

**Contribution of Economic
Development and Innovation
Operational Programme
(EDIOP)
to social economy
ecosystem in Hungary**



Content of the presentation

- 1 Position of social economy developments in EDIOP
- 2 Structure of social economy portfolio
- 3 Support scheme
- 4 Methodology of pre-assessment as a condition to NRF
- 5 Grant schemes
- 6 Financial instrument for social economy
- 7 Lessons learned



1. Economic Development and Innovation Programme at a glance



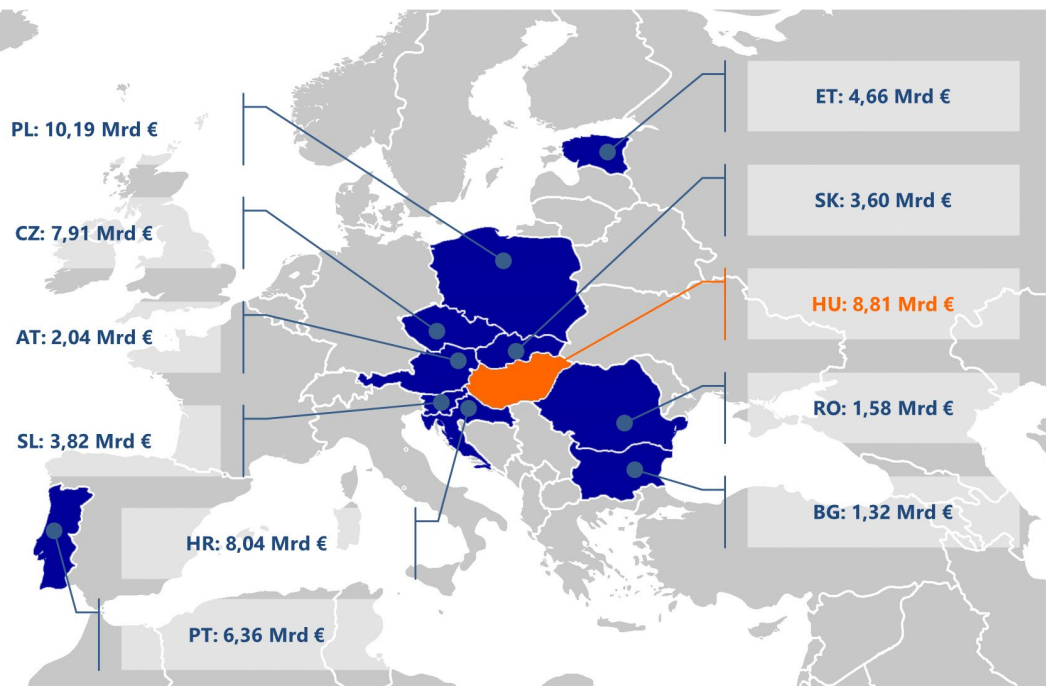
EDIOP is a large multifund (ERDF and ESF) programme with an active role in mitigating economic crisis due to COVID-19 pandemic



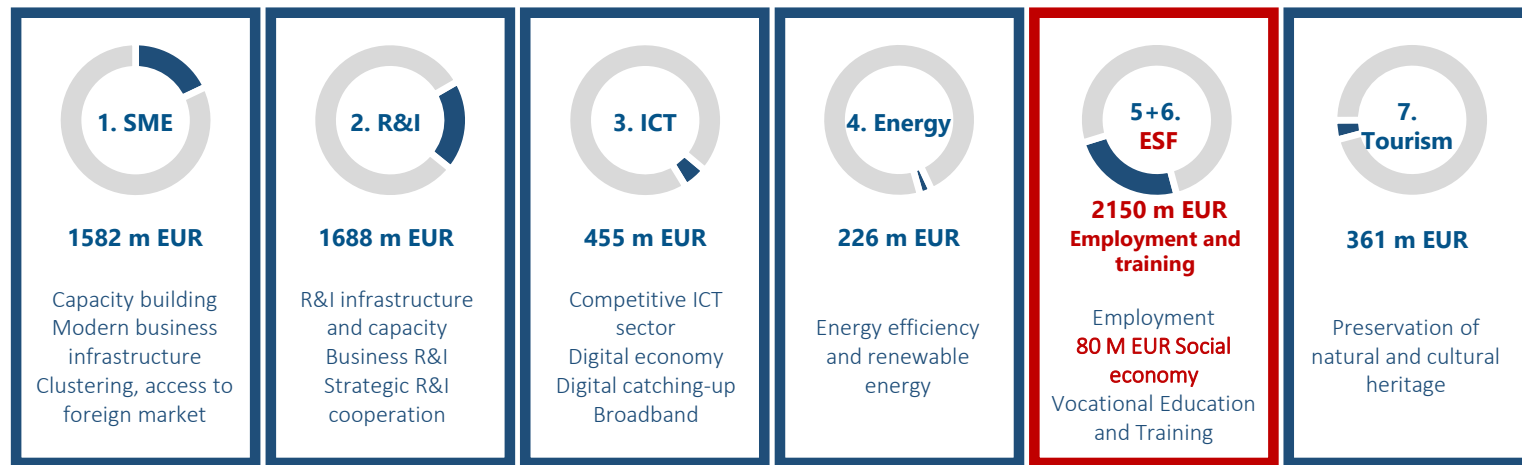
142 calls published, 22 900 economic entities - mainly SMEs - reached,



669 000 persons in employment and training programmes



1.2 EDIOP – ERDF and ESF Priorities



8. Financial Instruments: 9, 6 M EUR social economy and entrepreneurship

2 Structure of EDIOP social economy portfolio

2015

EDIOP-5.1.2-15
ESF support scheme:
Capacity building
Pre-assessment for grants



394 submitted project proposals
212 certified proposals
221 coaching occasions in max. two rounds

2016

ESF grant 1.
EDIOP-5.1.3-16
21 M EUR

ERDF Loan
product
EDIOP -
8.8.1-17
9,6 M EUR

2017

ESF grant 2.
EDIOP-5.1.7-17
50 M EUR

2017

888 submitted project proposals
474 certified proposals
930 coaching occasions in two rounds

3 Support scheme EDIOP-5.1.2-15

Goals:

- **capacity building** and stabilization of operational and new social economy entities with regional consultation services, online publications for non- and for-profit companies, e-learning course on social economy
- building long term employment capacities by assisting the **development of a sustainable business model**
- assisting **networking** of social economy actors and entities
- raising awareness about social economy, developing **labelling/certification**
- **pre-assessment** and further development of project proposals to assist **access to financing** (grants and loan) based on business viability and social benefits to be expected - social impact measurement
- **online marketplace for social economy entities**

Target group:

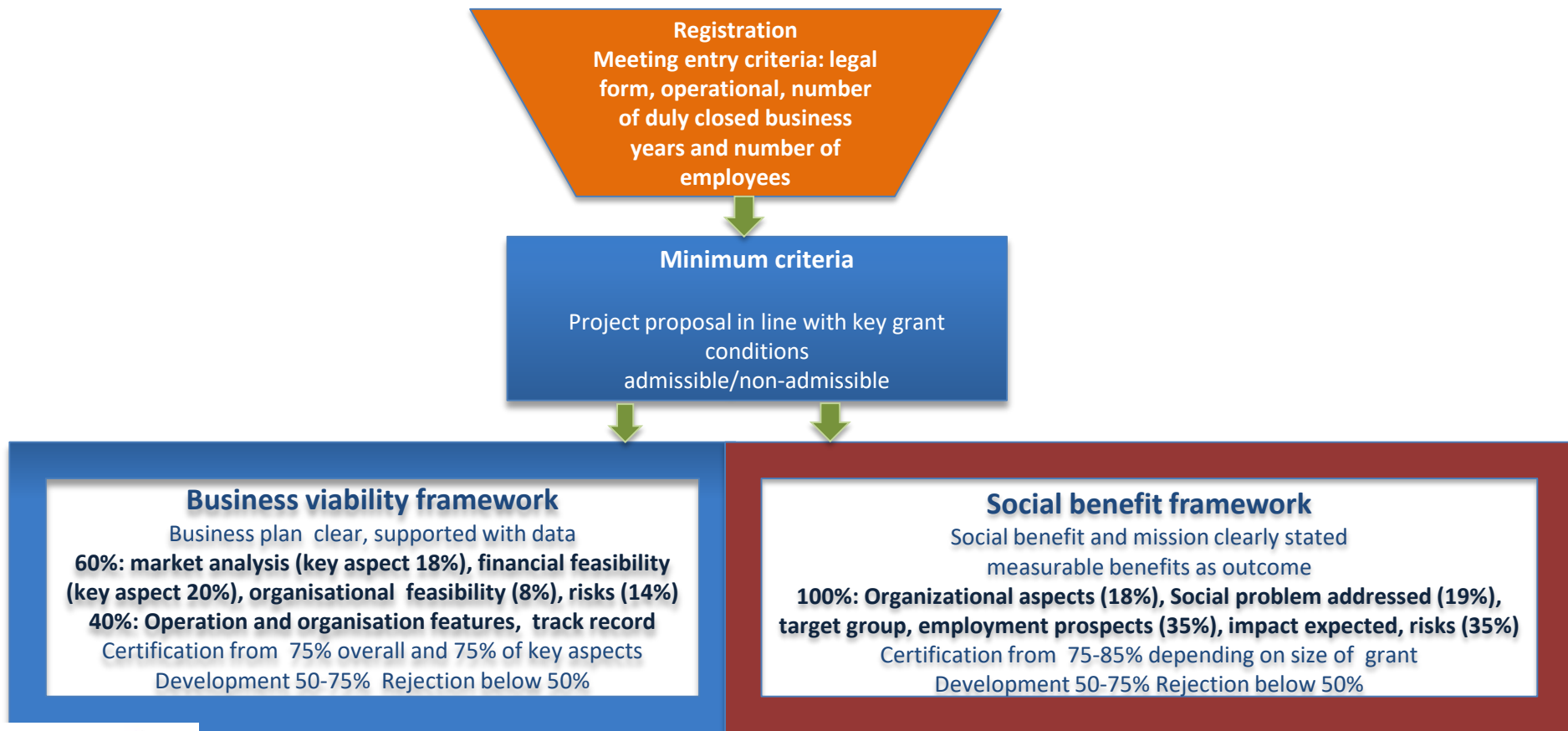
- non-profit companies,
- social co-operatives,
- foundations,
- associations,
- church/related legal entities with public tasks

Available amount: 8 million EUR

Project time frame: January 2016 - March 2022

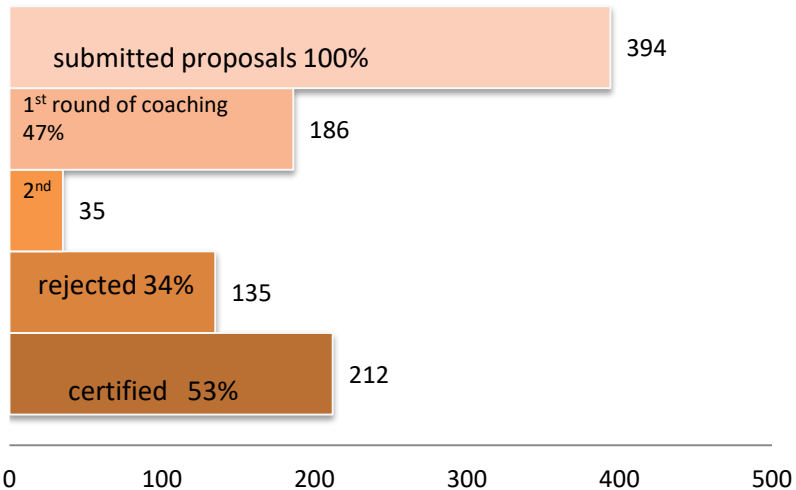
Project holder: Consortium of Hungarian Employment Public Benefit Non-profit LLC. (OFA Nkft.) – IFKA Public Benefit Non-profit LLC for the Development of the Industry (IFKA Nkft.)

4 Methodology of pre-assessment as a condition to grants

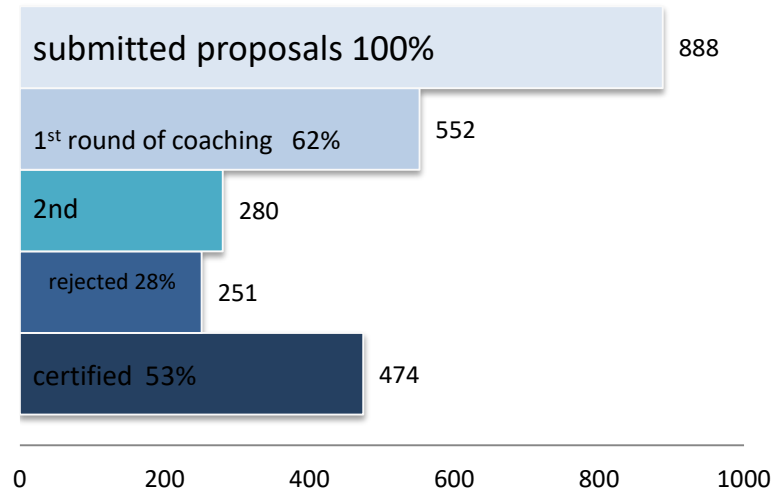


4.1 Outcomes of assessment

Grant 1 EDIOP-5.1.3-16



Grant 2 EDIOP-5.1.7-17

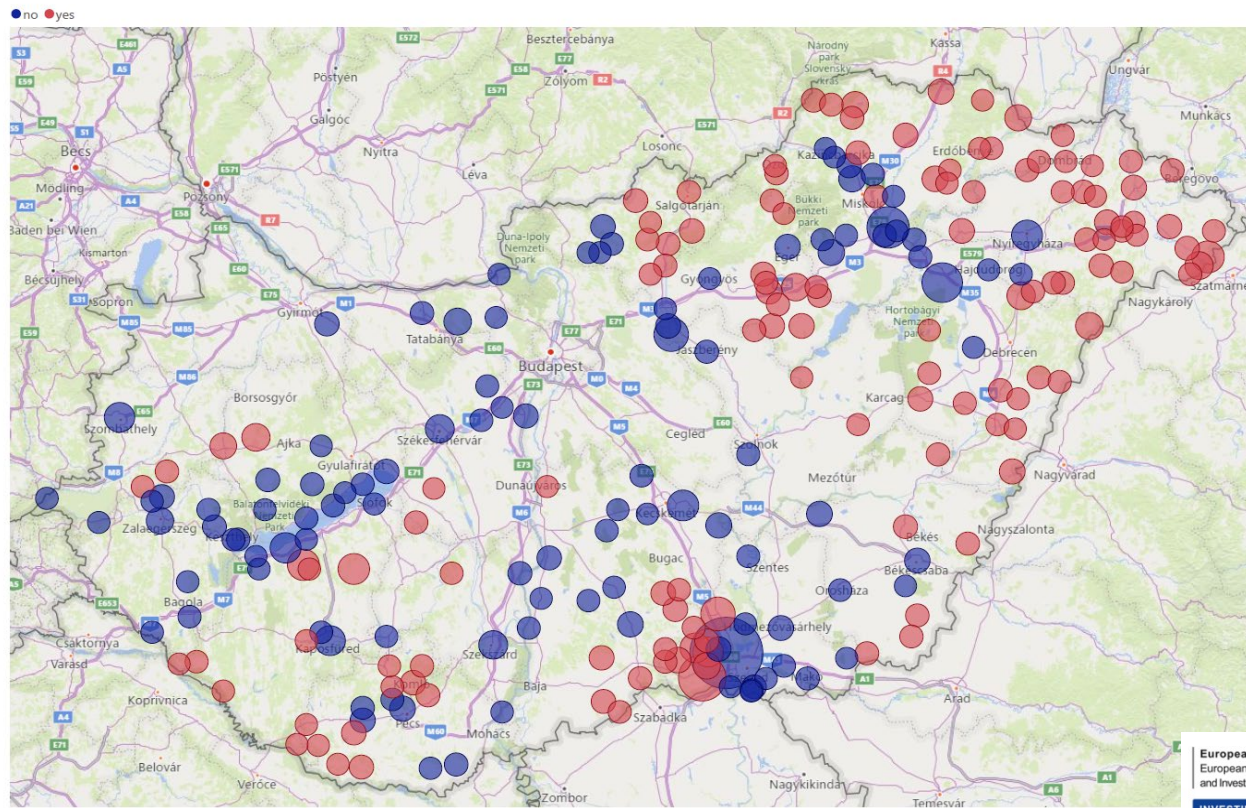


5 Grants

Grant amount	Grant 1 EDIOP-5.1.3-16 21 M EUR	Grant 2 EDIOP-5.1.7-17 50 M EUR
Grant size	18 500 – 714 000 EUR	24 300 – 714 000 EUR
Average project size	122 000 EUR	134 000
Main activities compulsory optional	<ul style="list-style-type: none"> • Employment of target group • Marketing activities • Communication, publicity • Infrastructure development (up to 50% of eligible costs) • Equipment • Product and service development • Development of operation • Trainings • Raising awareness • Project management 	
Submission	September 2016 – September 2018	September 2017 – March 2020
Project length	15 - 39 months	
Number of submitted projects/ supported projects	247/171	545/323 ongoing

5.1 Cohesion aspect of grants - funding directed to micro-regions lagging behind (free entrepreneurship zones)

EDIOP 5.1.3-16 és EDIOP-5.1.7-17: 51% of contracted grants focused on micro-regions lagging behind



5.2 Project example Matyodesign Center

EDIOP-5.1.3-16-2017-00007

- **Matyodesign** is a fashion nonprofit company which created employment for local women in Tard, a community in Northern Hungary famous for its colorful embroidery by applying embroidery to modern fashion clothes and contributing to preserve local folk heritage
- The project offered training and employment for 5 local women, renewed their webpage and web shop design, actively used online and offline marketing tools. They renewed their infrastructure in Tard and purchased equipment, among them sewing machines.
- Project amount is **94 000 euro**
- Project duration 2017- 2019



6 Financial instruments

EDIOP-8.8.1-17: 9,6 M EUR Loan product for boosting employment

Target group: social economy entities and newly founded micro-enterprises

Main conditions: 1 duly closed business year and pre-assessment of project or certificate of support project (EDIOP-5.1.2-15) that the company is considered as social economy entity

Eligible activities: investment related to company development, purchase of stocks and supplies

Eligible costs:

- Purchase of property;
- Building, renovation, reconstruction;
- New equipment and conditionally used equipment
- Immaterial rights only with other investments;
- Wage and wage related costs;

Size of loan: 2 800-14 300 EUR

Payment period: 5-15 years

Interest: 0%

Value of collaterals: 50%

Number and amount of submitted claims: 147 / 6 million EUR, average loan amount: 40 416 EUR

Number and amount of positive financing decisions: 62/ 3,3 million EUR

Number and amount of loan contracts: 58 / 3,25 million EUR

7 LESSONS LEARNED

We are proud of :



- Complex portfolio of support project, grant schemes and loan product
- Long term assignment for support structure
- Assessment framework combined with coaching offered proved to be a strong tool of further development for social economy
- Simplified procedure for grant selection owing to assessment framework

Disappointments:



- Moderate interest in loan product - further efforts and assessment tools required to shift attitude towards social economy actors as new types of clients at financial intermediaries of loan product (banks)
- Joint funding (RF and NRF in parallel) was not possible, projects can not be sliced to RF and NRF parts according to financial intermediaries

Still to do



- **Dissemination, raising public awareness of labelling/certification activities, evaluation**
- further development of self-/ assessment tools incl. tools for-profit
- strengthening the strategic framework for social economy development

SZÉCHENYI 



MINISTRY OF FINANCE

**THANK YOU FOR
YOUR KIND ATTENTION!**

**Managing Authority for Economic Development
Programmes**

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