

Interreg
CENTRAL EUROPE

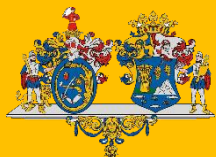


European Union
European Regional
Development Fund

DelFin

**ACTION PLAN TO
BOOST ECOSYSTEM
FOR
SOCIAL ENTERPRISES
IN HAJDÚ-BIHAR
COUNTY**

FEBRUARY 2022



 **IFKA**



CONTENT

Chapter 1 – Overview3

 Challenges3

 Objectives 6

 Actions 6

Chapter 2 – Activities 8

 Introduction of actions foreseen 8

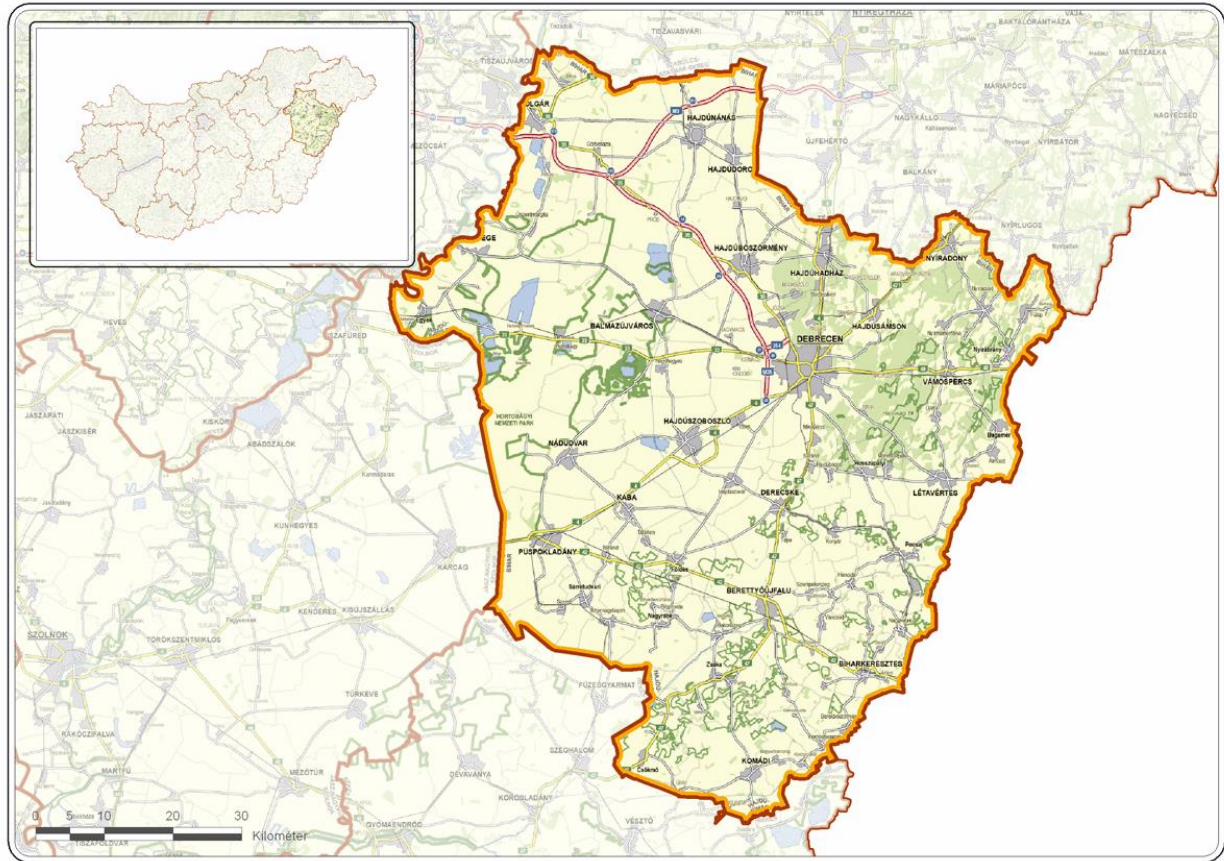
 Action 1 – Business support..... 8

 Action 2 – Financing Instruments11

 Action 3 – Transnational cooperation 15

Chapter 1 – Overview

Challenges¹



Hajdú-Bihar County with its area of 6 210 km² is situated in the Eastern part of the Great Hungarian Plain, bordered by Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg counties to the North, the Romanian border to the East, Békés county to the South and Jász-Nagykun-Szolnok County to the West. It has four geographical units: the South Nyírség - Ligetlaja area - and Erdőpuszta, the Bihari region, the Hortobágy and the Tisza region, and the Hajdúság.

¹ From AF: “European rural regions are currently facing several societal challenges, especially aging of population, brain drain and unemployment. Social innovation becomes more important to develop solutions to these problems and the promotion of social entrepreneurship (SE) is an important contribution to facilitate the economic transformation process especially in rural areas. Nevertheless, the traditional business support infrastructures and measures operated by regional or local authorities are not adapted to the special needs of social enterprises. There is a general lack of knowledge and understanding how social entrepreneurship evolves and works and how it can be efficiently promoted”.

By virtue of its location within the country, the county is peripheral, but it is playing an increasingly central role in the Eastern part, not only in terms of the neighbouring counties but also of border areas. This means not only transit - transport and economic - but also employment and cultural relations.

The county has 21 cities and 61 townships/villages of which 40 settlements are characterized by significant unemployment.

The proportion of disadvantaged population is higher than the national average, as is the proportion of those with lower incomes; most typical target groups of SEs are the poor and disadvantaged (45%), the unemployed (44%) and members of the workplace or local community (42%).

Social enterprises appear as a heterogeneous, diverse group in terms of social impact and business legal form, type of activity and attitude/purpose of the decision makers of the given social enterprise influence the extent to which the two basic pillars (social impact, business results). Their legal form varies: there are associations, social cooperatives, non-profit limited liability companies, foundations.

Most of the social enterprises carry out tasks in the social and health field; social/health related activities lead the activity fields, then comes education, training and culture.

As concerns rural regions in general – and particularly in Hajdú-Bihar County as the county is characterized by rural communities -, there are really specific situations and social objectives to consider.

The most relevant challenges that have been addressed within the DelFin project include the lack of proper information, training and mentoring opportunities for social enterprises and also the low willingness of social enterprises to take part in networking.

Beyond, there are several significant issues to deal with:

Lack of familiarity/awareness:

Most people are not yet familiar with social business, and thus cannot identify with their goals. The lack of visibility and effective communication results in isolation of the sector. These companies are not known to the public sector organization either, so they cannot effectively handle their needs and problems. Long-term partnerships with the for-profit sphere rarely develop.

Funding shortfalls:

Serving social goals and dealing with social problems often require significant human and financial resources. The availability of normative subsidies is limited. The use of not refundable grants is time consuming, imposes

a significant administrative burden on the organization and often poses a liquidity problem for post-financing. No benefits were granted to social enterprises.

Lack of a legal definition of social enterprise:

Due to the lack of a legal concept, social enterprises cannot be clearly separated from the for-profit or civil sector. Due to the lack of demarcation, research on social enterprises can only rely on research results when examining the sector. Strengthening the sector, supported developments, and an entrepreneur-friendly environment would require a comprehensive social enterprise development strategy that requires a legal basis.

Lack of business approach:

Due to the lack of a business approach, a grant-based activity is often unable to produce satisfactory results under market conditions. Often, they do not have a business plan, lack of demand estimation, and pricing is not well designed. Due to the lack of legal, financial and market knowledge, it would be necessary to provide organizations with practical training that can be applied in everyday operations.

Lack of solvent demand:

Particularly for start-up social enterprises, their revenues fall short of expectations, as they do not meet solvent demand. In the absence of a marketing strategy, geographic distances cause problems in many cases.

Human resources issues:

Organizations tend to fluctuate, and find it harder to get a better workforce because they are less able to secure salaries. In the currently available tender schemes, the salary of the target group members employed may not exceed HUF 240,000 (750 EUR) gross. Higher wages can only be met by a small number of organizations, eg. construction, furniture manufacturing, etc. territory. Efforts to maintain employee motivation are required.

Objectives

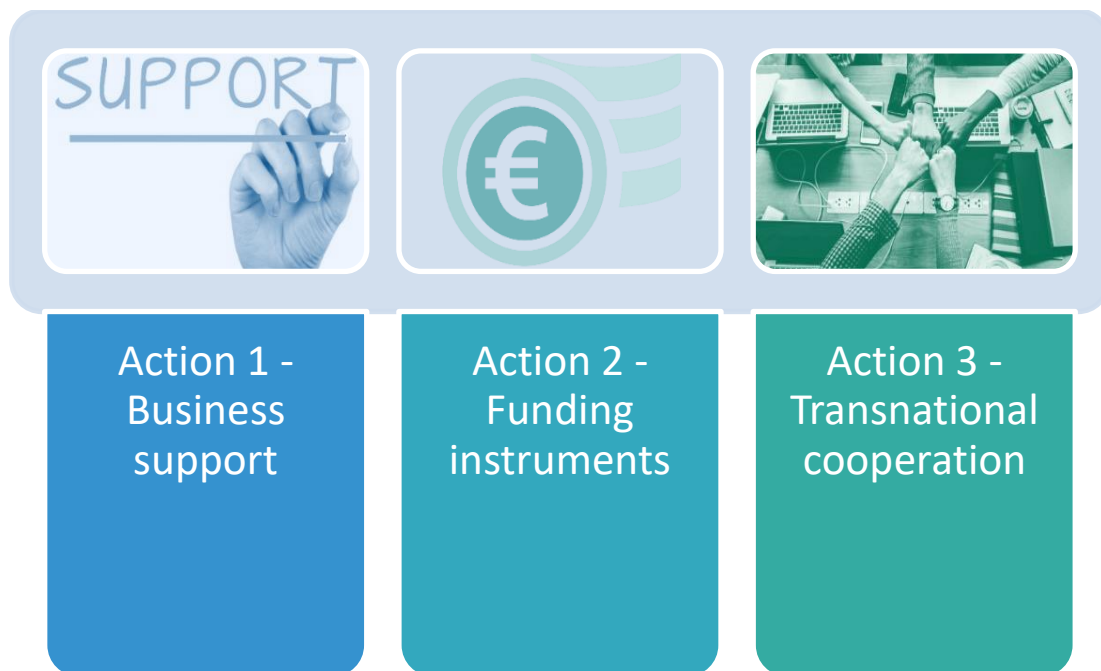
We will address the above challenges by **developing social entrepreneurship in the region**².

Our targets are:

- 10 % increase in the number of social enterprises with enhanced business and marketing skills by 2023 (baseline year: 2020)
- Solid network of HB county social enterprises with at least 10 members³

Actions

3 actions have been defined to support the objectives:



² From AF: “The main objective of the project is the promotion of social entrepreneurship in rural regions with special transformation challenges to advance economic and social innovation. The rural regions Saalekreis (DE), Hajdu Bihar (HU), Duga Resa (CR) and rural areas in Piedmont Region (IT) work together with the specific objective to improve funding for public support structures for social entrepreneurship and further develop finance and funding instruments for social enterprises. The project wants to facilitate a quadruple helix cooperation process of regional and local stakeholders for social entrepreneurship in a rural environment”.

³ Priority 3 of the Regional Development Strategic Plan (RDSP in the followings) of Hajdú-Bihar County (HBC in the followings) 2021-2027 states: “Social enterprises can play a key role as important actors in the local solution of global problems. It is more effective than a civic initiative because it does not necessarily require ongoing funding, but it also takes on tasks / goals that actors in the classic SME sector do not. Some of these businesses specifically target the disadvantaged, offering job opportunities, training and employment programs, so they can serve as a transit point for public employees to enter the open labour market, so their support is definitely justified.”

Action 1 - Business support

We will develop business support structures for social enterprises through these activities:

- (1) Making the DelFin Toolbox a 'living instrument' in Hajdú-Bihar county
- (2) Promotion of the 'social enterprise development' course of the University of Debrecen

Action 2 - Funding instruments

We will improve finance or funding instruments directly supporting social enterprises through these activities:

- (1) Promotion of UniCredit Social Banking Program in Hajdú-Bihar county
- (2) Promotion of Priority 3 of RDSP of HBC 2021-2027 with special regard to measures supporting the ecosystem for SEs

Action 3 - Transnational cooperation

We will cooperate transnationally in several ways to capitalize and share the knowledge and experience gained as well as to strengthen the transnational ecosystem for social enterprises.

Chapter 2 – Activities

Introduction of actions foreseen

Action 1 – Business support

Activity 1.1 - Making the DelFin Toolbox a 'living instrument' in Hajdú-Bihar County

The DelFin Toolbox is proved to be an impactful output of the DelFin project as it contains several effective business development tools which have been successfully tested for developing social enterprises within the frameworks of the regional pilot programs. Accordingly, Activity 1.1 aims at making the DelFin Toolbox continuously available and updated 'living instrument' for business support organizations in Hajdú-Bihar County to inspire them and support their business development services provided to social enterprises in the region.

To achieve these goals Activity 1.1 includes the following steps:

- Translation of the Toolbox into Hungarian to make it unlimitedly accessible for Hungarian stakeholders
- Creation of the dedicated online platform for the Toolbox to make it easily available for the targeted stakeholders
- Communication campaign to raise stakeholders' attention on the toolbox and its refreshments
- Continuous refreshing of the Toolbox (1 update/semester) to include new business support tools as well as financing schemes appearing on the national and international scene of social enterprise development
- Continuous provision of necessary human resources
 - IT expert for developing, maintaining and refreshing the online platform and the toolbox
 - Communication expert for managing communication campaigns related to the publication and refreshments of the toolbox

Output(s)/Indicator(s):

- 1 translated toolbox in Hungarian
- 1 online platform
- 1 communication campaign
- 2 updates of the toolbox

Milestones per year:

2022

- Translation of the Toolbox into Hungarian
- Creation of the online platform

2023

- Communication campaign
- 1st update

2024

- 2nd update

Key Actors:

- Hajdú-Bihar County Government

Cost and funding sources:

- Cost of IT expert at HBCG for the creation of platform and 2 updates 2500 EUR – funded by HBCG
- Cost of communication expert at HBCG for communication campaign 1500 EUR – funded by HBCG
- Translation of toolbox 1500 EUR funded by HBCG

Activity 1.2 - Promotion of the ‘social enterprise development’ course of the University of Debrecen

The Faculty of Economics of the University of Debrecen has been running a social enterprise development course in every second semester for years. The course intends to provide practical knowledge and experience to university students on the field of social entrepreneurship and social enterprise development by connecting students and social enterprises and facilitating their cooperation for solving real life business problems.

Accordingly, university students analyse the business models and operational problems of active social enterprises and provide them consultancy and development services within the frameworks of the course. The course had been added to the toolbox and some of its elements have been successfully tested within the frameworks of the regional pilot program implemented by the Hajdú-Bihar County Government.

During the implementation of the pilot, it turned out that the weakness of the program is its relatively low awareness among social enterprises of which only a few can enjoy the benefits of the course. In order to tackle this weakness and provide access for more social enterprises to this unique and free business development opportunity, Hajdú-Bihar County Government will promote the course within the frameworks of

Activity 1.2 which includes the following steps:

- Integration of lessons learnt and recommendations formulated during the pilot phase of the DelFin project regarding providing business support services to SEs into the program of the course
- Promotion of the course among students of the University of Debrecen (1 campaign/year) to attract the most talented and improve the quality of the social enterprise development services provided within the frameworks of the course
- Promotion of the development opportunity among social enterprises in Hajdú-Bihar County (1 campaign/year) to attract as many as possible, to increase the accessibility of the services provided by the course as well as the number of social enterprises benefitting from these services.
- Implementation of the course (1/year)
- Evaluation

Output(s)/Indicator(s):

- 3 communication campaigns (1/year)
- 3 courses implemented (1/year)
- 18 university students participating in the course (6/year)
- 9 social enterprises participating in the course (3/year)

Milestones per year

2022

- 1st communication campaign
- 1st course

2023

- 2nd communication campaign
- 2nd course

2024

- 3rd communication campaign
- 3rd course

Key Actors:

- University of Debrecen (Katonáné dr. Kovács Judit)

Cost and funding sources:

- Integration of lessons learnt from DelFin pilot and implementation of the course will be done by University of Debrecen (Katonáné dr. Kovács Judit) and costs will be funded by UD. Cost: personnel cost of Katonáné dr. Kovács Judit
- Communication campaign will be funded by HBCG – personnel cost of communication expert 2000 EUR/campaign

Action 2 – Financing Instruments

Activity 2.1 Promotion of UniCredit Social Banking Program in Hajdú-Bihar County

Social Impact Banking ("SIB") is UniCredit's commitment to building a fairer and more inclusive society by identifying, financing and promoting initiatives that can have a positive social impact. The programme, which started in Italy at the end of 2017, has now been extended to 10 other Group countries (Austria, Bosnia & Herzegovina, Bulgaria, Croatia, Germany, Czech Republic, Slovakia, Romania, Serbia, Hungary).

Social Impact Banking allows UniCredit to help people at risk of financial exclusion and companies committed to addressing social issues.

Within the frameworks of the program UniCredit gives confidence, value the talent and merit, support the financial awareness, and provides credit, skills and access to key networks to the above target groups. Working in partnership with a focus on both, the economic returns of investments and the generation of wider societal benefits are the main values of the program.

UniCredit Hungary has participated in the implementation of the DelFin project both as service provider and participant of the capacity building seminars. Based on the experiences gained, the bank identified significant benefits of the improvement of its social impact banking program that Activity 2.1 is focusing on.

The implementation of the activity includes the following steps:

- Revision of the social banking program of the UniCredit Bank
- Integration of lessons learnt and recommendations formulated during the pilot phase of the DelFin project regarding providing financial support to SEs

-
- Market search - mapping the potential local market for the financial products offered by the social banking program of UniCredit
 - Identification of relevant financial products on the local market with the greatest sales potential
 - Tailoring the selected products to the actual local market needs
 - Preparation of the local sales staff of UniCredit for the sales of new (social finance) products for new target groups
 - Sensitizing for the specific characteristics of social enterprises and the problems and social groups targeted by them
 - Knowledge transfer about social entrepreneurship, impact measurement, social finance tools and the concrete products of the bank
 - Promotion campaign for the financial products offered by UniCredit to social enterprises within the frameworks of the bank's social banking program
 - Sales of the financial products

Output(s)/Indicator(s):

- Sensitizing and knowledge transfer trainings for the sales staff of UniCredit (4 trainings 30 participants)
- 25 social enterprises receiving financial support
- 500,000 EUR financial support provided for SEs

Milestones per year

2022

- Market search – tailor made financial products
- Preparation of the local sales staff of UniCredit
 - 2 sensitizing and knowledge transfer trainings

2023

- Preparation of the local sales staff
 - 2 sensitizing and knowledge transfer trainings
- Promotion campaign
- Sales (10 new clients, 200,000 EUR financial support provided)

2024

- Sales (15 new clients, 300,000 EUR financial support provided)

Key Actors:

- UniCredit Bank Hungary (Bolyán Róbert)

-
- Impact Hub Budapest (preparation, Bedő Beatrix)

Cost and funding sources:

- 10,000 EUR (UniCredit Bank Hungary Social Impact Banking Program)

Activity 2.2 - Promotion of Priority 3 of RDSP of HBC 2021-2027 with special regard to measures supporting the ecosystem for SEs

Priority 3 of the Regional Development Strategic Plan (RDSP in the followings) of Hajdú-Bihar County (HBC in the followings) 2021-2027 states: "Social enterprises can play a key role as important actors in the local solution of global problems. It is more effective than a civic initiative because it does not necessarily require ongoing funding, but it also takes on tasks / goals that actors in the classic SME sector do not.

Some of these businesses specifically target the disadvantaged, offering job opportunities, training and employment programs, so they can serve as a transit point for public employees to enter the open labour market, so their support is definitely justified."

The achievement of the objectives of the RDSP related to the development of social enterprises is supported by Activity 2.2 through the following steps:

- Revision of the Measure 3.4 (Supporting SMEs to improve their innovation capacity), Measure 3.9 (Developments related to local economy, strengthening short supply chains) and Measure 3.11 (Creative and cultural industry) of RDSP of HBC 2021-2027
- Integration of lessons learnt and recommendations formulated during the pilot phase of the DelFin project regarding providing financial support to SEs
- Identification of the calls of relevant OPs which may be available/relevant to implement measures of RDSP concerning the ecosystem for SEs
- Promotion campaign for the relevant calls targeting social enterprises (potential applicants/consortium partners)
- Preparation of the staff for the specific target group
 - Sensitizing
 - Knowledge transfer regarding social entrepreneurship, impact measurement and typical project implementation problems and risks of the target group
- Provision of consultancy to SEs regarding the application process
- Provision of consultancy to SEs regarding the implementation of the projects

Output(s)/Indicator(s):

- 1 sensitizing training for the staff of HBCG (5 participants)
- 1 knowledge transfer training for the staff of HBCG (5 participants)
- 1 promotion campaign
- 5 social enterprises receiving grants within the frameworks of the funding instruments serving the implementation of RDSP of HBC 2021-2027

Milestones per year

2022

- Preparation of the staff of HBCG
 - sensitizing
 - knowledge transfer
- Promotion campaign, road show (depending on the pandemic)

2023

- Consultancy (application process)
- Consultancy (project implementation)

2024

- Consultancy (application process)
- Consultancy (project implementation)

Key Actors:

- Hajdú-Bihar County Government
- Impact Hub Budapest (preparation, Bedő Beatrix)
- OFA National Employment Public-Benefit Non-profit Ltd. (consultancy, Dr. Nagy Anita)

Cost and funding sources:

- Staff cost of HBCG experts – 6800 EUR (HBCG regional sources)
- HR cost of external experts – 8500 EUR (project-based or HBCG regional source)
- Organisation cost of trainings – 850 EUR/training (project-based or HBCG regional source)
- Organisation cost of campaign – 3400 EUR (project-based or HBCG regional source)

Action 3 – Transnational cooperation

Hajdú-Bihar County Government will cooperate transnationally in the following ways:

- (1) Supporting adoption process of further tools from the toolbox in other countries (e.g. NEMO methodology in Hajdú-Bihar County)
- (2) Development of joint projects within the frameworks of transnational EU programs (e.g. Interreg Europe, Central Europe, Danube, Interreg CBC programs, Horizon Europe etc.)
- (3) Joint mapping and exploiting social entrepreneurship and social innovation development opportunities (e.g. training programs)
- (4) Mapping and exploiting transnational marketing opportunities for SEs (fairs, online marketplaces etc.)
- (5) Maintenance and extension of the DelFin Toolbox
- (6) Capitalization of DelFin achievements (e.g. integration into the services of Social Innovation Competence Centres)