Contribution of Economic Development and Innovation Operational Programme (EDIOP) to social economy ecosystem in Hungary
Content of the presentation

1. Position of social economy developments in EDIOP
2. Structure of social economy portfolio
3. Support scheme
4. Methodology of pre-assessment as a condition to NRF
5. Grant schemes
6. Financial instrument for social economy
7. Lessons learned
EDIOP is a large multifund (ERDF and ESF) programme with an active role in mitigating economic crisis due to COVID-19 pandemia

142 calls published, 22,900 economic entities - mainly SMEs - reached,

669,000 persons in employment and training programmes
1.2 EDIOP – ERDF and ESF Priorities

1. SME
1582 m EUR
Capacity building
Modern business infrastructure
Clustering, access to foreign market

2. R&I
1688 m EUR
R&I infrastructure and capacity
Business R&I Strategic R&I cooperation

3. ICT
455 m EUR
Competitive ICT sector
Digital economy
Digital catching-up
Broadband

4. Energy
226 m EUR
Energy efficiency and renewable energy

5+6. ESF
2150 m EUR
Employment and training
Employment
80 M EUR Social economy
Vocational Education and Training

7. Tourism
361 m EUR
Preservation of natural and cultural heritage

8. Financial Instruments: 9, 6 M EUR social economy and entrepreneurship
2 Structure of EDIOP social economy portfolio

EDIOP-5.1.2-15
ESF support scheme:
Capacity building
Pre-assessment for grants

2015

394 submitted project proposals
212 certified proposals
221 coaching occasions in max. two rounds

2016

ESF grant 1.
EDIOP-5.1.3-16
21 M EUR

ERDF Loan product
EDIOP - 8.8.1.17
9,6 M EUR

2017

888 submitted project proposals
474 certified proposals
930 coaching occasions in two rounds

ESF grant 2.
EDIOP-5.1.7-17
50 M EUR

2017
3 Support scheme EDIOP-5.1.2-15

Goals:
- capacity building and stabilization of operational and new social economy entities with regional consultation services, online publications for non- and for-profit companies, e-learning course on social economy
- building long term employment capacities by assisting the development of a sustainable business model
- assisting networking of social economy actors and entities
- raising awareness about social economy, developing labelling/certification
- pre-assessment and further development of project proposals to assist access to financing (grants and loan) based on business viability and social benefits to be expected - social impact measurement
- online marketplace for social economy entities

Target group:
- non-profit companies,
- social co-operatives,
- foundations,
- associations,
- church/related legal entities with public tasks

Available amount: 8 million EUR

Project time frame: January 2016 - March 2022

Project holder: Consortium of Hungarian Employment Public Benefit Non-profit LLC. (OFA Nkft.) – IFKA Public Benefit Non-profit LLC for the Development of the Industry (IFKA Nkft.)
4 Methodology of pre-assessment as a condition to grants

Minimum criteria
- Project proposal in line with key grant conditions admissible/non-admissible

Business viability framework
- Business plan clear, supported with data
- 60%: market analysis (key aspect 18%), financial feasibility (key aspect 20%), organisational feasibility (8%), risks (14%)
- 40%: Operation and organisation features, track record
- Certification from 75% overall and 75% of key aspects
- Development 50-75% Rejection below 50%

Social benefit framework
- Social benefit and mission clearly stated measurable benefits as outcome
- 100%: Organizational aspects (18%), Social problem addressed (19%), target group, employment prospects (35%), impact expected, risks (35%)
- Certification from 75-85% depending on size of grant
- Development 50-75% Rejection below 50%

Registration
- Meeting entry criteria: legal form, operational, number of duly closed business years and number of employees
4.1 Outcomes of assessment

Grant 1  EDIOP-5.1.3-16

- Submitted proposals: 394
- 1st round of coaching: 186 (47%)
- 2nd round of coaching: 35
- Rejected: 135 (34%)
- Certified: 212 (53%)

Grant 2  EDIOP-5.1.7-17

- Submitted proposals: 888
- 1st round of coaching: 552 (62%)
- 2nd round of coaching: 280
- Rejected: 251 (28%)
- Certified: 474 (53%)
# Grants

<table>
<thead>
<tr>
<th>Grant amount</th>
<th>Grant 1 EDIOP-5.1.3-16</th>
<th>21 M EUR</th>
<th>Grant 2 EDIOP-5.1.7-17</th>
<th>50 M EUR</th>
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<tbody>
<tr>
<td>Grant size</td>
<td>18 500 – 714 000 EUR</td>
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<td>24 300 – 714 000 EUR</td>
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<td>Average project size</td>
<td>122 000 EUR</td>
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<td>134 000</td>
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<td>Main activities compulsory optional</td>
<td>Employment of target group</td>
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<td>Marketing activities</td>
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<td>Communication, publicity</td>
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<td>Infrastructure development (up to 50% of eligible costs)</td>
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<td>Equipment</td>
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<td>Product and service development</td>
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<td>Development of operation</td>
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<td>Trainings</td>
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<td>Raising awareness</td>
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<td>Project management</td>
<td></td>
<td></td>
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<td>Submission</td>
<td>September 2016 – September 2018</td>
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<td>September 2017 – March 2020</td>
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<td>Project length</td>
<td>15 - 39 months</td>
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<td>Number of submitted projects/supported projects</td>
<td>247/171</td>
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<td>545/323 ongoing</td>
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</table>
5.1 Cohesion aspect of grants - funding directed to micro-regions lagging behind (free entrepreneurship zones)

EDIOP 5.1.3-16 és EDIOP-5.1.7-17: 51% of contracted grants focused on micro-regions lagging behind
5.2 Project example Matyodesign Center

EDIOP-5.1.3-16-2017-00007

• **Matyodesign** is a fashion nonprofit company which created employment for local women in Tard, a community in Northern Hungary famous for its colorful embroidery by applying embroidery to modern fashion clothes and contributing to preserve local folk heritage.

• The project offered training and employment for 5 local women, renewed their webpage and web shop design, actively used online and offline marketing tools. They renewed their infrastructure in Tard and purchased equipment, among them sewing machines.

• Project amount is **94 000 euro**

• Project duration 2017-2019
6 Financial instruments

EDIOP-8.8.1-17: 9,6 M EUR Loan product for boosting employment

**Target group:** social economy entities and newly founded micro-enterprises

**Main conditions:** 1 duly closed business year and pre-assessment of project or certificate of support project (EDIOP-5.1.2-15) that the company is considered as social economy entity

**Eligible activities:** investment related to company development, purchase of stocks and supplies

**Eligible costs:**
- Purchase of property;
- Building, renovation, reconstruction;
- New equipment and conditionally used equipment;
- Immaterial rights only with other investments;
- Wage and wage related costs;

**Size of loan:** 2 800-14 300 EUR
**Payment period:** 5-15 years
**Interest:** 0%
**Value of collaterals:** 50%

**Number and amount of submitted claims:** 147 / 6 million EUR, average loan amount: 40 416 EUR
**Number and amount of positive financing decisions:** 62 / 3,3 million EUR
**Number and amount of loan contracts:** 58 / 3,25 million EUR
7 LESSONS LEARNED

We are proud of:

- Complex portfolio of support project, grant schemes and loan product
- Long term assignment for support structure
- Assessment framework combined with coaching offered proved to be a strong tool of further development for social economy
- Simplified procedure for grant selection owing to assessment framework

Disappointments:

- Moderate interest in loan product - further efforts and assessment tools required to shift attitude towards social economy actors as new types of clients at financial intermediaries of loan product (banks)
- Joint funding (RF and NRF in parallel) was not possible, projects can not be sliced to RF and NRF parts according to financial intermediaries

Still to do:

- Dissemination, raising public awareness of labelling/certification activities, evaluation
- further development of self-/ assessment tools incl. tools for-profit
- strengthening the strategic framework for social economy development
Supporting small scale innovation

- Increased the willingness for innovation - SMEs realized that they have innovative activities;

- Low level at willingness of cooperation among business actors - Initiating joint R&I projects – cooperation between research and business sector;

- Complex development of projects (EDIOP-1.2.1): infrastructure, building, technology modernisation, ICT, training, know-how…;

- Instead of general SME development programmes focusing on specific sectors, topics:
  - Manufacturing industry;
  - Job creation at less developed areas;
  - Initiating SMEs to implement Industry 4.0 solutions;
  - Supporting high growth companies;

Change of attitude: moving from non-refundable grants toward refundable instruments; Start using combined instruments;

Financial instruments

Project selection

Introducing simplified procedure: well defined call for proposals;

THANK YOU FOR YOUR KIND ATTENTION!

Managing Authority for Economic Development Programmes

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