

Action Plan for Hungary

RaiSE
Interreg Europe



European Union
European Regional
Development Fund



September 2019

Project: RaiSE

Partner organisation(s) concerned: IFKA Public Benefit Non-profit Ltd. for the Development of the Industry

Country: Hungary

NUTS2 region: Közép-Magyarország (Central Hungary)

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Policy context

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the policy instrument(s) addressed:

1. EDIOP - Economic Development and Innovation Operational Programme, Priority 8, NSO 17.1.

Further details on the policy context and the way the action plan should contribute to improve the policy instrument:

The 8th priority (Financial Instruments) of EDIOP helps the corporate sector not or not adequately funded from the market –mainly SMEs and social enterprises- to gain access to financing. It also enables competitiveness improving or employment increasing projects to get financial resources all across the country, and energy efficiency increasing or renewable energy resources promoting (private and public) projects with financial difficulties to get the necessary resources even in the less developed regions.

Financial instruments finance economically viable investments which –on the other hand- could not be implemented without these assets and which have to be able to raise the cost of the access to these resources.

Financial instruments do not implement autonomous thematic objectives but they serve as tools for thematic objectives of other priorities within the frameworks of EDIOP.

The priority includes 5 thematic objectives and 7 investment priorities, which contribute to the achievement of the specific objectives, set in the priorities 1-7 of EDIOP, complementing this way the results of the non-refundable grants. Therefore EDIOP 1-7 non-refundable resources can be combined with the financial instruments planned within the frameworks of the Priority 8 in the case of insufficiency of the formers.

Among these instruments the NSO 17.1 (Enhancing the competitiveness by improving access to external funding in case of companies -including social enterprises- that implement employment promoting investments while not having access or having insufficient access to financial resources) is aiming at the development of access to external financial resources and employment opportunities in case of young people, job seekers and social enterprises. As a result of these developments the employment capacities of enterprises- including start-up and social enterprises- are strengthening in a sustainable manner.

The planned OP level outputs of the above mentioned developments are the followings:

	Name of outputs of Priority 8 NSO 17.1	Target value (2023)
1.	3-year survival rate for businesses	53,00%

2.	Private investment complementing public support (financial support different from non-refundable grants)	4 000 million HUF (13 554 727 EUR)
3.	Number of enterprises receiving financial support other than non-refundable grants	4000

In order to achieve the above-mentioned goals, EDIOP Priority 8 NSO 17.1 supports the following interventions:

1.1. EDIOP-8.8.1-17 financial instrument

The instrument serves the implementation of the above described programme-, priority- and NSO-level goals as follows:

1.1. EDIOP-8.8.1-17 financial instrument	
Financial resources	10,0 billion HUF
Managing Authority	Ministry of Finance (earlier Ministry for National Economy)
Overall goal	Enhancing the competitiveness by improving access to external funding in case of formerly inactive or unemployed private entrepreneurs, their micro enterprises and social enterprises (nonprofits and social cooperatives) that implement employment promoting investments while not having access or having insufficient access to financial resources.
Detailed description	<p>In accordance with the above mentioned goals the instrument provides subsidized loans for</p> <ul style="list-style-type: none"> • 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. <p>The loan programme brings several new elements to the Hungarian state-aid system as the first subsidized loan available for social enterprises.</p>
Beneficiaries	<ul style="list-style-type: none"> • Formerly unemployed or inactive private entrepreneurs and their micro businesses and social enterprises (nonprofits and social cooperatives)

Target groups	<ul style="list-style-type: none"> Formerly unemployed or inactive private entrepreneurs and their micro businesses and social enterprises (nonprofits and social cooperatives)
Achievements	
Number of SEs getting subsidized loans	

Summing it up we see that the above described policy instrument provides **10,0 billion HUF** direct subsidy that can be considered as the first ever financial instrument targeting SEs (solely nonprofits and social cooperatives) in Hungary that potentially affects **hundreds of Hungarian social enterprises**. Therefore, the policy instrument might impact the Hungarian SE ecosystem deeply and determine the future of Hungarian social enterprises for a long time.

Therefore, it is important to define the possible weaknesses, gaps and niches of this instrument in order to establish its effective development that might ensure its efficiency and more positive impact on the Hungarian SE sector.

In this process it is crucial to map, select and adapt the best international practices since they can provide tested solutions for the development of the policy instrument targeted, and they can reduce the risks of the introduction of new methods, processes and other improvements.

The learning process implemented within the frameworks of the RaiSE project has helped a lot in the above-mentioned tasks. We try to summarize its relevant results in the followings.

2. Policy instrument gaps

The RaiSE project provided several specific tools to the partners ensuring the direct learning from the cooperation:

- Project meetings
- National Stakeholder meetings
- Interregional exchange activities
- Reports on key findings resulting from interregional exchange activities
- Project meeting reports
- Regional study reports
- *Interregional analysis report of SE policy instruments and support infrastructure*
- Good Practice Guide
- etc...

According to the *Interregional Analysis of SE Policy Instruments and Support Infrastructure* the following general policy instrument gaps had been identified on the **European SE policy landscape**, which can be tackled through the proper improvement of the targeted policy instrument (EDIOP Priority 8 NSO 17.1).

- **Lack of publicly available funding**, which often leads to an insecure financial situation, one of the most reported challenges in the Regional Study Reports across Europe
- It is commonly reported, that **training in financial management and in accessing public and private funds** is highly demanded.
- The sector in all regions experiences **difficulties with complex public and private funding mechanisms** (hindering it to access and gain necessary funding). Therefore, specific and separate (financial support) schemes tailored to SEs are needed.

On national level IFKA identified additional and more specific policy gaps in the *Regional Study Report* (Study on the social enterprises ecosystem in Hungary) which could be filled through the development of the targeted policy instrument:

- **Access to finance is still limited** in case of SEs in Hungary. Social enterprises are still in need of both financial and non-financial assistance in order to establish their financial sustainability that is still questionable.
- Social enterprises are **closely linked to the EU funding cycles** that further weaken the sector in terms of long-term financial sustainability as the distance between social enterprises and the market is still considerable.
- **New types of financial support are missing**. Social banking is only in its initial phase, SEs are hardly prepared and capable for impact investment, financial instruments allocated by public-private collaborations. Foundations, angel investors, venture capital and private equity investors are immature, crowdfunding is barely known and used for financing social business activities.

These policy gaps have been further specified in a *SWOT analysis* prepared by relevant stakeholders during the 4th stakeholder meeting organized by IFKA. According to the opinion of the participants of the event the following policy gaps should be tackled through the improvement of the EDIOP Priority 8 NSO 17.1 policy instrument:

- **Weaknesses:**
 - **Refundable financial instruments are less attractive** for social enterprise customers **until non-refundable subsidies are available** on the market
 - **Social goals and benefits are unmanageable** from the point of view of banks, other credit institutions and financial intermediaries
 - **Lack of knowledge at banks and financial intermediaries** about SEs, missing sector specific sales policies.
 - **Marketing, promotion and sales activities** related to the financial instrument (EDIOP-8.8.1-17) are **weak**.

- The currently available **EDIOP-5.1.7-17 subsidy program** “rewards” the declared intention of applicants for borrowing subsidized loan from the EDIOP-8.8.1-17 financial instrument with plus points, meanwhile the rules of the non-refundable subsidy program (EDIOP-5.1.7-17) make the withdrawal of loan applications possible for applicant SEs. This **leads to fake loan applications** in many cases.
- **Threats:**
 - **Non-refundable subsidy orientation** of SEs
 - The currently available targeted **financial instrument** (EDIOP-8.8.1-17 subsidized loan) is still **barely known** amongst existing and potential SEs
 - Social enterprise customers, especially social coops are “**incomprehensible/elusive**” **customers for banks, credit institutions and financial intermediaries** (the majority do not have past or property and their future is insecure, thus their guarantees for debt service are extremely weak)
 - Banks and financial intermediaries **cannot expect the usual incomes** in case of SEs.
 - **The size of the SE sector is not big enough** to make the banks become interested in designing financial products for social enterprises.
 - **Income and profit expectations and plans of bank owners** do not fit with the possibilities of SEs. Thus financial intermediaries and their consultants direct SE customers towards non-refundable resources.

2.1. Summary

Summing up the above described **policy gaps** IFKA defined the most important ones **to be tackled** through the well-founded development of the EDIOP Priority 8 NSO 17.1 policy instrument in order to improve financial situation, competitiveness and sustainability of Hungarian social enterprises and to increase the efficiency and the targeted social and employment impacts of the policy instrument itself:

- a) SEs have **no access** or they have **very limited access** to bank finance, investment and other, market based financial support because they fall short in having capital, property and profits that limits their collateral capacities.
- b) Social enterprises are **not prepared for loans** in general since they have not been in need for refundable funding in the past due to the relatively rich offer of non-refundable resources.
- c) SEs have **very limited access to subsidized financial instruments** because of the characteristics both the demand side (SEs with limited financial knowledge and debt service capacities) and the supply side (limited knowledge about the SE sector, missing sector specific marketing, promotion and sales policies)
- d) Due to these challenges the absorption of the financial instrument is far behind the plans and its social impact also falls short of the expectations.

3. Objectives

According to the above highlighted policy gaps IFKA defined the following general and target group specific objectives in cooperation with the Ministry of Finance (responsible body for the EDIOP Priority 8 NSO 17.1 policy instrument) and other stakeholders, related to the development of the targeted policy instrument.

A. General objective

1. **Increasing the absorption, the employment efficiency and the social impact** of the financial instrument

B. Target group specific objectives

2. Increasing the access of **non-profit, mission driven social enterprises and social cooperatives** to the EDIOP-8.8.1-17 financial instrument
 - 2.1. **Demand side: Improvement** of the financial instrument related **knowledge, financial management capacities** and **credit-openness** of the target group (non-profit, mission driven social enterprises and social cooperatives)
 - 2.2. **Supply side: Increasing the openness** of banks, credit institutions and financial intermediaries being responsible for the financial instrument **towards social enterprises**

4. Actions

IFKA, the Ministry of Finance and other relevant stakeholders defined the following actions in order to achieve the above described objectives related to the development of the targeted policy instrument:

Action 1 – Preparing social enterprises to apply more effectively for the EDIOP-8.8.1-17 financial instrument

Supported objectives

- 1
- 2.1

Action 2 – Preparing banks and financial intermediaries to deliver the EDIOP-8.8.1-17 financial instrument more effectively

Supported objectives

- 1
- 2.2

Details of the actions envisaged

ACTION 1: Preparing social enterprises to apply more effectively for the EDIOP-8.8.1-17 financial instrument

1. Relevance to the project

The action was inspired by the results of experience exchange activities realized during the implementation of the project. The deliveries of these activities such as the *Regional study reports* and the *Interregional analysis report of SE policy instruments and support infrastructure* and the *stakeholder meetings* complemented with the *good practices* collected during the project implementation helped to find promising solutions for the identified policy gaps. Especially the following good examples, models and practices inspired the ACTION 1.

- **Clann Credo**
- **Community Finance Ireland**
- **Social Investment Scotland.**

a. Joint intersection of good practices

IFKA identified the following common elements in the above mentioned good practices which establish their success on the field of financing social enterprises according to the impacts communicated by Clann Credo, Community Finance Ireland and SIS.

- **Commitment to the issue:** Each organisation is committed to creating and multiplying positive social impact through the development of the financial sustainability of community organizations and social enterprises by providing them social finance.
- **Supportive approach:** Every organization is approaching its specific target group with a supportive mind-set. Taking into consideration that community organizations and social enterprises are short of financial knowledge on and experience with financial instruments, that result in their fear of loans, these organizations provide supportive services to their target groups like:
 - personal consultancy
 - joint project planning
 - mentoring
 - attitude formation

Tailored products: As a consequence of the above characteristics every organization provides financial products tailored to their specific target groups (simple loan application and credit assessment process, fair interest rates, easy repayment etc.)

b. Consequences:

Based on the above described common elements of the good practices got known due to the RaiSE project, IFKA identified the necessity of the development of the demand side of the EDIOP Priority 8 NSO 17.1 financial instrument in order to improve its efficiency and to support the realization of its planned employment and social impacts. This inspired the following improvements of the financial instrument planned under ACTION 1:

- Supporting non-profit SEs' and social cooperatives to have better access to the EDIOP-8.8.1-17 financial instrument on the demand side of the product:
 - Demand side improvements:
 - awareness rising on the product
 - financial knowledge development of SEs
 - attitude formation regarding loans

IFKA and its stakeholders, especially the Ministry of Finance as the responsible body for the policy instrument and the EDIOP-8.8.1-17 financial instrument are convinced that adapting the successful elements of the good practices via the above mentioned interventions is going to result in the increased efficiency, employment and social impact of the financial instrument, and it will contribute the filling of the earlier defined policy gaps. Therefore IFKA, the Ministry and other relevant stakeholders (ie. MFB – Hungarian Development Bank, OFA – National Employment Public Benefit Non-profit Ltd.) are engaged in the implementation of these interventions as it is planned in **ACTION 1**.

2. Nature of the action

a. DEMAND SIDE IMPROVEMENTS - Activities targeting social enterprises

i. ACTIVITY 1 – Website development

Development of a simple, user friendly responsive website (subpage) integrated in the "MarketMate" homepage (<http://piactars.hu/>) to promote the EDIOP-8.8.1-17 financial instrument (and also other financial instruments proposed to be available for SEs in the future) which summarizes the most important information about the loan with the following planned content:

- Loan requirements
- Loan-readiness diagnostic tool
- Supporting services (events, materials, consultancy)
- Financial consultants
- Success stories

ii. ACTIVITY 2 – Loan-readiness diagnostic tool development

Development of an online self-assessment tool for social enterprises which are interested in applying for the loan and would like to test their loan-readiness.

iii. ACTIVITY 3 – Website operation

Operation and continuous refreshment of the Website developed under ACTIVITY 1.

iv. ACTIVITY 4 – Loan promotion roadshows

Roadshows organized in every quarter year in every regional centre of Hungary in order to raise awareness on the financial instrument and its benefits on social enterprises. Possible programme elements:

- General information about the product
- Good examples, success stories
- Loan readiness assessment
- Personal financial consultancy

v. ACTIVITY 5 – Financial consultancy

Providing personal consulting services to SEs regarding the following topics related to the financial instrument:

- General product information
- Loan readiness
- Appropriate debt service
- Cash flow planning
- Risk management

vi. ACTIVITY 6 – Workshops for SEs

Organizing workshops related to the request and use of the EDIOP-8.8.1-17 financial instrument. Optional topics:

- Loan requirements and application
- Business planning
- Financial planning
- Social impact planning and measurement
- Risk management

vii. ACTIVITY 7 – Monitoring of the demand side improvements

The results and impacts of ACTIVITY 1-6 on social enterprises, their loan readiness, application activity, application success and appropriate debt service will be monitored.

3. Stakeholders involved

a. Implementing body

- OFA National Employment Public Benefit Non-profit Ltd

b. Stakeholders involved in the implementation:

- Hungarian Development Bank (MFB)
- Financial intermediaries (banks and credit institutions) responsible for the financial instrument

c. Beneficiaries

- Non-profit social enterprises and social cooperatives

4. Timeframe

The action is planned to be implemented between the 1st of September 2019 and the 30st of June 2021. Total timeframe is 22 months. For further details please see the Gantt diagram of the action!

5. Indicative costs

Indicative budget		
ACTIONS	ACTIVITIES	Estimated costs
ACTION 1 - Preparing social enterprises to apply more effectively for the EDIOP-8.8.1-17 financial instrument	ACTIVITY 1 – Website development	3 035,00 €
	ACTIVITY 2 – Self assessment tool development	2 000,00 €
	ACTIVITY 3 – Website operation	1 630,00 €
	ACTIVITY 4 – Loan promotion roadshows	16 692,00 €
	ACTIVITY 5 – Financial consultancy	9 640,00 €
	ACTIVITY 6 – Workshops for SEs	1 930,00 €
	ACTIVITY 7 – Monitoring of the demand side improvements	-€
Together		34 927,00 €

6. Indicative funding sources

EDIOP-5.1.2-15-2016-00001 „MarketMate” priority project

ACTION 2: Preparing banks and financial intermediaries to deliver the EDIOP-8.8.1-17 financial instrument more effectively

1. Relevance to the project

The action was inspired by the same good practices as ACTION 1, but from other aspects. While the good examples mentioned above led IFKA and its stakeholders to recognize the potentials in the improvement of the demand side of the EDIOP-8.8.1-17 financial instrument in case of ACTION 1, these examples also highlighted the importance of the development of the supply side of the financial instrument in order to increase its absorbance and facilitate the achievement of its employment and social objectives.

1.1. Consequences

Based on the above described recognition of the necessity of the development of the supply side of the EDIOP Priority 8 NSO 17.1 financial instrument, IFKA and its stakeholders planned the following improvements of the financial instrument within the frameworks of ACTION 2:

- Supporting non-profit SEs' and social cooperatives to have better access to the EDIOP-8.8.1-17 financial instrument on the supply side of the product:
 - Supply side improvements:
 - knowledge development about the target group at the consortium of the Hungarian Development Bank (MFB) and the financial intermediaries being responsible for the distribution of the financial instrument.
 - attitude formation regarding SEs
 - consultancy on designing more tailored products

IFKA and the Ministry of Finance as the responsible body for the policy instrument and the EDIOP-8.8.1-17 financial instrument and other relevant stakeholders (ex. MFB, OFA) agreed in these interventions since they expect that the above-mentioned developments will help to fill in the policy gaps defined in the beginning. Therefore IFKA, the Ministry of Finance and other stakeholders are committed to the implementation of these interventions which are specified in **ACTION 2**.

2. Nature of the action

a. SUPPLY SIDE IMPROVEMENTS - Activities targeting banks and financial intermediaries

i. ACTIVITY 1 – Online information material on social enterprises and their characteristics for financial intermediaries and their consultants

Preparation of a short, informative, user-friendly online information material on the characteristics (business activities, social impacts, risks, benefits) of Hungarian social

enterprises, emphasizing their values and the importance of the financial instrument for them. The information material is to be placed on the EDIOP-8.8.1-17 related subpage of the 'MarketMate' website

ii. ACTIVITY 2 – Trainings for financial intermediaries and their consultants

Sensitization of the consultants of the banks and financial intermediaries involved in the promotion of the EDIOP-8.8.1-17 financial instrument to the characteristics, problems and successes of the specific target group (SEs)

Workshops on the Hungarian and international good practices of social / community finance for the representatives of the banks and financial intermediaries involved in the promotion of the EDIOP-8.8.1-17 financial instrument

iii. ACTIVITY 3 – Monitoring of the supply side improvements

The results and impacts of ACTIVITY 1-2 on banks and financial intermediaries, their customer services and approach to SEs will be monitored.

3. Stakeholders involved

a. Implementing body

- OFA National Employment Public Benefit Non-profit Ltd

b. Stakeholders involved in the implementation:

- Hungarian Development Bank (MFB)
- Financial intermediaries (banks and credit institutions) responsible for the financial instrument

c. Beneficiaries

- Non-profit social enterprises and social cooperatives

4. Timeframe

The action is planned to be implemented between the 1st of November 2019 and the 30st of June 2021. Total timeframe is 20 months. For further details please see the Gantt diagram of the action!

5. Indicative costs

Indicative budget		
ACTIONS	ACTIVITIES	Estimated costs
ACTION 2 - Preparing banks and financial intermediaries to deliver the EDIOP-8.8.1-17 financial instrument more effectively	ACTIVITY 1 – Online information material on social enterprises and their characteristics for financial intermediaries and their consultants	1 500,00 €
	ACTIVITY 2 - Trainings for banks, financial intermediaries and their consultants	10 875,00 €
	ACTIVITY 3 – Monitoring of the supply side improvements	-€
Together		12 375,00 €

6. Indicative funding sources

EDIOP-5.1.2-15-2016-00001 „MarketMate” priority project

(For further details on the priority project and its relations with the targeted policy instrument, other policy instruments and the subsidy programmes under them please see Annex 1.)

Part IV – Timeframe of the Actions (Gantt diagram)

ACTION	SPECIFIC ACTIVITY	TIMEFRAME																							
		2019						2020												2021					
		SEMESTER 1						SEMESTER 2						SEMESTER 3						SEMESTER 4					
		7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
ACTION 1 - Preparing social enterprises to apply more effectively for the EDIOP-8.8.1-17 financial instrument	ACTIVITY 1 – Website development																								
	ACTIVITY 2 – Self assessment tool development																								
	ACTIVITY 3 – Website operation																								
	ACTIVITY 4 – Loan promotion roadshows																								
	ACTIVITY 5 – Financial consultancy																								
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	ACTIVITY 2 - Trainings for banks, financial intermediaries and their consultants																								
	ACTIVITY 3 – Monitoring of the supply side improvements																								

Annex 1: Context of the pilot action

In the followings we give a detailed description about the targeted policy instrument (EDIOP Priority 8 NSO 17.1) and the different SE development programmes, which form the context of the action plan.

A. EDIOP Priority 8 NSO 17,1 policy instrument.

The Economic Development and Innovation Operative Programme (EDIOP) is responsible for the largest source of funding in the 2014-2020 Programming Period in Hungary.

EDIOP contributes to the implementation of the General Objective (Promotion of sustainable growth, high added value production and employment), and the National Priorities of the Partnership Agreement of Hungary for the 2014-2020 Programming Period through 8 Priorities.

1. Improving Competitiveness of SMEs
2. Research, Technological Development and Innovation
3. Info-Communication Developments
4. Energy
5. Employment
6. Competitive workforce
7. Tourism
8. Financial Instruments

The 8th priority (Financial Instruments) of EDIOP helps the corporate sector not or not adequately funded from the market –mainly SMEs and social enterprises- to gain access to financing. It also enables competitiveness improving or employment increasing projects to get financial resources all across the country, and energy efficiency increasing or renewable energy resources promoting (private and public) projects with financial difficulties to get the necessary resources even in the less developed regions.

Financial instruments finance economically viable investments which –on the other hand- could not be implemented without these assets and which have to be able to raise the cost of the access to these resources.

Financial instruments do not implement autonomous thematic objectives but they serve as tools for thematic objectives of other priorities within the frameworks of EDIOP. Therefore EDIOP Priority 1-7 non-refundable resources can be combined with the financial instruments planned within the frameworks of the Priority 8 in case of insufficiency of the formers.

Among these instruments the NSO 17.1 (Enhancing the competitiveness by improving access to external funding in case of companies -including social enterprises- that implement employment promoting investments while not having access or having insufficient access to financial resources) aims at the development of access to external financial resources and employment opportunities in case of young people, job seekers and social enterprises. As a result of these developments the employment capacities of enterprises- including start-ups and social enterprises- are strengthened in a sustainable manner.

1. **EDIOP-8.8.1-17 financial instrument**

Basic data of the financial instrument

- **Timeframe:** 30.06.2017-30.06.2020
- **Resources:** 10 billion HUF

Overall goal of the financial instrument is to enhance the competitiveness by improving access to external funding in 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-aid system as it is the first subsidized loan available for social enterprises.

B. EDIOP Priority 5 NSO.10.2 policy instrument:

The **5th priority** (Employment) of EDIOP supports the expansion of employment through the development of labour supply and the promotion of the involvement of the unemployed to the labour market. Thus the Priority 5. is complementing the logic of other priorities for improving labour demand and competitiveness. The planned measures are primarily aimed at improving the employability of those jobseekers, who are able to find jobs on the primary labour market, and improving the adaptability of workers and employers with a complex set of tools.

One of these tools is the **NSO.10.2** (Increasing the employment capacities of social enterprises), which aims at strengthening the employment capacities of social enterprises in a sustainable manner, thus helping job seekers and the inactive mainly living in disadvantaged areas to find jobs. As the main result of the developments, the number of sustainable job opportunities in the social economy increases and the employability of the disadvantaged and the inactive improves.

As the managing authority of the EDIOP the Ministry of Finance (formerly the Ministry of National Economy) initiated the following programmes in order to realize the planned achievements of the EDIOP priority 5. NSO 10.2 policy instrument:

- **EDIOP-5.1.2-15-2016-00001 “MarketMate” priority project**
- **EDIOP-5.1.3-16 subsidy programme**
- **EDIOP-5.1.7-17 subsidy programme**

1. EDIOP-5.1.2-15-2016-00001 “MarketMate” priority project

Basic data of the priority project:

- **Timeframe:** 01.01.2016-31.03.2022
- **Budget:** 2.8 billion HUF
- **Main indicators:**

Number of active consultancy meetings with SEs	3250
Number of supported SEs (justified with cooperation agreements)	538
Number of networking and experience exchange events	122
Number of participants of networking and experience exchange events	3875

The “MarketMate” priority project has been implemented by the consortium of OFA National Employment Public Benefit Non-profit Ltd., IFKA Public Benefit Non-profit Ltd. for the Development of the Industry and the Ministry of Finance.

The overall goal of the priority project is to support the creation of new social enterprises on the basis of existing civil and non-profit business organisations; strengthen and stabilise already operating social enterprises by providing them nonfinancial services in various areas, including business model development, product development and marketing, social impact measurement, etc.

According to the overall goal of the “MarketMate” priority project the partners of the consortium provide several development services for social enterprises as follows:

- IFKA Public Benefit Non-Profit Ltd.

In 2016 IFKA developed the pre-evaluation system, “MarketMate” evaluation system 1.0 in order to evaluate the project proposals of the social enterprises. In order to be able to apply for the non-refundable grants of EDIOP-5.1.3-16, and EDIOP-5.1.7-17, as well as for the refundable EDIOP-8.8.1-17 loan product, eligible organisations had to receive the certification of the MarketMate pre-evaluation system. .

The MarketMate evaluation system 1.0 looks at these project proposals and evaluates their business viability and social impacts.

As an additional service to its pre-evaluation system IFKA has been providing nonfinancial services to the applicants in business modelling and social impact development (training materials, group trainings and one-on-one consultancy).

For those applicants that meet the pre-defined pre-evaluation criteria IFKA issues certifications qualifying social enterprises to apply for the above mentioned non-refundable and refundable funds.

Until the 31st of May 2019 IFKA evaluated over 1300 projects, provided trainings and mentoring for

over 600 social enterprises and issued over 500 certifications.

- OFA National Employment Public Benefit Non-profit Ltd.

OFA is the lead partner of the “MarketMate” Consortium. Besides of its management tasks OFA is responsible for a wide range of services supporting and developing the skills and competences of social enterprises. OFA also provides services to improve SEs’ access to markets and to develop of social enterprise networks. These nonfinancial services include:

- Providing professional one-on-one consultancy and mentoring for social enterprises in different fields (i.e. financial management, legal issues, organizational development, business management, community development, HR, CSR practices, and equal opportunities)
- Organizing regional knowledge development events for social enterprises
- Organizing networking events for SEs
- Publishing social entrepreneurship-related professional publications for social enterprises and also for other stakeholders (ex. public authorities, financial institutions, for-profit businesses etc) of the ecosystem
- Implementing sector-related research programmes
- Operating the website of the “MarketMate” priority project with several online services such as an online marketplace for SEs or an e-learning module on social entrepreneurship

- Ministry of Finance

The Ministry of Finance as the third party of the “MarketMate” consortium is responsible for the quality management and monitoring of the priority project.

Figure 1 – Context of the action plan

