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Policy Paper Joint document



SENS NETWORK

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The content of this publication does not necessarily reflect the official position of the European Union.

Executive Summary

This “Joint Policy Paper” has been prepared within the framework of the project SENS NETWORK SIH217 within the framework of the Interreg V-A Slovenia-Hungary Cooperation Programme. The target audience of this joint document in both countries are those actors and decision-makers who have influence over the regulation of the legal and financial environment of social enterprises, on local or governmental level. We also want to help social enterprise actors or stakeholders to learn about and reflect on the problems and suggestions we have identified, and to approach local decision-makers in their areas of interest based on their comments and suggestions.

During the project implementation a research was carried out both in Hungary and Slovenia, that reflects on the current economic situation, regarding social enterprises. It can be downloaded from the website of the Zala Green Heart Rural Development Association at www.zsz.hu. In the first half of this document the results of this research are described.

In the second part of the document the legal and financial regulation/background of social entrepreneurship is presented shortly in Hungary and in Slovenia. We outline the bottlenecks in the sector, the available feedbacks and suggestions and the problems to be solved.

The final chapters contain the suggested solutions and measures to resolve problems described in the document, they are supposed to be the most crucial parts of the documents in regard of usefulness of „SENS NETWORK” project.

In the „Joint Policy Paper”, just like in the other documents, which were prepared during the project, we also focus on social cooperatives, because in our opinion, the necessary conditions for the operation of a social enterprise are mostly available in this organizational form.



1. Ecosystem of social entrepreneurship

Social entrepreneurship is becoming an increasingly topical topic in the business, political as well as professional public. Depending on the different traditions, different manifestations and views on the role and importance of social enterprises are developing in individual EU countries. The diversity of views on social entrepreneurship also results in a wide variety of organisational and legal forms, purposes, cultures, sizes and orientations of business entities that identify themselves as social enterprises. It includes organisations such as cooperatives, associations, mutual societies and foundations, and more recently, special forms of social enterprise have joined them. It is very difficult to integrate all these organisations of different types into a unified scheme in view of the basic characteristics that are supposed to define a social enterprise, since they have different legal organisations, depending on the national and cultural context.

Given the wide range of positive social impacts of social entrepreneurship and the many potentials both in terms of improving the quality of life and providing workplaces in the local economy, **awareness of the importance of social entrepreneurship and the need to build an adequate supportive environment or ecosystem of social entrepreneurship has increased within the EU.**

In 2011, the **Social Business Initiative (SBI)**¹ was launched, which outlines the most important EU and individual countries' measures to create an ecosystem to promote social enterprises. Since the launch of the Initiative, 16 member states of EU have adopted new legislation in the field of social entrepreneurship. 11 countries have formalised formal strategies or policies to support the development of social enterprises.

The Strasbourg Conference, held in early 2014, which further brought together key representatives of the social economy sector in Europe and resulted in a **Strasbourg declaration**², further emphasised the responsibility of cooperation between institutions of all levels (from EU to local) and sectors (public, private, NGO) in further developing the ecosystem of institutions of the supportive environment for social enterprises.

At the end of 2014, a study was published – “A Map of Social Enterprises and Their Eco-Systems in Europe”³, in which the authors establish that individual elements of the ecosystem for social

¹ European commission. (2011). Social Business Initiative SBI. Vir: http://ec.europa.eu/internal_market/social_business/index_en.htm (1.2.2020).

² European commission. (2014.a). Strasbourg declaration. Vir: http://ec.europa.eu/internal_market/conferences/2014/0116-social-entrepreneurs/docs/strasbourg-declaration_en.pdf.

³ European commission. (2014.b). A map of social enterprises and their ecosystems in Europe. Vir: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2149>.

enterprises in most European countries are still in the initial stage of the development, but gradually shape into a comprehensive system of policies of the supportive environment.

The ecosystem of social entrepreneurship is a complex and dynamic socio-political phenomenon that is constantly evolving. According to the latest comparative analyses of social enterprises and their ecosystems in Europe (**Social Enterprises and their Ecosystems in Europe – comparative synthesis report**)⁴, it is built on four pillars:

I. The ability to self-organise civil society, including the expression of civil initiatives and the formation of networks and mutual support mechanisms, which is crucial for the development of bottom-up social entrepreneurship.

II. The visibility and recognisability of social enterprises includes political, legal and organisational recognisability and autonomy.

III. Access to resources, which includes both financial (grant) and fiscal incentives for establishing and developing social enterprises, as well as access to markets and returnable resources.

IV. Research, education and skills development in specific areas relevant to social enterprises.

The ecosystem of social entrepreneurship is therefore a combination of different factors that are present in all countries, while their relative importance or development varies between countries. In any case, they are a web of factors that greatly influence the emergence, development and performance of social enterprises. They must be designed to remove key obstacles and constraints to the development of social enterprises.

⁴ European Union. (2020). Social enterprises and their ecosystems in Europe; Comparative synthesis report. European Union, 2020.

2. Development factors of social entrepreneurship in Slovenia and in Hungary

Social economy enterprises (VSEs, SMEs and large enterprises), such as cooperatives, mutual societies, associations, foundations and other organisations and social enterprises are part and parcel of our societies, operating in all sectors of activity and sharing the foundational characteristics of the social economy.

The success of any business activity depends largely on external conditions or environmental factors that encourage the efficient use of available resources for the development of an entrepreneurial idea. Due to the importance of achieving social goals, social enterprises often encounter misunderstandings and barriers to providing a stimulating business environment.

When planning to promote the development of social entrepreneurship, the needs of key stakeholders of social entrepreneurship in Slovenia should also be taken into account, which therefore relate primarily to the elimination of these barriers and can be summarized in five areas:⁵

Legal and regulatory framework

- Laws and statutory acts should treat all companies belonging to the social entrepreneurship sector equally.
- A comprehensive and transparent system of rules of operation and possible supports should be established within the regulatory system, which should be specified according to the organisational form, the target group it employs and the type of activities of the social enterprise.
- Fiscal incentives and tax exemptions should reflect the real positive social effect of social enterprises and should compensate for the higher costs of lower productivity associated with achieving positive external effects (social benefit, environmental sustainability, reintegration of persons of vulnerable groups, etc.). In this field, social enterprises in Slovenia are insufficiently

⁵In the systematic review of the needs of key stakeholders in social entrepreneurship and the creation of a set of instruments / measures to promote social entrepreneurship in Slovenia, we relied on the methodology developed by OECD. (OECD/European Commission, 2013).

cared for and should extend the system that applies to employment of persons with disabilities and is in line with EU regulations on authorized forms of state aid.

Provision of financial resources

- It is typical for social enterprises to finance their activity through a combination of market and non-market sources (government and EU subsidies, donations, volunteering); we are also talking about hybrid financing.
- Financing in the form of state and EU subsidies has proven to be crucial especially in the start-up phase of social enterprises, when the activity is just developing and both material investments and human resources training are needed. In particular, for companies that have evident positive external effects, subsidies should also be provided on a permanent basis, in particular to support professional work with vulnerable groups and to manage them.
- Bank loans are difficult to access for social enterprise or can be obtained in Slovenia under the same or even more difficult conditions than ordinary companies.
- Financial innovations in the field of social investment need to be accelerated in Slovenia as well. Namely, the trend of “Investing with social influence” is developing more and more abroad, in which the generation of measurable environmental and social effect is also important in the investment assessment, in addition to financial profitability.
- The need to develop a methodology to monitor the positive external effects of social enterprise performance, as they are a key criterion for investor decision-making.

Market access:

- Providing access to markets for products and services is crucial for social enterprises seeking to strengthen their sustainability.
- To this purpose, there is a need to strengthen management and marketing skills in social enterprises and to provide competencies for designing and implementing effective marketing strategies.
- Equal access for social enterprises to the programs and instruments of the supportive environment for SMEs already developed must be ensured. For individual support measures, it

can be seen that they are not intended for the organisational forms most common in social enterprises.

- Access to public procurement markets is a particularly important area. Social enterprises are handicapped if the only criterion for selection is price. The social and environmental effects of the performance of the contract should be added to the criteria and at least to a certain extent the whole public sector should be obliged for such a procurement system.

Support services for the development:

- It is important to adapt the existing support environment with existing institutions and the provision of support services to the needs of social enterprises, but is necessary to develop a specialised support environment for social enterprises, which will be able to respond to the specific needs of social enterprises and provide them with appropriate services.
- Of particular importance is the need to network social enterprises and to ensure the functioning of organisations that connect social enterprises to cooperatives or associations. This provides a supportive environment between the social enterprises themselves, establishes a system of advocacy and representation and the possibility of mentoring knowledge transfer between experienced and new social enterprises.

Education, training and research:

- Cultivating a culture of social, inclusive or socially responsible entrepreneurship can only be achieved by integrating these contents into school and university curricula.
- Training should be introduced to acquire specific areas of skills necessary for a successful work in social entrepreneurship, incorporating both entrepreneurial skills in general and specific knowledge of activities developed by social enterprises. In addition to these skills, programs to promote social inclusion and vocational rehabilitation should also be included in the programs.
- The wide involvement of different target groups of participants in training programs must be ensured. These are not only social entrepreneurs or employees in social enterprises, but also civil servants and representatives of the non-governmental sector.

Supportive organisations of social enterprises in Hungary

In Hungary, there are organisations that can provide professional assistance in setting up and running social enterprise.

OFA Nonprofit Ltd.

OFA National Employment Public Benefit Nonprofit Limited Liability Company is a non-profit organisation, whose aim is to promote employment and job retention, to support innovative forms of employment, and to implement programs and projects for employment and labor market integration.

Through its activities, it intends to contribute in a measurable way to the development, mediation and provision of resources necessary to promote employment, to the development of innovative tools for labor market interventions, to generate processes resulting in additional employment and job retention, and to manage labor market crises.

The national Public Employment Foundation (OFA) and later OFA Ltd. has been committed to supporting the strengthening of the social economy in Hungary for a decade. Since 2005, it has helped social cooperatives formed from tender funds, and the collection and dissemination of relevant information, knowledge and experience has taken place in the framework of several of their projects in the recent period. It helps social enterprises / social cooperatives in several ways: consulting, project development, project and operational support from sources.

Contacts:

Central Customer Service Office

Address: Lajos street 80 (II. floor); Budapest – 1036

Tel.: +36(1) 555-2900, email: info@ofa.hu

Western Transdanubia Customer Service Office

Address: Kőszegi street 2; Szombathely – 9700

Tel.: +3694/887-003, +3694/887-004, email: info@ofa.hu

www.ofa.hu

NESsT

Despite significant economic growth in the Visegrad countries – Hungary, Czech Republic and Slovakia – in recent years, many people are in difficult situation to find work, which helps to support their

families. These troubled groups are the rural workers, people with disabilities and minority groups. NESsT's investments in the Visegrád region focus primarily on social enterprises, that help the disadvantaged group to get training and employment opportunities, which help them to earn an adequate income and support their families.

NESsT invests in social enterprises that create decent jobs for disadvantaged people. It provides customized financial and business development support to social enterprises in emerging market economies as part of a long-term incubation program. They help the development of these organisations from the startup phase until they become a stable, growth-oriented business. Through their business activities, organisations provide their communities with the knowledge, skills, and technology they need to improve their livelihoods and create a dignified future.

Contacts:

Address: Berzenczey street 19; Budapest – 1094

Tel.: +36 1 267 02 31

www.nesst.org

NIOK

The mission of the Nonprofit Information and Training Centre (NIOK) Foundation is to make the civil society in Hungary stronger and more important through the work of non-governmental organisations. They are developing programs that improve the professionalism and effectiveness of organisations and strengthen the relationship of the civil sector with public administration, business and society as a whole. A strong, bottom-up civil society is considered a core value. In fulfilling their mission, they serve to strengthen the value creation of non-governmental organisations, and to do so in an efficient, sustainable and transparent manner.

Contacts:

NIOK Foundation

Address: Maros street 23; Budapest – 1122

www.civiltech.hu/contact

LEADER Local Groups and its work organisations

The LEADER membership of local groups consist of three spheres – civil, business, local government. All LEADER Local Groups have a work organisation in each region. Their main goal and task are to generate, implement and manage regionally oriented rural and regional development programs and projects, and to implement the LEADER program at local level.

LEADER work organisations can provide assistance to social enterprises and social cooperatives in project development, writing tenders, contact with other local organisations, and cooperation.

Contacts:

www.umvp.kormany.hu/umvp-hacsok

Civil Information Centers

The network of Civil Information Centers (CICs) is operated and controlled by the Minister for Social and Civil Relations. The support and service network started operating on July 1, 2012. The non-governmental organisations operating the CICs have set up offices in all countries and in the capital and are waiting for the representatives and employees of the non-governmental organisations in need of advice, assistance or information. The task of the CICs is, among other things, to provide professional support for the operation of non-governmental organisations, to strengthen their sustainability, and to promote the regular use of subsidies provided from the subsystems of public finances. The main services provided by the Civil Information Centers are as follows:

- Assist NGOs in fulfilling their administrative responsibilities,
- Provide information on funding opportunities, calls for proposals,
- Offer practical assistance and personalized advice to non-governmental organisations (legal, public benefit, financial, accounting, tax, application methods, techniques, computes management)
- Facilitate communication and encourage cooperation both within and between sectors.

Contacts:

Zala County:

Tel.: +36 92 707-626,

Address: Kossult Lajos road 47-51; Zalaegerszeg – 8900

Email: info@zalacivil.hu www.zalacivil.hu facebook.com/ZalaCivilinformaciosCentrum

Vas County:

Tel.: +36 30 5858 322;

Address: Horváth Boldizsár Boulevard 9; Szombathely – 9700

Email: vasicic@gmail.com kriszta.nagy.vasicivil@gmail.com

www.vasicivil.hu www.facebook.com/vasicic

Other support institutions (in Zala and Vas County)

- Hegypásztorkör – Oszkó: 06 30 151 614, hegypasztorkor@oszko.hu
- Kerekerdő Foundation, Szombathely: Gyöngyössy Péter, 06 30 395 6624, kerekerdoalap@gmail.com
- Zalai Falvakért Association, Zalaegerszeg, Kossuth utca 47-51, Tel.: 36 92 511 260, zalafalu@t-online.hu

3. Suggestions

3.1 Suggestions to promote social entrepreneurship in Hungary

In the 2018 publication of the European social economy, the European Economic and Social Committee identifies four main obstacles, which hamper the development of the social economy⁶:

- Lack of knowledge and understanding of the social economy, the concept of social enterprises and other related concepts in public discourse and academia
- lack of leadership, strategies, and specialized government agencies;
- missing or inadequate financial and tax plans;
- institutional barriers.

According to the study, these obstacles also exist in Hungary, and the research, which was carried out in the SENS NETWORK project, also supports this. In the following, we formulate a general set of

⁶ EGSZB 2018: 6.

proposals that can be a starting point for decision-makers in this field, and then, through an example, we present a case study with problem-solving and solution proposals to functioning social enterprises.

General suggestions for decision makers

In connection with the identified shortcomings and problems, the following solutions can be formulated for each topic area:

- **Harmonising legislation**

In Hungary, there is no coherent system of legal conditions for social enterprises, basically Act X of 2006 on Cooperatives, Act CLXXV of 2011. Act CLXXXI of 2011 on the court register of civil organizations and the related procedural rules, as well as Act 479/2016. (XII. 28.) Government decrees shall prevail. The different legal environment stems from the fact that social enterprises can be diverse, established and operated in different organizational forms.

At national level, it would be appropriate to regulate organizations with different organizational forms but which can be considered as social enterprises by virtue of their activities, so that they can be granted uniform operating and / or financial benefits, which are in most cases essential for social enterprises.

- **Providing predictable financial framework conditions**

Almost all social enterprises are struggling with ongoing liquidity difficulties, which can be traced back to the following elements:

- **non-market based operation:** in many cases the activities of the organizations replace or supplement municipal or state tasks, which tasks are free of charge or loss-making
- **based on project operation:** the majority of social enterprises supplement the income from continuous activities with tender funds or other subsidies and target benefits, which are for a definite period of time (from financial view), but it needs a maintenance obligation. In the medium and long term, businesses cannot plan with this type of financial resources
- **lack of confidence of credit:** typically, lending to a social enterprise is much more difficult than lending to a market-based company, and credit institutions and banks expect much more collateral, even for profitable organizations.

It is recommended to create a national / local financial fund, which is provided for a minimum of medium term (3 years) for each applicant, if it performs the undertaken socially useful activity in accordance with the contract.

- **Providing support services for social enterprises (designated organizations, mentoring network,..**

The establishment and sustainable operation of social enterprises is difficult in most cases, even though the founders behind the organization stand in vain with good and feasible ideas and answers to local social problems if they cannot find their way in legal, financial and other regulatory issues. In our view, an established institutional system that could provide advice to social enterprises free of charge it would definitely help them. It can mean a solution e.g. to integrate the operation of the mentoring network providing consultant services into the work organizations of the LEADER groups and / or to involve them in the activities of the civil service centers.

- **Implementation of education, knowledge transfer and regular further training**

Education / training projects are needed in all regions to get to know, recognize and develop social enterprises. The implementation of education and training must be implemented by the already successfully operating social enterprises and mentoring organizations. On the one hand we need financial resources, on the other hand we have to make the participation of implementation of education and training programs compulsory in the tenders for social enterprises .

There are two groups of education and training:

1. Formulation of attitudes in order to increase the social awareness and acceptance of social enterprises:
 - Target groups: Primarily local governments, micro-regions, governmental institutions
 - Forms: Thematic Open Days, Presentations – Extensive acquaintance of successful and creative organizations for changing attitudes, discovering the potential of social enterprises, recognizing their social task
2. For target groups, who starting/operating social enterprises/social cooperatives:
 - Thematic Open Days, Presentations
 - Job shadowing: practical training related to everyday activities and study tours

- Connection to knowledge sharing and experience exchange projects and programs

The need for a change of attitude towards social enterprises

Social economy/solidarity economy/“third sector” companies are all guided by common values such as solidarity, social cohesion, the priority of the individual over capital, social responsibility and democratic corporate governance. For them, profit is not the goal, profits are returned to the company and society.

So the social economy is an alternative form of enterprise that continuously combines the general interest, economic performance, social aspects and democratic functioning, together representing ten percent of European companies, representing two million businesses and six percent of employment in the EU. In this way, the social economy is a fundamental element of the European socio-economic model.

(<https://www.eesc.europa.eu/>)

One of the main “tools” for the implementation and approximation of sustainable development is the eco-social market economy, without which sustainability cannot be achieved.

In the current - in the long run (?) - completely unsustainable economic environment, social enterprises are the forerunners of eco-social market management

In the current socio-economic environment, social enterprises are models to be followed on the one hand, and experimental “subjects” on the other, to what problems they face, how successful they can be, what and how to change in the economy, society for sustainability, eco-social market management. They are important models/experimental subjects, because more and more people will embark on this path in the near future.

Due to the above, it is extremely important to get to know social enterprises widely, to increase their social acceptance and prestige, and the decision-makers of this time - at the local, regional and national level - have a great responsibility and opportunity. The local government's approach must be changed quickly and effectively, according to the current point of view of the local government the social cooperative is a gathering place for “problematic” labor,. This approach can be changed primarily by introducing successful and creative organizations and projects.

3.2 Suggestions to promote social entrepreneurship in Slovenia

Social entrepreneurship can make a significant contribution to more efficient use of available resources and as well to improving the competitiveness of the Slovenian economy, while also

contributing to social inclusion based on training and employment of persons from vulnerable social groups.

Positive effects can be further enhanced by the design and implementation of policies that support the growth of the sector and are directed to different areas of competitiveness of the economy, social policies and policies in the field of education.

The intertwining of different sectoral policies must be designed in a way that will enable coordinated action and synergistic effects of all instruments of measures in individual areas.

In addition to the horizontal and vertical connection of planners and policy makers at all levels, it is also necessary to ensure that policy makers cooperate with social and business initiative makers.

Key areas for policy instruments action at both, national and local level.

I. Promotion of social entrepreneurship at all levels

- Involvement of social entrepreneurship in entrepreneurship education at all levels from vocational education to business schools and universities. Introducing young people to the content of social entrepreneurship is one way to attract young talents to the sector.
- Social entrepreneurship is also promoted through involvement in development strategies and documents at all levels and key areas.
- From the national strategy of the social entrepreneurship development, through programs of the cohesion policy and rural development policy to individual regional development programs and sectoral development programs.
- Within the promotional supportive environment (SPIRIT, VEM,...) support for the promotion of successful business practices in Slovenia and abroad needs to be ensured and networking with the purpose of transferring knowledge and experience between individual entities active in the field of social entrepreneurship need to be ensured.

II. Building encouraging legal and fiscal framework

- Ensure the harmonisation of the legal framework and operating conditions of the different types of companies belonging to the social entrepreneurship sector. Thus, in terms of organisational forms, which are regulated by different regulations, and in particular in

terms of equal treatment of support to different types of social enterprises, employing persons from different vulnerable target groups.

- At the level of by-laws and implementing acts governing the activity, both the economic and social dimensions of the objectives of the operation of social enterprises must be taken into account. The measurement methodology and the reporting structure about the achieving impacts should be adapted accordingly. It is only through broad coverage of the effects that it is possible to provide positive results of the cost-benefit analysis and quantitatively justify tax and fiscal incentives to the sector.
- The fiscal framework should also include incentives for the social entrepreneurship sector's activity, while harmonising it with both national regulations already applicable to organisations employing people with disabilities and relevant EU regulations on authorised state aid.
- Different solutions are possible, but most often, the increased competitiveness of social enterprises is ensured by a reduced VAT rate for their products and services, with reliefs from corporate income tax due to the employment of persons from vulnerable groups, and the introduction of "tax holidays" in the early stages of business is also possible.
- Investments in social enterprises can also be strengthened through fiscal measures by introducing tax exemptions for investments in social enterprises.

III. To provide sustainable access to financial resources

- Provision of guarantees for bank loans from public funds; thereby reducing banks' credit risks with regard to social enterprises and enhancing knowledge of the business of social enterprises in the traditional financial sector through business cooperation.
- Even within the banking system, it is necessary to provide more favourable resources for social enterprises and adjusted project treatment, which will take greater account of the social usefulness of their activities.
- Promotion of innovative forms of solidarity and ethical financing of social enterprises with provision of financial investments into funds, collecting also private means with the purpose to invest into companies, which also provide positive social effects besides financial ones. Such action of the funds of social entrepreneurship regulates EU order on

European funds of social entrepreneurship, adopted in European parliament in April 2013⁷.

- Support of public funds to the institutions that provide seed capital for financing the early stages of the start-up of social enterprises. Such funding can be provided from the European Structural Funds for direct financing of social enterprise projects or with the formation of national (as well as regional) social entrepreneurship development and investment funds.
- Financial resources for social enterprises can social entrepreneurship funds provide in the form of capital investments, subordinated bonds or in the form of loans.
- It makes sense for the latter to provide support services for new companies in addition to investment resources, as they can increase the sustainability of their operations. Additional services of social entrepreneurship funds that enhance investment security are possible in the form of business management consultancy and business model implementation, networking support for social enterprises and the development of new businesses, and advice on providing subsidies for the employment of the vulnerable social groups.
- Investment philanthropy is a more recent approach to the direct investment in companies, which should be promoted in Slovenia as well. It has transformed from a donation of funds to a charity into direct long-term equity investments in social enterprises or investments in subordinated bonds of social enterprises. This kind of investment policy is implemented either by institutional investors – specialised funds or by private individuals.
- Newer forms of fundraising for the financing of social enterprises include the so-called “Corwdfunding” – an online fundraiser to support the implementation of innovative entrepreneurial ideas, through which funds are raised at global level for social enterprises. At the Slovenian level, it is necessary to ensure the functioning of platforms that will enable local social enterprises to access global sources of funds, either directly or by supporting integration into globally recognised fundraising platforms.

⁷ https://ec.europa.eu/internal_market/investment/social_investment_funds/index_en.htm

IV. To provide development business services and supportive environment

- Upgrade of supportive environment services for companies, which will include informing and consultancy on all areas important for the start-up and operation of social enterprises, which in addition to the economic one, also includes their social dimension.
- Development and support of the functioning of specific institutions of a supportive environment for the development of social enterprises such as social incubators, innovation parks, social hubs, “co-working” spaces that include comprehensive support infrastructure (material, service, financial, consulting) and also an important component of networking of social enterprises or initiatives.
- Provision of the support for the transfer of good social entrepreneurship practices between individual regions within development programs and the encouragement of the expansion into new areas or sectors of activity.
- Ensuring the involvement of social enterprises and other social economy organisations in the provision of supportive environment services.
- Of particular importance here is the support for networking of social enterprises and support for the functioning of the mutual support structures within the sector.

V. To provide access to new markets

- Facilitate the access of social enterprises to public procurement by adapting public procurement rules to ensure the mandatory proportion of procurement of goods and services by social enterprises or by companies employing a certain proportion of persons from vulnerable social groups.
- Ensure social enterprises more equal access to social welfare service markets by introducing the same criteria regarding the efficiency and quality of services for all providers (including the public sector).
- Establish trust between local communities and social enterprises through informing and mutual understanding and raise awareness about the joint pursuit of socially beneficial

goals. This can accelerate the cooperation and greater involvement of social enterprises in the provision of services to the local community.

- Development of comprehensive training programs on specific aspects of social entrepreneurship, intended for different target groups (entrepreneurs, public workers, unemployed persons, NGO, etc.)
- The state and / or regional authorities must support training programs for the management of social enterprises in order to improve their competitive position.
- Provide training for social enterprise staff on procurement procedures and requirements for the preparation of tenders.

VI. Support to further research

- Incorporating contents related to social entrepreneurship into the programs of public research institutes and universities can provide a methodologically justified basis for monitoring the action and needs of different forms of social enterprises and measuring the social impact of their activities.
- Support for integration into European research networks and projects that they implement contributes to a better flow of knowledge between countries as well as across different institutional sectors.
- Research institutions also provide conditions for connecting researchers, policy makers and social entrepreneurs into groups (project, program, research, etc.), within which knowledge and information transfer, mutual learning and competency building take place.



4. Action plan

During the implementation of SENS NETWORK project (registration number: SIHU217) in the framework the Interreg V-A Slovenia-Hungary Cooperation Programme, based on the consultation between the Slovenian and the Hungarian partners and as a result of the comparison of the bilateral Policy Paper documents we suggest the following Action plan. The Action plan is not compulsory, nor complete (partly because the listed tasks are related to several actors, whom can be only encouraged by social enterprises), however it can serve as a guideline and starting point for the decision-makers working in this area.

Nr.	Activity (Steps)	Expected results	Responsibility/decision level	Time period for the implementation of the activity
1.	Carrying out further sectoral analysis, based on the results of the survey implemented in the framework of the SENS Network project	Including and assessing feedbacks and additions among the social enterprises of the border region, based on the situational picture presented in the SENS Network project.	Project partner	Short term, preferably during project implementation period
2.	Creating a Slovenian-Hungarian cooperation network from the social enterprises of the border region, in order to build on the synergies and comparative advantages	Organising an annual joint conference for the social enterprises in the border region, creating a joint online business platform	Project partner, regional/including sectoral bodies on county level	Medium term
3.	Ensuring a significant role for the social enterprises in the crossborder cooperation programmes of the 2021-	The operating aids or the number of opportunities and sources regarding the area of operation for social enterprises are lower than necessary, it is national	National, Managing Authority, Governmental	Medium term



	2027 programming period	interest to direct the available sources to the social enterprise, the greatest extent possible		
4	Preparing further cooperation opportunities for the crossborder cooperation programmes in the 2021-2027 programming period	Preparing applications for the Slovenia-Hungary Cooperation Programme, Central Europe Transnational Programme, Danube Transnational Programme	Project partner	Medium term

1. table: Action plan (edited by DDTG)

5. Sources

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