



Interreg
CENTRAL EUROPE

SENTINEL

WP 1

Elaboration of cooperation and support models of SEs operating in disadvantaged CE regions

ACTIVITY 1.1.

Analysis of existing SE support services and SE networking initiatives in PP countries

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MALTA AND KONETT HUNGARIA

NAME OF TERRITORY: HUNGARY

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EXECUTIVE SUMMARY

To provide a theoretic and strategic fundament for the further SENTINEL project activities, the analysis of the existing SE support services and network initiatives was made in the autumn of 2017. The main goals of the document are to make a sort summary about the **socio-economic context of the SEs** in Hungary, to summarize the situation about the **support services** and to give a picture about the **networks and partnerships** working in social economy. In addition, two case studies serves these main goals, by presenting good practices.

According to the common methodology, for preparing this analysis, HCSOM used several research tool. The secondary research or **desk research** tool served for making the draft of the support services and networking initiatives. In addition to this, **primer research tools** (expert interviews) were also used preparing the case studies.

The analysis pointed out that, **social enterprises in Hungary are relatively new and thus less embedded in the economy and society** and are mainly related to the employment policy. That is the reason why the supporting ecosystem and the networking in many aspects it is incomplete. Currently, these initiatives are still at the **stage of deployment**.

In Hungary social enterprises are **mostly related to employment policy goals**. After the political changes in the late 1980s, the **Hungarian economy came to a deep and protracted crisis**. Following the transformation of industry and agriculture, masses became unemployed. As the result of the transformation of the economic structures, **some regions have become economically and socially disadvantaged**. This was aggravated by other social factors (especially in rural areas, small settlements), like demographic changes, depopulation, etc.

Today, the Hungarian **economy is constantly evolving**. Employment is rising, unemployment has disappeared in many areas. At the same time, **differences within the country remain large**. There are still significant social problems in Southern Transdanubia, Northern Hungary, Northern and Eastern Great Plain. In these cases, it is not expected that significant economic production capacity will move there. Significant layers of society living there are under-educated, have no work experience, and have no full capacity to work, and have many other socio-cultural disables. So, that is the main socio-economic reason, why most of the **social enterprises related to employment policy**. (Naturally, many other groups of the SEs, are serving other social goals.)

In Hungary there is a wide range of support services available to social enterprises, using various sources (public, EU funds, private, etc.) There is a professional experience in the non-profit sector developing the SE, and **the infrastructural fundamentals of the support services are already existing**. But there are many weaknesses about the support services. The strategic goals and a vision are absolutely missing. For the SEs the start-up support, financing, training, advising, innovation, etc. opportunities are very weak (or totally missing). The lack of resources is also characteristic, the state involvement is very low, with few policy initiatives. There is an opportunity (and need) for future developments related to support services, but lack of strategy and sources is a big challenge.

Similar to support services, there are also a **small number of network initiatives for social enterprises**. There are hardly any organizations in the representation of social enterprises. **Funding and financing networks for social enterprises are almost completely missing**. An important part of the network of social enterprises is the themes of product promotion and marketing initiatives. There is also not so much network of knowledge transfer and exchange of experiences. The minimal state involvement and the **lack of resources** are also a great weakness of the SE networks. But the existing need for networking among the SEs, gives an opportunity for later developments.

1. SOCIO-ECONOMIC AND INSTITUTIONAL CONTEXT

Social enterprises in Hungary are relatively new and thus less embedded in the economy and society and are mainly related to the employment policy. According to the few available strategic documents, the primal economic role and importance of the social enterprises (and other parts of the social economy) is to increase employment and job creation among disadvantaged groups of the society. This feature is also confirmed by the fact that developments for the SEs, in the past decade (development programs mainly based on EU funds) have also served employment targets.

Of course, the importance of social enterprises in Hungary has not been exclusively the contribution to (un)employment policy. Similarly, social enterprises have a great importance, for example, in the employment (or rehabilitation) of disabled and mentally disabled people or in other activities. Consequently, in order to present the social and economic environment of social enterprises correctly, it is worth approaching it primarily from the aspects of the employment and inactivity, and mainly focusing on rural and underdeveloped areas of Hungary.

For understanding the roots of the current economic trends, one has to look back around 60 years ago. In the 1950s, radical industrial development was taking place, resulting in a significant loss of population in rural areas. Advanced industrial districts were created, that, during the socialist period, provided jobs to the masses. During this time, significant social transformations took place in small settlements and rural areas. The traditional village communities have been broken up, but from the 1970s, the legal opportunity of private farming provided a relatively acceptable standard of living in rural areas. For political reasons, however, there were areas that were not developed at all. This has been the core of many of today's problems.

The political system change from 1989 has led to radical transformation not only in society but also in the economy. This led to a long and deep crisis, the consequences of which are still present. The transition to a market economy in the beginning of the 1990s transformed the structure of the entire economy.

The disappearance of Soviet and COMECON markets and artificial state subsidies has affected almost every sector. The heavy industry almost completely ceased to exist in the early 1990s. In other industrial sectors, privatization and free market competition started, resulting in a slow turnaround. Socialist agricultural co-operatives were liquidated. The

possibilities (mainly the market) for private household farming have slowly ceased. The domestic and foreign markets of agricultural products have become very limited. The economic downturn was observed in all areas. Gross domestic product (GDP) fell by 18% between 1989 and 1993, decreased to the level as of the second half of the 1970s.

After that, many people have lost their jobs. Between 1990 and 1996, the number of employed people decreased by nearly 1 million (from 4,5 to 3,5 million employee). The number of employees in the agriculture decreased by 400 thousand.¹ As a result of this, very serious crisis areas have emerged, not only in the former industrial centres, but also in the small rural settlements with hard unemployment situation.

Recovery from the crisis lasted nearly two decades, which was complicated by many other social processes. One of these has been the aging and decreasing of the population, that affected the whole society. Only the agglomeration of the capital is an exception, where the population has increased during the past 20 years as a result of moving in. (Nowdays Budapest has 1,7 million inhabitants; 0,8 million people lives in the agglomeration. Nearly 200 thousand people moved in to this settlements from 1990-2010.) Small rural settlements are the worstly affected by the population decrease.

From the mid-1990s, as the new structure of the economy emerged, the level of employment was an improving trend. It is typical that the servicing sector has become the main employer in the 2000s instead of the former agriculture and industrial sectors.

In Hungary, a new territorial structure of the economic emerged in the 2000s. In the national economy, the importance of Budapest and its region is outstanding. The capital and its agglomeration is not only an industrial centre, but represents more than one fourth of the population (2.5 million), and also the main education and cultural institutes, the most of the R&D potential, etc. are concentrated here. In addition, according to some studies, it is today Europe's most evolving tourist destination.

There was also a significant development in the northern part of Transdanubia, where the industrial sectors mainly strengthened. In the process of the economic transformation the bigger towns of the Hungarian Great Plain were also successful, just like the territories and regions with touristic or cultural potential.

On the other hand, from the viewpoint of territorial level, the process had significant losers. In mountainous Northern Hungary, heavy industry based on mining was a determining factor for a very long time. In North-East Hungary, the food industry based on agricultural

¹ Orgoványi Emília, 1997: http://www.ksh.hu/statszemle_archive/1997/1997_12/1997_12_1022.pdf

production and the light industry were typical, also helped by the close proximity of the Soviet market. Small villages (with population of 100-500 people) are typical in the southern part of the Transdanubia, where most of the people worked in agriculture. By giving a schematic picture: the impact of economic restructuring is still felt.

Today, Hungary has one of the most favourable unemployment data in the EU (In mid-2017: 4.2%). Employment indicators are constantly improving. Currently, more than 4.4 million people have a job. In one year (2016-2017), the number of unemployed fell by 31,000 to 195,000. For 25 years there have been no such favourable employment indicators in Hungary. In the developing economy, there has been a very severe labour shortage in all sectors.

For reasons mentioned above, there are significant territorial differences behind the favourable data. E.g. while in the major part of Transdanubia, unemployment fell by less than 3% in 2016, in Northern Hungary it was 6.3% and in the North Great Plain was 9.3%. In these areas, there are also a significant number of people who do not appear in the unemployment data but are economically inactive.

So one of the major socio-economic reasons for the development of social enterprises is primarily the employment policy. Some areas of Hungary are economically less developed. In these cases, it is not expected that significant economic production capacity will move there. Nor is it expected that the unemployed people will move to other, well developed areas. (In Hungary, a significant group of the employees typically not really mobile.) This is not even expected because there is a significant number of those in this society group who are under-educated, have no work experience, and have no full capacity to work, and have many other socio-cultural disabilities.

In the Hungarian policy making and practice (especially in the case of social cooperatives) the role of social enterprises is primarily is the transitional employment. So, above all, giving job and opportunities for the disadvantaged people, that conditions them for the primary labour market.

Over the last decade, from the governmental side, support services and network initiatives have been created primarily for this purpose. Below, we will see that the group of social enterprises and their needs or goals are wider. Numerous services and networks have been built on existing capabilities and needs. Overall, however, our view is that the ecosystem of social enterprises in Hungary is still in the construction phase.

2. SOCIAL ENTERPRISE SUPPORT SERVICES

In Hungary, only a few organizations are involved in **helping the start-up of social enterprises**. All of these activities are carried out as a service, more specifically: non-profit activities for social-community purposes. Policy measurements are currently not available for the start-up support. The launch of social enterprises is currently supported by two international organizations: the NESsT organization² and Badur Foundation.³ By itself, the activities of both organizations are significant, though they are basically linked to not so much social enterprises, rather to the civic sector in general. Recently, the banking sector has also launched social entrepreneurship programs (eg. ERSTE SEED Program).⁴ And not only programs, ERSTE included the support of SEs in their hierarchical structure as they set up a Social Banking organizational unit. In addition, an other organization also deal with the start-up support of social enterprises, but at present they don't have an active program.⁵

Already existing social enterprises have a much greater opportunity to **participate in business coaching and advice**. The social cooperatives created by EU funds in the last years, are supported by a public policy program. The Piac-társ Project of the National Employment Fund Non-profit Ltd (OFA) makes available a mentoring and business planning support for social enterprises (See more in case study.). Other organizations dealing with consulting and development perform their activities as services for SEs. These are, without exception, non-profit organizations: foundations, non-profit companies and associations.⁶

Funding and financial support opportunities for Hungarian SEs are far fewer. Only ERSTE offers funding on a bank basis: the good.bee micro credit program. The first Hungarian community bank, MAGNET offers a CSR supporting program for civil organizations⁷ and social enterprising. Two organization deals with socially useful capital investment: Union of Socially Conscious Investors⁸ and Impact Ventures Ltd. All of these together have a very limited opportunity for SEs.

² <http://www.nesst.org/hungary/>

³ <http://www.badurfoundation.org/>

⁴ <https://www.erstebank.hu/extras/ersteseeds/index.html>

⁵ <http://www.i-gen.org/>

⁶ www.kozossegivallalkozas.hu www.socialfokus.org www.hatalapitvany.wixsite.com <http://civilsupport.hu/> www.partnershungary.hu

⁷ <https://www.magnetbank.hu/en>

⁸ <http://en.thbe.hu/>

A huge number of programs and organizations deals with **youth and women entrepreneurship support services** in Hungary. If someone has a sufficiently innovative idea, have many opportunities to get help for it. But it should be noted that these programs generally do not target specially the social enterprises.

There are a lot of business competition for young entrepreneurs. One part of them belongs to the public (state supported) sector⁹, and many others are in connection with private firms or multinational companies. (See in annex, table 1.) The Erasmus program for young entrepreneurs is also available in Hungary with the coordination of four organization.¹⁰ An other, European Union fund based, nationwide program (which is a policy) also helps young unemployment people to start an enterprise.¹¹ In addition, several organizations also deal with the mentoring of young entrepreneurs as a service. The most importants are: Association of Young Entrepreneurs (FIVOSZ) – BOSSCONNECT Mentoring Program¹², MENTORSHIP – Mentoring Program for young entrepreneurs¹³ or SEED Enterprise Development Foundation.¹⁴ For **developing the skills of SEs or training**, there are less directly targeted opportunities. Two policy orientated programs are available. One is the Erasmus+ Youth program¹⁵ (organized by Tempus Public Foundation) for international knowledge exchange, and other one is the Focus Program¹⁶ of the National Employment Fund Non-profit Ltd (OFA) for the social cooperatives. Some scientific research institutes deal with the social enterprises (Hungarian Academy of Science, University of Miskolc and ELTE). In addition, only a few other organizations deal with the questions.

There are **no organizations at all in the fields of innovation and internationalization specifically targeted for social enterprises – although a lot of projects deal with social innovation**. This is primarily due to the fact that the Hungarian social entrepreneurship sector is not yet on this level of development. At the same time, the initiatives outlined above include, in most cases, the development of innovation capability.

In addition, many **other support services** exist for social enterprises. Especially for the **legal support** there are some opportunities for the SEs. For example KCG Partners Law Firm¹⁷ gives

⁹ p.e. <https://bvk.hu/v4-eyes-startup-conference/>

¹⁰ <https://www.erasmus-entrepreneurs.eu/page.php?cid=5&pid=018&ctr=HU&country=Magyarorsz%C3%A1g>

¹¹ <http://vallalkozz2016.hu/>

¹² <http://bossconnect.com/en/>

¹³ <http://mentorship.hu/>

¹⁴ <https://seed.hu/en#services-0>

¹⁵ <http://www.tpf.hu/english>

¹⁶ <http://ofa.hu/hu/fokusz>

¹⁷ <https://www.kcgpartners.com/>

pro-bono consulting for social enterprises. (In general, the mentioned mentoring programs also offer legal advice.) The **other opportunities for the dissemination of knowledge**, education for the SEs. The Community Initiative Professional Center of the National Cultural Institute has a program for networking of community projects, initiatives with coordination, knowledge sharing, workshops, for socially conscious partners. Or the Átalakuló Közösségek (Communities in transition) project is a knowledge exchange opportunity with emphasis on (social and economic) sustainability¹⁸.

SWOT analysis about the support services

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> - Various forms of supporting services - Partially built infrastructure, fundaments for later development - Professional experience in the non-profit and public sector - The coexistence of state policies, non-profit activities and services - Various type of sources: public, EU fund, private, etc. - Diverse opportunities in supporting young entrepreneurs and for mentoring the SEs - The infrastructural fundaments and existing results of social enterprise research 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> - Low state involvement, few policy initiatives - Lack of coordination and common goals - Lack of interconnected services - Weak or absent services in start-up support, financing, training, market, advising, innovation. - No financial support for the after-start-up phase of SEs - The overweight of non-profit based services, lack of private investments or public sources.
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> - Strengthen the lack of or weak support services (with governmental or private, or non-profit involvement) - Replacing the missing services - Start a new, complex service covering all areas of support - Developing sectorial dialogue forums for the effective use of existing opportunities - Feedback the existing knowledge and experience in future developments of supporting services - Use the results of the researches about SEs 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> - Lack of resources and funds after the present programming period of the EU - Missing policy background - An overwhelming competition exists in the market of supporting services

¹⁸ <http://kozossegek.atalakulo.hu/kozossegek>

3. SE NETWORKING INITIATIVES

Similar to support services, there are also only a small number of network initiatives for social enterprises. The main reason for this is that most social enterprises have not operated for a long time. And these network initiatives are just beginning to develop. The question is made more complicated by the fact that social enterprises operate in a wide variety of forms and in a wide range of activities. Therefore, networks are also more difficult to develop among organizations with the same interest.

There are hardly any organizations in the representation of social enterprises. There are two main **networking organizations for lobbying, and for sectors' interest representation**. One is SZoSzöv (National Association for Social Cooperatives¹⁹), which is the biggest network for lobbying, but strictly for social cooperatives. (Working with membership fees, formerly some EU funds.) One other, smaller organization is the TAVOSZ (National Association for Social Enterprises)²⁰, which has mainly social cooperatives members too. Not just for network building, but a new initiative started recently: SOCIAL SEED (Interreg) Project for lobbying and advocacy for social enterprises – on the policy level by IFKA (Public Benefit Non-Profit Ltd. for the Development of the Industry).²¹ Some other smaller networks operate in interests representation, like Social Farm Association²² for the labour-rehabilitation of disabled people. There is a lack of advocacy, lobbying networks for the whole or other special part of the social entrepreneurial sector.

Funding and financing networks for social enterprises are almost completely missing.

There is only one, the Hungarian Charity Forum²³, which is a network, not only for SEs, but strong and multinational companies, to organize effective donations. For social enterprises, this organization primarily provides funding and donation opportunities.

For **supporting cross-sector projects** there are two networks. Social entrepreneurs and their friends Facebook community is a network for facilitate cross-sector cooperation, with experts, entrepreneurs, supporters, developers, financials members. One other, small network is the Katalizátor Hálózat - Catalyst Network²⁴, which is for the improvement of cooperation among

¹⁹ <http://szoszov.hu/>

²⁰ <http://www.tavosz.hu>

²¹ <https://ifka.hu/international-relations/project/social-seeds>

²² <http://socialisfarm.hu/index>

²³ <http://donorsforum.hu/hu/rolunk>

²⁴ <https://www.katalizatorhalozat.hu/>

initiatives supporting roma related social enterprises and charity acts. Both of them operates without sources.

An important part of the network of social enterprises is the themes of **product promotion and marketing initiatives**. The Cserehát Association's Pro Ratatouille Program is a complex, organic gardening, employment, non-formal adult education and Roma integration project in North-Hungary.²⁵ With the lead of Szimbiózis Foundation, in the Kitchen Secrets network, 7 social enterprises working together, all of them operates in catering and food production sector with disabled employments. The aim of the project and the network is to share knowledge with others and inspire more organizations and start-ups to engage and hire the target group.²⁶ Other networks help to sell the products of social enterprises through the **creation of trademarks**. The most important are Maltese Charity Product²⁷ and Salva Vita Foundation Helping Shopping Program²⁸ (with governmental supporting).

There is also not so much network **of knowledge transfer and exchange of experiences**. Above we already mentioned Focus Program²⁹ and Piac-társ Program of the National Employment Fund Non-profit Ltd. (OFA) which has also a networking part for social enterprises using governmental and EU funds. The National Employment Fund Non-profit Ltd. also has an importance in monitoring the processes of SE sector (just like the university research programs above).

For supporting, mentoring and helps the innovation of SEs, the multinational network Impact Hub is also works in Budapest, which is mainly a co-working place for socially committed enterprises and offers many other opportunities.³⁰

The governmental INPUT³¹ program based on EU funds, is primarily an international market support program and network for IT orientated companies, but also gives forum for SEs in social innovation.

About partnership in EU programs, IFKA organization (Public Benefit Non-Profit Ltd. for the Development of the Industry) had several projects about SEs, social innovation, etc. A newest project is SENSES (by INTERREG Danube Transnational Program) which's main goal to support SEs and build a transnational network with 6-800 members.³²

²⁵ <http://www.bffd.hu/>

²⁶ <https://szimbiozis.net/projekt/konyhatitkok->

²⁷ <https://maltai.hu/jotekonysagitermekeink>

²⁸ <http://www.segitovasarlas.hu/en/about-us/>

²⁹ <http://ofa.hu/hu/fokusz>

³⁰ <https://budapest.impacthub.net/>

³¹ <http://kifu.gov.hu/kifu/en>

³² <http://www.interreg-danube.eu/approved-projects/senses>

Last, but not least, there are two organizations, networks. One of their many missions, to promote social entrepreneurial activities of disabled people and institutions. ÉTA Szövetség (National Federation of Social Organizations and Foundations for Mentally Disabled People)³³ and Kézen Fogva Alapítvány³⁴ (Hand in Hand Foundation) also have a goal to support employment programs consisting enterprenuership activities.

SWOT analysis about the networking

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> - strong networks for social cooperatives - changing information between the members of networks - 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> - small number of existing networks - a low number of members in networks - completely missing networks in some sectors of SEs - minimal state involvement (only just for social cooperatives) - lack of funds and sources for networking (the networks mainly works by membership fees or without resources) - weak lobbying activities - almost completely missing networks for financing, lobbying, advising, cross-sector projects, knowledge transfers
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> - Needs for cooperate in networks (see. needs analysis document) - Building on the results and experiences of the already working networks - Possibility to build new networks in almost all themes (no competition) - Use the results of the researches about SEs - Government willingness to strengthening the networks of SEs - Joint lobbying towards to decision-makers for the appropriate legal environment 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> - Lack of resources and funds - Missing policy background - Disinterest of SEs - Evolving of rival SEs networks -

³³ <http://eta-szov.hu/in-english/>

³⁴ <http://www.kezenfogva.hu/english>

Case study 1: Support Service

1. BACKGROUND INFORMATION

SUPPORT PROGRAMS WITH THE PARTICIPATION OF OFA (Országos Foglalkoztatási Közhasznú Nonprofit Kft – National Employment Nonprofit Public Company Ltd).

The type of this case is: description of a series of state funded support scheme.

In Hungary, in 2005 the idea of the social enterprise idea emerged on the basis of the student cooperatives experiences and study tours to European Union countries. The first legislations for social cooperatives was based on that following the Italian model – social enterprises meant social cooperatives, mainly, (even though, civic organizations also had several attempts to raise income from similar activity.) In the beginning, legal entities could not be shareholders in the cooperatives. That started a series of support projects built upon each others' results. For the first project, the territorial span was the whole country. Following projects, that have been started in the frames of the European Union Common programming Framework (2007-2013, 2014-2020), concentrated on the underdeveloped regions, excluding the Central Hungarian Region in the last 4 years only (KMR).

The programs have been operated under three project streams:

1) Szövetkezz (Cooperate)

During 2007 and 2009 OFA invited proposals for social cooperatives projects. During this period, projects could be aimed at forming social cooperatives. The program was coordinated by OFA and supported by the National Employment Ministry.

2) Atypical employment forms and Kooperáció (Cooperation)

In a following funding scheme, during 2010-2011, under the auspices of the TÁMOP (Társadalmi Megújulás Operatív Program – Social Renewal Operative Program) 2.4.3.B-2-10/1,2 project already working social cooperatives could apply with project plans.

Added to that instrument, another support project was operated aimed at promoting the tender opportunities, project generation, supporting project owners with professional advice, training, workshops, forums, knowledge sharing, business planning, marketing and legal advice. This support was provided by the expert network of OFA under the so-called KoopeRáció (CoopeRation) project (TÁMOP-2.4.3.B-1-09/1). The latter project has been continued since 2012 under the form of KoopeRáció+ (CoopeRation+) project (TÁMOP-2.4.3E-13/1) until 2015.

3) The GINOP Projects and PiacTárs (MarketPartner)

In 2016 the GINOP-5.1.3-16 (GINOP: Gazdasági Innováció Operatív Program – Economic Innovation Operative Program) was started. In 2017, this program has been supplemented by the GINOP-5.1.7.-17 project from 2017 with same focus: to support social enterprises' projects. For these two projects, non-profit organizations, civic organizations and other social enterprise forms can also apply.

For the support of social enterprises with consulting and knowledge sharing, another project was initiated under the European Union project scheme called PiacTárs (MarketPartner) under GINOP-5.1.2-15-2016, this project is preformed by OFA in partnership with another state foundation (see later).

These projects have been supplemented also with the FÓKUSZ (Focus) Program, during which the Ministry of Interior invited social cooperatives falling under the public employment program could have applied for financial support and the professional support of OFA. (*Ministry of Interior are supporting partners to our SENTINEL project*). *This project supports social cooperatives with local authorities as members – from 2016 social cooperatives employing under the public employment should involve a local authority partner. The partnership entails a provision of real estate to the cooperative from the local authority, and the undertaking of employment services by the cooperative.*

- **Key actor(s)**

We highlighted the role of OFA, as the continuous promoter and partner for all the social economy related stated projects, mentioned in this case. The key actor of this support scheme is the OFA. This state owned foundation has been supporting alternative employment forms and projects for the last two decades

For the Szövetkezz project, the financial contribution came from the (then existing) Ministry of Social Affairs.

In the Atypical Employment Forms project, the financial support was administered by the ESZA (ESF) Nonprofit Kht.

In the GINOP Projects, the financing partner is the NGM (Nemzeti Gazdasági Minisztérium – National Economic Ministry) for the applied projects. In the related PiacTárs project, OFA partnered with IFKA (Iparfejlesztési Közhasznú Nonprofit Kft– Industrial Development Nonprofit Ltd), another state owned organization.

Since the earliest years of supporting alternative employment initiatives and projects, OFA has managed a network of experts (employment, enterprise promotion, management, legal, marketing, finance, etc) on regional basis. This network has been provided as a quality control for organizations intending to apply with proposals and also a mentoring support for project developing organizations. This network called OFA Hálózat (OFA Network) has substantial local embeddedness, acceptance by local people, personal connections to social economies and could have done a lot on promoting the case of social enterprising.

- **Duration of the initiative (starting year):**

The scheme started to support social enterprises in a structured way in 2007 and has been continued in various projects since than.

- **Geographic size of the intervention**

The geographic scope of the support scheme has been the whole country until the start of the PiacTárs project, 2016. Since than, the intervention has concentrated on the underdeveloped regions and excluded the Central Hungarian Region.

- **Funding**

The hereby introduced support schemes have been financed by the state. From 2010 on most of the financial resources came from the European Union support scheme supplemented with governmental resources.

- **Thematic focus and main sector addressed**

From 2007 till 2016 the main sector supported was the social cooperatives. Since 2016 it is open for non-profit and civic organizations.

- **Main reason for highlighting this case**

The reason why we introduce this case is that it summarizes the employment related efforts of promotion of the social sector. The case illustrates other parts of our country report.

2.SERVICE DESCRIPTION

- **Overall objectives**

The objectives of the support scheme were to increase self-employment, the employment of handicapped people, the raising up of economic well being of underdeveloped layers of the society. Other objectives have been to promote the fundamentals of social enterprise, namely the unification of economic, social and cultural goals thus helping in expansion of employment, job creation and community organization.

Besides the financial support provided under the KoopeRáció and PiacTárs projects, the promotion of the idea of social enterprising has been always prevalent. This led to the establishment of the HHÉ or Local Added Value competition (see also in the previous chapter.) The HHÉ is a system for honouring the best social enterprises (in three categories: best producer, best service provider and best community developer) on a yearly basis on local, regional and national level.

The system is the foremost state-supported promoter of the public awareness about social entrepreneurship. Apart from the substantial financial funding, the scheme introduces successful SEs to the wider public, facilitate development of collecting good examples, knowledge sharing and presenting the respect of the society towards community based goals of the enterprising activities.

Specific objectives of the projects were:

Szövetkezz project:

Aim was to form at least 50 self-sustained social cooperatives between 2007 and 2009. In the Szövetkezz/2007 the aim was the foundation and launch of social cooperatives. In the Szövetkezz/2009 project the aim was to support the previously established cooperatives and expand their number.

Atypical employment forms (TÁMOP):

Support the self-employment of underdeveloped people, and the creation of employment opportunities for unemployed in underdeveloped areas. In addition to that, supported projects should have contribute to the resolution of hardships in fine-tuning family and work performance issues, through community development, and the education and cultural functions of social cooperatives.

GINOP and PiacTárs:

The aim is to dynamize and stabilize socially aimed enterprises by urging them to introduce marketable products and services, upon a sustainable business model in order to create lasting employment opportunities.

- **Description of activities/services**

Szövetkezz project:

The project started in 2007 applied a two-round application process for projects.

In the first round the application criteria was a team of at least 7 funding members (among them at least 3-4 at least 3 monthly unemployed people) presenting a project idea, a list of planned activities, a verification and a short budget.

Representatives of the selected applications/projects than participated in project planning and proposal writing course. Then they prepared a detailed proposal for the second round (supplemented by a detailed business plan and budget). Projects could get up to 20 million HUF

(appr 64,500 EUR) for the first year of operation. Sustainable projects could get a decreasing financial support after first year. It meant up to 10 million HUF for year two, basically maintaining the created jobs and expanding them. Investments (unlike in the previous project) was not eligible to support.

During the project 50 have been trained to be a social cooperatives expert. (Most of them are still part of the OFA Expert Network). They also trained almost 40 mentors for the project. 109 project participated in the proposal writing training.

Atypical Employment Forms and KoopeRáció:

Established social cooperatives could apply for project financing. During the application and the project execution they received support from the OFA Network supported by the KoopeRáció project.

KoopeRáció project supported social entrepreneurs with

- Professional customer service, consulting, expertise (finance, legal, business planning, adult education, marketing)
- Professional events in the whole country
- Strengthening of management capacity, knowledge expansion
- Process driven evaluation
- Methodological and other publications
- Market entry and expansion support
- Other, tailor made services.

Under the KoopeRáció+ project, the support was extended towards all kinds of socially aimed entrepreneurial initiatives, and interested for profit and other organizations for networking support.

GINOP and PiacTárs

The project strengthened the financial and expert support as well. The PiacTárs project introduced a pre-selection qualification scheme for projects willing to apply to financial support. Only projects that have been qualified according to the requirements can go to the proposal making phase.

The qualification assessed the market viability of the ideas and also the social added values aspect. Only projects strong enough in both areas could advance to the financing phase.

• **Description of Recipients**

In the 2007-2009 Szövetkezz projects social cooperative initiators, funders, owners were the recipients.

In 2010, for the Atypical Employment Forms application round, only previously established and operating social cooperatives could apply.

In the 2016 and 2017 GINOP schemes, a wider circle could apply, every organization that can be considered as social enterprise. These are non-profit enterprises, social cooperatives, foundations, unions and church organizations. The criteria for support has been to qualify on the pre-selection process by OFA and IFKA consortium (see above).

Strong emphasis have been put on the underdeveloped target areas: applicants should have included handicapped people and people from underdeveloped regions in the job creation process in predefined rates.

- **Resources used (kind, amount...) and financial sustainability**

Financial funds:

Szövetkezz project:

945 million HUF (appr 3,050,000 EUR) have been distributed.

Atypical Employment Forms:

These instruments have been aimed at social cooperatives and been called “support for atypical employment forms”. In the convergence regions 1.955 billion HUF (cca. 6.306 million EUR), in the Central Hungary Region 345 million HUF (cca. 1.1 million EUR) financial support were available for projects ranging from 20 to 50 million HUFs respectively.

GINOP projects

Project proposals under the PiacTárs project can be financed up to 15 million HUF (appr 48,000 EUR) per small projects; 50 million HUF (appr 160,000 EUR) per medium sized project and 250 million HUF (or 805,000 EUR) for large projects. The funding comes from the state (NGM) under the Joint Cooperation Framework (largest part of the funding comes from the European Union, smaller part by the Hungarian state). In the 2016 GINOP round the available financial pool was 6 billion HUF (cca. 19.36 million EUR). That was distributed for around 350-400 project proposals.

The 2017 round for the same purpose will distribute 15 billion HUF (cca. 48.39 million EUR) for an expected 300-600 projects.

Project applications receive free of charge qualification, expert review, expert support, also financed by the state. This happens under the PiacTárs project operated by OFA and IFKA, with a total budget of 2.8 billion HUF (cca. 9 million EUR) until 2022.

For the FÓKUSZ project, the Ministry of Interior aimed 10 billion HUF for eligible proposals.

- **Management and evaluation**

The projects have been managed by OFA that during the years developed and maintained its expert network, and in the last couple of years, established a regional office structure.

- **Main outputs/ results**

In the Szövetkezz/2007 project there has been 444 project ideas handled in round one. Out of these, 157 qualified for round two. In the end, 38 projects were supported and 36 lived through year one of operation. During the next project term (Szövetkezz/2009) 12 projects were supported. They created 485 new jobs (members and non-members).

These social cooperatives dealt with the following activities:

- Undertaking or supplementing local community tasks (maintenance of public places and parks, cleaning, taking care of playgrounds etc)
- Services for local inhabitants (washing up, building maintenance, transportation to work etc)
- Child welfare services (family daycare, babysitting, leisure time program organizing, services for parents, organizing childrens’ events, operating clubs, handicrafts programs etc)
- Handicrafts (basketry, wicker furniture production, preparation of traditional handicrafts)
- Flower arrangements parts production

- Shop for Roma clothes and accessories, specially designed cloths, jewellery production and retail
- Joiner work
- Gathering of forest and agricultural waste, biomass production
- Food manufacturing
- Building
- Real estate management
- Operating social shops
- Office secretarial support
- Operating multi media studio

In the Atypical Employment Forms schemes, 57 proposals have been financed with altogether 2.3 billion HUF. The total number of jobs have been 445, out of which 432 came from the underdeveloped target groups.

Most common project activities were:

- Construction activities
- Paper industry packaging
- Joiner work
- Shoe parts manufacturing, sewing
- Preparation of alternative energy, ignition devices and materials, biomass and related activities
- Handicrafts and industrial design
- Steel parts and materials
- Preparation and delivery of up-to-date food, bio-foods, pasta
- Fruit production
- Touristic activities
- Family day care, playhouses, skill development activities for children
- Adult care
- Green area maintenance, public places cleaning
- Industrial washing, cleaning of textile and leather, energy saving car wash
- Quality charity shop, social shops
- Media and marketing services, online services, proposal writing.

Comparing to the previous, OFA managed project, in this scheme the production activities have been more prevalent than services. Some of the successful projects came from previous OFA project, others have been supported and backed by for-profit entrepreneurs and owners who saw opportunity in this enterprising form.

In the OFA-operated KoopeRáció project, main activities were
 Project generation (awareness rising, contacting potential applicants)
 Consulting and help desk for social cooperatives
 Workshops, knowledge sharing, conferences
 Social media presence
 Handbook for social cooperatives
 Television series on selected social cooperatives.

The project issued publications as follows:

- The Social Economy Handbook
- Methodology Handbook for Social Cooperatives: From Setting Up to the Sustainable Operation

- **Quality Management: Aspects for the Client Centered Development of Social Economy Organizations**

And several other information leaflets and analysis on foreign and domestic experiences.

An activity during the KoopeRáció project was the establishment of the Hozzáadott Helyi Érték (HHÉ) Díj (Local Added Value Prize) in 2015, later continued under the PiacTárs project. *Second year winner in the best producer category was the Hetedhét Határ Social Cooperative, that was initiated under the Jelenlét (Presence) Program by the Magyar Máltai Szeretetszolgálat (HCSOM) on Gyulaj, and that is a pilot-project in this SENTINEL project. HCSOM is still a member of the cooperative.*

The PiacTárs project prepared a series of publications and made them available for the interested actors of the social enterprise ecosystem. These were the following:

Methodology Handbook for Social Enterprises

CSR Methodology Handbook for For-Profit Enterprises

Methodology Handbook for Mentored Organizations

Video on social enterprises

The project also introduced PiacTér (MarketPlace): a virtual showroom for products and services.

- **Partnerships with local, national, international organizations and institutions**

In the Szövetkezz project OFA partnered with Saldo zrt (a private education institution) for the expert training, with the Közösségfejlesztők Egyesülete (Union of Community Developers) for the mentor training, with the Népfőiskolai Társaság (People College Society) for the communication.

During the Atypical Employment Forms project, in the frames of the associated KoopeRáció expert project, OFA involved the SZOSZÖV (Szociális Szövetkezetek Országos Szövetsége – National Association of Social Cooperatives) as negotiation partner on the various professional and advocacy issues – but this organization seemed not to represent the totality of the social cooperatives sector.

- **Replicability**

One of the reasons why we introduced a longer time frame for a project introduction is that we wanted to show that a lot from these support projects could be replicable. Indeed, it is a good practice that the state has concentrated its professional support for social enterprises for a well-established and experienced institution that has been in the core of all employment related developments in the sector in the last decade.

Although the role of the organization, OFA has been changed from the distributing of project supports to the consulting, professional support and quality assurance, they were among the most important parties in these social enterprise related development.

It is important that during these professional support, basic methodological literature has been created (see further introduction under the Outputs chapter).

On the basis of the last decades support schemes and OFA's contribution, further projects and developments can be initiated and coordinated.

- **By-product effects**

The Szövetkezz projects made the social cooperatives idea known in relatively large public in a short time, established a knowledge base for further projects, made more than 3,000 people to cooperate and think and perform joint activities. These projects worked out the conditions for continued

operation, a so-called cooperative model (good connections to the local authority – buyer or infrastructure provide - ; presence of a market partner – buyer or consultant -; complex and flexible activity set; involvement of activity-related experts as members; involvement of management role and own investments from revenues).

During the Alternative Employment project, this cooperative model was further developed and in the PiacTárs supported projects, reached out to other parties in the ecosystem other than the cooperatives.

- **Problems / challenges to face**

Sustainability is the biggest issue in the sector. Out of the supported social cooperatives some could not survive more than 3-5 years of operation. Some of the prize winners of the HHÉ (Local Added Value) system (see above) terminated business shortly after getting the honour.

Legislative environment has not been favourable for social enterprises. As we describe other parts in the country report, after one decade in structured development of the social enterprise sector, still the status of social cooperatives are not fully fine tuned legally. Also, apart from the European Union funded projects, there are no state subsidy system for the sector.

For enterprises other than social cooperatives, aimed financial resources have not been available before 2016. In the last two years a lot of projects could get reasonable sum of project financing, the whole sector, however, has been underfinanced comparing to the for-profit one.

Research studies and evaluation reports mention the lack of management as a function professionally organized in most of the social cooperatives, and that might be the case of the other types of social enterprises, too.

3. CONCLUSIONS: KEY SUCCESS FACTORS AND LESSONS LEARNED

The key successes of the OFA related projects are the establishment of the social economy idea and practice through systematic financial and consulting/mentoring support. The financial support schemes have been supported by the training of social economy experts and operating them as a consulting, mentoring network. It was very important that concise and organized efforts have been spent on establishing a solid basis for social enterprising. Knowledge of enterprising and a transformation from the traditional model to a somewhat market driven approach have started to evolve and been strengthened during the last decade. The targeting of the support instruments has been gradually and successfully turned from solely the social cooperatives towards a wider range of organizational forms and reached out to the other players of the ecosystem in forms of partnering and networking.

In the underdeveloped regions, a lot of social issues have been solved, unemployed and handicapped people have re-entered the labour market. Some studies show that the job creation during social economy projects have generally been more expensive than in the for-profit entrepreneurial projects (around 2.5 million HUF/person comparing to 1.5 million at for-profit companies during the 2010 project period), but giving the fact that handicapped and distressed people need a lot of care and on-the-job support, the higher operational costs is understandable. The question is whether this enterprise model is sustainable. Presently, the majority of social enterprises undertake state roles in social services and get state support for that. On the other hand, most of the economic and development work have been achieved project by project. After a certain size, when these enterprises reach the medium size that can

be very risky and hard to sustain without a well worked put business model, most of them do not possess.

Challenges described in the previous chapter should be answered in the forthcoming years in order to maintain a viable and strong social economy. Most of the supported project implementation teams are in the phase of organizational formational and development. Traditional civic organizations are not the best in drawing consequences and working through the lessons learned from projects and actions. Also, they are not very strong in utilizing consulting and training in everyday operational issues. Namely, they should become real learning organizations in order to successfully grow in the markets. It is important, because it is not obvious to operate a democratic decision making process in strategic issues (as is the requirement from social enterprises) and also a dedicated operative management function, usually making one-person decisions in day-by-day matters. This should be learnt, and personal differences and debates among owners in some social enterprises and the subsequent falling apart of the organizations show that it is imperative to develop in this regard.

Very hardly can we see market-related cooperation among the social enterprises. One way of cooperation could have been the information sharing inside the sector. It seems that without organized support in this area, the social enterprises do not engage in information sharing. OFA operated this kind of activity, mainly reaching project participants – apart from this no organized effort has been seen from their side. The representative organizations (TAVOSZ – Association of Social Enterprises) and SZOSZÖV (Federation of Social Cooperatives) have not established a real and alive information network. Nor have they performed a viable and sound advocacy work.

4. Annex

- **More information and documents**

Information on the social cooperatives still active after one decade of social enterprise promotion in Hungary

We have checked available information on the projects during the decade of state promoted development period. A lot of initially funded cooperatives do not exist anymore, but there are a lot that are still active – either in original social cooperative form, or under another operational form.

Some examples are:

Barnabee's Kreatív Kommunikációs Tanácsadó, Szeged – creative agency on community basis. Former schoolmates formed the social cooperative with the aim of providing high quality web based services – design, social marketing, brand management. Employing disabled people and first job seekers.

BRUMM, Rákóczi falva – they operate a handicraft shop. They prepare hand and finger puppets and handbags. Some of their products acquired quality prize. Their production is economic friendly and their design is rooted in the local traditions.

Cultural Labour Pécs – media related projects mainly on outside location, like the Zsolnay Cultural quarter and other places of Pécs – <https://www.facebook.com/KulturalisLabor/>

GOLD Consulting, Kaposvár – enterprise promotion, proposal writing, consulting - still operational now in non-profit ltd form, they are active in the social enterprise advocacy activities too - <http://goldconsulting.eu/>

Icinke-Picinke, Budapest – daycare for children <https://www.facebook.com/Picinkebolcsi>

Romani Fashion Studio, Budapest - later became Romani Design, the first specialized design studio focused on Roma motives and tradition. <http://romani.hu>

Sépartner Herend (*Chef Partner*)– a cooperative specialized on home delivery of food and other goods to families with disabled members

Szivárvány, Hidasnémeti (*Rainbow*) – wood production, building construction

Völgység Kincse, Lengyel (*Treasure of the Valley*) – employ disabled and unemployed people in fruit manufacturing – in close cooperation with a private company - <https://volgysegkincse.hu/>

- **Sources (bibliography, data)**

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- **e-mail of the key contact person**

Case study 2: Networking

1.BACKGROUND INFORMATION

18 years in social economy: Szimbiozis Foundation and its network of activities

We highlight here the activities of Szimbiozis (*Symbiosis*) Foundation, one of the most prestigious and successful social enterprises of Hungary. Szimbiozis was founded in 1999 by a local entrepreneur who dedicated Laszlo Jakubinyi as president. Since then he has been the main driving force and leader of the increasingly complex operation.

The focus is to provide lasting employment for the most endangered social and age groups.

After years of successful operation, Szimbiozis have started to reorganize itself into a more professional and structured operational model. The managing team defined four lines of operation (or units): social services, employment rehabilitation, social enterprising and project center.

They also established a non-profit company for conducting the social enterprise activities.

At the time of preparing the case they employed 160, mostly disabled people and operates a project portfolio for 30-40 per year.

Key actor(s)

Szimbiozis Alapítvány (Foundation): the foundation conducts the traditional social and employment rehabilitation services and manage the project portfolio.

Szorgoskert (*Busy Garden*) Ltd: a non-profit company that manages the social enterprise activities.

Duration of the initiative (starting year)

From 1999 until present

Geographic size of the intervention

The main services of Szimbiozis are concentrated to the town of Miskolc and surroundings, situated in North-east of Hungary near the Bükk National Park. With a population close to 170,000 (2010) Miskolc is the fourth largest city of Hungary. Miskolc is the administrative headquarter of Borsod-Abaúj-Zemplén county, the second largest in geographical area and population in Hungary. Population was 660,500 in 2016 that contributed 7.6% of Hungary's population. Labor market of the county has been considerably expanded in the last couple of years, still one of the least developed part of the country. The number of registered job seekers was 38.5 thousand in the beginning of 2017, that represented a 13.5% rate compared to the economically active population (country wide average is 6.5%)

Employment opportunities for the handicapped people are below average: employment rate is 20% comparing to the average 67% (so-called normal population). These people also represent substantial and immobile part from the public employment: in the BAZ county out of 42 thousand publicly employed people 37.5% (15.7 thousand) were handicapped. Added to this, the largest part of job seekers constitute the lowly educated people; out of 10 job seekers one has not finished elementary school, and 4 out of 10 has only elementary school education. Out of the total number of job seekers, people over the age of 55 represent 18.3%, while under the age of 25 years amounted to 19% (so altogether the two most endangered age classes reached 1/3 of job seekers. (All data are from 2017).

Between 1948-1989, Miskolc was the city of steel and iron and determined as a basis of the communist heavy industry. This artificial development led the area into a crisis with the collapse of the heavy industry

and high unemployment in 1990 when the communist system ended. In the past 20 years all the mines of the region were closed and the steel industry collapsed. Since the political changes of the '90s Miskolc has tried to strengthen its cultural and touristic role but there are still a number of tasks that the city has to achieve.

Funding

The foundation is a privately funded organization. It was established by private persons, parents of children attending Laszlo Jakubinyi's class at the Miskolc Waldorf school.

Funding for the activities come from state support in case of services undertaken from the role set of the state; project financing and own revenues.

Thematic focus and main sector addressed

Their activities include rehabilitation, education, employment, social services and social enterprising. Szimbiozis has four locations for service providing in Miskolc. In the town it operates the operational centre (with the adult education and volunteer office) and the employment service center (sheltered workplace). In the Martin suburb part of Miskolc, they have a residential home and day care institution for disabled and therapeutic centre). At the fourth location, they created Baráthegyi Majorság (*Baráthegy Manor*) in the Diosgyőr part of Miskolc where they have a three residential homes, goat farm and cheese production facility, leisure and playground, and a social therapy center. Most of the social economy developments have been concentrated in this complexity.

Szimbiozis also opened Batyu-Téka (*Swag-tek*) a restaurant in downtown employing people with disabilities.

Main reason for highlighting this case

The reason why we included this case is that this is one of the most successful and well-known social enterprises in Hungary and their projects and operation serve a lot of conclusions and lessons learned to the wider public.

2.SERVICE DESCRIPTION

Overall objectives

Szimbiozis Alapítvány was founded in 1999, mainly to solve social-employment service for the handicapped adult population in Northern Hungary.

They implemented a new approach to the problems: involving the target group (primarily mentally disabled and autistic people) as fully equal partners. The aim is to create living spaces and services where everybody involved can create value and be a useful part of the community according their own abilities. They have a holistic approach toward people, being in any kind of mental or physical state.

Szimbiozis Alapítvány has a complex service model for their target groups. They concentrate on public awareness and forming the mindset towards socio-economic activities. They are determined to increase the well-being of disadvantaged and disabled people of up-to-date services and domestic and international networking.

Description of activities/services

Social and rehabilitation centers

In the frames of the social services they operate two day-care centres for 40 + 24 disabled people (community and leisure-time activities for disabled people e.g.: therapies, sports) and residential center for 53 disabled and autistic adults in five settlements.

Baráthegy Rehabilitation Farm is a complex system with different kind of elements in 5 hectares including living centre, stable, cheese manufacture, kitchen, glasshouse, garden, farm guesthouse, carpentry. In the farm guesthouse Szimbiozis hosts families having disabled children and open-air school and summer camps are also regularly organized for schoolchildren.

They operate a special transport service: transport, personal help and supervision, personal assistance for disabled people

In terms of employment rehabilitation activities Szimbiozis provides all the existing types (institutional, transit and supported employment) of employment programs.

The manor

Szimbiozis established the Baráthegyi Majorság (Baráthegy Manor) in North-Hungary next to the Bükk National Park, on the hill near by the mediaval Castle of Diósgyőr 15 years ago. In the Middle-Ages, monks farmed in this area, so we started to resuscitate their traditions. Beside the horticulture they have many animals (horses, ponies, goats, pigs, poultry), in addition they operate a small goatcheese dairy. Their special animals are the alpacas wich they take into several games and programms. They process the vegetables and fruits and operate a kitchen, lunch delivery service and a restaurant. They operate an all-year-open a youth hostel and an open-air school. At the area of this grange there is an archery place, a Yurt, on the trees an adventure park but we also built a multipurpose-oven. They built a wooden castle of 400 square meter, which one is the mediaval castle nearby in miniature. They also have more handcraft work manufactures. Guests are taken into the various processes through historical time-travelling and can try and live through the old-world life situations. A week package for school groups is very popular, but beside the daily visitors they have more and more companies contacting them for unique program offers.

This thematic eco-park is operated by people with disabilities. 100 people work in the whole manor, whereof a significant part are people with disabilities and other disadvantaged people. There is a perfect activity for everybody: somebody works in horticulture, at the kitchen, with the animals, in the store, at the pension, in the hand-craft manufacture or in the catering service. Visiting parties are divided into small groups so they can rotate between the various places, where people with disabilities as masters of the given workprocess teach the visitors to acquire the traditional techniques. For example they bake the bread together either make the butter and cheese for this, cook the marmalade or shrivel the fruits. These people take the visitors into historical games and in the castle they restart the traditions and legends of this time. The people with disabilities as workers in this touristic attractions turn up for the visitors in a positive cue, which is the ground of the social inclusion.

Activities include food industry: cheese production. The products of Baráthegyi Kecskesajt (Baráthegy goat cheese) possess the HÍR and Élőtisza prizes. Eco-tourism: in the Baráthegyi Majorság they operate a youth house and a Forest School. Special tourism programs for families with disabled people. Handicrafts: paper work, candle manufacturing, soap boiling, present production workshops.

Currently Szimbiozis applies for the GINOP-5.1.3-16 project (operated by OFA and IFKA and financed by the National Economic Ministry from European Union funds) for the development of social enterprises. They plan to set up a family wellness center in the location of the manor.

Description of Recipients

Main target group is the autistic and mentally disabled people. In addition to this, they provide services to other underdeveloped groups as well. Families caring handicapped people receive support in transportation, day care, temporary ease of burdens, specific theme camps. Adult disabled people are supported in their efforts to be

independent (employment, dwelling homes, trainings, therapy, sports, leisure activities and development programs). Some of the activities involve ex-convicts, long time unemployed, lowly educated and disadvantaged people.

Resources used (kind, amount...) and financial sustainability

Szimbiozis revenue structure looks like the following presently:

45 % governmental subsidy

25 % different projects

30 % own income – social business

Szimbiozis Foundation had total revenues of 424 million HUF in 2015 and 360 million HUF in 2016, whileas Szorgoskert acquired 72 million and 99 million HUF revenues, respectively.

During the last 5 years, Szimbiozis implemented development type projects out of a total of 400 million HUF (cca 1.29 million EUR) project financing from the European Union supported operative programming scheme.

The following projects represented main developments in the various professional lines:

Outplacement House: from the TIOP-3.4.2-11/1-2012-0032, out of 18 million HUF – a training home for disabled youngsters.

Establishment of a Socioterapy Center in Miskolc: from the ÉMOP-3.3.1-11-2011-0041, 50 million HUF – a day activity institute and training center for disabled people.

Batyu-Téka (Swag-tek), Gift of the Hungarian Countryside: from TÁMOP-1.4.3-12/1-2012-0192, financing: 149 million HUF – innovative project, setting up a kitchen building, working out social feeding activity, opening a restaurant.

Setting up a mushroom producing unit and locker room: FRF-A/653-10/2015, financing: 17.9 million HUF – with employing 8 people.

A healthy bite: from TIOP-3.2.4-13/1-2013-0020, financing: 49.5 million HUF – building purchase, small vegetable plant, dwelling service.

Living calendar: from TIOP-3.2.4-13/1-2013-0021, financial source: 49.4 million HUF – Interaktív Diósgyőr Playing Castle building (this is the copy of the nearby Diósgyőr castle).

Baráthegy Manufaktúra (manor): from TIOP-3.2.4-13/1-2013-0022, financial source: 67.4 million HUF – Cheese production unit and handicrafts activity workshop building.

Management and evaluation

Currently 10 people compose the management of Szimbiózis. On top of the organization is Laszlo Jakubinyi, president; a strategic leader who is the main owner and the top leader for all activities. He used to be the managing director but recently they have separated the two roles and hired an experienced manager, Mónika Szakács, with experience from other sectors (see Annex to the case). Other directors manage the functional lines and the back office activities and the facilities (caring homes, restaurant and the manor). The decision making is joint and democratic with bi-weekly management meetings. People in the management came from a diverse set of

education: social work, pedagogy, special needs education, rehabilitation, health care, employment, legal, financial, HR, communication etc.)

The leader of Szimbiozis, Laszlo Jakubinyi is a special needs teacher, social cooperative expert, employment rehabilitation advisor, higher educated caretaker, Waldorf educator, strategic key mentor, mediator, business coach and honoured farmer. He's got two decades of experience in social enterprising and received the Ashoka prize in 2010.

Employees regularly attend various types of trainings and there are outside business and management consultant working with the management team.

Main outputs/ results

Szimbiozis supports disabled people, they have an average of 400 people per year. Around 5% of the revenues coming from the social units (state functions with state support) is spent on implementing programs for independent living conduct.

October 2017 Szimbiozis employed total 172 people with work contract; 70% are people with disabilities. There are another group of 50 disabled people who are in work therapy program.

Szimbiozis implemented around 100 smaller and larger projects out of domestic and European Union funding. Social enterprising has been supported by Velux Foundation, IFUA Nonprofit Partner, ERSTE good.bee, ERSTE Seeds program, and ASHOKA international team from 2010.

In the terms of the social services, a continuously growing institutional network (of 10 years of operational experience) represent increasing social added value: 2 dwelling homes, 3 supported dwelling, 2 day care institutions, 2 supporting services, 2 development activity units.

As far as the employment of the target group concerns: sheltered and accredited (lasting, transit) employment are both provided. They have 10 years of experience in transition to the labour market.

Partnerships with local, national, international organizations and institutions

One of the main reasons of including Szimbiozis as a case study here is their exceptional networking and partnership performance.

Their network entails the widest possible range of professional and institutional, as well as social and business partners.

This means on local and regional level:

Miskolci Fogytékosságügyi Szakmai Műhely (Miskolc Workshop for Disabled People),

B-A-Z. Megyei Civil Fórum (BAZ County Civic Forum)

BOKIK (Borsod-Abaúj-Zemplén Megyei Kereskedelmi és Iparkamara) (BAZ County Chamber of Commerce and Industry)

Turisztikai Desztinációs Menedzsment (on national level, too)(Touristic Destination Management)

Miskolc Employment Paktum

BAZ county educational institutions

Zöld Kosár Program (Green Basket Program)

On national level:

Aktív Műhely Konzorcium (Active Workshop Consortium),

CÉH (Fogyatékosügyi Civil Érdekvédelmi Hálózat) (Civic Advocacy network for the Disabled),

AOSZ (Autisták Országos Szövetsége) (National Autistic Association),

Majorháló (Autista Majorságok Hálózata) (Manor Network of the Autistics),

KOKOSZ (Környezetvédelmi- és Természetvédelmi Oktatóközpontok Országos Szövetsége) (National Association of Environmental Protection and Nature Protection Training Centres),

MSMME (Magyar Speciális Művészeti Műhely Egyesület) (Hungarian Special Arts Workshop Union),

MJKSZ (Magyar Juh- és Kecsketenyésztők Szövetsége) (Hungarian Association of Sheep and Goat Farmers),

NAK (Nemzeti Agrárgazdasági Kamara, National Chamber of Agriculture),

KKASE (Kis-, Közép-, Agrárvállalkozók Sajtkészítők Egyesülete) (Small, Medium Size Agricultural Entrepreneurs' Cheese Producers Association)

KISLÉPTÉK (Kisléptékű Termékelőállítók és Szolgáltatók Országos Érdekképviselőinek Egyesülete – Small Scale Producers and Service Providers National Stakeholders Union),

ÉTA (Értelmi Sérülteket Szolgáló Társadalmi Szervezetek és Alapítványok Országos Szövetsége – National Association of Social Organizations and Foundations for the Service of Persons with Mental Disabilities)

Hungarian Farming Society

On international level:

EASPD (Európai Fogyatékosügyi Szolgáltatók Szövetsége – European Association of Service Providers for Persons with Disabilities),

ECCE (Európai Szociálterápiás és Kuratív Pedagógiai Szövetség – European Cooperation in Anthroposophical Curative Education and Social Therapy)

They are in strategic partnership with Kézenfogva Alapítvány (Hand-in-hand Foundation) , MOHA (Mosolyotthon Alapítvány – Home of Smile Foundation), Erste Stiftung good.bee, Ashoka

and in CSR partnership with large multinational and medium sized national enterprises.

Replicability

By-product effects

Problems / challenges to face

It seems that the gradually increasing complexity of activities is one of the main challenges facing Szimbiozis. In recent years, their growth has been organic: this means one activity led to the other and one professional area strengthened another. The management of Szimbiozis has been deliberate in making the operational model structured, reasonable and sustainable. The foundation of the non-

profit social enterprise, the profiling of activities and the efforts for professional operation and organizational development have been all important steps toward this direction.

Human resource issues are the most prevalent problem in all activity area of Szimbiozis. The whole organization, like all successful similar organizations who want to make a difference, is overburdened and there is a chance of being stressed out.

For some key positions in the social services, rehabilitation areas are hard to find capable workforce.

Another challenge is the controlling support of the very diverse and complex activities. The foundation definitely should increase the professionalism of the back-office and human resource management.

3.CONCLUSIONS: KEY SUCCESSFUL FACTORS AND LESSONS LEARNED

Until a couple of years ago, Szimbiozis has been mostly dependent on tenders and project financing. Gradually they have worked out an operational and enterprising model that is more and more sustainable.

At first, they get state support after the social services. Secondly they implement a lot of supported projects. Thirdly, they have engaged in a lot of own revenue generated entrepreneurial activities (farming, tourism, handicraft products, etc). They have been also active in fundraising.

According the stabilization efforts, the social enterprising operational size should be increased a little in the forthcoming period in order to be able to provide a sustainable background for future provision of added social value.

In all of the implemented projects, they aimed at increasing the life quality of the target groups with trainings and employment activities.

A very important element has been the profiling: they separated the business type activities from the other services and these have been now conducted under the auspices of the nonprofit enterprise (that was established by the foundation).

Total revenues of the foundation have been increased by 50% in the last five years, due to the social and employment developments. At the same time, enterprise revenues have been increased by 20% percent (now constitutes about 15-18% of yearly budget). Touristic revenues now amount up to 5% of the total, and the plan is to increase this up to 10% in the next two years.

One of the reasons of the exceptional results acquired by Szimbiozis has been the high level of networking. They successfully found the necessary partners in all of their diverse and complex areas of activities.

4. Annex

More information and documents

Sources (bibliography, data)

EURES
BAZ county Government Office
KSH (Central Statistical Office)
Personal interviews
www.szimbiozis.net

e-mail of the key contact person

Annex to the case:

Short introduction to the two managers of Szimbiozis:

Monika Szakacs, CEO of Szimbiozis:

She joined the foundation in 2009 after 5 years of home child care. A teacher and mental hygienic expert by education, she has formerly been employed a research institute in Szarvas, a middle size town in Békés county, Eastern Hungary. She gained experience in EPA projects, mainly Phare projects and served as quality assurance manager.

Monika applied for mental hygienic expert at Szimbiozis, instead she soon became international referent after hiring. She started with smaller programs – EVS volunteer, NCA projects, and engaged in the international associations work: conferences and service exchange (knowledge, publications, etc).

In 2011 she had her first big consortial project as project manager in a life long learning project.

She has been part of the formal management of the foundation, since its establishment of that body in 2009. Since she shared office with Laszlo, the president, she has been a fill in for Laszlo for a lot of activities.

Monika has been missing from Szimbiozis for a short while in 2015 when her family moved for Győr (Western Transdanubia) and Monika joined a local civic organization that was active in interred and other development projects. In 2016 the family moved back to Miskolc, where Monika returned to Szimbiozis to replace a formerly appointed CEO who has been on maternity leave. (Szimbiozis management divided the tow leadership positions onto President and CEO in 2013).

Monika started to get to know things in more detail – social institution operation, accounting, etc – and engaged in domestic networking – FSZK, ESZA, Cégháló – sharing with institution laders. She understands she filled a non-traditional CEO position – maybe it is not the right word – she mainly takes operative care.

Why she chose Szimbiozis and sticked with it? What is the value? – why she is motivated? – For these questions Monika says that employees are very much committed and the whole team sticks together. Here, unlike in other places, there is no organizational politics, sincerity is the common practice and exercised value. Everybody can say no in the management if he or she feels about a particular task or issue.

Here working style, she says, is planned and systematical, while Laszlo has more spontaneity.

Thing she wants to strengthen: employee career system – Feed back culture – training system, performance management system. We might work in that during the SENTINEL mentorship pilot.

Her management philosophy is that operation should be fluent without her!

Why is she a good manager? Monika thinks she is accepted, she can make decisions, can say when she does not know – and she knows that she has to developed in theoretical knowledge, since she has not got any formal management education.

László Jakubinyi, President of Szimbiozis:

The main founding spirit and top of the organization, a well-known and central figure of supporting network for disabled people is László Jakubinyi, Ashoka Prize winner for best social entrepreneur in 2010.

Self definition:

When asked how would he define himself he says he is partly a health pedagogue and partly a social entrepreneur.

He is a graduated care taker, ELTE Barczi Gusztav Faculty of Special Needs Education. He attended Hajnal Specific College – a focal point for innovativity in the profession. Ha is also a graduated Waldorf teacher for special needs education. During his years of Szimbiozis, he learned how to operate foundation from credit, to invest, to take risk – they invent now they prepare to the after 2020 era – so he should exercise strategic planning, too.

Motivation:

Why does he do what he does? What is his motivation?:

For this question he mentions his Transylvania origin where they exercised caretaking activities in the frames of the orthodox church. Taking care of 40 psychologic patients and their families has been a cover acitivites for youth underground political movement, too.

After maturity he spent 20 months Ceausescu era work camp for canal construction, in 1989 he came back to the handicapped – it was good they were waiting for him – nobody cared about them. From Danish charity help they formed a 8 member micro community and started experiencing Austrian, Dutch and English methods for supporting the disabled. They applied to the college together in Budapest and later they got 10,000 USD from a bank to renovate a building in Szatmárnémeti and start a community for the families of the disabled – events and club – biweekly.

1992 Pater Noster Foundation – village Atya – found a villa they started operating – like the present Barátheagy Manor.

László spent scholarship in Rudolf Steiner special needs education in Ireland and used other private banking support to go back to the charity work.

Forming Szimbiozis:

In 1997 he started teaching in Hámori Waldorf school, where he met a pair of parents who were grateful for his work for integrating their disabled child in the class, so they supported László with a small amount to establish Szimbiozis foundation.

They spent two years with proposal writing and started the first projects with Swiss and Phare money.

Later the Miskolc local authority provided them with a building for use for the social rehabilitation activity. They could purchase the Barátheagy hill land, it was cheap because below that there is a mine.

They opened the first home 11 years ago – this was a determined starting point – home for disabled to move out from the family. “If you have a home, itself is not enough – work is what meant to be the real meaning of life – state institutions they only do it if everything is paid” László thinks they want to make their clients feel the real spirit in everything they do.

Leading the organization:

He created De profundis – a document on the basis of operation – philosophy that depicts Szimbiozis as a living creature. He says, among the people who manage Szimbiozis there is shared value and belief on how they feel the same about the disabled.

He shares the same philosophy on management as Monika. *“If I die tomorrow, everything works as it is – since there are capable people in leadership position for all the activities.”* All the leaders of the units are based on competence and personality – they handle the budget independently – unit managers have now ownership – they decide on HR and economic issues.

Networking:

László now spends most of his time on knowledge share and networking.

They are part of the Ashoka globalizer program. They started to work with people in Romania, Poland, Italy – idea is to have a local non-profit operating similar manors and tourist centers – they will help in creating.

In Hungary they established Majorháló (Manor net): for autistic specific institutions – accommodation plus employment out of a 2 md HUF tender. Most of the project owners created the social service but

not sustained the agricultural and employment element. *“If somebody does not feel the desire for the animals and land – it is not happening”*, says László.

Also they founded Para Gastro out of a FSZK tender (some millions) – regional and national programs - informal network 7 members – Hat Pöttyös, Kék Madár – Ízlelő Családbarát étterem employing disabled people in gastronomy. They are now in cooperation with Pannon Gastro Academy what is curated partly by a famous Hungarian restaurant owner (the manager of Kistücsök at Balatonszemes).

They are active in CÉHálózat a lobby organization for people with disabilities.

They out of an international project initiated Social Farming Association - 24 paying members and 200 organizations on the email list -, 1.2 md support -, 70 people funded in the conference of the project in 2016 – now the association develops under an independent secretariat.

They continue the Kitchen Secret project with 6 organizations who can provide accommodation also employ disabled people – Strázsa Tanya, Salva Vita, Fecskepalota, Búzavirág, Regens Wagner (hotel in Balaton for disabled), - knowledge sharing, training, study visit – best practices publication. They also engage in another network for engaging tourism – places for tourism for the disabled.

Strengths:

László says he is good in Information gathering and distribution. And that he can MAKE things happen.

“I also teach what you preach – and this is a way for personal credibility and appeal”. And most importantly, he is a team member.

