



IFKA

## Part I – General information

<b>Project:</b>	Social Seeds (PGI00028)
<b>Partner organization(s) concerned:</b>	IFKA Public Benefit nonprofit Ltd for the Development of the Industry
<b>Country:</b>	Hungary
<b>NUTS2 region:</b>	Közép-Magyarország (Central Hungary)
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## Part II – Policy context

The Action Plan aims to impact:

### **X 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 5 NSO.10.2
2. 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:

### **1. EDIOP Economic Development and Innovation Operational Programme, Priority 5 NSO.10.2**

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

The content of the operational program is based on the Common Strategic Framework (the Annex I to the Regulation (EU) No 1303/2013 of the European Parliament and of the Council), the Council's 2010/410/EU. Recommendations to the Member States, and the broader guidelines for the Union's economic policies.

In accordance with the above mentioned strategic frameworks EDIOP supports the implementation of the Partnership Agreement of Hungary for the 2014-2020 Programming Period, and contributes to the realization of its General Objective (Promotion of sustainable growth, high added value production and employment), and National Priorities as follows:

1. Improving the competitiveness of economic actors and enhancing their international role
2. Increase employment by promoting economic growth and social inclusion
3. Increasing energy- and resource-efficiency
4. Solving social inclusion related and demographic challenges
5. Implementing local and regional developments that help economic growth

The Operational Program is supported by two Structural Funds, the European Regional Development Fund (ERDF) and the European Social Fund (ESF). In accordance with

the relevant ERDF regulations EDIOP supports regional development, harmonious, balanced and sustainable development of economic activities and contributes to the increase of competitiveness and employment to a higher level, to the creation of equal opportunities for men and women and to the protection of the environment. The OP also aims to increase employment, promote continuous learning and support the catching-up of lagging social strata, according to the current ESF regulations.

EDIOP contributes to the implementation of the above mentioned higher goals 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 **5<sup>th</sup> priority** (Employment) of EDIOP supports the expansion of employment through the development of labor supply and the promotion of the involvement of the unemployed to the labor market. Thus the Priority 5. is complementing the logic of other priorities for improving labor 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 labor 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

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

	<b>Name of outputs of Priority 5 NSO 10.2</b>	<b>Target value (2023)</b>
<b>1.</b>	Number of new work places created by supported social enterprises	4000
<b>2.</b>	Number of supported social enterprises	500

In order to achieve the above mentioned goals, EDIOP Priority 5 NSO 10.2 supports the following interventions:

1. EDIOP-5.1.2-15-2016-00001 "PiacTárs" ("MarketMate") priority project
2. EDIOP-5.1.3-16 call
3. EDIOP-5.1.7-17 call

These interventions serve the implementation of the above described programme, priority and NSO level goals as follows:

### **1.1. 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 the OFA National Employment Public Benefit Non-profit Ltd., the 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 31<sup>st</sup> of May 2019 IFKA evaluated over 1300 projects, provided trainings and mentoring of 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 competencies of social enterprises. OFA also provides services to improve the SEs’ access to markets and the development of social enterprise networks. These non-financial 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 (e.g. 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.

## **1.2. EDIOP-5.1.3-16 subsidy programme**

### **Basic data of the subsidy programme:**

- **Timeframe:** 01.09.2016-31.08.2018
- **Resources:** 7,2 billion HUF
- **Number of supported social enterprises:** 178
- **Non-refundable subsidy awarded:** 7,2 billion HUF

Overall goal of the EDIOP-5.1.3-16 subsidy programme was the dynamisation and stabilization of already operating civic and non-profit organizations and already operating social enterprises - by promoting the sustainable business model-based production, marketing and market access of marketable products and services - in order to create long lasting and sustainable employment opportunities.

Additional goal was to prepare social enterprises to be able to operate independently from state aid, basing their sustainability on market revenues.

In accordance with the above mentioned goals the programme provided financial resources for:

- business development
- product and service development
- production activities
- marketing of the products,
- purchase of related tools and equipment
- real estate investments
- development of the human resource capacities necessary for efficient operation.
- community events strengthening SEs' relationships with local communities
- social impact measurement
- ...

## **1.3. EDIOP-5.1.7-17 subsidy programme**

### **Basic data of the subsidy programme:**

- **Timeframe:** 25.09.2017-27.06.2019
- **Resources:** 15 billion HUF
- **Number of supported social enterprises:** 100
- **Non-refundable subsidy awarded so far:** 4,4 billion HUF

Just like the former programme EDIOP-5.1.7-17 also aims at the dynamization and stabilization of already operating civic and non-profit organizations and already operating social enterprises - by promoting the sustainable business model-based production, marketing and market access of marketable products and services - in order to create long lasting and sustainable employment opportunities.

In addition EDIOP-5.1.7-17 also aiming at the preparation of social enterprises to be able to operate independently from state aid, basing their sustainability on market revenues.

In accordance with the above mentioned goals the programme provides financial resources for the same activities like EDIOP-5.1.3-16:

As a new element in the Hungarian state-aid system, EDIOP-5.1.7-17 provides the opportunity to combine the non-refundable subsidy with subsidized refundable loan provided by the MFB Bank within the frameworks of the EDIOP-8.8.1-17 loan programme. (See later)

## **2. EDIOP Economic Development and Innovation Operational Programme, Priority 8, NSO 17.1**

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 1-6 of EDIOP, complementing this way the results of the non-refundable grants. Therefore the financial instruments planned in the Priority can be combined with GINOP 1-7 non-refundable sources in the case of insufficiency.

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-up and social enterprises- are strengthening in a sustainable manner.

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

	<b>Name of outputs of Priority 8 NSO 17.1</b>	<b>Target value (2023)</b>
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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:

## 2.1. EDIOP-8.8.1-17 financial instrument

### Basic data of the financial instrument

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

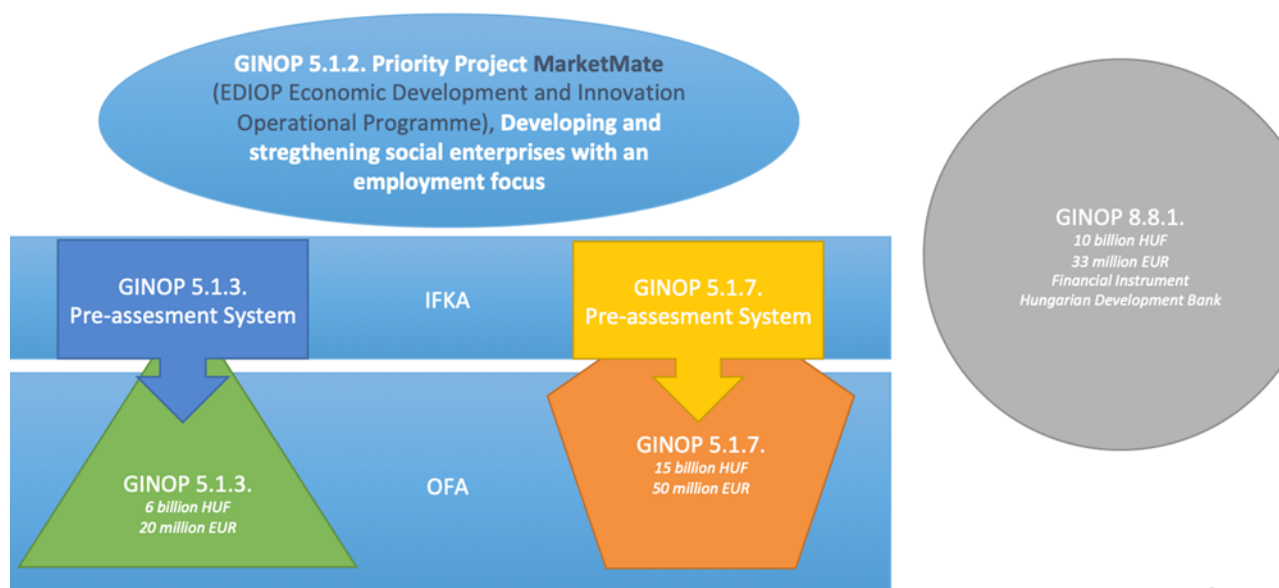
Overall goal of the financial instrument is to enhance the competitiveness by improving access to external funding in the case of formerly inactive or unemployed private entrepreneurs, their micro enterprises and social enterprises (SMEs) that implement employment promoting investments while not having 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 the first subsidized loan available for social enterprises.

## SEs in Economic Development Programs 2014-2020



Summing it up we see that the above described policy instruments provide **21,0 billion HUF** (EUR) direct subsidy and **2,8 billion HUF** (EUR) indirect subsidy that affects **hundreds of Hungarian SEs** and can be considered as the biggest financial support ever to the sector in Hungary. Therefore these policy instruments will deeply impact the Hungarian SE ecosystem 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 these instruments in order to establish their effective development that might ensure their efficiency and most 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 instruments 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 SOCIAL SEEDS project helped a lot in the above mentioned tasks. We try to summarize its relevant results in the followings.

### 3. Policy instrument gaps

SOCIAL SEEDS provided several specific tools for direct learning from the cooperation e.g.:

- *Social Enterprise Inventory*
- *Comparative Analysis of the Social Entrepreneurship landscape*
- *Good Practice Inventory*
- *Policy Diagnostic Tool*

From the policy instrument development point of view the most important of these is the *Policy Diagnostic Tool*, which processed and summarized the outcomes of the good practices collected by the project partners within the frameworks of the SOCIAL SEEDS project. Based on these information the *Policy Diagnostic Tool* supports policy makers to identify the challenges for the development of social enterprises in their regions and countries and also to find the evidence based and tested solutions for these challenges in order to build an enabling environment for the social enterprise ecosystem.

Applying the *Policy Diagnostic Tool* the following challenges can be identified which targeted policy instruments (EDIOP Priority 5, NSO 10.2 and EDIOP Priority 8 NSO 17.1) are facing with, and which decrease their efficiency on their following intervention areas:

#### 3.1. Access to finance:

Access to finance is underdeveloped in the given territory. There is very limited number of private investors and the public financing (also combined with the EU one) accounts for large proportion of available financing. On the demand side, adequate investment readiness to absorb refundable financing is still limited. (Scenario B according to the *Policy Diagnostic Tool*)

#### 3.2. Access to market:

Access to market is still rather limited to spontaneous contracts with market actors and/or governments due to high transaction costs and lack of transparent regulations. Social enterprises find it difficult to compete for contracts to deliver public services for a variety of reasons, including: the large contract sizes of many Government and municipal contracts; pre-qualification and specification requirements which inhibit



competition by requiring long track records or a very strong financial position; and the fact that many social enterprises tends to be new market entrants.

However, social enterprises still find it difficult to establish market-based relationship with the members of the social enterprise ecosystem. Co-operations are mainly limited to social enterprise accelerators providing non-financial (skills enhancement) support to social enterprises together with small-scale loan schemes addressed to the first steps of sustainable operation and scaling up. Social impact bonds are not applied by governments as still there is a lack of trust and understanding between social enterprises and governments. Motivated by the above facts and figures, social enterprises are not influencing policies directly, only occasionally, mostly as observers or via public consultations launched. (Scenario B according to the *Policy Diagnostic Tool*)

### 3.3. Business support

Business support structures addressed to social enterprises are still rather underdeveloped, however, there is promising attempts made by policymakers to facilitate the shift towards more established structures. There are no public support schemes that explicitly or specifically target social enterprises in the given territory. ERDF/ESF funds have only been used to a limited extent to target the promotion of social enterprises or support their start-up, operation or growth. However, for the 2014-2020 programming period, ESF has been applied to promote social economy and social entrepreneurship further. There are no marks, labelling schemes or certification systems for social enterprises in the given territory. Neither are there any plans to introduce such systems. There are no marks, labelling schemes or certification systems for social enterprises in the given territory. Neither are there any plans to introduce such systems. (Scenario B according to the *Policy Diagnostic Tool*)

The above statements have been endorsed by the *Social Enterprise Inventory* and the *Comparative Analysis* carried out through the SOCIAL SEEDS project. In the latter Hungary has been identified as scoring high in capacity building and respectively in the ability of the social enterprises to develop their own activities or insert new capacity, improve management practices, gain market experience, co-operate with authorities and each other. On the other hand Hungary have been proved to be weak in areas like legal definition, ecosystem enablers, access to finance, internationalization and impact measurement.

According to the *Policy Diagnostic Tool* labels and certification systems may help social enterprises gather attention as well as get business support faster. If a social company is “flagged safe to invest in” or certified in any trusted way it improves the SEs’ ability to access its market, get more financing opportunities, etc.

**Based on the above described policy instrument gaps and recommended solutions IFKA identified the lack of long term operating certification systems for social enterprises as the most important policy gap which in the future may obstruct the conscious and effective development of the policy instruments addressed, that is a disadvantage for the whole Hungarian SE sector.**

Accordingly IFKA, in collaboration with the Ministry of Finance and other stakeholders, defined the following actions to be implemented during the 2<sup>nd</sup> phase of SOCIAL SEEDS in order to fill the identified policy gap.

- **Action 1 – Improvement of the “MarketMate” evaluation system 1.0 and testing of the improved system (“MarketMate” evaluation system 2.0)**

The system is operated by IFKA within the frameworks of the EDIOP-5.1.2-15-2016-00001 “MarketMate” project. Its purpose is to pre-evaluate the project plans of social enterprises and certify their business feasibility and social impact creating potential. Those social enterprises which receive the certification of the system are qualified to apply for refundable and non-refundable funds and implement their projects within the frameworks of the EDIOP-5.1.3-16 or EDIOP-5.1.7-17 subsidy programmes supported by the EDIOP Priority 5 NSO.10.2 policy instrument; and the EDIOP-8.8.1-17 subsidized credit programme supported by the EDIOP Priority 8 NSO 17,1 policy instrument.

Overall goals of the improvement of the system are the followings:

- A. Ensuring the **yearly follow up** of the projects implemented within the frameworks of the EDIOP-5.1.3-16 and EDIOP-5.1.7-17 subsidy programmes and the EDIOP-8.8.1-17 subsidized credit programme along the projects’ lifetime
- B. Providing **yearly renewable certifications** for social enterprises that can be used when applying for financial resources from public funds (i.e. EDIOP-8.8.1-17 subsidized credit programme) or from private donors.

- **Action 2 – Operation of the “MarketMate” evaluation system 2.0**

## Part III – Details of the actions envisaged

### ACTION 1.

**Name of the action:** Improvement of the “MarketMate” evaluation system 1.0 and testing of the improved system (“MarketMate” evaluation system 2.0)

- 1. Relevance to the project** (please describe how this action derives from the project and in particular from the interregional exchange of experience. Where does the inspiration for this action come from?)

#### 1.1. Policy Diagnostic Tool

As it is lightened in the previous chapter the idea of the Action 1 was inspired directly by the *Policy Diagnostic Tool* and indirectly by the *Good Practice Inventory* (as the latter had been summarized and processed by the former):

According to the recommended solutions for policy challenges described in the *Policy Diagnostic Tool* labels and certification systems may help social enterprises gather attention as well as get business support faster. If a social company is “flagged safe to invest in” or certified in any trusted way it improves the SEs ability to access its market, get more financing opportunities, etc.

According to the *Policy Diagnostic Tool* which is one of the most important outcomes of the Social SEEDS project, creating a mark and label system or ensuring a good working certification system for social enterprises is crucial for improving the efficiency of policy instruments targeting the development of social enterprises in regions and countries like Hungary, where the social enterprise ecosystem falls into Scenario B that means social enterprises lack access to finance and access to market and business support structures addressing social enterprises are still rather underdeveloped or besides rather diverse government schemes and grants, only privately-funded social enterprise accelerators provide financial and non-financial support to social enterprises

Motivated by these recognitions formulated in the Social SEEDS *Policy Diagnostic Tool* Action 1 is focusing on the improvement and the testing of the improvements of the already existing social enterprise evaluation and certification system (“MarketMate” evaluation system 1.0), in order to ensure the sustainable temporal prolongation of its operation, to facilitate SEs’ easier and faster access to refundable and non-refundable resources and development services and to create the frameworks of supporting further developments of policy instruments, financial resources and business development services for social enterprises.

Since the improvement of the “MarketMate” evaluation and certification system is based on the statements of the SEEDS *Policy Diagnostic Tool*, the pilot action is strongly linked to the outcomes of the SEEDS project establishing the *Policy Diagnostic Tool*, namely the followings:

- SOCIAL SEEDS online survey data collection on social enterprises and policymakers dealing with social innovation and social entrepreneurship policies,
- A set of statistical evidence that further specifies the business and legislative framework in which social enterprises operate,
- SOCIAL SEEDS good practices identified and collected by partners,

- Summary and solution ‘scenarios’ recommended - depending upon observations and trends in the sector.

## 1.2. Social Enterprise Inventory & Comparative Analysis

Action 1 is directly inspired by the *Social Enterprise Inventory & Comparative Analysis* Documents since the following elements of the good practice of the evaluation of the Baden-Württemberg ESF funding activities identified by PP9 Steinbeis Innovation GmbH will be integrated into the “MarketMate” evaluation system 1.0 in order to ensure its effective improvement.

1. **Yearly repeated follow up:** The Baden-Württemberg ESF evaluation system evaluates the progress of each project in the beginning of every year. This follow-up evaluation element had been planned, integrated into the application processes and communicated at the very beginning of each intervention within the frameworks of the Baden-Württemberg ESF Programme.
2. **Interviews:** In case of the Baden-Württemberg ESF evaluation the methodology contains personal contact based on-the-spot verification and quality control elements, 75-90 minute long interviews are made with the representative sample of the total multitude of the organizations supported by the Baden-Württemberg ESF.
3. **Involvement of final beneficiaries and local communities in the evaluation process:** In order to properly evaluate the impacts of the projects the Baden-Württemberg ESF evaluation system investigates the opinions of the affected communities and final beneficiaries about the effects of the projects on their life. The investigation of these aspects and opinions is based on online questionnaires and on-the-spot interviews with the representatives of these beneficiaries and communities.
4. **Project level evaluation approach:** The Baden-Württemberg ESF evaluation system evaluates the effects of the different programmes and interventions on the level of the projects.
5. **Outputs:**
  - Evaluation report on each project: the Baden-Württemberg ESF evaluation system issues evaluation reports on each project that can be considered as a yearly renewable certification of the proper project progress
  - Automatically generated, pre-defined, easy to understand reports on the effects of each policy interventions and the subsidy programmes under them which support the impact assessment and the further development of the interventions

## 1.3. Regional Stakeholder Meetings

The lessons learnt about the importance of a long term operating and good working certification system for social enterprises and the inspiring good practice of the Baden-Württemberg ESF evaluation got known as results of SOCIAL SEEDS had been presented during the stakeholder meetings held in the SOCIAL SEEDS and other INTERREG projects implemented with the leadership or participation of IFKA and also during the project meetings organized within the frameworks of the “MarketMate” priority project.

The idea of improving and testing the “MarketMate” evaluation and certification system 1.0 based on the Baden-Württemberg ESF evaluation good practice inspired the stakeholders, especially the of Ministry of Finance, which declared its intention for improving the already existing sector specific and development oriented pre-evaluation and certification system for SEs targeted by the EDIOP Priority 5 NSO 10.2 and Priority 8 NSO 17.1 policy instruments.

Accordingly the ACTION 1 is aiming at the implementation of this pilot project as planned in the followings.

## 2. Nature of the action (activities, stakeholders, indicative costs, indicative funding sources)

<b>ACTION 1 - Improvement of the “MarketMate” evaluation system 1.0 and testing of the improved system (“MarketMate” evaluation system 2.0)</b>			
<b>Specific activities to be implemented</b>	<b>Stakeholders to be involved</b>	<b>Indicative costs</b>	<b>Indicative sources of funding</b>
<p>ACTIVITY 1 - Employment of social enterprise experts</p> <p>Employment of social enterprise experts of IFKA (08.2019-02.2020): 2 senior experts: business and impact measurement (1900 EUR/month/person), 1 assistants and 1 IT expert (1100 EUR/month/person) all working 70% of their time on the pilot action.</p> <p>External experts selected to provide outside control. The experts provide external expertise for the testing and improvement process in three key areas: impact measurement (providing different impact measurement methodologies, indicators and measurement systems), business and financial development (providing widely used methodologies of SME developments) and quality assurance (methodologies on evaluation system developments). Their responsibility to make sure that the MarketMate 2.0 evaluation system is compatible with other systems and will be acceptable by the stakeholders (public and private). They will be contracted on a monthly basis during the 7 months period. 600 EUR/month, minimum of 20 expert hour/month. Providing methodologies, best practices for the improvement of the system and expert opinion in the testing phase as well.</p>	<ul style="list-style-type: none"> <li>IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> </ul>	<ul style="list-style-type: none"> <li>Employment costs: 42 000 EUR</li> <li>Expert fees: 12 600 EUR</li> <li>Administrative costs: 6 300 EUR</li> </ul>	Pilot action

<p>Timeframe: 7 months</p> <p>Venue: Budapest</p>			
<p>ACTIVITY 2 - Evaluation and certification system planning workshops with the involvement of the Hungarian stakeholders (09.2019-10.2019)</p> <ul style="list-style-type: none"> <li>Workshop 1. Planning the professional contents (Theory of Change, problems, objectives, KPIs, measurement tools, methodology etc.)</li> <li>Workshop 2. Planning the process and the participants</li> </ul> <p>Timeframe: 2 days</p> <p>Venue: Budapest</p>	<ul style="list-style-type: none"> <li>IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> <li>Ministry of Finance</li> <li>OFA National Employment Public Benefit non-profit Ltd.</li> <li>Steinbeis Innovation gGmbH</li> <li>Ministry of Social and Integration Affairs Baden-Württemberg</li> </ul>	<ul style="list-style-type: none"> <li>Renting costs: 700 EUR</li> <li>Catering: 2 500 EUR</li> </ul>	Pilot action
<p>ACTIVITY 3 – System development:</p> <ul style="list-style-type: none"> <li>Upgrading the existing EDIOP-5.1.2-15 “MarketMate” online project plan pre-evaluation system (“MarketMate” evaluation system 1.0) (10.2019-11.2019)</li> </ul> <p>Timeframe: 2 months</p> <p>Venue: Budapest</p>	<ul style="list-style-type: none"> <li>IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> </ul>	<ul style="list-style-type: none"> <li>No additional costs</li> </ul>	Not relevant
<p>ACTIVITY 4 – Data migration:</p>	<ul style="list-style-type: none"> <li>IFKA Public Benefit Non-profit Ltd. for the</li> </ul>	No additional costs	Not relevant

<ul style="list-style-type: none"> <li>• Migrating data from the MarketMate evaluation system 1.0 to the 2.0 version of the system (11.2019)</li> </ul> <p>Timeframe: 1 month Venue: Budapest</p>	Development of the Industry		
<p>ACTIVITY 5 - Testing the improved evaluation and certification system ("MarketMate" evaluation system 2.0). (12.2019-01.2020).</p> <p>The testing process is the following:</p> <ol style="list-style-type: none"> <li>1. Selecting a sample of 25 organizations from the multitude of social enterprises evaluated by the "MarketMate" evaluation system 1.0 as follows: <ul style="list-style-type: none"> <li>• 10 certified organizations which applied for financial support from the EDIOP-5.1.3-16 subsidy programme and implement their projects</li> <li>• 15 certified organizations which applied for financial support from the EDIOP-5.1.7-17 subsidy programme and/or the EDIOP-8.8.1-17 subsidized credit programme and implement their projects:</li> </ul> </li> <li>2. Selected social enterprises upload their data to the evaluation system, data analysts analyze the given data and validate them.</li> </ol>	<ul style="list-style-type: none"> <li>• IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> </ul>	No additional costs	Not relevant



<p>3. Interviews with the social enterprises and the representatives of the final beneficiaries and the local communities affected</p> <p>4. Testing the report generation application of the “MarketMate” evaluation system 2.0 with generating and validating the following pre-defined reports:</p> <ul style="list-style-type: none"> <li>• Report 1. Detailed profile for each participant</li> <li>• Report 2. Aggregated employment data -</li> <li>• Report 3. Aggregated data on the use of funds</li> <li>• Report 4. Change of business indicators – increase in sales and business performance</li> <li>• Report 5. Organizational development of SEs</li> <li>• Report 6. Other social impacts - development of local community, development of income conditions, local embeddedness, cooperation</li> </ul> <p>Timeframe: 2 month Venue: Budapest</p>			
<p>ACTIVITY 6 – Certification (02.2020)</p> <p>Issuing certificates to the social enterprises participating in the testing process on their “social enterprise status</p> <p>Timeframe: 1 month after closing ACTIVITY 5 Venue: Hungary</p>	<ul style="list-style-type: none"> <li>• IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> <li>• Social enterprises</li> </ul>	No additional costs	Not relevant

<p>ACTIVITY 7 – Evaluation, defining necessary interventions, final reporting (02.2020)”</p> <p>Timeframe: 1 month after closing ACTIVITY 5</p> <p>Venue: Hungary</p>	<ul style="list-style-type: none"> <li>• IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> </ul>	<ul style="list-style-type: none"> <li>• No additional costs:</li> </ul>	<p>Not relevant</p>
<p>ACTIVITY 8 - Closing the Pilot Action (02.2020)</p> <ul style="list-style-type: none"> <li>• Closing event, presentation of the "MarketMate" evaluation system 2.0</li> </ul> <p>Timeframe: 1 day</p> <p>Venue: Budapest</p>	<ul style="list-style-type: none"> <li>• IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> <li>• Ministry of Finance</li> <li>• Ministry of Innovation and Technology</li> <li>• Ministry of Interior</li> <li>• Ministry of Agriculture</li> <li>• OFA National Employment Public Benefit non-profit Ltd.</li> <li>• SE development organizations (Impact Hub Budapest, SIMPACT, BADUR Foundation etc.)</li> <li>• Steinbeis Innovation gGmbH</li> <li>• Ministry of Social and Integration Affairs Baden-Württemberg</li> <li>• Hungarian social Enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Renting costs: 350 EUR</li> <li>• Catering: 1 250 EUR</li> </ul>	<p>Pilot action</p>

Total		65 700 EUR	Pilot action

## ACTION 2.

**Name of the action:** Operating the “MarketMate” Evaluation and Certification System 2.0

1. **Relevance to the project** (please describe how this action derives from the project and in particular from the interregional exchange of experience. Where does the inspiration for this action come from?)

### 1.1. Objectives:

ACTION 2, as the Operation of the “MarketMate” evaluation and certification system 2.0 is the direct continuation of the system planning, improvement and testing activities to be implemented within the frameworks of the ACTION 1. Therefore the relevance to the project, the policy context and the lessons learnt is given in case of ACTION 2, as it is described earlier regarding the ACTION 1. Accordingly ACTION 2 is focusing on the following goals:

- Temporal prolongation of the project plan evaluation and certification services of the “MarketMate” evaluation system 1.0.
- Establishing yearly follow up of the projects implemented within the frameworks of the EDIOP-5.1.3-16 and EDIOP-5.1.7-17 subsidy programmes and the EDIOP-8.8.1-17 subsidized credit programme along the projects’ lifetime
- Providing yearly renewable certifications to social enterprises that can be used when applying for financial resources from public funds (i.e. EDIOP-8.8.1-17 subsidized credit programme) or from private donors.
- Gathering information about the effectiveness of the EDIOP Priority 5 NSO.10.2 and Priority 8 NSO 17.1 policy instruments on the area of SE development
- Contribution to the evidence based further development of the EDIOP Priority 5 NSO.10.2 and EDIOP Priority 8 NSO 17.1 policy instruments
- Contribution to the formation of a competitive SE sector and ecosystem in Hungary in the present programming period by creating frameworks for defining and fostering the sustainable and adaptable SE models.

In accordance with these goals the upgraded evaluation system, “MarketMate” evaluation and certification system 2.0 will fulfil the following tasks:

- **Yearly data collection** regarding the business viability and social impact creation potentials of social enterprises, following up the implementation of subsidized projects
- **Comparative data analyzation**
- **Issuing yearly renewable standardized certifications** for SEs on their social enterprise status, social and business potentials and performance.
- **Facilitating SEs ‘ easier and faster access** to refundable and non-refundable resources
- **Substantiating consultancy services for social enterprises** participating in the evaluation and certification process in order to support their market competitiveness.
- **Providing sector specific information to policy makers** about the results of the EDIOP-5.1.3-16 and the EDIOP-5.1.7-17 subsidy programmes and the EDIOP-8.8..1-17 subsidized credit programme.

## **1.2. Further development**

According to the intentions of the Ministry of Finance further development of the system is planned and it points towards the introduction of a sector level SE monitoring and certification system in Hungary, in order to support the identification of social enterprises without limitations caused by legal definitions.

The “MarketMate” evaluation and certification system is also going to serve the evidence based development of policy instruments and subsidy programmes for social enterprises in a long run.

Finally the certifications issued to SEs meeting the requirements of the evaluation, certification and consulting activities can simplify their participation in further tenders, and also establish further cooperation with financing partners (i.e. banks) and business partners (i.e. municipalities) due to its validated data content.

**1. Nature of the action (activities, stakeholders, indicative costs, indicative funding sources)**

<b>ACTION 2 - Operating the "MarketMate" Evaluation and Certification System 2.0</b>			
<b>Specific activities to be implemented</b>	<b>Stakeholders to be involved</b>	<b>Indicative costs</b>	<b>Indicative sources of funding</b>
<p>ACTIVITY 1 - Employment of social enterprise experts</p> <p>Employment of 1 team leader, 1 IT expert and 10-15 social enterprise experts, based on the number of SEs participating in the evaluation and certification process (estimated number is 500 SEs) along the implementation of ACTION 2.</p> <ul style="list-style-type: none"> <li>• Leader of the expert team: coordination of the work of the staff involved in SE evaluation and certification processes within the frameworks of the "MarketMate" evaluation and certification system 2.0, professional quality assurance, creating strategic proposals</li> <li>• IT expert: necessary system developments, troubleshooting</li> <li>• Social enterprise experts: <ul style="list-style-type: none"> <li>○ Evaluation of SEs' business activities/potentials/performance and social activities and impacts</li> <li>○ Providing development services and advisory</li> <li>○ Preparation of reports and analytics</li> </ul> </li> </ul> <p>Timeframe: 16 months Venue: Budapest</p>	<ul style="list-style-type: none"> <li>• MarketMate" partnership <ul style="list-style-type: none"> <li>○ Ministry of Finance</li> <li>○ IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> <li>○ OFA National Employment Public Benefit non-profit Ltd.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Employment costs:</li> <li>• Administrative costs:</li> <li>• Equipment procurement</li> </ul> <p>Estimation is given in the "Total" row. Detailed budget will be elaborated based on the experiences of the improvement and testing of the "MarketMate" evaluation system 1.0.</p>	<p>EDIOP-5.1.2-15-2016-00001 "MarketMate" priority project</p>

<p>ACTIVITY 2 - Data gathering and analysing</p> <p>According to our preliminary knowledge about the "MarketMate" evaluation and certification System 2.0 it will gather and analyse the data given by social enterprises (estimated number of participating SEs: 500) as follows</p> <ul style="list-style-type: none"> <li>• Gathering data and indicators on business activities</li> <li>• Collecting data on social activities, related social communication and impact generated</li> <li>• Analysis of the social impact generated by the employment of target group members</li> <li>• Analytical interviews on the feasibility of a pre-qualified project plans, examination of deviations from it</li> <li>• Gathering feedback and opinions on the services of the EDIOP-5.1.2-15-2016-00001 "MarketMate" priority project and its support system.</li> </ul> <p>Timeframe: 16 months Venue: Hungary</p>	<ul style="list-style-type: none"> <li>• MarketMate" partnership <ul style="list-style-type: none"> <li>○ Ministry of Finance</li> <li>○ IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> <li>○ OFA National Employment Public Benefit non-profit Ltd.</li> </ul> </li> <li>• Social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• No additional costs</li> </ul>	<p>Not relevant</p>
<p>ACTIVITY 3 - SE Development services (advisory events)</p> <p>Providing consultancy to the organizations monitored in order to increase their competitiveness. The advisory activity is focusing on two areas:</p> <ul style="list-style-type: none"> <li>• Information about the availability and use of financial instruments for the development of the sustainable operation of SEs.</li> </ul>	<ul style="list-style-type: none"> <li>• MarketMate" partnership <ul style="list-style-type: none"> <li>○ Ministry of Finance</li> <li>○ IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• No additional costs</li> </ul>	<p>Not relevant</p>

<ul style="list-style-type: none"> <li>• Social impact measurement and communication.</li> </ul> <p>Timeframe: 16 months (2 consultation opportunities for each social enterprise during one year)</p> <p>Venue: Budapest</p>	<ul style="list-style-type: none"> <li>○ OFA National Employment Public Benefit non-profit Ltd.</li> <li>• Social enterprises</li> </ul>		
<p>ACTIVITY 4 - Issuing SE Certificates</p> <p>The certificate serves as a certification, providing information to public and non-governmental actors, decision-makers, professionals on the operation of the social enterprises involved in the evaluation and certification process, both in business and social terms. It can serve as an input document to future refundable and non-refundable grants/financial instruments.</p> <p>The certificate is issued once a year to each participating social enterprise.</p> <p>Timeframe: 16 months</p> <p>Venue: Budapest</p>	<ul style="list-style-type: none"> <li>• MarketMate” partnership <ul style="list-style-type: none"> <li>○ Ministry of Finance</li> <li>○ IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> <li>○ OFA National Employment Public Benefit non-profit Ltd.</li> </ul> </li> <li>• Social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• No additional costs</li> </ul>	Not relevant
<p>ACTIVITY 5 - Monitoring the implementation of the Action Plan (evaluation, final study)</p> <p>A summary study and methodological description is to be prepared on the monitoring system</p> <p>The results will be accessible to the stakeholders involved in the planning period thus they will have the opportunity to contribute the evaluation of the ACTION 2</p> <p>These materials may serve as an important starting point for the development of SEs’ strategies, business policies and</p>	<ul style="list-style-type: none"> <li>• IFKA Public Benefit Non-profit Ltd. for the Development of the Industry</li> <li>• Ministry of Finance</li> <li>• Ministry of Innovation and Technology</li> <li>• Ministry of Interior</li> <li>• Ministry of Agriculture</li> </ul>	<ul style="list-style-type: none"> <li>• No extra costs</li> </ul>	Not relevant



<p>social objective systems as our methodological description includes the professional concept behind the system.</p> <p>Timeframe: 6 months Venue: Budapest</p>	<ul style="list-style-type: none"> <li>• OFA National Employment Public Benefit non-profit Ltd.</li> <li>• SE development organizations (Impact Hub Budapest, SIMPACT, BADUR Foundation etc.)</li> <li>• Steinbeis Innovation gGmbH</li> <li>• Ministry of Social and Integration Affairs Baden-Württemberg</li> <li>• Hungarian social Enterprises</li> </ul>		
<b>Total</b>		<b>552 147 – 613 497 EUR (180-200 million HUF)<sup>1</sup></b>	<b>EDIOP-5.1.2-15-2016-00001 “MarketMate” priority project</b>

<sup>1</sup> Estimation based on the experiences of the MarketMate evaluation system 1.0. The estimated amount may differ according to the outcomes of ACTION 1 (improvement and testing of the „MarketMate” evaluation System 1.0) and the actual number of social enterprises participating in the evaluation and certification services provided by the „MarketMate” evaluation and certification System 2.0 within the frameworks of the ACTION 2.

## Timeframe of the Actions

[illegible]

## Structure of the Actions

