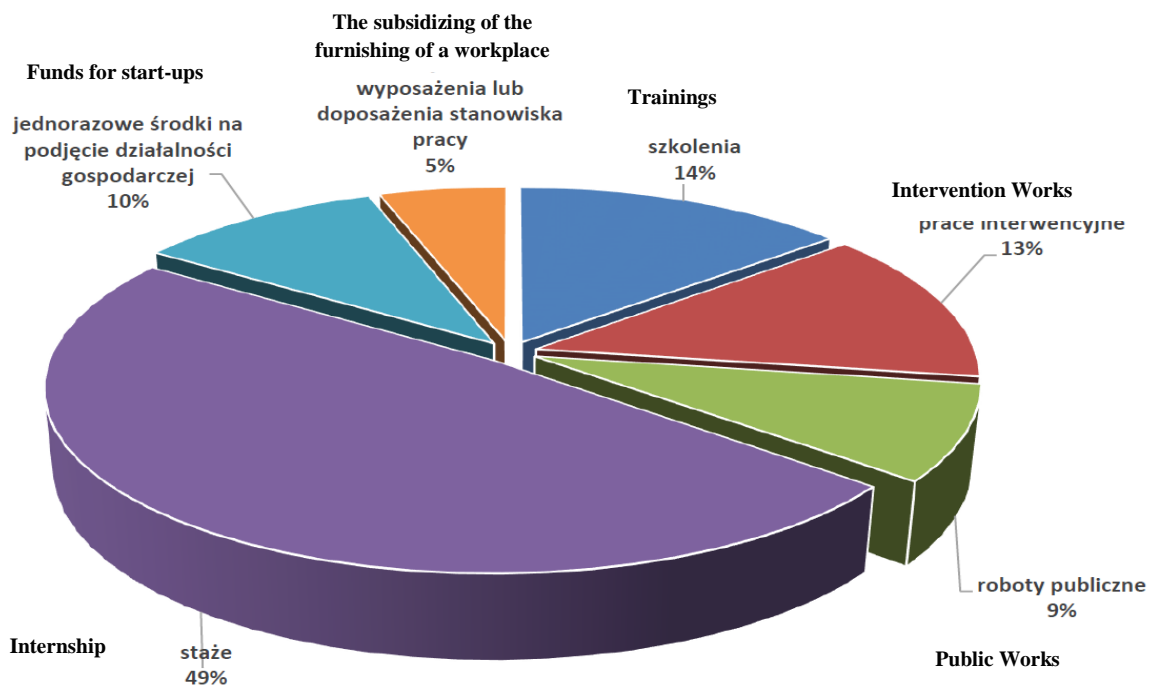
A settlement card will be awarded in the amount not higher than 200% of the average remuneration. After receiving settlement voucher, a job-seeker is required to:

- provide the employment office with a document confirming the commencement of employment, other gainful employment or business activity and a declaration of meeting the requirement of the distance from the place of residence to the workplace;
- provide the employment office with a declaration of loss of employment, other gainful employment or shutdown of economic activity and taking up new employment, other gainful employment or business activity together with a statement regarding the distance from the place of the current residence to the place of performing work;
- document (up to 8 months from the day the voucher was granted) remaining employed, having other paid employment or running a business for a period of 6 months (Departament Rynku Pracy MRPiPS (2014)).

3. Identification of Gaps in the Labour Market Policy in Poland with Emphasis on long-term Unemployment

According to the Polish labour market policy, there are many requirements that need to be met by the unemployed in order to be able to use the available labour market instruments. The most basic one refers to the registration in one of the Provincial Employment Offices (WUP) or the Poviast Employment Offices (PUP), according to the place of residence. It automatically gives an unemployed person an official status of a person actively looking for employment. Other requirements like, for instance, age requirement, having only basic or secondary education are among them as well. In order to depict the issues regarding long-term unemployment, the infographic below will serve as the basis for explaining them.

Figure 2. Percentage of unemployed people taking part in the basic forms of professional activation in 2017



Source: Ministerstwo Rodziny, Pracy i Polityki Społecznej 2017

The above infographic indicates that the most popular form of professional activation are internships, which constitute almost 50% of all participants of the professional activation programmes. They are mainly designed for people between 25-30 years. It is also visible that the remaining forms are not that popular, despite the fact that they are among the ones most frequently chosen by the participants. The popularity of Internships shows that young people have the abilities to search for information easily and effectively.

Trainings are placed just after the internships, when it comes to the number of participants. Taking into consideration the fact that one of the groups at risk of long-term unemployment are people with low qualifications, this kind of support should have a higher rate. The reasons why the unemployed do not take up any kind of training are as follows:

- difficulties in reconciling participation in training with other occasional activities (usually illegal occupation),
- family duties,

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- lack of certainty (guarantee) of getting a registered job after completing the training,
- too low training benefits
- lack of impact of completing the training on the amount of remuneration after taking up new activity
- uninteresting way of conducting classes and concerns about the costs that according to respondents have to be incurred in connection with the training. Incorrectly selected and not interesting form of classes from the participant's point of view may affect the reluctance of job seekers to participate in training in the future and discourage them from raising their qualifications (Błędowski 2018).

Moreover, it is worth emphasizing that trainings should be combined with practical classes, as theoretical knowledge is not enough to take up new job without previous practice. Based on the reasons presented, it is clear in which areas this form of activation should be improved and what discourages job-seekers from the involvement in taking up trainings.

Another way of contracting unemployment is starting a business activity, which, according to the statistics presented above, only 5 % of the unemployed decided to try. The reluctance of the unemployed to use loans for starting their own business can be explained by the fear for the lack of success and the threat of the need to return the funds. This form is especially desirable, as the newly created enterprises create new workplaces. The appearance of new businesses contributes, for instance, to finding employment by people living in regions characterized by a small number of available jobs and lacking mobility. Even more desirable is the creation of social enterprises by the unemployed, whose main aim is not only an economic but also social one, relying on the employment of socially excluded people or long-term job-seekers.

It is also worth changing the focus from the unemployed to the employers themselves. The latter have the opportunity of benefiting from employing especially long-term job-seekers. They may obtain a subsidizing of the furnishings of a workplace and refund of the expenses incurred due to the social insurance premiums paid in connection with employment of an appointed unemployed person. Huge advantage of this labour market instrument is that it is beneficial for both interested parties. Another asset is that all of the groups at risk of long-term unemployment mentioned in point 1.4 of the report on the long-term unemployment in Poland could benefit. Despite the fact that it seems an ideal form of activation, the 2017 statistics does not reflect it. Lack of sufficient knowledge or the reluctance of the entrepreneurs to go through the whole process of employing a long-term job-seeker may lead to discouragement.

Public works as well as intervention works that together constitute 22% all labour market instruments presented in the above infographic, are the last two forms of support being among the most popular ones. The main reason of such low rate may be a lack of the guarantee of permanent employment, which also refers to all of the above instruments.

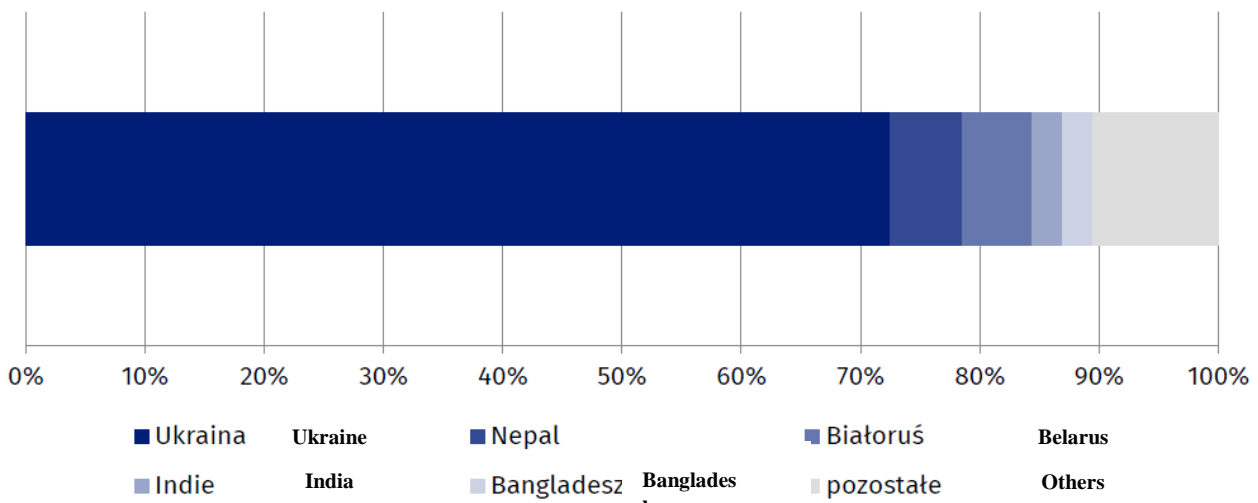
The rest of the active labour market instruments, namely the financing of the costs of travel to an employer who announced a work offer, the financing of the costs of accommodation at a workplace borne by the person who started employment, employment bonuses (internship/training/settlement vouchers), socially useful works were not even mentioned in the infographic above. This can be caused by the fact that less information is published about services and instruments that the unemployed use less.

Another group that have not been mentioned so far, but definitely deserves attention are the foreigners/migrants. As presented in the report on long-term unemployment (1.3), according to ZUS, the number of foreigners registered for insurance in 2014 reached 123,349 and in 2018 jumped to 569,116. Within 4 years, the number increased by over 445 thousands. Other data presented by Eurostat Poland refer to residence permits and indicate that in 2017, 683 thousand residence permits were issued for people from outside the EU, out of which 87% were related to employment purposes.

It is very common that, after obtaining residence permit, some of the foreigners may have problems with finding employment, especially legal one. In order to obtain this, they also need to apply for a work permit.

This fact very often discourages potential employers. However, it is worth noting that, according to GUS data, the number of issues work permits is steadily increasing. In 2018, 328.8 thousand work permits were issued. It was almost 40% more than in 2017 and almost 5 times more than in 2015. In relation to 2017, the increase in the number of work permits issued for foreigners occurred in almost all regions. The figure below illustrates the structure of work permits

Figure 3. The structure of work permits for foreigners according to nationality



Source: GUS 2018

In 2018, work permits in Poland were issued to citizens of 125 countries and to two stateless persons. They were most often granted to Ukrainian citizens. Over 70% of foreigners who were granted permission to work in Poland had Ukrainian passport. The figure above very clearly indicates this fact (cf. *ibid*).

What is even more flattering for Poland is the fact that Ukrainians are satisfied with the work they perform in Poland, which is why three out of four Ukrainian citizens participating in the survey want to stay in Poland. The decisive factors for staying in Poland are primarily personal issues, the presence of families and friends as well as the countries' cultural closeness and the similar languages.

The amount of remuneration is also important. Almost two-thirds of the survey respondents (61%) will stay in Poland if their pay increases. Almost half of employees from Ukraine are ready to work above daily working time and 6 days a week.

Three out of four Ukrainian citizens want to stay in Poland. The reason for this decision is satisfaction with the work performed.

Every second Ukrainian was looking for a suitable job offer on the recommendation of friends and acquaintances. Every fourth Ukrainian looked for job offers online (PARP Grupa 2019).

To sum up, apart from the requirements that need to be met in order take part in the particular forms of support, it is crucial to emphasize that the lack of the guarantee of permanent employment is the greatest fear for the unemployed. Moreover, the lack of sufficient information about less frequently used instruments and at the same time the emphasis put on the promotion of the most popular ones reflects the statistics presented above. When it comes to informing the unemployed about the opportunities of taking up work, the employment offices' employees are still the ones expected to perform this duty. Additionally, scarce information is available in local media, which would definitely increase awareness in the field. The next

drawback to be mentioned is the lack of indication to what extent the use of a given service / instrument will be beneficial for professional development and whether it will increase the chances of the unemployed on the labor market. The last issue that the focus needs to be put on is the interest of the unemployed in making use of available forms of activation, which very often does not correspond with the available offers of employment offices. The main issue are limited funds that come from the Labour Fund.

4. The Potential of the Social Impact Vouchers Program in View of the Shortcomings of the Labour Market Policy in Poland

4.1. General Considerations concerning the Viability of the Social Impact Vouchers

As presented in the above section, each of the labour market instruments has its flaws. However, there are 3 main issues of unemployment which the SIV project could improve.

First, the project funds could increase the number of offers for all of the forms of activation presented in section 2, after the funds of the Labour Fund set for them will dry up. This measure would definitely improve the situation of long-term job seekers and other professionally disadvantaged people.

Secondly, the Social Impact Fund could also be beneficial for unregistered job seekers. With the use of the fund, people not having an official status of a long-term unemployed person could, for instance, actively participate in all of the forms of activation via Social Impact Vouchers. The current situation allows only registered job-seekers to take advantage of these forms of support.

Thirdly, the project may be a perfect solution for employing foreigners. Social Impact Vouchers could help entrepreneurs find employees to work in areas where there is shortcoming of Polish workforce. The foreigners could also occupy posts that are no longer of interest for Polish job seekers.

4.2. The Social Impact Vouchers as an Addition to alternative Programs addressing the Target Group of long-term Unemployed

The current system of support for the long-term unemployed persons relies mainly on the national funds of Labour Offices as well as the POWER I PRO programmes for the 2014-2020 Podkarpackie voivodship funded from the European Social Fund. They all come from the public funds and their primary focus is to run already existing labour market instruments. The funds from the private sector have not contributed to counteract unemployment so far, which will be a novelty in the Polish labour market.

Furthermore, another problem is connected with the procedures that the employer needs to go through in order to employ a long-term unemployed person. In many cases, up to half a year is needed for the labour offices to second an unemployed to work. The SIV project would enable instant support for both interested parties - the employer as well as a job seeker - without unnecessary bureaucracy.

The SIV project could even go beyond the framework of the already existing forms of support. The project funds could support officially unregistered jobseekers as well as unregistered migrants who reside in Poland.

Due to the instant support, lack of unnecessary bureaucracy, uncomplicated procedures and individual approach to particular target groups, the SIV project participation would be encouraged by employers, long-term unemployed and those officially disqualified from assistance.

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Overview of active and passive labour market instruments in Slovakia

1. General overview of available labour market instruments in Slovakia

Labour market policy can be characterized as a system of support and assistance to citizens during the process of their integration into the labour market. It is a set of forms, activities, measures and instruments to be applied in employment services when working with registered unemployed people. However, the Employment Services Act, as the main labour market law in Slovakia, also aims at helping individuals, to whom offices of Labour, social affairs and family help to solve their job situation, also by their own efforts to achieve labour market policy goals (Lastuvkova, 2005).

1.1. Passive labour market instruments

Passive labour market policy is a historically older form of labour market policy. It began to develop in the 1920s and has focused on providing unemployment benefits. The provision of unemployment benefits in Slovakia has been the responsibility of the Social Insurance Agency since February the 1st 2004. This change was caused by the fact that the unemployment insurance and guarantee insurance under the old Employment Act were previously included in the new Social Insurance Act and have now been transferred to the Social Insurance Agency.

Unemployment insurance is an insurance form counteracting the loss of an employee's income as a result of unemployment, by securing his or her income. Therefore, the unemployment allowance is actually a substitute income and its provision is based on the insurance principle (Lastuvkova, 2005).

The insured person is entitled to the unemployment benefit. Once all the conditions are met, entitlement to the benefit arises from the date of inclusion in the job seekers register and expires after six months. This period is referred to as the unemployment support period.

The system of social insurance also includes the system of the unemployment insurance. The insuree is entitled to the unemployment benefit on condition that he/she had unemployment insurance for at least two years (i.e. 730 days) within the past four years before being included into the Job seekers Register. The entitlement ceases by after the six month period from the commencement of the benefit entitlement, or as of the day of granting of the old-age pension, the early old- age pension or the invalidity pension due to incapacity to perform gainful activity by more than 70 %. The unemployment insurance is not granted in relation to a natural person who had been awarded the old age pension, early old age pension or disability pension due to a loss of earning capacity of more than 70 % or that has not been awarded disability pension and has reached pensionable age. The unemployment benefit is provided for a fixed number days. The amount of unemployment benefit equals to 50 % of the daily assessment basis times the number of days in the month. The daily assessment basis to determine the unemployment benefit is the quotient of assessment basis footings for payment of unemployment insurance contributions completed by the person in the past two years (Social Insurance Agency, 2019).

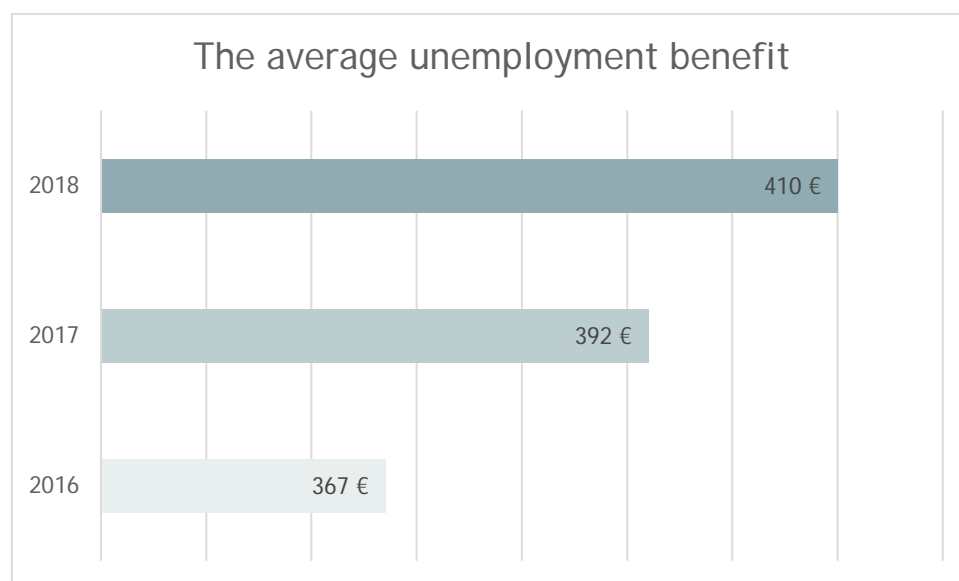
Unemployment benefit and assistance in material need also represent passive labour market policies. The first measure serves as a short-term support in the form of retaining part of the previous income (almost 50% of gross income up to a certain threshold) when seeking employment for a maximum of 6 months.

A job seeker receives benefits and assistance benefits in material need (ABMN) if he or she exceeds the available unemployment benefit support period, if the conditions for receiving the unemployment benefit are not met and if the subsistence minimum of the household is not reached. Benefits and allowances in material need generally serve as a minimum income for households (e.g. approximately 13% or 20% of the average wage for an individual without children, depending on activation works, i.e. his/her participation in the small municipality works. . Job seekers receiving the assistance in material form make up almost 30% of all job seekers registered at labour offices. In the case of the long-term unemployed, this share represents almost 40%, in the case of the unemployed for more than 3 years - approximately 50%. The number of ABMN beneficiaries follows the cyclical development of the labour market; the significant decline in recent years has been influenced mainly by the legislative adjustment of entitlement to benefits: making the basic ABMN conditional on public benefit work (since January 2014) (Social Insurance Agency, 2019).

Actually, 37,378 of the registered job seekers received the unemployment benefit in August 2019.

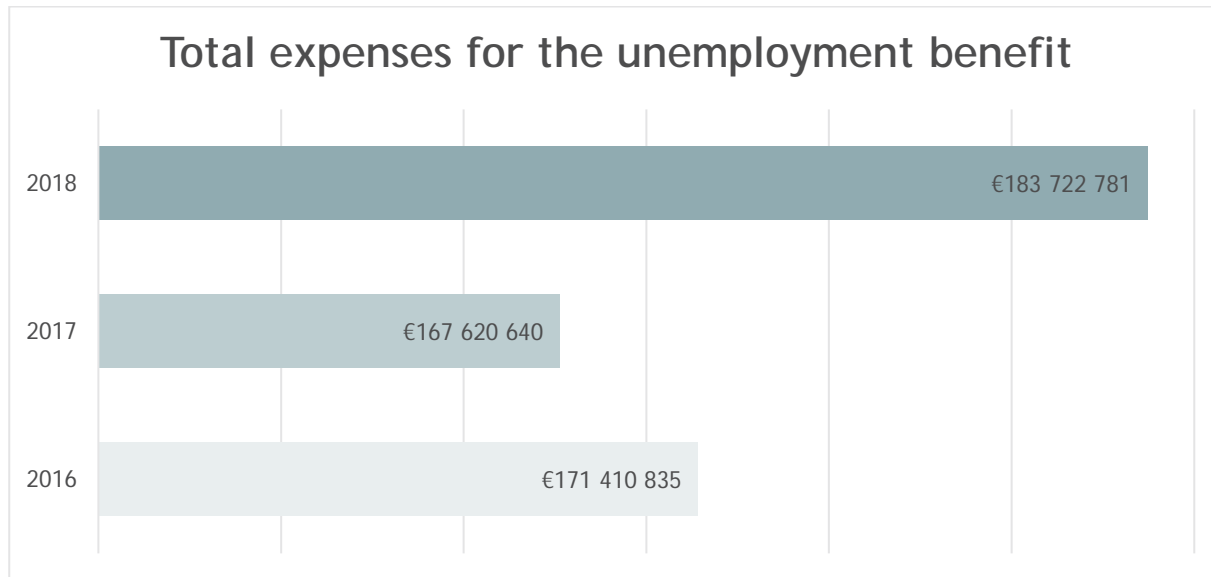
Figures 1 and 2 below depict the average value of the unemployment benefits and the total public expenses for covering these benefits between 2016 and 2018, respectively.

Figure 1: Overview of the average amount of the unemployment benefit in 2016, 2017, 2018.



Source: Social Insurance Agency, 2019

Figure 2: Total expenses for the unemployment benefit provision in 2016, 2017, 2018



Source: Social Insurance Agency, 2019

1.2. Active labour market instruments

The active labour market policy is a set of programs aimed at improving the access of the unemployed into the labour market and therefore to the jobs. Active labour market measures are defined in Section 7 of the Employment Services Act. This section addresses topics such as job placement, job seekers registration, information and counselling services, education and preparation for the labour market, amongst other things.

The role of the active labour market policy (ALMP) is primarily to create space for facilitating and accelerating the transition of unemployed citizens into the labour process, respectively to maintain and increase people's ability to work and find their place in the labour market through specific programs. The ALMP implements and supports measures, programs, projects and activities that facilitate the integration and reintegration of job seekers, particularly disadvantaged ones, in the labour market, through active labour market measures (ALMM). ALMM also help to develop entrepreneurship and self-employment, support the growth of the educational level and professional skills of job seekers and employees, support the creation of new job positions and keep existing jobs and employees in these supported jobs. The legal framework for the implementation of this active policy is the Act No. 5/2004 Coll. on employment services (Central Office of Labour, Social Affairs and Family, 2019).

In 2018, as in previous years, the ALMP was implemented primarily through:

- national programs and projects approved by the Ministry of Labour, Social Affairs and Family and conducted by the Central office or regional branches of the Ministry,
- projects to improve the position of job seekers on the labour market, approved by the Ministry and carries out by the Central Office
- projects to improve the position of job seekers in the labour market, approved by the headquarters and implemented by the Central Office.
- projects aimed to improve the position of job seekers in the labour market that were conducted by the Central Office, legal person or natural person

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- pilot projects to verify new active labour market measures approved by the Ministry and implementing by offices
- pilot projects or pilot programs to support the development of regional or local employment, approved by the headquarters and implemented by the Central Office. (Central Office of Labour, Social Affairs and Family, 2019)

According to the Employment Services Act, three categories of active labour market instruments are to be distinguish (Employment Services Act, n.a.):

Increasing employability

- providing reimbursement of parts of the travel expenses of jobseekers related to the completion of a job interview or the selection procedure with an employer (Section 32 (12) (d) Act)
- information and advisory services (§ 42 of the Act)
- professional advisory services (§ 43 of the Act)
- education and preparation of job seekers for the job market (Section 46 of the Act)
- allowance for graduate practice (Section 51 of the Act)
- contribution to the smaller municipal services for the municipality or in smaller services for the self-governing region (§ 52 of the Act),
- contribution to voluntary service (§ 52a of the Act).

Increasing employment

- employment placement (Section 32 of the Act, except Section 32 (12) (d) of the Act),
- allowance for self-employment (§ 49 of the Act),
- employment allowance for disadvantaged job seekers (§ 50 of the Act),
- contribution to the development of local and regional employment (Article 50j of the Act),
- contribution to support the creation of a job in the first periodically paid job (Section 51a of the Act),
- contribution to the creation of a new job (Section 53d of the Act),
- allowance for the establishment of a sheltered workshop and sheltered workplace (Section 56 of the Act),
- contribution to a disabled person for the pursuit of a self-employed activity (Section 57 of the Act).

Maintaining existing jobs

- education and training for the employee for the labour market (Section 47 of the Act),
- contribution to the maintenance of jobs (§ 50k of the Act),
- commuting allowance (§ 53 of the Act),

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- allowance for labour mobility (§ 53a of the Act),
- transport allowance (§ 53b of the Act),
- relocation allowance (Section 53c of the Act),
- contribution to the integration enterprise (§ 53f of the Act),
- compensatory allowances for the integration undertaking¹ (Section 53g of the Act),
- allowance for keeping a citizen with disabilities in employment (§ 56a of the Act),
- allowance for work assistant (§ 59 of the Act),
- allowance for the running costs of the sheltered workshop or sheltered workplace and for the transport of employees (§ 60 of the Act).

The table below provides an overview over the number of beneficiaries and the total costs for all the previously listed labour market instruments in 2017 and 2018.

Table 1: Overview of the applied active labour market measures in 2017 and 2018

Active labour market instruments	2017		2018	
	Number of people involved	Total costs (€)	Number of people involved	Total costs (€)
employment mediation (§ 32)	3,234	41,041	2,770	35,988
Information and advisory services (§ 42)	1,101,446	0	906,396	0
professional advisory services (§ 43)	66,337	139	60,366	46
education and training for the job applicant (§ 46)	14	1,200	14	4,240
education and training for the employee (§ 47)	249	925,103	225	1,453,754
allowance for the self-employment (§ 49)	2,667	9,543,242	2,123	9,063,813
contribution to support for the employment of a disadvantaged job seeker (§ 50)	2,699	5,807,186	1,383	6,160,863

¹ The aim is to promote the employment of disadvantaged persons, considerably disadvantaged persons and vulnerable persons within integration enterprises by providing compensatory allowances.

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Active labour market instruments	2017		2018	
	Number of people involved	Total costs (€)	Number of people involved	Total costs (€)
contribution to support the development of local and regional employment (§ 50j)	3,614	12,459,578	3,788	15,071,792
contribution to support the maintenance of jobs (§ 50k)	178	47,895	0	42,937
allowance for graduate practice (§ 51)	5,439	2,914,052	4,154	2,224,319
allowance to support job creation in the first regular paid job (§ 51a)	1,986	9,976,281	632	4,514,453
contribution to the activation in the form of smaller services for municipality of self-governing region (§ 52)	12,094	3,388,164	8,281	2,338,129
contribution to activation in the form of voluntary service (§ 52a)	4,951	6,135,106	5,486	5,942,652
allowance for commuting to work (§ 53)	5,252	923,740	12,899	2,344,822
allowance for work mobility (§ 53a)	843	1,236,594	629	1,122,118
allowance for transport to work (§ 53b)	88	20,051	153	57,117
allowance for relocation (§ 53c)	0	0	108	105,359
allowance for new jobs created (§ 53d)	452	4,589,322	830	2,445,053

Active labour market instruments	2017		2018	
	Number of people involved	Total costs (€)	Number of people involved	Total costs (€)
compensatory allowances for the integration company (§ 53g)	0	0	12	5,441
projects and programmes (§ 54)	112,164	72,743,230	114,686	94,237,768
allowance for the establishment of a sheltered workshop or sheltered workshops (§ 56)	242	607,551	167	682,252
allowance for a self-employed citizen with a disability (§ 56a)	21	31,180	22	32,195
allowance for a self-employed citizen with a disability (§ 57)	77	393,154	76	379,297
allowance for work assistant (§ 59)	1,077	4,916,625	1,128	5,801,578
allowance for the running costs of the sheltered workshop or sheltered workplace and for the transport of employees (§ 60).	9,763	28,467,161	9,433	30,051,864
SUM	1,334,887	165,167,593	1,135,761	184,117,850

Source: Central Office of Labour, Social Affairs and Family, 2019

2. Available labour market instruments in Slovakia specifically designed for disadvantaged groups of job seekers

Of the above-mentioned measures, disadvantaged persons are in particular targeted by the measure “contributing to the employment of a disadvantaged job seeker (§ 50)”.

These are measures under which the Central Office may grant a contribution to support the employment of a disadvantaged job seeker to an employer who recruits a disadvantaged job seeker registered in the job seekers register for at least three months. The employment relationship with the recruited employee shall

be agreed at least to the extent of half the established weekly working time of the employer (i.e. part-time). . The allowance is provided to cover part of the employee's total labour cost. The allowance shall not be granted for the employment of a disadvantaged job seeker for whom employment has been provided for the same period to:

- support the development of local and regional employment
- keep a disabled citizen in employment
- cover the running costs of the sheltered workshop or sheltered workplace and the transport costs of staff.

The allowance is granted on the basis of a written agreement on the granting of the allowance concluded between the Office (in whose territorial district the employer creates a job) and the employer for a maximum of 12 calendar months. For a disadvantaged job seeker registered in the job seekers register for at least 24 months, the contribution is granted for the longest period of 24 calendar months.

The employer is obliged to maintain the created job for which he / she was granted the contribution, at least to the extent corresponding to the half of the agreed period of contribution.

If an employer carries out several activities (e.g. on the basis of a trade license), which also include prohibited activities under a regulation of the European Commission, the employer may only apply the contribution to the area of its activity that is not a prohibited activity (Central Office of Labour, Social Affairs and Family, 2019) .

3. Identification of gaps in the labour market policy in Slovakia with emphasis on disadvantaged groups of job seekers

The planned voucher system will be innovative especially in the following points:

- it reduces the employer's risk of employing a job seeker from a disadvantaged group
- in case of successful placement of the employee, a "success fee" will be paid by the employer, which will enable us to employ other persons with the same funds
- the whole system should be highly flexible.

4. The potential of the Social Impact Vouchers program in view of the shortcomings of the labour market policy in Slovakia

4.1. General considerations concerning the viability of the Social Impact Vouchers

Through its active labour market measures, the Central Office of Labour, Social Affairs and Family of the Slovak Republic covers all groups of unemployed people. The aim of the voucher system is to bring a flexible system that will benefit mainly selected groups of disadvantaged job seekers and secondary employers.

The voucher system should be usable for:

- (1) the completion of a training program for job seekers from disadvantaged groups
- (2) the reimbursement of the costs of employing a job-seeker from a disadvantaged group.

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4.2. The Social Impact Vouchers as an addition to alternative programs addressing disadvantaged groups of job seekers

The planned voucher system should thus complement existing labour market measures. The Central Office of Labour, Social Affairs and Family still provides a number of different retraining and other courses. Our aim is to bring tailor-made courses to employers, i.e. courses that speed up the re-skilling process of employees and increase their potential for permanent employment.

At the same time, the Labour Office also provides a contribution / co-financing of job creation for people from disadvantaged groups. Our aim is to offer the opportunity to “test” the employee in a shorter period and under more flexible conditions. In addition, our voucher system should focus on disadvantaged groups that receive less attention within the different public programs.

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Tables and figures

Table 1: Active employment policy measures groups in Slovenia 4

Overview of active and passive labour market instruments in Slovenia

1. General overview of available labour market instruments in Slovenia

Currently, there is a system of Active employment policy in Slovenia supporting unemployed persons in the process of their new activation at the labour market. The policy is created by the Employment Service of Slovenia (ESS) and Ministry of Labour.

The main purposes of Active employment policy are:

- to match the offer and demand on the labour market
- to decrease the unemployment rate and increase the employment rate
- to strengthen the skills of unemployed persons and help them find a job

There are four main program groups (inside those groups are different programs) implemented under the Active employment policy, as illustrated in the table below (ZRSZ 2019).

Table 1: Active employment policy measures groups in Slovenia

Active employment policy measures (Public Employment Service)			
1. Training and education	2. Recruitment incentives	3. Job creation (public works and social entrepreneurship)	4. Self- employment promoting

Source: ZRSZ 2019

1.1. Training and education

Training: In the context of individual training programs, unemployed persons may obtain practical work experiences, which helps them to find a job.

Education is carried out as non-formal and formal education.

The purpose of non-formal education is to increase employment opportunities by acquiring new skills and competencies for entry into the labour market and successful development of a career.

At the same time, the purpose of formal education is increasing employment opportunities by acquiring higher levels of education (ZRSZ 2019).

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Instruments in this program group (ZRSZ 2019):

Employ young

Young unemployed persons under the age of 29 years can get training and education in companies participating in innovative projects and are trained for a specific profession (nurse, medical officer, cook...). They meet potential employers and get training in companies (100 - 150 hours in two months). The unemployed get an allowance for activity and travel costs for the time of the training, while the employers receive a subsidy (5,000 EUR) if they give a one-year job to the unemployed after the training.

Training at the workplace

Unemployed can be trained directly at the workplace. Training lasts two (minimum 60 hours) to three months (minimum 90 hours), under the expert guidance of a mentor provided by the employer. Employers involved in this program have a contract with ESS. Unemployed persons in this program get new skills and work experience to enhance their employment prospects with the same or another employer.

Workshops

Workshop takes place as a six-month practical training under the expert guidance of internal and external mentoring provided by the employer (more in section 2)

Testing at workplace

With the help of this program, unemployed can test their knowledge and skills in the actual workplace. A working test is performed under the expert guidance of a mentor provided by the employer. It runs from a minimum of 100 hours to a maximum of 1 month. The exceptions are disabled persons, which are allowed to an onboarding phase of more than 1 month.

Non - formal education

The goal of this program is that unemployed acquire additional knowledge and skills to facilitate employment. (more in section 2).

Verification and validation of National Vocational Qualifications (NVQ) and initial qualification (IQ)

This program enables unemployed the verification and validation of qualification to exercise a profession or professional duties. After the unemployed successfully complete the verification and validation, they obtain publicly valid certificate. There are many different NVQs included: assistant cook, assistant waiter, web page designer, CNC machine operator, project manager, make-up artist, massage therapist etc.

Project learning of young adult (PUM-O)

The PUM-O can get the young involved if they are older than 15 and younger than 26 years, provided that they dropped out of school, and get registered as unemployed or as job seekers. There is a list of contractors with contracts for the execution of this program (mostly some public institutions, adult education centres etc.). The main purpose of this program is to offer the young a decision about their future profession and to get them ready to reintegrate into education or employment.

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Formal education

The aim of this program is enabling a certified adult education. The aim is to get or complete a primary education or to complete secondary education.

1.2. Recruitment incentives and job creation

These programs enable employment with the employer for a fixed or indefinite period of time, on the basis of ESS's financial assistance, which is paid to the employer. This ensures the social security of unemployed, offers them new knowledge and experience, and hence better employment opportunities (ZRSZ 2019).

Employ young permanently

The target group is unemployed under 30 years, registered at ESS, residents of western Slovenia. The program is implemented on the basis of a public invitation, which can apply to employers from all over Slovenia. There must be signed a contract of indefinite duration, which allows employer receiving the subsidy.

Employ me

With the help of this program, unemployed person can get a job for at least one year, for which employers receive a subsidy. (more in section 2)

Active to retirement

With the help of this program, employers can hire persons that are at least 58 years old and are registered as unemployed. Employers receive a subsidy, the employment relationship must be concluded for an indefinite period, or at least to qualify for early retirement or retirement on grounds of age.

Tax credit on jobs

Employers can claim tax credit for employing younger than 26 or older than 55 years and that have been registered as unemployed for at least six months. It is also necessary that employers recruit a new employee and for indefinitely period.

Tax incentives for employing disabled

Employers can invoke a tax relief for employing a disabled person, a person with 100 percent physical impairment or deaf person.

Public works

The public works programs are created for long-term unemployed. (more in section 2)

1.3. Promoting Self-employment

Self-employment subsidy (ZRSZ 2019)

Subsidies are available for unemployed persons who decide for one of the forms of self-employment. The maximum amount of the subsidy is 5.000 EUR, it can only be granted to those who enter into the demanding entrepreneurial path supported by appropriate training conducted under outsourced contractors. The number of subsidies for self-employment is limited.

Exemptions of contributions for compulsory social insurance (ZRSZ 2019)

Self-employed can be exempt from the payment of contributions for compulsory social insurance. The exemption can be granted for a period of up to two years from the first entry in a register or record.

2. Available labour market instruments in Slovenia specifically designed for groups at risk of long-term unemployment

Public works

This program is designed for long term unemployed. An advantage is given to those who are continuously registered as unemployed for more than two years and at that time are not involved in any active employment policy programs. Public works offer a one-year employment in the fields of social welfare, education, culture, environment, agriculture and other related fields, carried out by non-profit employers. ESS co-finance the cost of employment in the public works program to employers.

The wages are determined by the act regulating the labour market. It depends on the level of education and skills, what kind of work the unemployed persons are able to do for public work (ZRSZ 2019).

Workshops

The advantage to participate in this program have:

- unemployed for more than 2 years
- unemployed over 55 years
- low educated unemployed (primary school)
- disabled people.

Workshops take place as a 6-month practical training under the expert guidance of internal and external mentors provided by the employee.

The internal mentor cannot train more than two persons and has to have at least 60 hours of tutoring per month. The goal is the acquisition of knowledge, skills, and experience specific to the workplace at which the programme participants receive their training.

External mentors must have completed at least 12 hours of mentoring throughout the duration of the workshop. They help unemployed persons to overcome the problems that are usually caused by prolonged inactivity or unemployment, disability, health and other social barriers.

The practical training in the workshops take place without a formal employment relationship. During the course of this program, the unemployed get the status of participants in active employment policy programs.

Employ me

With the help of this program, the unemployed person can get a job for at least one year, for which employers receive a subsidy.

Who can join this program?

- unemployed older than 50
- persons at least 30 years old and more than 12 months unemployed
- low educated unemployed.

It is important that the employer is chosen based on the public invitation and signs a contract with ESS on the allocation of subsidies for employment. Employers receive a subsidy for 5,000 - 7,000 EUR (depending on meeting certain criteria).

Non - formal education

The goal of this program is that unemployed acquire additional knowledge and skills to facilitate employment. There is a register of outsourcing education and training programs (learning Slovene and foreign languages, entrepreneurship workshops, computer science courses...)

Who can join this program?

- unemployed older than 50
- persons at least 30 years old and more than 12 months unemployed
- low educated unemployed.

The program is particularly aimed at those who have work experience or a profession for which there is no demand among employers.

3. Identification of gaps in the labour market policy in Slovenia with emphasis on long-term unemployment

Many job seekers in Slovenia suffer from at least two and often three risk group factors (older workers, low-skilled workers, long-term unemployed, redundant workers), so better labour market policies will need to address multiple problems concurrently (OECD 2016).

Unemployment insurance protects incomes of job losers (OECD 2016)

Slovenia's unemployment benefit system provides decent income security for people becoming involuntarily unemployed or ending a temporary work contract. Unemployment insurance benefit payment duration increases with the length of the prior work period. Also, many unemployed receive a social benefit (ca 66%).

Initial income replacement rates are high and there are some other aspects that make the unemployment benefit system in Slovenia generous compared to systems in other countries.

During benefit receipt, people only have to accept jobs one level below their current qualification.

It is easy to negotiate dismissal for reason of incompetence with an employer to generate benefit entitlement.

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Slovenia



The subsidises system repeats unemployment in seasonal and temporary work contracts (e.g. tourism).

Social assistance and partial disability benefit receipt is high and becoming more frequent (OECD 2016)

There are two contrasting developments: Short-term unemployment and the number of unemployment benefit recipients are falling while long-term and very-long-term unemployment remains unchanged. In fact, the number of registered job seekers receiving social assistance is increasing. This shift from shorter-term to longer-term unemployment or from unemployment benefit to social assistance is problematic because of the weaker effort that is made in Slovenia to help those groups.

There is also increasing proportion of those receiving partial disability benefits while being registered as unemployed. And most of those people never return to work.

Making work pay for benefit recipients is a challenge (OECD 2016)

In many cases there are unemployed where most of their additional income (70-90%) in case of getting new job is taxed away when moving from unemployment benefit into paid work.

Low employment rates of older people reflect work disincentives embedded in welfare benefits (OECD 2016)

One reason for the low unemployment rate for older people relates to special provisions in the unemployment benefit system for them. They receive such benefit for much longer period (19 to 25 months), the insurance clock is not reset to zero for beneficiaries over age 57 and the latter group can be granted an additional 2 years of pension contributions. Thus, one in three pensioners enter retirement through unemployment.

Labour market institutions are not focused on helping displaced workers quickly (OECD 2016)

All unemployed people in Slovenia can register with ESS within 30 days starting from the termination of their employment contracts. There is no incentive or obligation for dismissed or displaced workers to register with ESS and look for work earlier.

The capacity of the ESS to support harder-to-place jobseekers is limited (OECD 2016)

One of the biggest problems of ESS is that it cannot help all clients to the same degree or to degree necessary. As a result, most of the harder-to-place clients are likely to remain on hold instead of receiving intense support.

There are also not enough evaluations of programs that could show which of the programs should be maintained, extended or terminated.

The connection between ESS and Centres for Social Work is weak and ineffective (OECD 2016)

- The exchange of information between both institutions is unbalanced
- The work culture of those institutions is very different: ESS is focused on the activation while CSW still apply a largely social model looking after the complex needs and barriers of their clientele.

Labour market duality remains a significant problem in Slovenia (OECD 2016)

There is a large number of different contracts used in Slovenia. Reforms have not removed the differences in employment protection and overall costs between permanent and temporary or other non-standard forms of employment.

Pay systems, allowances and minimum wages can hinder the hiring of disadvantaged workers (OECD 2016)

Meal and travel allowances are an important component of earnings in Slovenia and they are not taxable. Both allowances together can add up to 15% or even more for those with expensive commutes.

From parking to actively helping high-risk jobseekers (OECD 2016)

There is still no strategic decision about how much to invest and where to invest in order to increase employment and generate savings in medium and longer term.

Slovenia does well in helping employable jobseekers into work but has not yet been willing to invest sufficiently in helping harder-to-place clients who end up being out of work for a long time.

4. The potential of the Social Impact Vouchers program in view of the shortcomings of the labour market policy in Slovenia

4.1. General considerations concerning the viability of the Social Impact Vouchers

As already mentioned in defining the suitable target group for testing the SIV program in Slovenia, the main challenge in Slovenia will be finding potential investors and there are also some other limitations and challenges linked to the implementation of SIV described below.

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).

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

*D.T1.2.2.
Slovenia*

- 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 need a campaign that would explain and promote new financial instruments and their benefits, if we want this concept to be accepted.

4.2. The Social Impact Vouchers as an addition to alternative programs addressing the target group of long-term unemployed

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.

5. Literature

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- ZRSZ (2019a): Labour market in Slovenia. Retrieved from: <https://www.ess.gov.si/> (last accessed on September 16th 2019).
- ZRSZ (2019b): Labour market in Slovenia- Programi zaposlovanja. Retrieved from: https://www.ess.gov.si/trg_dela/trg_dela_v_stevilkah/programi_zaposlovanja (last accessed on September 16th 2019).

Aspects referring to deliverable D.T1.2.2. (documentation of the web-based workshops on labour market policy) are marked blue.

page | 1

<input checked="" type="checkbox"/> Social Enterprise Neue Arbeit gGmbH <input checked="" type="checkbox"/> Interreg-project partner <input type="checkbox"/> Others	
Topic / content: Telephone conference Date: 2019-09-30 Time: (start / final) 9.00 am / 10.00 am Place: Telephone conference room	
Participants: PP01: Marcus Nensel PP02: Toni Tvrtkovic PP03: Sasa Percic PP05: Clemens Foschi PP06: Eva Skrabalova Lucie Spoustova PP08: Dorota Nowicka PP09: Marcus Lochstampfer PP10: Flavia Bogorin, Eva More-Hollerweger PP11: Lubomir Billy If so, Guests: ----- Moderator: Marcus Nensel	
<p>Agenda 30th September 2019/webconference</p> <ol style="list-style-type: none"> 1. Consultings with the JS 2. Controller 3. Deliverables 4. First web-based workshop on labour market instruments (as part of D.T1.2.2.) 5. Comments <p>Preliminary remark:</p> <p>All partners present expressed their satisfaction with the second partner meeting in Vienna. The very productive atmosphere as well as the achieved clarifications and developments are a good precondition for the further success of our joint project.</p>	

The Austrian partners were once again jointly thanked for the very successful preparation and implementation.

1. Consultings with the JS

Lp is at the moment consulting with JS about open issues, which occurred during the partner meeting 19th/20th September 2019 in Vienna.

Especially:

1. Modifications / Voucher implementation: Would it be possible to have modifications here?
2. Modifications / Securing investments: Would it be possible to change/postpone budgetlines?
3. For "matching and coaching": budget for external expertise could be used for coaching?

LP asks, if there are any other open issues, which occurred after the partner meeting 19th/20th September 2019 in Vienna in the meantime, which have to be consulted with the JS?

No open issues were named.

2. Controller

LP gives the recommendation that each partner has to contact its own national controller to get a feedback in time.

3. Deliverables

The deliverables postponed are announced and discussed during the conference.

The partners agreed, that in the future the postponement of deliverables with a view to the consequences for the overall project will be avoided as far as possible.

Status of the deliverable D.T.1.1.2 (Country Report on Social Impact Investment with Status Quo Diagram): the missing reports will be discussed in bilateral talks by PP 10 and the LP

The upcoming D.T1.1.5 Stakeholder dialogue on social impact investment (one in each country) is discussed. There are problems in being able to agree appropriate dates with the stakeholders. The corresponding pitches are not yet up to date. More significant efforts are agreed to develop usable pitches. The pitch deck proposed by the LP with the content to be adapted to the individual partners can be used for this purpose.

There is no limit to the number of participants in these meetings. Both larger and smaller meetings are possible.

All partners send the minutes of the stakeholder meetings already held or to be held to PP 10.

Regarding the upcoming deliverable with the Kanban-Content PP 10 will send out a developed draft.

<p>4. First web-based workshop on labour market instruments (as part of D.T1.2.2.)</p> <p>The project partners discuss the active and passive labour market policy in their respective countries, in view of the preparation of the voucher strategy (D.T1.2.3.) and voucher action plan (D.T1.3.1.). They are compiling the main findings in country reports, as part of D.T1.2.2. The discussion will be resumed during the following web conference on October 22nd 2019, which will in part be designed as the second web-based workshop on labour market instruments.</p> <p>5. Comments</p> <p>Shortly after our meeting in Vienna, there is currently no need for further votes.</p> <p>Recorder: Marcus Nensel Next meeting (date/time/place): 2019-10-25/10.30-12.00</p>	

Social Enterprise Neue Arbeit gGmbH

Interreg-project partner

Others

Topic / content: Telephone conference

Date: 2019-10-22

Time: (start / final) 10.30 am / 11.30 am

Place: Telephone conference room

Participants:

PP01: Anja Grunow

PP02: Toni Tvrtkovic, Goran Jeras

PP03: Sasa Percic

PP05: Clemens Foschi

PP06: Eva Skrabalova

PP09: Marcus Lochstampfer

PP10: Flavia Bogorin, Eva More-Hollerweger, Daniel Heilig

PP11: Lubomir Billy

If so,

Guests: -----

Excused:

PP04: missing because of organization-problems

PP07: missing because of technical connecting problems

PP08: should be represented by PP 07, which was missing because of technical problems

Moderator: Anja Grunow

Info:

I added above participants on the list.

Therefore it was not totally clear in the beginning, which persons are in the conference room, my suggestion is, that we tell our name and PP-number in the beginning when entering the room, so that the moderator/recorder can add them to the list.

If there is anybody missing or added in the list of the participants, as it was happened before, please send an info to LP, that we can correct the list. Thank you very much!

Agenda

1. **Update on the current status of the country reports on labour market instruments (D.T1.2.2.) – feedback, next steps, finalization**
1. **Second web-based workshop on labour market instruments (as part of D.T1.2.2.): Follow-up Discussion of key findings from the research on labour policy in each partner country in view of the voucher strategy and action plan development**
2. **Discussion of the upcoming deadlines in WP T1, based on the overview list we provided (see attachment)**
3. **Promotion of the SIV project at conferences on the topic of impact investment (Impact Days 2019 in Vienna; EVPA annual conference in the Hague)**
 - **To all PPs, if you know anyone in your network that will attend this year's EVPA conference and that could be interested in the SIV project, we kindly ask you to refer them to the two roundtables that WU and Caritas are hosting there:**
 - . **7th November 2019, 14:30 – 15:15: <https://celebrate-impact-conference-evpa.iseated.com/session/34040>**
 - . **7th November 2019, 13:30 – 14:15: <https://celebrate-impact-conference-evpa.iseated.com/session/33889>**
4. **PP1: 30th October 2019, Berlin, Germany: participant: Marcus Nensel, conference Interreg-project/social innovation by Diakonie Deutschland,**
5. **PP6: Discussion whether the database of NAS is well suited for the purpose of the SIV project and to what extent would it be possible to make changes to the platform in order for it to suit us better.**
6. **Posters & leaflets etc.**
7. **conference via an alternative provider etc.**

Agenda item	Responsible
<p>2. Update on the current status of the country reports on labour market instruments (D.T1.2.2.) –feedback, next steps, finalization</p> <p>Feedback: There are 2 reports missing, e.g. from Croatia. The missing reports will be sent to WU. All other reports were sent to WU, the feedback was given to each partner.</p> <p>Next steps: So the corrected versions should be sent until 30th October 2019 to WU</p> <p>Finalization: to finalize them for the upload 29th November 2019.</p>	<p>WU</p> <p>All PP LP</p>
<p>3. Second web-based workshop on labour market instruments (as part of D.T1.2.2.): Follow-up Discussion of key findings from the research on labour policy in each partner country in view of the voucher strategy and action plan development</p>	<p>All</p>
<p>4. Discussion of the upcoming deadlines in WP T1, based on the overview list we provided (see attachment)</p>	
<p>The details as follows:</p>	
<p><u>D.T1.1.5 Stakeholder dialogue on social impact investment</u></p>	
<p><u>(one in each country):</u></p>	
<p><i>Plan:</i></p>	
<p>29.10.2019 All PPs conduct one stakeholder dialogue in each country</p>	
<p>29.10.2019 All PPs please send the minutes and attendance lists of the dialogues to PP10</p>	
<p>30.10.2019 PP10 finalizes the deliverable and submits to the LP</p>	
<p><u>31.10.2019 LP uploads the deliverable to eMS</u></p>	
<p>Therefore many partners had “only” informal meetings (LP had for instance meetings with employees /Bosch/Daimler etc.), we suggested to ask either if JS accept this informal meeting or either to ask for a postponing of the deliverable.</p>	<p>LP/Anja</p>
<p>PP3 had already a formal meeting held in Slovenia October 16th 2019 with support of LP, Marcus/Anja, who travelled to Slovenia to hold a presentation there.</p>	<p>PP3/LP</p>
<p>Also PP3 and PP2 Primoz/Goran are going to have a meeting for certain aspects.</p>	<p>PP2/3</p>

<p>LP will have a formal meeting with vector in a few days.</p> <p>New: After the webconference it was cleared with the JS, that this deliverable will be postponed to end of November 2019. So please consider also to finalize D.T.1.1.4 end of November 2019. There cannot be further deadline extensions concerning these stakeholder-deliverables.</p> <p>To reach a proper result from the stakeholder, we can work more on an individual basis.</p> <p>Therefore the exchange about this themes relating D.T1.1.5 Stakeholder dialogue on social impact investment is a part of the mentioned deliverable D.T.1.1.5 we hereby fulfill this point, by discussing this topic with all partners, as well as D.T1.2.4 which is related to that topic/deliverable.</p> <p>All templates/pitchdecks etc. are available/have been sent to all PPs, to have a basis to work on.</p> <p><u>D.T1.1.3 Matrix for common strategic framework:</u></p> <p><i>Plan:</i></p> <p>21.10.2019 All PP please send potential additional information to PP10</p> <p>30.10.2019 PP10 finalizes the strategy matrix and submits to the LP</p> <p>31.10.2019 LP uploads the strategy matrix to eMS</p> <p style="padding-left: 40px;">This will be kept in the given deadline.</p> <p><u>D.T1.1.4 Social impact fund strategy</u></p> <p><i>Plan:</i></p> <p>21.10.2019 PP2 provides a draft based on the minutes of the partner meeting in Vienna and sends it to PP10</p> <p>30.10.2019 PP 10 finalizes the strategy paper together with PP2 and submits it to the LP</p> <p>31.10.2019 LP uploads the strategy paper to eMS</p> <p>PP2 asked for postponing the deliverable, because they have a tight time schedule.</p> <p>PP1/Anja will check this with Marcus Nensel and JS.</p> <p style="padding-left: 40px;">New: Result: There is no deadline extension: solution: PP10 will support this deliverable to fulfill the deadline.</p>	<p>LP</p> <p>LP</p> <p>PP10</p> <p>LP</p>
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D.T1.4.1 Evaluation matrix (web and wall)

21.10.2019 PP10 prepares a first version

25.10.2019 All PPs please give feedback

30.10.2019 PP10 finalizes the evaluation matrix together with PP 4 and submits it to the LP

31.10.2019 LP uploads the evaluation matrix to eMS

This will be kept in the given deadline.

D.T1.2.2 3rd country report on vouchers and labor market instruments

21.10.2019 PP10 reviews the draft reports and sends feedback to all PPs

31.10.2019 All PP revise the reports and send the final versions to PP10

To have already a view to the future deadlines in November, please keep an eye of following deliverables:

28.11.2019 PP10 finalizes the reports and submits it to the LP

29.11.2019 LP uploads the reports to eMS

D.T1.2.3 Voucher strategy

31.10.2019 PP11 collects ideas and suggestions from all PPs

11.11.2019 PP 11 provides a draft based on the minutes of the partner meeting in Vienna and sends it to PP10

28.11.2019 PP 10 finalizes the strategy paper together with PP11 and submits it to the LP

29.11.2019 LP uploads the strategy paper to eMS

D.T1.2.4 Stakeholder Dialogue on the Voucher Strategy

27.11.2019 All PPs conduct one stakeholder dialogue in each country

27.11.2019 All PPs please send the minutes and attendance lists of the dialogues to PP10

28.11.2019 PP10 finalizes the deliverable and submits to the LP

29.11.2019 LP uploads the deliverable to eMS

To give an example of LP:

LP will have with vector 28 th October 2019 a stakeholder meeting to find investors for the project.

Therefore the exchange about this themes relating D.T1.1.5 Stakeholder dialogue on social impact investment is a part of the mentioned deliverable D.T.1.1.5 we hereby fulfill this point, by discussing this topic with all partners. This is the status quo.

As well LP will have a stakeholder dialogue in Berlin 30 th October 2019 with several partners/stakeholders to present and discuss the project (see below 5 and as well 4: 7th November 2019/conference in the Hague.)

Therefore the exchange about this themes relating D.T1.2.4 is a part of the mentioned deliverable D.T.1.2.4, we hereby fulfill this point, by discussing this topic with all partners. This is the status quo.

5. Promotion of the SIV project at conferences on the topic of impact investment (Impact Days 2019 in Vienna; EVPA annual conference in the Hague)

- **To all PPs, if you know anyone in your network that will attend this year’s EVPA conference and that could be interested in the SIV project, we kindly ask you to refer them to the two roundtables that WU and Caritas are hosting there:**

. 7th November 2019, 14:30 – 15:15: <https://celebrate-impact-conference-evpa.iseated.com/session/34040>

. 7th November 2019, 13:30 – 14:15: <https://celebrate-impact-conference-evpa.iseated.com/session/33889>

Anja was asking to have a feedback after the conferences, so that everybody can benefit from the results and experiences. Flavia agreed.

6. PP1: 30th October 2019, Berlin, Germany: participant: Marcus Nensel, conference Interreg-project/social innovation by Diakonie Deutschland.

As well Anja is offering that Marcus Nensel gives a feedback after the conference, so that everybody can benefit from the results and experiences.

Marcus Nensel will have a presentation in Berlin and a workshop about SIV project after the presentation.

New: The feedback/documentation of the conference will take probably until end of November 2019, so therefore the feedback to all PPs will take place in December 2019.

All participants of the conference

LP/Marcus

