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REGIONÁLIS FEJLESZTÉS
OPERATÍV PROGRAM



Social entrepreneurship, cooperatives: paving the way instead of pot-holes

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Emerging models of social entrepreneurship: **Possible paths** for
social enterprise development in Central East and South East
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General background 1

- Paving the way instead of pot-holes
- Social **ECONOMY** – social **ENTERPRISE** – misunderstood of social economy, lack of enterprise
- The representation and level of social economy basically depend on the background (level of economic development)
- The employment policy does not have any uniform strategy for social economy – **we need a complete reform of finances**



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General background 2:

- The role of **ESF projects as positive models** – social economy projects, not public works
- Project **sustainability** (2007-2013 – long term projects, it would be essential for the sector)
- Best practice (OFA-ROP Network)
- Civil society in Hungary: intense and fast increase, although the Hungarian society and economy still live in a “transformational crisis” - **cooperative movement has just started revival**



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General background 3:

- The role of NGOs in **healthcare** is marginal
- Difficulty of **transfer of duties** previously handled by governmental agencies (local governments, labour centers)
- **Knowledge of local professionals/experts**
- Lack of **voluntarism**
- Weak regional level of social and labour institutional system





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General background 4:

- 2,2% of employees work within NGO (EU: 8-9%); 11% of Hungarian NGO's employ **full time employees**
- Approximately **200-300 organizations** deal with social economy
- Popular activities: **personal assistance at home**, household work, craftsmanship-tradition, organizing free time activities, environmental protection (all with mediation, mental assistance, trainings)
- Possible activities: inundation work, environmental protection, forest plantation, **making local services** (household work mainly)
- no statistics



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Legal background:

- **Act no I of 1992** on cooperatives and **Act no CXLI of 2000** on new cooperatives: contradiction, improper regulation, two acts live parallel, overlaps, do not mention social cases, do not reflect the European ideas of co-ops
- Besides, government decree: **school cooperatives**
- **Act no X of 2006 on cooperatives**
- government decree no **141/2006 (VI.29.) on social cooperatives**



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Social cooperatives:

- purpose: to help their disadvantaged or unemployed members find jobs
- at least 7 members can establish them
- only private individuals can be members
- investors cannot be members
- European standards



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Open questions 1:

Institutional needs

- Strengthening **local knowledge** in order to play a more active role in local society – well oriented trainings
- **Encourage volunteers** (also new phenomena in law)
- Infrastructural development

Professional background

- Networking – an agency can exist?
- **Quality management**, methodological centre, common marketing, **marketing network**
- Difficulty of **transfer of duties** previously handled by governmental agencies (local governments, labour centers)



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Open questions 2:

Finance

- **Market** is the main financier
- Main financier now: the state, Structural Funds, local grants
- **Special financier** construction for project
- Change **tax regulation**

Possible activities:

- Strengthening the knowledge of local experts, make them active – **specialized trainings in ESF calls**
- The role of SF (mainly ERDF) calls: **equal opportunities for co-ops with SME's**, for instance in SF call for proposals
- In an SF supported local development project: **community planning** should be a compulsory part preceding the projects, whereas **community actions** should be a compulsory part during the projects



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- Population decrease. As for the White Book activities: in ESF funding Hungary maybe need **weighted activities**: encourage social care system
- **Linking between regional development and social issues**, employment policy - lack of coordination at national level between economic development and employment development policy making institutions as an obstacle to promoting a more integrated approach at local level – TEP's: local strategic planning, **local employment planning**
- **Complex projects** - there are many examples of “public works” schemes co-financed and often operated by local government to alleviate long term unemployment – although these are often poorly paid, lack any emphasis on training
- **Well oriented ESF call for proposals** in order to support real social economy projects and not „public works”



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Thank you for your attention!

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