

SOCIAL ENTERPRISE CERTIFICATION SYSTEM IN HUNGARY:

An alternative to legislation?

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Background on social enterprise and its legislation

- **Nascent ecosystem:** government/EU funding plays a major role
- Generally serves the purposes of government by **creating a definition** and thus **eligibility criteria** for public funding and other benefits
- Does not exist in Hungary and no plans to introduce one



- Alternative: social enterprise **certification system** as key component in Operational Programmes

Objectives

- Aid the launching and development of social enterprises prioritising employment creation and the integration of disadvantaged people into the labour market
- Create a unified evaluation and certification system that will help the assessment and quality control of business plans and projects submitted for funding support and repayable finance

Components of the system

Social enterprise
Business plan



Certification system



Evaluate



Certify (min. 75/100 points)



Mentor (min. 50/100 points)



Reject (below 50 points)



Grant funding

- Up to EUR 765K/enterprise
- Total of EUR 46 million

OR



Loan finance

- Up to EUR 150K/enterprise
- Outsourced to bank

Assessment: results and challenges to date

Results

- Generated pipeline of feasible social enterprises
- 501 social enterprises certified (53%)
- 62% in disadvantaged regions
- 294 social enterprises funded
- EUR 39,4 million disbursed in grants
- Met funding and mentoring needs
- Social enterprise gains visibility at policy level

Challenges

- Pressure to certify and disburse
- Sustainability of businesses and jobs created
- Excessive focus on employment
- No risk taken by the enterprise
- Coordination of participating institutions
- Maintain rigour of certification and take it forward
- Measuring social impact

Possible future

