

# INTERREG SIV

## O.T4.1

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Strategy for Capacities in Scale and Scope  
Poland

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## Content

<b>1. OBJECTIVES OF THE STRATEGY ACCORDING TO THE APPLICATION FORM .....</b>	<b>2</b>
<b>2. STRATEGIC FRAMEWORKS.....</b>	<b>2</b>
<b>2.1. Employment situation in the partner country .....</b>	<b>2</b>
2.1.1. Main economic and labour market trends.....	2
2.1.2. Unemployment situation and data .....	3
2.1.3. Facts and data on long-term unemployment in Poland.....	3
<b>2.2. Status quo of social impact investments in the partner country/region .....</b>	<b>5</b>
2.2.1. Private donations in Poland .....	5
2.2.2. Overview of social impact investment in Poland .....	5
2.2.3. Examples for social impact investors in Poland .....	7
2.2.4. Social impact investment focusing on (long-term) unemployment in Poland .....	8
<b>2.3. Description of the social impact fund developed to finance social impact vouchers in the partner country/region .....</b>	<b>8</b>
<b>2.4. Challenges for scaling the social impact fund in Poland.....</b>	<b>10</b>
2.4.1 Economic challenges of scaling .....	11
2.4.2 Labour market challenges of scaling.....	11
2.4.3 Challenges based on the status of impact investments .....	11
2.4.4 Legal challenges .....	11
<b>3. COUNTRY-SPECIFIC OBJECTIVES.....</b>	<b>11</b>
<b>4. ACTIONS.....</b>	<b>12</b>
a. Action 1 - Scaling the scope of investors.....	12
b. Action 2 - Scaling the amount of money invested in the fund .....	12



# 1. Objectives of the Strategy according to the Application Form

This output will be a strategy for further uptake of the social impact fund by other stakeholders and an increased size of the existing fund, reducing long-term unemployment.

Accordingly, the strategy aims at describing the plans for scaling the social impact fund developed with the contribution of the partner organizations within the frameworks of the Social Impact Vouchers project regarding the number of contributors to the financial fund and the amount of the financial contribution paid into the fund.

## 2. Strategic frameworks

### 2.1. Employment situation in the partner country

#### 2.1.1. Main economic and labour market trends

With a result of 73.6% (2020), Poland belongs to the group of EU-27 Member States that achieved an employment level in the 20-64 age group consistent with the targets set by the European Commission for 2020. Main indicators reflecting the situation on the labour market in Poland were improving from year to year and we were steadily moving closer to the EU average.<sup>1</sup> The positive growth tendencies slowed down in 2020 as a result of the COVID-19 pandemic and restrictions imposed on economies as a consequence. However, contrary to concerns about the expected labour market crisis, only a slowdown in the growth of its main indicators was observed. The COVID-19 pandemic had a negative impact mainly on the economic situation of young persons. It is illustrated by the lower than a year ago number of employed persons and lower employment rates, as well as the larger population of economically inactive persons.<sup>2</sup>

In the same period, a significant increase in the population of persons employed part-time and a rapid growth in the population of persons performing their paid work at home was observed.

An increase in the number of the employed in 2020 as compared to 2019, was recorded within the scope of activities within the sections: agriculture, forestry and fishing (mainly in private agriculture), transportation and storage, construction, education, human health and social work, other service activities, water supply; sewerage, waste management and remediation activities, and electricity, gas, steam and air conditioning supply.<sup>3</sup>

Particularly worth pointing out is also a new form of performing work which appeared in Poland in 2020, namely: remote work, which was closely related to the state of the COVID19 epidemic announced in March 2020 and successive special acts passed at a fast pace.<sup>4</sup>



### 2.1.2. Unemployment situation and data

The registered unemployment rate (at labour offices) at the end of June 2021 was 5.9%, a decrease of 0.2 percentage point as compared to the previous year. With 993 400 people registered, the number of registered unemployed persons dropped below 1 million for the first time in over a year. When comparing the unemployment rate as at the end of June 2021 to the number of unemployed persons registered at the end of February 2020, i.e. before the state of epidemic was declared in Poland, the level of unemployment increased by 73 500 people (i.e. by almost 8%), while the registered unemployment rate was higher by 0.4 percentage point. At the end of June 2021, labour offices had 43 900 persons registered who became unemployed for reasons related to the employer's establishment (e.g. closing branches, offices etc.) in comparison to 52 300 a year earlier. At the end of June 2021, 137 100 unemployed persons entitled to unemployment benefits were registered at labour offices. They represented 13.8% of the total number of persons registered as unemployed. Over the year, the group of unemployed persons entitled to benefits decreased by almost 48 000 persons, i.e. by 25.9%. Territorial disparities in terms of unemployment have been considerable in Poland for years. This is due to imbalances in both the socio-economic development of regions and their geographical location. The territorial disparities, measured by the difference between the lowest and highest unemployment rate, varied. At the end of June 2021, the difference between the lowest and highest unemployment rate in the provinces was 5.7 percentage points (3.5% in the Wielkopolskie Province, 9.2% in the Warmińsko-Mazurskie Province).<sup>5</sup>

### 2.1.3. Facts and data on long-term unemployment in Poland

In Poland, the long term unemployment rate refers to the share of unemployed persons since 12 months or more in the total number of active

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<sup>1</sup> [https://ec.europa.eu/eures/public/living-and-working/labour-market-information/labour-market-information-poland\\_en](https://ec.europa.eu/eures/public/living-and-working/labour-market-information/labour-market-information-poland_en)

<sup>2</sup> [https://ec.europa.eu/eures/public/living-and-working/labour-market-information/labour-market-information-poland\\_en](https://ec.europa.eu/eures/public/living-and-working/labour-market-information/labour-market-information-poland_en)

<sup>3</sup> [https://stat.gov.pl/files/gfx/portalinformacyjny/pl/defaultaktualnosci/5820/4/2/1/wplyw\\_epidemii\\_covid-19\\_na\\_wybrane\\_elementy\\_rynku\\_pracy\\_w\\_polsce\\_w\\_drugim\\_kwartale\\_2020.pdf](https://stat.gov.pl/files/gfx/portalinformacyjny/pl/defaultaktualnosci/5820/4/2/1/wplyw_epidemii_covid-19_na_wybrane_elementy_rynku_pracy_w_polsce_w_drugim_kwartale_2020.pdf)

<sup>4</sup> <https://stat.gov.pl/en/topics/labour-market/yearbook-of-labour/selected-aspects-of-the-labour-market-in-poland-economic-activity-of-the-population-before-and-during-the-covid19-pandemic-period,6,1.html>

<sup>5</sup> [https://ec.europa.eu/eures/public/living-and-working/labour-market-information/labour-market-information-poland\\_en](https://ec.europa.eu/eures/public/living-and-working/labour-market-information/labour-market-information-poland_en)



persons (those who are either employed or unemployed) in the labour market. Long Term Unemployment Rate in Poland remained unchanged at 0.90 percent in the third quarter of 2021 from 0.90 percent in the second quarter of 2021.<sup>6</sup>

In general, it can be observed that long-term unemployment share in unemployment is dropping down every year from 2015, and pandemic has not changed the dynamics.<sup>7</sup>

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<sup>6</sup> EUROSTAT

<sup>7</sup> LONG-TERM UNEMPLOYMENT IN POLAND BETWEEN 2015 AND 2019, Leszek Kucharski, Eugeniusz Kwiatkowski



## 2.2. Status quo of social impact investments in the partner country/region

### 2.2.1. Private donations in Poland

Polish model of the social impact fund, from the very beginning, expected to gather funds from private donations from companies. This is one of the most popular model in Poland, to fund social projects through private resources, using CSR as a tool. Current trend for private companies' engagement in social activities is to be directly involved not only financially but also in different aspects, including corporate volunteering, hiring some of the beneficiaries if possible, engagement in decision making processes e.g. setting up own foundations or joining others and establishing committees. This was also mentioned by fundraisers that PP8 was in contact with. Before COVID-19, companies were willing to engage in different programs, however as the pandemic started most of the budgets were frozen. Once the reality changed and business adjusted to the situation, more and more initiatives started or developed in the digital area, making the model less attractive. Examples: IT Diversity Fund by Future Collars<sup>8</sup> or Mamo Pracuj platform - community bringing mothers willing to work and employers together.<sup>9</sup>

Currently, due to the Russian invasion in Ukraine, private funds are directed to direct assistance. Almost all companies wanted to contribute to support people from Ukraine developing different internal or external projects. In the area of the Social Impact Fund model Mamo pracuj used its own resources to support women from Ukraine in finding jobs.<sup>10</sup> Polish Centre For International Aid is supporting Ukraine women to become teachers in schools in Poland through cash for work programme.<sup>11</sup>

PP8 has met with a number of potential investors in Poland and was told that as of February, companies are concentrated around support for people from Ukraine.

### 2.2.2. Overview of social impact investment in Poland

In Poland, investments combining economic activity with a defined social impact rely mainly on non- returnable instruments such as grants and donations. Their operational model is not prepared for reimbursable funds and, in most cases, presents limited financial sustainability. Consequently, social impact funds are insufficiently prepared to put forward social innovation projects. The existing deficit on organizational/management skills of most of these organizations prevent them from fully entering a new space of impact investment and social innovation and benefiting from it.

Despite not many social impact actors on the Polish market, it can be noticed that currently many efforts and resources are directed to people from Ukraine as needs in Poland are significant in this area. There are no other significant data showing the changes in comparison to 2019 in terms of the social impact investment environment and trends that showed that:

- Poland is far behind most of the other European countries
- the biggest challenge of the Polish market is that there is a small number of social investors and low availability of capital dedicated to social impact investing



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<sup>8</sup> <https://futurecollars.com/fundusz-roznorodnosci-w-it/>

<sup>9</sup> <https://mamopracuj.pl/mamo-pracuj-community-helping-mums-to-get-back-to-work/>

<sup>10</sup> <https://mamopracuj.pl/przyjechalas-z-ukrainy-przygotujemy-cie-do-szukania-pracy-w-polsce/>

<sup>11</sup> <https://pcpm.org.pl/nauczyciele-z-ukrainy-pomoga-w-warszawskich-szkolach-i-przedszkolach.html>



- low engagement of entrepreneurs supporting business philanthropy and impact investment is due to a low popularization of issues related to these initiatives
- projects that develop social innovations and want to scale them in a financially sustainable way often find traditional funding not easily available

### 2.2.3. Examples for social impact investors in Poland

As mentioned in the Country Report on Social Impact Investment, it is still difficult in Poland to determine whether certain entities should be considered as social impact investors as all depends on the definition that is not clear. Studying only publicly available materials, it is very often not easy to distinguish what is the case for a given organization.

1. EVPA (European Venture Philanthropy Association) <https://evpa.eu.com/> - still the biggest network in terms of social impact investing and philanthropy. EVPA community includes venture philanthropy funds, social investors, grant making foundations, impact investing funds, private equity firms, professional service firms, philanthropy advisers, banks and business schools. It has more than 320 members from over 30 countries, mainly in Europe, but also in the United States, the Middle East and Asia. There are three members from Poland: The Academy for the Development of Philanthropy in Poland, TISE and the Valores Foundation (EVPA)
2. Simpact VC <https://www.simpact.vc/> - Impact investing venture capital fund empowering founders to build tech-driven startups which combine strong business model with social and environmental impact. Simpact's mission is to scale new technological innovations that solve the most important problems of the modern world in an effective and financially sustainable way. The key criteria for investment in a given project is its technological innovation, commercial potential and expected positive impact on society and/or the environment. Their portfolio of supported projects is growing with a clear perspective of future funding.
3. Ashoka <https://www.ashoka.org/pl-pl> - The International Organization of Social Innovators, Ashoka searches for and brings together people who introduce new, unconventional solutions to social problems. Every year it selects around 100 people from around the world that are distinguished by special social entrepreneurship, which they call innovators for the public good (Ashoka). Ashoka has been supporting leading social entrepreneurs in Poland since the mid-1990s. In last months, Ashoka was focusing on supporting Ukraine refugees.
4. TISE SA (Towarzystwo Inicjatyw Społeczno-Ekonomicznych) <https://tise.pl/> - is a social and economic investment company established in 1991. Its mission is to provide financial and advisory services to supporting the development of local initiatives for sustainable growth, in particular in the area of social economy and the growth of micro, small, and medium-sized businesses, NGOs and social enterprises by granting loans. Initially, TISE dealt with capital investments on the market of small and medium-sized enterprises (venture capital) as well as loan and sub-sovereign loan guarantees.





5. Valores <https://www.valores.pl/en/home/> - aims at increasing social impact of non-governmental organisations through offering them tailored financing and non-financial assistance for growth and expansion. Valores is Poland's first Venture Philanthropy Fund. In recent months it has also concentrated on support to refugees from Ukraine.
6. NESsT <https://www.nesst.org/polska> - NESsT supports the development of social enterprises that create decent jobs for those who face the greatest difficulties in accessing employment in Latin America and Central and Eastern Europe. It implements its mission through raising philanthropic capital and investments in social enterprises, creating jobs for people from the poorest, isolated, discriminated and, non-professional groups as well as a low level of education. In Poland, NESsT invests in social enterprises that support potential employees by offering them training and employment in developing sectors of IT services and outsourcing of business processes.

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

Given the fact that long term unemployment is at the level of 0,9%, no specific social impact investments are happening in country to tackle this issue.

#### 2.3. Description of the social impact fund developed to finance social impact vouchers in the partner country/region

##### 1. Fund geographic scope:

- National
- Country (if national): Poland

##### 2. Fund type:

- Grant based
  - If fund is investment based, what is the expected return rate to investors?: \_\_\_\_%

##### 3. Fund is set up in a form of: separate bank account in the organization of project partner

##### 4. Fund is already active?

- Yes

##### 5. Fund has rules of operations?

- Yes



6. Fund has established a body that decides about giving funds to beneficiaries with at least 3 people participating in the decision making
  - No
7. Fund has established a supervision body consisted of people that do not participate in the decision making about funding beneficiaries:
  - No
8. Fund has clear funding strategy in a form of a strategy document:
  - Yes
9. The process of decision making about funding beneficiaries in the fund:
  1. The funds collected under the fund are allocated to cover the costs of training and coaching in digital competencies.
  2. Two paths are possible:
    - the accumulated capital will be spent on training on digital skills for women who return to the labour market, independently looking for employers
    - funding begins when the employer commits to hire the beneficiary. We train and offer to coach selected beneficiaries for the needs of a specific employer.
10. Financial size of the fund at the moment (paid-in contributions):
  - Private contribution: EUR 760.67,-
  - Public contribution: EUR \_\_\_\_.\_\_, -
11. Funds committed for the fund from private sources:
  - EUR 2 173,35
12. Funds committed for the fund from public sources:
  - EUR - NA



Projection of new funds to be fund raised in the next 5 years: According to our experiences regarding the moderate responsiveness of private investors, which we gained during our serial attempts to engage them to invest in our social impact fund, new funds to be raised in the next 5 years is rather unpredictable. The consequences of the Ukrainian war and the related refugee crisis also increase this uncertainty as the majority of the private donations and philanthropic investments are channeled to programs targeting Ukrainian refugees. Taking these uncertainties into consideration, we are not able to provide projections here, however the strategy will be revised regularly and when the situation will be stabilized the necessary projections will be taken.

- 2023: EUR \_\_\_\_.,-
- 2024: EUR \_\_\_\_.,-
- 2025: EUR \_\_\_\_.,-
- 2026: EUR \_\_\_\_.,-
- 2027: EUR \_\_\_\_.,-

13. Amount eligible to be granted to a beneficiary:

- Minimum: 50 € for one beneficiary
- Maximum: 3260 € for one beneficiary
- Median expected: 1668,5 € for one beneficiary

14. Expected lifetime of the fund:

- Number of years: \_\_\_\_
- Indefinite - if decided to continue

## 2.4. Challenges for scaling the social impact fund in Poland

Currently in Poland, unemployment is not an issue discussed among social impact investors, who rather concentrate on the response to the Ukrainian refugee crisis or environmental challenges. We have put our efforts on tackling unemployment through attracting companies who need to hire people and are ready to fund trainings for more people in the area of digital skills in the future. Since they first wanted to see the quality of trainings we offered, it was crucial to show success stories. Unfortunately, the competition is high in this area and it was difficult to attract companies with our candidates - other candidates (not from SIV project) were active on the labor market. We managed to find jobs for the number of women we planned, however, companies were not big enough to be able to contribute to the fund.



#### 2.4.1 Economic challenges of scaling

In order to attract potential social impact investors, resources should be allocated in HR and in trainings of unemployed women in very specific skills that are now in demand - usually these trainings are very expensive. Challenges can also be seen in general economic situation in the country. Poland is facing very high inflation, almost 14%, highest since 1997<sup>12</sup> combined with unstable atmosphere around refugee crisis and war in Ukraine. All of this makes private individual donors resign from many initiatives and this also makes companies less enthusiastic in terms of joining new social projects that will not bring financial return. Scaling up the fund might become more possible if the target group will be changed, e.g including women from Ukraine.

#### 2.4.2 Labour market challenges of scaling

Many unemployed people, especially women are not registered in relevant offices due to the fact that it is time consuming and offered support is very ineffective. Simplifying the registration procedure would allow more people to register and in the future - benefit from the fund.

Disproportions in terms of the unemployment in different regions in Poland are also a challenge when it comes to one model for the entire country - targeting social impact investors and possibly labor offices or employers associations individually remains as one of they mitigation measures.

Chances of scaling the funds might also change, now when the who economy is shifting because of the influx of people from Ukraine. It is still not known what kind of labor market assistance they will receive in Poland and how the system will react.

#### 2.4.3 Challenges based on the status of impact investments

Social impact investors are interested only in very tangible projects as social impact investing is in general not popular in Poland. Engaging unemployed people in the market very often requires a lot of time and resources without guarantee of the success therefore in general, supporting unemployed people through such tool is a challenge.

#### 2.4.4 Legal challenges

No specific legal challenges were identified.

### 3. Country-specific Objectives

- Objective 1: Attracting big companies to support the fund
- Objective 2: Obtaining funds from public institution in order to maintain basic services



## 4. Actions

Currently, PP8 has no other funds to scale the social impact fund therefore no specific actions can be planned. It is planned to verify with potential investors if they are willing to contribute to the fund. Apart from that, PP8 has submitted a project proposal to the Ministry of Family and Social Policy in order to maintain operational capacity - this assumes new target group - women from Ukraine.

### a. Action 1 - Scaling the scope of investors

Activity 1	Verification of the program and attracting big companies to support the fund (Objective 1)
Outputs/indicators	One big company joining the Fund
Milestones	One big company interested in the project
Key actors/stakeholders	IT agency that is currently working with PP8 on attracting companies
Estimated costs and funding sources	None - no resources available at the moment

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

Activity 2	Changing the target group (support for women in Ukraine) in order to get public funding for our model (Objective 2)
Outputs/indicators	One project funded by public institution
Milestones	Submitting project proposal
Key actors/stakeholders	Ministry of Family and Social Policy
Estimated costs and funding sources	NA

<sup>12</sup> <https://tradingeconomics.com/poland/inflation-cpi>