

OUTPUT FACT SHEET

Pilot actions (including investment, if applicable)

Version 3

Project index number and acronym	CE1345 SIV
Output number and title	O.T3.1 Voucher System Tool - Croatia
Investment number and title (if applicable)	n/a
Responsible partner (PP name and number)	PP2 Zadruga za etično financiranje
Project website	https://www.interreg-central.eu/Content.Node/SIV-.html
Delivery date	31 May 2022

Summary description of the pilot action (including investment, if applicable) explaining its experimental nature, demonstration character and transnational added value

ZEF, an organization specializing in designing innovative financial instruments, partnered with Social Cooperative “Martinov Plašt¹” to implement a pilot program in Croatia that aimed to improve an existing employment scheme for vulnerable groups such as people with disabilities, long-term unemployed, elderly, homeless, former prisoners, and others. The program utilized a voucher system to encourage companies to buy goods and services from employers who hire people with disabilities, thereby helping them meet their legal obligations² and avoid penalties.

The voucher system innovated the process by having companies employing people with disabilities issue vouchers with a specific value of their products and services. These vouchers were then offered to companies that were required to pay penalties for not employing the required number of people with disabilities³. Companies interested in buying the offered products or services made an annual order for a certain volume of products or services and made a B2B agreement with the company employing people with disabilities. The company employing people with disabilities then issued vouchers for the volume of products and services paid and provided. The company purchasing products and services used the vouchers to deduct their paid penalties.

Two such programs valued around 25.000 EUR and related to contracts of provisioning horticulture services have been implemented in the pilot phase.

This program's success demonstrates that voucher systems can be an effective tool for increasing the employment of vulnerable groups, improving employment schemes, and enhancing the financial stability of social enterprises. Furthermore, the program's design could be replicated in other countries, as no comparable scheme currently exists in other project partner countries. Through innovative financial instruments, organizations like ZEF can promote social and economic inclusion, support vulnerable groups, and improve employment schemes.

¹ <https://www.martinov-plast.hr>

² https://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_157_3292.html

³ <https://mosp.gov.hr/pristup-informacijama-16/najcesca-pitanja-i-odgovori/najcesca-pitanja-i-odgovori-12153/rad-i-zaposljavanje/zakon-o-profesionalnoj-rehabilitaciji-i-zaposljavanju-osoba-s-invaliditetom/5946>

NUTS region(s) concerned by the pilot action (relevant NUTS level)

Grad Zagreb (HR05)

Investment costs (EUR), if applicable

In case the pilot action includes an investment, please indicate the total costs of the investment financed by the project (only cost items under BL5 and BL6 should be considered).

Total costs of the investment financed by the project: 0 EUR

Expected impact and benefits of the pilot action for the concerned territory and target groups and leverage of additional funds (if applicable)

The expected effect is to scale up visibility of the scheme that allows employers employing people with disabilities to establish long-lasting business partnerships with companies in need of their goods or services.

The scheme in itself is not very widely known, is administratively complex and difficult to promote. However, with the voucher system that puts the scheme administration responsibility on the level of provider of social services, it becomes much more simplified, companies are attracted to participate in the scheme and realise benefits of using it. Instead of just paying penalties for not employing enough people with disabilities, companies can actively engage in B2B relationships with companies providing goods and services provided by people with disabilities and can improve their positive social impact by direct choice and not out of administrative/legislative obligation.

If successful, a scheme could be extended to all other social groups and could become a standard method for improving companies' social impact, as required with new EU Taxonomy and new non-financial reporting directive (NFR directive) which is currently been discussed in European Parliament.

During pilot action we found out that companies are very keen to engage in the process and enter in the long-lasting B2B relations with entities employing people with disabilities. The major obstacle was understanding the legal background of the voucher employment scheme used in this particular case. However, we estimate that wider use of the scheme could lead to the increase of the volume of funds invested through this scheme by 5-10 times - from 300.000 EUR to 1.500.000-3.000.000 EUR on the annual basis.

Based on the success of this action, we expect investment from private philanthropic investor in the amount of 50.000 EUR, with the addition of the implementation of the scheme throughout investor's business portfolio of companies.

Sustainability of the pilot action results and transferability to other territories and stakeholders

Sustainability of the scheme is rooted in the longer-term characteristics of established B2B contracts between companies requesting products and services on one side and companies providing services by employing people from deprived groups. Contracts are usual on the annual basis and since request for services is continuing, there is good incentive to have them renewed on the annual basis, allowing good business development planning and expansion of goods and services offered through the scheme.

If marketed properly and adopted and recognised by policy makers, the scheme could be replicated to other areas of Croatia, and hopefully integrated with national employment schemes run by Croatian Employment Service.

We also see that scheme could be very interesting for forward-looking and impact oriented companies, especially through the fulfilment of their obligation to measure the social and environmental impact of their operations in accordance with NFR directive.

Further advancement of ESG policies which are becoming standard in the business world, and are going to replace voluntary CSR policies, are further opportunity to expand, broaden both the voucher employment scheme and the size of the transnational social impact fund's contribution from Croatia.

If applicable, contribution to/ compliance with:

- relevant regulatory requirements
- sustainable development - environmental effects. In case of risk of negative effects, mitigation measures introduced
- horizontal principles such as equal opportunities and non-discrimination

Pilot action was using an existing employments scheme enacted in Croatian legislation - “Act on professional rehabilitation and employment of persons with disabilities”. It fully complies with the legal requirements and creates a new channel for the utilisation of the scheme which is currently not optimally used.

Impact measurement of the activities and framework for implementation of the scheme was developed and implemented in accordance impact assessment and impact measurement policies that are following Economy For Common Good / Common Good Matrix ⁴assessment methodology.

Methodology looks into and makes assessment of 4 distinct pillars of impact - Human Dignity, Solidarity and Social Justice, Environmental Sustainability and Transparency and co-determination. The advantage of this methodology is that those pillars are tested not only from the perspective of the employer itself, but also the employers suppliers, owners and financial providers, customers and other companies and social environment in which it operates. This covers therefore 20 different areas of impact, each with its own set of indicators.

Results are quantitative, could be compared between companies and are also great tool for business planning for the improvement of companies score over some future period in time.

More info on approach on www.ecogood.hr and www.ecogood.com (impact design).

This methodology has ensured that in the implementation of the pilot, a great care has been taken for all the elements of the Human Dignity component, including fully inclusive approach to people of all genders and to people from all socio-economic backgrounds.

Environmental impact of the action is dependent on the environmental impact of the business of the companies employing people with disabilities. Implementation of the scheme will ensure more stable revenues and more capacities to those companies to enable them to increase their investment in environmentally sustainable practices. The scheme itself was implemented through digital vouchers, without any not necessary use of materials and have largely reduced administrative process required for the traditional utilisation of the scheme.

⁴ <https://www.ecogood.org/apply-ecg/common-good-matrix/>

References to relevant deliverables (e.g. pilot action report, studies), investment factsheet and web-links

If applicable, additional documentation, pictures or images to be provided as annex

- Regulatory framework: https://narodne-novine.nn.hr/clanci/sluzbeni/2013_12_157_3292.html
- Institute for Expert Assessment, Professional Rehabilitation and Employment of Persons with Disabilities
- project website: <https://www.interreg-central.eu/Content.Node/SIV-.html>
- the transnational fund webpage: <https://next-access.org/>
- impact investment information <https://www.ecogood.hr>

The Pilot Action has been related to following deliverables:

- D.T.3.1.1 Voucher Process
- D.T.3.1.5 Voucher Management Workflow
- D.T.3.2.1 Improved Voucher Process
- D.T.3.2.4 Improved Voucher Management Workflow
- D.T.3.3.1 Recruiting Event concept and timeline
- D.T.3.3.2 Voucher Recruiting Events
- D.T.3.3.3 Contact Lists
- D.T.3.3.4 SME Registration
- D.T.3.3.5 Voucher Distribution
- D.T.3.4.1 Stakeholder Briefings
- D.T.3.5.1 Status Report on progress of work experience
- D.T.3.6.1 Status Report on job seekers Experience