



GOOD PRACTICES - CASE IDENTIFICATION /1ST LEVEL ANALYSIS

GOOD PRACTICE No. 6.

1. Good Practice title:

Loan programme for social enterprises and for unemployed persons' labour market reintegration by starting new businesses

Category: 3. microfinance as a local employment tool

5. involvement of priority groups (with special regard to gender equality)

2. Territory of implementation/application (country/region/...)]

6 convergence regions of Hungary: North Great Plain, South Great Plain, Western Transdanubia, Central Transdanubia, South Transdanubia, North Hungary. Excluded: Central Hungary

3. Timeframe:

year of introduction: year of termination: (leave 0000 if ongoing)

4. Brief description of the promoting organization:

Promoting organisation: Managing Authority for the Economic Development and Innovation Operational Programme at the Ministry for National Economy, Hungary. The Managing Authority (MA) is responsible for the overall management of the Economic Development and Innovation Operational Programme 2014-2020 in Hungary (EDIOP). EDIOP is financed from ERDF, ESF and co-financed by the Hungarian state budget. Total financial frame is EUR 8 813 million. EDIOP includes eight thematic priorities: 1. SME competitiveness; 2. R&D&I; 3. ICT; 4. Energy; 5. Employment; 6. Training; 7. Tourism; 8. Financial instruments including loan, guarantee and equity products. Total volume of financial instruments is EUR 2 235 million. Financial instruments are managed through a holding fund system. The EDIOP MA contracts the holding fund manager, which in turn contracts financial intermediaries that are in direct contact with SMEs.



5. Main objective of the initiative:

The objective of the scheme is twofold: 1) improving the competitiveness of social enterprises and 2) supporting unemployed persons in starting new business. As for social enterprises the objective of the assistance is to strengthen the employment potential of these enterprises and to contribute to their sustainable operation through stable, own revenue sources, which rely on market based products and services. The assistance helps social enterprises set up a feasible business model, market their products and enter new markets. As for unemployed people the main objective is their reintegration in the labour market through providing loan with favourable conditions to start new business.

6. Brief explanation of the initiative:

The volume of loan is EUR 3 300 – EUR 166 700 for social enterprises and EUR 3 300 – EUR 33 300 for unemployed people. Preferential interest rate will be used, furthermore costs and fees related to the loan product strictly limited for the involved financial intermediaries. Loan duration is max 10 years for social enterprises and 7 years for unemployed people. Own resources should reach min 5% if the loan is under the de minimis regime and min 25% if the loan is under regional aid.

7. Target group and measures to involve the target group:

Target group of the scheme is twofold corresponding the objective: 1) Social enterprises should have at least two, closed business years and should demonstrate operational features typical for social enterprises. To this end they should follow a social approach beyond their business approach. They should operate as non-profit or civil organisations (not-for-profit companies, social cooperatives, foundations, associations). Profit of their business should be used for their social objectives. In their management they should apply a participative decision making. 2) Concerning the unemployed persons eligible applicants are private entrepreneurs and freshly established micro companies if their owners are able to certify that they were not employed before becoming a private entrepreneur or establishing the company or they received some of other kind of support that had prepared the establishment of the new enterprise.

8. Innovativeness:

The loan scheme is specifically developed for social enterprises and unemployed people. No such calls were launched under preceding programmes.



European Union
European Regional
Development Fund

ATM for SMEs
Interreg Europe



9. Outcomes:

The scheme has not been launched yet and so no projects have been approved yet.