



# LOCAL ACTION PLAN

## HAJDÚ-BIHAR COUNTY



Co-funded by  
the European Union



Socrates

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# INTRODUCTION

The Local Action Plan of Hajdú-Bihar County addresses the challenges of improving the awareness on the beneficial impact of Social Enterprises (SE), skill enhancement of the business development support, access to public procurement processes, new business models, and strategies for growth to create a positive change within the communities.

In addition, the Local Action Plan provides suggestions for improvement of relevant policies, improve access to funding, training, and education, and enable engagement of multiple stakeholders in policy development with specific objectives, timelines, and expected results.





# MAJOR SOCIETAL CHALLENGES FRAMING THE LOCAL ENVIRONMENT

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The county faces a higher proportion of cumulatively disadvantaged individuals compared to the national average. Additionally, a significant number of residents have lower incomes. To address these challenges and foster both rural development and social inclusion, several key strategies come to the forefront.

Firstly, it is essential to focus on developing robust social welfare systems. Simultaneously, promoting alternative forms of local income generation and environmentally friendly production methods that prioritize sustainability can play a crucial role in driving progress.

One of the primary objectives is to integrate disadvantaged social groups more effectively, particularly in education and the labour market. Preparing for the challenges posed by an aging population and vulnerable segments is of utmost importance. Initiating improvements in social, health, and infrastructure services directly related to these concerns will be vital.

*Within the county's settlements, special attention should be given to assisting socially excluded groups.*

Providing the necessary personal, material, and infrastructural support is crucial to enhance equal opportunities. Establishing a model experiment for effective social management can pave the way for reducing exclusion.





Developing infrastructure and services to cater to the needs of elderly, physically and mentally challenged, addicted, and homeless individuals at municipal and sub-regional levels is highly recommended. Moreover, ensuring equal access to high-quality and innovative public services for all residents, with a strong emphasis on creating a safe environment, is imperative.

Improving transportation and infrastructure offers an opportunity to enhance connectivity between settlements. However, it is crucial to ensure that this does not inadvertently strengthen existing disparities. To capitalize on the benefits of improved connections, municipalities must offer attractive incentives to encourage networking and collaboration.

The presence of businesses that provide employment opportunities can serve as one such attractive factor. By enhancing the appeal of urban settlements, newly located companies will require more employees, extending the reach of these settlements to geographically distant areas. This interconnected approach can facilitate overall development and uplift the entire county's socioeconomic landscape.



Social enterprises have existed in Hungary since the late 1990s and their number and diversity is growing.

They address a wide range of social and environmental problems, follow a variety of business models and take many legal forms. Over the past 20 years, several professional and business organisations have provided significant support for the development of social enterprises, recognizing their potential to address serious problems such as extreme poverty and segregation. Social enterprise programmes funded by national public and EU funds have been coordinated in recent years by public organisations leading employment promotion and enterprise development. In parallel with the number of social enterprises, there has been a dynamic growth in the community of consultants and researchers focusing on social entrepreneurship, especially in the last few years. Despite all the efforts and expenditure in this area, the sector is growing and developing below expectations.

[1]

## HISTORY OF SOCIAL ECONOMIC SECTOR

The definition, qualification and detailed rules for the financial and other instruments available to social enterprises in Hungary to support their start-up and development have always been based on the general values, objectives and main field of operation of the current state actor, ministry/background organisation or other supporter.

Creating jobs, phasing out public employment and/or preserving rural resilience are of course all important policy objectives in themselves, but need not be primary or exclusive to social enterprises.

A narrow focus has prevented the development of social enterprises in areas such as environmental sustainability or digital innovation in the past, whose social benefits could not be measured by employment indicators.

These policy objectives, which often become a priority, have so far severely distorted the Hungarian social enterprise sector and hindered the spread and strengthening of the social enterprise model.

[1] *Hungarian Social Enterprise Monitor 2021-2022*



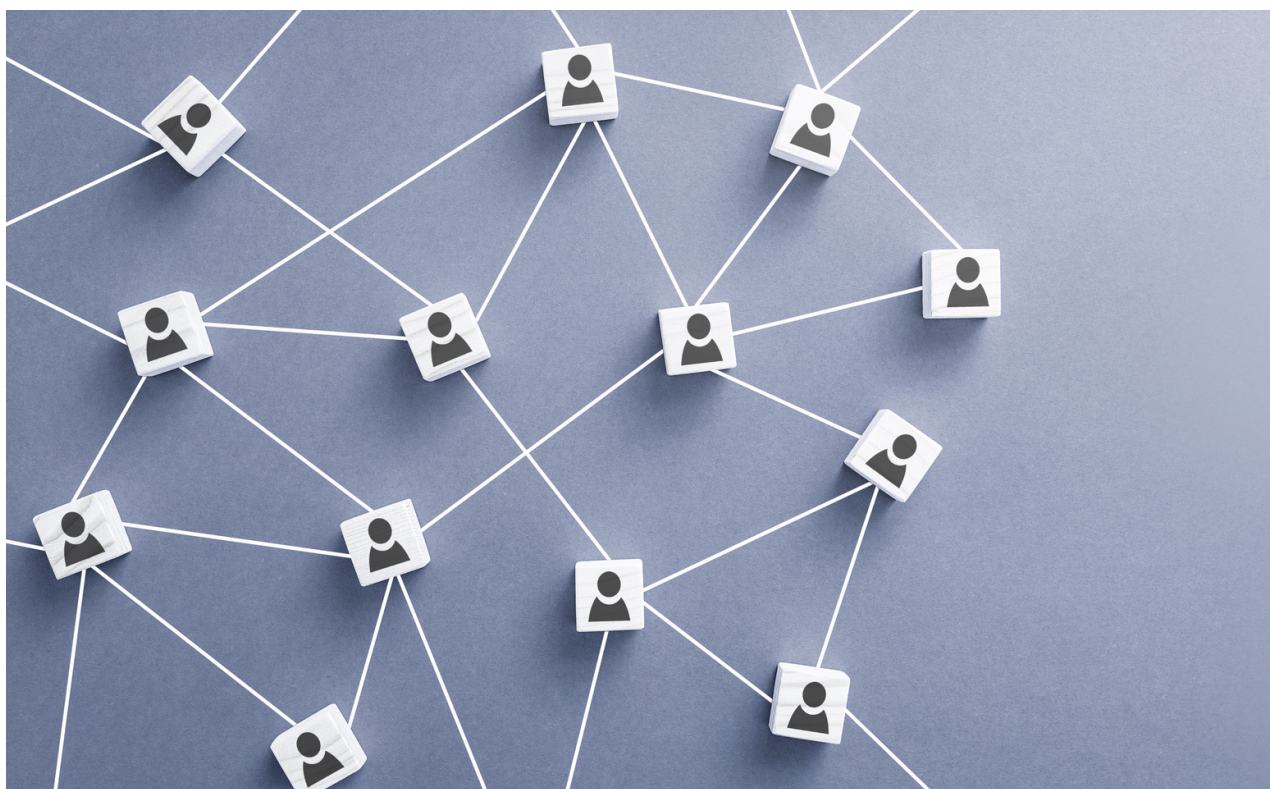
# POSITIVE MILESTONES DEFINING THE EVOLUTION OF SOCIAL ENTERPRISE ECOSYSTEM

## **Funding and finance programmes**

Support measures in Hungary are typically implemented through tendering frameworks. The application and full implementation of the principles represented by the policy and related to the operational programs can be best achieved through tendering. The donor institution also obtains measurable and quantifiable results in terms of monitoring and functioning of the interventions, so future interventions can be more accurately planned and targeted.

Successful fundraising opportunities have also been given to newly established social enterprises with many years of experience, but the program designer also took into account aspects of certain regional and micro-regional differences. Thus, in terms of targeting, effective tools were developed that were available to social enterprises in the right way and at the right time

Similar to the diverse target group, there are other forms of financing, since in addition to non-refundable grants, a form of reimbursable support (subsidized loan) has recently been made available to social enterprises, which can also be used to deal with other types of financing problems.



In addition to the most common source of revenue for social enterprise financing, which by definition is to be shown, there are several other ways to raise funds. In addition to using the capital of investors or owners (even through affiliated organizations), they may, among other things, apply for credit (or micro-finance), governmental (community), corporate and private grants.

From the administrative point of view, several solutions can be applied in the domestic support environment. In addition to the traditional one-step application forms, a relatively new pre-qualification application support system has been introduced, which allows applicants to prepare themselves properly for the implementation of their project and to develop their business and social activities before submitting their application for funding.

### **Networking**

As a grass roots association founded in 2020, the Coalition of Hungarian Social Enterprises' mission is the true and inclusive representation and development of all social enterprises in Hungary. They aim to create an environment that enables the launching, financing and growth of social enterprises, and to draw up, promote and implement a strategy that supports a predictable operating environment.[2] In the two years since its foundation, the Coalition has become an active partner of national level policy makers focusing on the recognition of social enterprises and their inclusion in government support programmes and enterprise development facilities. The Coalition of Hungarian Social Enterprises currently has 20 members from diverse fields of activity and social missions. Growing the membership base continues to be a key objective of the young organisation.

[2] <https://euclidnetwork.eu/portfolio-posts/coalition-of-hungarian-social-enterprises/>

### **Guidance**

In order to efficiently provide an overall overview of available supports, four organisations joined their forces to compile a gap-filling toolkit in 2022. This toolkit (Supporting guidance, Hungary) was produced by FASE, Impact Hub Budapest, Scale Impact and Ashoka. With this summary the editors wanted to help organisations who are planning to start a revenue-generating business but need additional support. This support can take the form of technical assistance, advice, investment or a bank loan. These can be provided through the different types of support available in for readers with a brief description and further information contact details.

## **STAKEHOLDERS TO SUPPORT SOCIAL ENTERPRISES IN HAJDÚ-BIHAR COUNTY**

- Municipalities (82 in Hajdú-Bihar County)
- Government Office – Department of Employment
- Chamber of Commerce and Industry of Hajdú-Bihar County
- National Chamber of Agriculture – Hajdú-Bihar County Directorate
- OFA National Employment Public-Benefit Non-profit Ltd.
- University of Debrecen
- Vocational Training Centre
- Banks (UNICREDIT, Erste)
- Impact Hub Budapest



# CHALLENGES AND OPPORTUNITIES DEFINED BY THE LOCAL WORKSHOPS

Following the evaluation of the results coming from several bilateral discussions with stakeholders, a dedicated event was organized to get feedback on the draft version of the analysis of the state of the play.

There were numerous themes covered by the fruitful discussion. It was found that there is still a lot to do to create a more supportive, reliable and diverse ecosystem for social entrepreneurs.

These challenges have been jointly identified:

- **Lack of Familiarity/Awareness:**

Social businesses remain relatively unknown to the general public, resulting in a lack of identification with their goals. The sector's isolation stems from limited visibility and ineffective communication. Public sector organizations also have limited knowledge of these companies, hindering their ability to address their needs and issues. Establishing long-term partnerships with for-profit entities is challenging.

- **Funding Shortfalls:**

Social enterprises often require significant human and financial resources to address social goals and tackle societal issues. Normative subsidies are scarce, and relying on non-refundable grants can be time-consuming and administratively burdensome, leading to liquidity problems post-financing. Social enterprises are not eligible for benefits typically available to other businesses.

- **Lack of a Legal Definition of Social Enterprise:**

The absence of a clear legal definition makes it difficult to distinguish social enterprises from for-profit or civil sector entities. This lack of demarcation hampers research efforts focused on social enterprises, limiting the sector's growth potential. Developing a comprehensive social enterprise development strategy requires a strong legal foundation.

- **Lack of Business Approach:**

Many social enterprises lack a business-oriented approach, leading to unsatisfactory results when operating in market conditions. The absence of business plans, demand estimations, and well-designed pricing further compounds the challenges. To empower organizations, practical training encompassing legal, financial, and market knowledge becomes necessary for their day-to-day operations.

- **Lack of Solvent Demand:**

Startup social enterprises often struggle to generate sufficient revenues due to insufficient demand from solvent customers. In the absence of a robust marketing strategy, geographic distances exacerbate these problems.

- **Human Resources Issues:**

Fluctuations in staff and difficulty in securing competitive salaries pose human resources challenges for social enterprises. Ensuring employee motivation becomes crucial to retain talent.



The most important **comments, amendments and recommendations** are listed here below:

- there are still a few companies recognizing their “social entrepreneurship” character; appropriate tools are required to raise awareness
- being a social entrepreneur is still a “fund-driven” issue; lacking financial sources, being a SE is still felt as a disadvantage
- it would be essential to create so-called “love brands”
- there is still a strong ambition to increase the number of SEs
- good practices are available including survey and benchmarking
- potential practices to be applied: new SE to be validated by existing SE
- the Coalition of Hungarian Social Enterprises is a great advocacy for SEs
- the main goals:
  - access to capital
  - trainings (how to support the development/improvement of SEs)
  - who is on the stakeholder map
- to achieve the goals, more pillars are needed to collaborate (e.g. Coalition + Scale Impact)
- essential factor to act as network: adequate human capacity to bring the actors of the ecosystem together
- involvement of banks and chambers is a must have
- better communication is needed
  - initiatives
  - campaigns involving large companies as donors
  - content marketing
  - series of events



# PRIORITY ACTION AREAS

Research shows that Hungarian social enterprises aim to have an impact on the labour market and employment; 52% aim to improve labour market participation and reduce unemployment while a significant proportion of enterprises believed that their activities could make a positive difference in areas such as developing individual skills, improving living conditions, increasing equal opportunities and strengthening social cohesion. 22% of organisations expect their activities to reduce poverty overall.

Themes that also stay in focus:

- Rural areas: specific situation/social objectives are on the agenda
- Local (natural-cultural) resources, local (professional) knowledge - exploitation, preservation, strengthening identity
- Environmental sustainability
- Strengthening communities, direct participation
- Improving urban-rural linkages
- Digital literacy
- Small-scale service delivery

Considering the outcomes of the local state-of-the-art analysis strengthened by the results of the local workshops and bilateral discussions, 3 priority areas are defined reflecting the demanded answers on challenges found:

- Access to Finance
- Skills & Business Development Support
- Institutional Framework

Based upon the above main findings, 3 actions have been defined in accordance with actual needs and regional development objectives.



## ACTION

## ACTIONS

#1: A practical guide in the light of international experience

#2: Actions to support the implementation of regional development programme

#3: Capitalizing international knowledge and experience



# ACTION #1 - A PRACTICAL GUIDE IN THE LIGHT OF INTERNATIONAL EXPERIENCE

The Practical Guide is a valuable resource designed to compile recommended solutions and best practices derived from the lessons learned during the implementation of the SOCRATES project. With a focus on social enterprises and their target groups in Hajdú-Bihar County, this guide aims to inspire and support these entities by providing a wealth of effective methods, funding opportunities, and exemplary good practices shared by the partnership. Serving as a continuously available and updated 'living instrument,' this guide seeks to empower social enterprises to thrive and make a lasting positive impact on their communities.

## **Sharing good practices and methods:**

At the heart of the Practical Guide lies the sharing of good practices and effective methods discovered and refined during the SOCRATES project. These proven strategies cover a wide range of aspects critical to the success of social enterprises, such as business development, community engagement, marketing, sustainability, and more. By offering a comprehensive repository of successful approaches, the guide equips social enterprises with actionable insights to elevate their operations and maximize their social impact.

## **Unlocking potential funding opportunities:**

Understanding the significance of funding for social enterprises' growth and sustainability, the Practical Guide identifies and showcases potential funding opportunities. It highlights various local, regional, and international funding sources, grants, and support programs that can empower social enterprises to achieve their objectives. By demystifying the funding landscape, the guide empowers these enterprises to access the resources they need to bring their visions to life and drive transformative change.

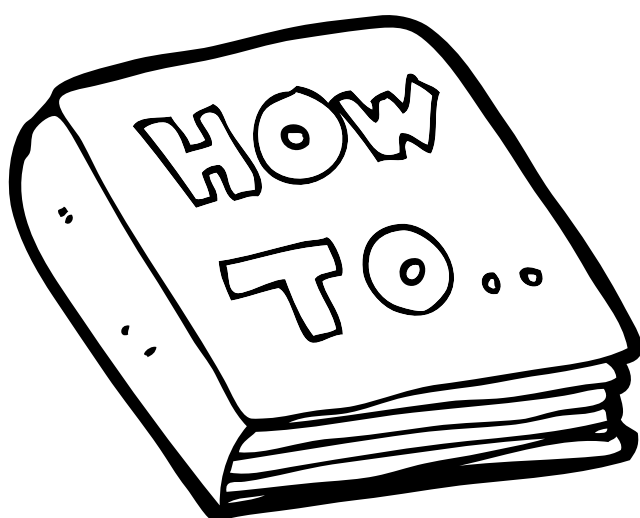
## **A 'living instrument' for ongoing inspiration:**

The Practical Guide's dynamic nature makes it an ever-evolving resource, continually updated with the latest insights and innovations. Through regular contributions from the SOCRATES project and other stakeholders, the guide remains a living, adaptable instrument that remains relevant to the changing needs and challenges faced by social enterprises. This dynamic approach ensures that social entrepreneurs and their target groups have access to the most up-to-date and relevant information at all times.

The Practical Guide focuses on specific themes within the social enterprise realm, each offering valuable lessons learned and practical advice in the themes of *"Access to Finance"*, *"Skills & Business Development Support"* and *"Institutional Framework"*.

To achieve these goals, the following steps are planned:

- Translation of the good practices, methods and available information and practical sources into Hungarian to make it unlimitedly accessible for Hungarian stakeholders
- Creation of the dedicated online platform for the Practical Guide to make it easily available for the targeted stakeholders
- Communication campaign to raise stakeholders' attention on the Practical Guide and its updates
- Continuous update of the Practical Guide to include new tools as well as schemes appearing on the national and international scene of social enterprise development
- Continuous provision of necessary human resources



### **Output(s)/Indicator(s)**

- 1 translated Good Practice inventory in Hungarian
- 1 Practical Guide developed in Hungarian
- 1 online platform
- 1 communication campaign
- 1 update of the Practical Guide

### **Timeplan for milestones (steps) planned**

#### **2023**

- Translation of the good practices and relevant SOCRATES sources into Hungarian
- Creation of the online platform

#### **2024**

- Communication campaign
- 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 good practices – 1500 EUR funded by HBCG



# ACTION #2 - ACTIONS TO SUPPORT THE IMPLEMENTATION OF REGIONAL DEVELOPMENT PROGRAMME

Priority 3 of the Regional Development Programme (RDP) for Hajdú-Bihar County (HBC) 2021-2027 emphasizes the crucial role of social enterprises as significant contributors to local solutions for global challenges. These enterprises are seen as more effective than civic initiatives since they do not solely rely on ongoing funding and address tasks and goals that are not typically undertaken by traditional SMEs.

Specifically, social enterprises often focus on supporting the disadvantaged by providing job opportunities, training, and employment programs, serving as a gateway for public employees to enter the open labour market. Consequently, supporting these enterprises is considered a justified endeavour.

In order to practically support the formulation of an evolving collaboration between social enterprises and their target groups, 2 main activities are highlighted within the frames of Action #2, strongly supporting both priority areas "Skills & Business Development" as well as the improvement of "Institutional Framework":

To ensure the sustainable growth and success of SEs, fostering strategic linkages between social enterprises and potential customers is essential. Matchmaking events and the utilization of municipal referral brochures are two powerful tools that, when combined, create a comprehensive approach to connect social enterprises with interested parties, including municipal decision-makers. This collaborative effort not only promotes local economic development but also advances social and environmental goals, ultimately leading to a more inclusive and sustainable society.

## **Matchmaking Events: Empowering Social Enterprises**

Matchmaking events serve as vibrant platforms that bring together social enterprises and potential customers. These events create a conducive environment for social enterprises to showcase their innovative products and services, highlighting their social mission and commitment to positive change. Through targeted networking and face-to-face interactions, social enterprises can engage directly with individuals, businesses, and organizations seeking socially responsible solutions. The opportunities for collaboration and partnership that arise from these events are invaluable for social enterprises looking to expand their customer base, enhance their visibility, and access new markets.

## **The Municipal Referral Brochure: Empowering Decision-Makers**

In parallel with matchmaking events, the creation of a municipal referral brochure further strengthens the linkages between social enterprises and the community. This brochure serves as an essential resource for introducing local and social enterprises to municipal decision-makers and interested parties. It provides a comprehensive and concise overview of the social enterprises operating within the municipality, detailing their missions, products, and tangible social impact. By offering decision-makers a clear picture of the value that these enterprises bring to the community, the referral brochure empowers them to make informed choices when sourcing goods and services for municipal initiatives.

By combining matchmaking events with the utilization of municipal referral brochures, municipalities can forge powerful connections that benefit all stakeholders involved:

a) *Empowering Social Enterprises*: matchmaking events offer social enterprises a direct line of communication with potential customers, creating opportunities for growth and sustainability. By meeting potential customers face-to-face, social entrepreneurs can establish trust, gain feedback, and build lasting partnerships.

b) *Fostering Local Economic Development*: the synergistic effects of matchmaking events and referral brochures boost the local economy by enhancing business opportunities for social enterprises. Increased demand for their products and services leads to job creation, economic diversification, and a vibrant entrepreneurial ecosystem.

c) *Advancing Social and Environmental Goals*: the strategic linkages forged through this comprehensive approach enable social enterprises to expand their reach, drive meaningful social impact, and contribute to the realization of broader sustainability goals. By supporting these enterprises, municipalities play a crucial role in building a more equitable and inclusive society.

d) *Enhancing Civic Engagement*: the municipal referral brochure facilitates civic engagement by providing decision-makers with clear information about socially responsible enterprises. Informed decisions result in projects and initiatives that align with the community's values and aspirations.

In conclusion, fostering strategic linkages between social enterprises and potential customers is vital for their sustainable growth and societal impact. By leveraging the power of matchmaking events and the value of a municipal referral brochure, municipalities can create a comprehensive approach that nurtures a thriving ecosystem of social entrepreneurship. Together, social enterprises, decision-makers, and the broader community can collaboratively work towards building a more prosperous, equitable, and sustainable future for all.

### Output(s)/Indicator(s)

- 4 matchmaking events organized
- 1 Municipal Referral Brochure developed in Hungarian
- 1 communication campaign

### Timeplan for milestones (steps) planned

2023

- 1 Municipal Referral Brochure developed in Hungarian

2024

- 4 matchmaking events organized
- Communication campaign Update

### Key Actors

- Hajdú-Bihar County Government
- Impact Hub Budapest
- Chamber of Commerce and Industry of Hajdú-Bihar County
- 82 municipalities of Hajdú-Bihar County
- Social enterprises

### Cost and funding sources

- Cost of organizing 4 matchmaking events 2400 EUR – funded by HBCG
- Cost of communication expert at HBCG for communication campaign 800 EUR – funded by HBCG
- Cost of design of Municipal Referral Brochure – 1200 EUR funded by HBCG



# ACTION #3 - CAPITALIZING INTERNATIONAL KNOWLEDGE AND EXPERIENCE

Hajdú-Bihar County Government is committed to fostering international cooperation and collaboration to promote social entrepreneurship and social innovation. The county aims to contribute to the development of a thriving social enterprise ecosystem not only within its borders but also beyond. To achieve this, the county will engage in the following international activities with special regards to interregional, transnational and cross-border activities in the focus topics of the 3 priority areas selected:

## **Supporting Adoption of Tools in Other Countries:**

Hajdú-Bihar County will actively support the adoption process of successful tools from its own Practical Guide and further lessons learned within the SOCRATES project in other countries. By sharing expertise and knowledge, the county seeks to empower other regions to implement effective strategies for social enterprise development.

## **Development of Joint Projects within EU Programs:**

Collaboration will extend to developing joint projects with other regions through various EU programs, including Interreg Europe, Interreg Central Europe, Interreg Danube, cross-border programs, Horizon Europe, and more. These projects will focus on fostering innovation, exchanging best practices, and jointly addressing common challenges faced by social enterprises.

## **Mapping and Exploiting Social Entrepreneurship and Social Innovation Opportunities:**

Hajdú-Bihar County will engage in joint efforts to map and explore opportunities for social entrepreneurship and social innovation development. This may include organizing and participating in training programs, workshops, and capacity-building initiatives to enhance the skills and knowledge of individuals and organizations involved in the social enterprise sector.

## **Identifying and Utilizing European Marketing Opportunities:**

To promote the growth and visibility of social enterprises, the county will work collaboratively to identify and exploit European marketing opportunities. This may involve participation in fairs, exhibitions, and online marketplaces, showcasing the products and services offered by social enterprises from different regions.

## **Maintenance and Extension of the Practical Guide:**

The Practical Guide, a valuable resource for supporting social enterprises, will be continuously maintained and expanded. By keeping it up-to-date and relevant, the county aims to offer valuable support to social entrepreneurs both locally and internationally.

## Capitalizing on SOCRATES Achievements:

The accomplishments of the SOCRATES project will be capitalized on to maximize their impact. One way to achieve this is through integrating the project's outcomes and results into the services provided by Impact Hub Budapest and collaborating partners. This will ensure that the knowledge and experience gained from SOCRATES are leveraged effectively to benefit social enterprises across borders.

Hajdú-Bihar County Government's commitment to international cooperation in the realm of social entrepreneurship and social innovation demonstrates a proactive approach towards fostering collaboration, sharing knowledge, and driving positive change beyond regional boundaries. By engaging in a diverse range of activities, the county seeks to contribute to the sustainable growth and development of social enterprises both within the county, at national and international level. Through these collaborative efforts, Hajdú-Bihar County is poised to play a significant role in shaping a more inclusive, innovative, and socially conscious future.



### Output(s)/Indicator(s)

- 2 international joint online meetings with potential partners interested in the theme of formulating an improved ecosystem for social enterprises
- 1 Practical Guide shared in English
- 1 communication campaign

### Timeplan for milestones (steps) planned

#### 2023

- Organisation of 2 joint meetings with potential European interested parties
- 1 Practical guide translated to English

#### 2024

- Communication campaign

### Key Actors

- Hajdú-Bihar County Government
- Impact Hub Budapest

### Cost and funding sources

- Cost of communication expert at HBCG for communication campaign 1000 EUR – funded by HBCG
- Translation of Practical Guide – 1200 EUR funded by HBCG

**Developed by**

**Hajdú-Bihar County Government  
IMPACT HUB Budapest**

**Debrecen  
2023**