



Action Plan (D.T3.3.1)

**created by the Hungarian Charity Service of
the Order of Malta**

and

the KONETT Team

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GENERAL INFORMATION

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1. BACKGROUND

Results of the SENTINEL project

SENTINEL is a project in the framework of the Interreg Central Europe Programme. The project was running from 2017 to 2020. With a total budget of 1.952.166,05 EUR ten partners and several associated strategic partners from six Central European countries and regions worked together to improve the skills of social enterprises (SEs) in underdeveloped regions.

SENTINEL aims to reduce regional inequalities and improve the economic performance of disadvantaged regions of Central Europe by empowering social enterprises to effectively contribute to the local economy and job creation. The project, too, wants to better exploit SE's role in social innovations. The project creates a novel service model that uses support techniques adapted to the territorial and operational specificities of social enterprises, which can facilitate their sustainable and market-compatible operation and competitiveness. SENTINEL actions contribute to improving social enterprises' knowledge, managerial skills, entrepreneurial mind-sets and culture. They also contribute to better exploiting economies of scale thanks to effective networking.

SENTINEL activities and transnational cooperation bear several results: With the help of a validated support model, which is tailor-made to the specificities of the various regional contexts (tested in 5 countries), social enterprises can better fulfil their role in social innovation and inclusive growth. They will be able to turn innovative social ideas into viable and sustainable business models. At the same time, partner institutions gained significant capacities and knowledge in social enterprise support and smart development of service provisions. Operators and managers of social enterprises involved in the project have strengthened their entrepreneurial competences in the starting up and long term management of their businesses, as well as in networking. In the longer term, these more competitive and financially sustainable SEs will deliver more marketable products and services, and, ultimately, social impact.

1.1. Needs of Social Enterprises

As a first step of the activities, the project partners (HCSOM and KONETT) made a detailed analysis about the social enterprise sector in Hungary. The main focus of the research was the needs of the SEs. Among other things, there is a significant need to improve the collaboration among SEs to start networking initiatives based on common interests and also to provide tailor-made organisational support. In general, in conjunction with these needs, the main objective is to help them to develop their market presence.

The other main problem is the shortage of capital. Not only the financial capital and working capital are missing in the organisations, but the lack of knowledge capital (on business skills) and relation-social capital is also a big challenge. The problem of the markets, the questions of leadership and management, the shortage of supporting and financing, the lack of a strategic ecosystem are also major challenges in the everyday operation of the social enterprises.

The main goal of the planned activities is to give some solutions for these sectoral problems.

1.2. Social Enterprises supporting ecosystem in Hungary

In Hungary, the business ecosystem of social enterprises has not yet been totally established. Special legislation is missing, and only social cooperatives have their own regulation. Strategies for the sector are also lacking, only some employment policy plans and documents refer to the importance of social enterprises. From the governmental side, in the last decade, the development (financing and supporting) of social enterprises has been exclusively project-based. Based on EU funding, significant results have been achieved with the help of these governmental programmes. On the other hand, the non-profit sector (civilians, supporting foundations with an international background, etc.) also achieved significant results in the development of social enterprises. In recent years, some financing programmes have started, with the cooperation of banks.

There were several initiatives in Hungary for the support of social enterprises. Lot of them are still on-going, but many were project-based and will end soon. On the whole, it can be said, that a well-organised and coordinated supporting ecosystem is missing in Hungary, especially in the field of markets and sales. Therefore, a new and well-targeted support infrastructure is justified.

1.3. Pilot Actions - Description of the Hungarian Pilot Action and its outputs

The results of the pilot activities also confirm the need of a new support system. In Hungary 7 social enterprises were involved in the pilot services. They not only received tailor-made mentoring support, but a very detailed needs and functional analysis was also carried out. The common and individual development process showed that there is a general challenge. The SEs have a weak market presence, which is a problem they could not solve individually. Generally, they do not have enough financial, partnership and experimental resources to improve their market and sales capacities.

The most successful element of the pilot action was the strengthening of the partnership and cooperation between the organisations involved. The participants were very satisfied with these activities and clearly stated that this gave a real added value and learning experience. Joint workshops provided them with the opportunity of meeting each other and thinking together about common issues, while through these events they benefitted not only from the exchange of experience, but they also gained practical and useful knowledge.

The Hungarian pilot had another goal: to create the basis of an SE network with the contribution of HCSOM and KONETT. The first steps have already been taken and there is a great need for collaboration among the participants.

As a result, the pilot activities strengthened the vision: There is a place for a new network-based supporting service especially in the field of the market and logistics.

1.4. Influence on the labour market and amount of funds foreseen to be leveraged based on project achievements

In terms of financial and employment results, during the project IICSOM and KONETT have contributed to the development of EU project proposals of the SEs involved in the pilot. These applications are aimed at the provision of new services and corresponding job creation. The funds leveraged via these applications might total 120,000 EUR, provided the applications will be granted. 37 jobs are foreseen to be created.

We also hope that all pilot participants will generate at least one more regional project apart from the applications submitted during the project.

To keep the present workforce in employment during the next years is also a challenge. HCSOM & KONETT will support the pilot participants with facilitating their networking efforts. We consider knowledge transfer in terms of marketing and management competences an important multiplying factor on the labour market, too.

1.5. Trends and future challenges

The trends are negative in the Hungarian social enterprise sector. The biggest question is the start of the new development period of EU subsidies. In the current period (2014-2020), there were only limited resources available for the development of SEs. Currently, the information on the future priorities of the next development period is scarce. It is unclear whether there will be any financial support for the whole sector. So, for the next years the biggest challenge is how the SEs will be able to solve their developmental needs.

It seems the expansion of the SE sector ended in the last decade. There was a kind of selection process; only the marketable and efficient organisations will be able to survive in the future. The supporting and incentive elements are still missing from the sectoral policies and no deep changes are expected in the next years.

For these reasons planned services are required, the details of which are outlined in the Action Plan below.

2. CONCEPT OF THE SOCIAL ENTERPRISES SUPPORT SCHEME/SERVICES

2.1. Vision of Action Plan

HCSOM is envisaged as a coordinating organisation for SEs in terms of market presence and KONETT as a supporting, consulting and training organisation. The support for the SEs shall be sustained through market coordination and a professional network. HCSOM will serve as a one-stop shop for networking in the underdeveloped regions and will integrate the SENTINEL project's professional results in the next several years' regional and local economic development. HCSOM will integrate project results with other domestic and international projects' output and will engage in a wider stakeholder involvement in supporting SE networking on the market.

2.2. Objectives and priorities of the Action Plan

The Hungarian project partners' aim in the project has been to support SEs and related organisations with intangible, practical and manageable tools in order to make them capable of improving their business performance. The mentoring pilot was aimed at partly increasing the ability of these organisations to develop in the market with organisational and management development, and, on the other hand, at sharing knowledge, information and market opportunities among them.

With this Action Plan HCSOM and KONETT aim to provide sustainable support in the forms of various methods, tools and services.

Priorities will be

- 1) to keep pilot SEs growing and sustaining their socially valuable activities and services after the project ends;
- 2) to strengthen the networking of the pilot SEs with support from Hungarian project partners and other stakeholders;
- 3) to expand the network with other partners and multiply the effects of market presence and business reach of the SEs in the project.

2.3. Planned actions

The actions planned to contribute to the above mentioned priorities are the following:

Action 1: The first service is related to logistics support for those SEs of the SENTINEL project, expandable for further organisations who would like to join the network established in the SENTINEL project. HCSOM opens a warehouse in one of the industrial areas of Budapest that will contain a separate section for SEs in the network. They can store their products in the warehouse upon agreement with HCSOM. They can also receive transportation support for various fairs and trade shows. The warehouse is within a couple of hours reach from various locations of the country. Interested SEs from underdeveloped regions could distribute their products more easily than presently. During the last period of the SENTINEL project a framework of agreement will be created with SEs that want to join. The opportunity of joining the warehouse facility will be promoted on the SENTINEL Facebook page and web pages of the Hungarian partners.

Two experts will be facilitating this logistical activity on a voluntary basis besides their current job at HCSOM, and a minor income is to be expected from the participating SEs. Scheduled start of action: 1 June 2020.

Action 2: According to the agreement, the KONETT Team will provide further mentoring assistance for pilot partners for free (on a contingency basis defined in the agreement) and for a reduced price for further joining enterprises.

Scheduled start of action: 1 June 2020.

Action 3: HCSOM will expand its branding activity for joining SEs in the network. The Máltai Manufaktúra (Maltese Manufacture) brand has been introduced in the market in December 2019 for several products of the HCSOM social enterprises, including those in the SENTINEL project. Upon further agreement, besides using their own brands and logos, joining SEs could use the Maltese Manufacture brand as further quality labelling for their products.

This action is currently in a preparatory phase, it is scheduled to begin in 2021.

Action 4: KONETT and HCSOM have started preparing a Hungarian version of the Handbook and Toolbox - with tailor-made modifications on the original materials, adding case studies about Hungarian SEs - this will be distributed among partners in the Hungarian SE ecosystem.

The document is prepared on a voluntary basis by experts of KONETT and HCSOM. It is due to be finalised by 31 May 2020, and it will be available online and in a few hard copies by the end of 2020/beginning of 2021.

Action 5: HCSOM and KONETT will introduce a campaign for raising public awareness towards SEs social added value.

HCSOM (without the use of extra funds) is compiling a document on the expansion of the employment focus of social enterprises in the current crisis. The aim is for social enterprises to be able to change the portfolio of their activities, to stabilise and for HCSOM to support their advocacy activities. The action includes the posting of all news, events and calls related to SEs on HCSOM's and KONETT's websites and Facebook pages. The implementation will be continuous.

Action 6: HCSOM and KONETT will advocate for the improvement of the supporting measures: partly in the legislative environment and partly for the financial ecosystem. On the basis of a very successful online stakeholder roundtable event held on 2 April 2020, meetings (meetups and webinars) will be organized on the issues of legislation and financing SEs. The policy recommendations elaborated in the framework of Sentinel are the means to foster this activity.

The implementation will be continuous, carried out by voluntary experts of HCSOM and KONETT.

Action 7: Hungarian project partners aim to organize concrete events for 1) SEs to market their products and for 2) stakeholders to be involved in the networking and advocacy process. A spring fair was scheduled but had to be postponed due

to the crisis, and will be held at a later date (with voluntary organisers). In October 2020 in the framework of the SETAN (Transnational Social Enterprise Advocacy Network) annual assembly in Budapest (funded by the grant of the Central European Initiative and HCSOM), a workshop will be organized on SE ecosystem promotion in Hungary.

Action 8: Hungarian project partners target to raise the awareness towards SEs economic and social value with closer cooperation with educational institutions, probably outreach events and seminars for secondary school and higher education students.

In autumn 2020, HCSOM is starting a campaign in secondary schools for students to spend their compulsory 50 hour community service at social enterprises. This will be linked to Action 5, as news related to this action will be disseminated in a similar fashion. This action will also be carried out on a voluntary basis.

Action 9: Hungarian project partners continue to monitor the development of advocacy and networking efforts by gathering feedback from participating partners, and plan the further actions accordingly.

After the project ends, Hungarian partners will prepare a detailed implementation plan, containing the details, and time frame of these actions.

According to the Quality Assurance section of this Action Plan, a Monitoring Team consisting of 3 voluntary members will be established. The Team will review the previous period at the end of every other quarter. The meetings are scheduled: fourth quarter of 2020, second quarter of 2021.

Action 10: In the final period of SENTINEL the COVID-19 pandemic has a considerable negative effect on the economy, especially on social enterprises which are not very resilient to changes in the market. Since during the epidemic direct sales opportunities (e.g. markets) are scarce, a transition to online sales is a solution. Impact Hub, a member of the Incorpora initiative coordinated by HCSOM is launching an online marketplace. This market will be open to the social enterprises mentioned in the SENTINEL project. They can register their organisation, products and

services free of charge, and sell them using a presales technique. The enterprises are only charged a symbolic 5% on their selling by the website. The website is <https://www.incorpora-halozat.com/veddelore>.

Funds have been secured for the operation of this activity. After the end of the SENTINEL project, HCSOM and KONETT are joining this initiative and will include the SEs mentored in the Pilot Action.

3. EXPECTED RESULTS AND TRANSFERABILITY

The expected results of the implementation of the Action Plan are the following:

- Involvement of at least 5 social enterprises into the logistics service, the mentoring support and the networking facilitation
- Strengthened market opportunities of the SEs involved
 - their turnover increases with at least 10%
 - the number of their business partners/clients increases
- Strengthened networking activities
 - higher number of workshops for network members (4 WS/year)
 - number of new network members (1 new member/year)
- “Survival” and recovery of SEs involved in the SENTINEL pilot actions and the network.
- Enhanced role of HCSOM and KONETT in the support and development of social enterprises

3.1. Stakeholder involvement in the development and implementation of the Action Plan

Stakeholders selected by the Hungarian project partners have been involved in the planning and baseline phase of SENTINEL as well as in the planning, implementation and monitoring of the pilot action. With the strong knowledge of these activities and their results, stakeholders have been able to participate in the design of this Action Plan. The main platforms for their involvement have been

the regular Stakeholder Roundtable meetings, where the exchange of views and experiences happened in a coordinated way.

In the middle- and long term the involvement of stakeholders in follow-up activities are planned in the following way:

- When striving for the aims detailed in the policy recommendation, Hungarian project partners will involve the SENTINEL associated strategic partner, the Ministry of Interior and other state organisations, in setting up the conditions for the legislative changes. HCSOM and KONETT count on the Ministry of Interior to champion this process.
- Hungarian project partners aim to involve chambers of commerce and economic associations of the regions of the project in supporting regional networking.
- Hungarian project partners wish to work closely with educational institutions in the regions in raising awareness of the importance of SEs.
- All stakeholders (including social enterprises, ministries, government agencies, SMEs, financial institutions, etc.) involved in SENTINEL in Hungary will be invited to follow and monitor the implementation of activities described in this action plan. Forms of their involvement will be defined before the project ends.
- New stakeholders connected throughout the implementation of the Action Plan activities will be invited to the existing pool creating a valuable source for knowledge transfer and peer review for our activities.

3.2. Transferability potentials

Certain elements of this Action Plan, after further elaboration, full scale implementation, monitoring and evaluation may be offered as good practice to similar second level organisations which strive to support social enterprises in their regions or countries.

Out of the actions listed in point 2.3., the following have the greatest potential for replication:

- Logistical support to social enterprises and their networks

- Collective branding
- Networking facilitation and management

As part of the project, the Transnational Social Enterprise Advocacy Network (SETAN) has been set up, prepared its first working plan and Hungarian project partners will contribute to the tasks detailed in the working plan. Through this Network, as both Hungarian organisations are members, learnings and success of the Action Plan can be disseminated to SE support organisations in Hungary and in Central Europe.

HCSOM and KONETT will cooperate with the EUCLID network in transferring experiences of the project and the Action Plan to a wider European audience.

4. QUALITY ASSURANCE

The following plan describes the approach and principles of quality assurance, which needs to be designed in order to follow up and monitor the planning, implementation and evaluation of the activities of the Action Plan.

The quality assurance approach is based on the principles of sustainability:

- Participation - Participation of partners and stakeholders in decision making process;
- Resources - Manage the resources and seeking new information about them;
- Common values - Keeping in mind and preserving the common values that are established in the Sentinel project.

A part of the quality assurance system a Monitoring Team will be set up with three members, one from HCSOM, one from KONETT, and one from the social enterprises network. The Monitoring Team will hold a meeting every other quarter where it reviews recent activities and assesses the risks that may affect them.

The assessment shall take into account the following:

- Financial resources (financial resources available for certain actions)

- Infrastructural assets (equipment and infrastructure necessary for the implementation of actions)
- Human capital (all professionals and staff available to carry out the actions)
- Social desirability (needs articulated by the society)
- Economic sustainability (monitoring the economic viability of the actions)
- Technical feasibility (technical parameters required to implement the actions)
- Operational viability (evaluation of the success and effectiveness of actions)
- Environmental sustainability (positive or neutral impact on the environment)

The quality assurance process will lay special emphasis on the monitoring and evaluation of the results described in point 3. In order to do this, qualitative and quantitative data will be collected and analysed by the members of the Monitoring Team.

ANNEX I.

Declaration of intent

On behalf of the decision-making body of Hungarian Charity Service of the Order of Malta I, the undersigned, hereby declare, that the Action Plan designed in the framework of the SENTINEL Project was endorsed and adopted by our organisation.

Date 05.26.2020.



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Győr-Dani Lajos
Hungarian Charity Service of the Order of Malta
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ANNEX I.

Declaration of intent

On behalf of the decision-making body of KONETT Hungaria Nonprofit Ltd I, the undersigned, hereby declare, that the Action Plan designed in the framework of the SENTINEL Project was endorsed and adopted by our organisation.

Date: Budapest, 2020 May 18



Peter Nagy, CEO
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