

REPORT

May 6, 2019

National workshop – Kislépték

1. Actuality and justification of the workshop

In the majority of EU member states, there is already a social economic legislative environment that motivates the achievement of socially positive effects, as they have recognized the contribution of social economy actors to environmental, social and economic sustainability. In Hungary, the social economy sector is in an initial state, and there are no social economy legislations at the moment. As one of the first legislative steps of the social economy in Hungary, the Ministry of Interior created a special form of transit employment, public employment. The legislator interprets public employment as an active employment policy tool, the main aim of which is to support labor market integration / reintegration, to ensure that public workers successfully return to the primary labor market

Public employment provides temporary job opportunities for those whose job search is unsuccessful for a long time. For these purposes, for the time being, there are only special rules and programs for social cooperatives created for public employment, and there are no laws for other actors.

Supported employment (public employment) appeared the strongest in the food production sector. This often served to develop disadvantaged, underdeveloped areas, but in many cases, they have been abusive and have a distorting effect on local farmers, especially small farmers. **As social economy - social employment has been misinterpreted in Hungary and has had a negative impact on small farmers, social impact assessment is becoming an urgent challenge.** It is important to support socially useful public interest activities. All this should be done so the positive social impact can be identified thus different economic operators would not see each other as competitors, but as partners. **That is why our goal with the workshop is to promote this kind of collaboration with the actors who have an impact on the social economy's regulatory environment and the development of producer cooperation.**

The positive social impact is not only the improvement of employment statistics alone, but also the development of public good, such as environmental protection, fair wage, equitable procurement, local economic development and community development.

That is why co-operation between producers and the social economy can be of great benefit to many regions and target groups, if the regulation can sufficiently define the development directions and identify the positive social impact. **Alongside this issue, the goal of the organizers with this national workshop was to create a cross-sectoral dialogue and contact network. Cooperation between the social economy and producers can be achieved through an objective positive social impact in a possible legislative process, also serving the public good, sustainable agriculture, market access and environmental sustainability.**

1.1 Social economy and local producers - identified obstacles and positive multiplier effects for the local food system

When the problems caused by the economic crisis (environmental pollution, social tensions, inequalities) are detected, in the European Union (EU), the development directions for the solution of social and environmental problems have become the driving forces of the processes. To achieve

all this, rural development, such as supporting small, family farms and the social economy, is becoming increasingly important through the development of the local food system.

Table 1 shows that the positive effects of the social economy and the local food system are similar, in many cases co-operative. However, it is also important to see that the obstacles are the same as well, players have to face similar difficulties. These inhibitory factors are shown in Table 2.

Table 1. Positive effects of social economy and local food systems own editing. Sources: CIRIEC (2017) and EP (2018), EP (2013/2096 (INI)), EB COM (2013) 866 SWD (2013) 501, Committee of te Regions (2011/C 104/01),33.), EB COM(2011) 0682

Social Economy	positive impact	Local Food Systems, small producing plants
<ul style="list-style-type: none"> • It contributes significantly to the economy of the Union • characterised by flexibility as this sector was resilient against economic and financial crisis • fair, inclusive, local and sustainable job creation, fostering economic growth • vehicle for employment 	ECONOMIC	<ul style="list-style-type: none"> • represent an agricultural model of a social nature • characterised by flexibility and multifunctionality • support local economy; (income, tax ...) • foster self-employment, creation of jobs • upon direct trust relation it ensures traceability (food security) • food self-sufficiency, food sovereignty, diversity in production
<ul style="list-style-type: none"> • strengthens social, economic and regional cohesion • fosters social inclusion, enhance social service 	SOCIAL	<ul style="list-style-type: none"> • closer relationship between consumers and producers, personal contact • authentic, traditional, original, sustainable, seasonal local product offering strengthens social cohesion and community spirit and encourages environmentally friendly behaviour and active citizenship
<ul style="list-style-type: none"> • suitable strengthening environmental protection • may provide innovative solutions to the economic, social and, sometimes, environmental challenges of our time 	ENVIRONMENTAL	<ul style="list-style-type: none"> • production systems are more environmentally sustainable, transport-related externalities are reduced (transport route of food) and the possibility of creating a circular economy (material, energy) • contribute to the maintenance of biodiversity and the survival of species and varieties that are extinct.

Table 2: Obstacles of the of social economy and local food systems own editing. Sources: CIRIEC (2017) and EP (2018), EP (2013/2096 (INI)), EB COM (2013) 866 SWD (2013) 501, Committee of te Regions (2011/C 104/01),33.), EB COM(2011) 0682

Obstacles to the development of the social economy	Obstacles to small family farms, small businesses, local product systems
definition and awareness of other related definitions are problematic	different interpretation of the definition (small farm, family farm, local product, agricultural activity, own product, etc.)
low visibility of the social economy, in the media and in statistics, so lack of identification,	lack of visibility

visibility and recognition	
have difficulty accessing EU funds, difficulties with eligibility and compliance	have difficulty accessing EU funds
difficulty in access to loan	non creditable
a wide variety of legal forms, activities - many regulations are difficult to interpret / apply to them, ew and densely changing rules for the sector, which are not coordinated by various ministries on social economy issues.	they do not have enough knowledge, information and capacity
bureaucratic obstacles	they cannot overcome bureaucratic obstacles
difficulties in access to land and land use	unable to use proper amount of land
lower economic effectiveness	small plants have lower economic feasibility
target group is mostly elderly, injured, vulnerable	they are old people mostly
lack of professional (versatile and professional) competencies and expertise	they have a lower level of education compared to agribusiness farmers

2. The methodology of the workshop based on the goals set.

2.1 Matching the workshop to the goals of the BOND project

In the organization of the workshop, our goal was to establish an expert dialogue at national level on examining the inhibitory factors presented in section 1 and on the potential of similar positive effects of the two sectors. The workshop is the second stage of a process (see Figure 1) which the first part was the analysis of case studies (and the collection of legal good practices) (SEE). The second step (BOND) is the identification and addressing the domestic actors and stakeholders and then sending out questionnaires before workshop; then this first national workshop intended to record the fundamental and initial basics; and thereafter forwarding results to the relevant decision makers, i.e. (agriculture and social) ministries on 5th of June. Then second workshop will discuss the results achieved and possible actions with the service and consumer groups of producers, social enterprises.

Third step (TELL), along with the suggestions, the relevant actors and stakeholders will sign MoU for the necessary future collaboration.

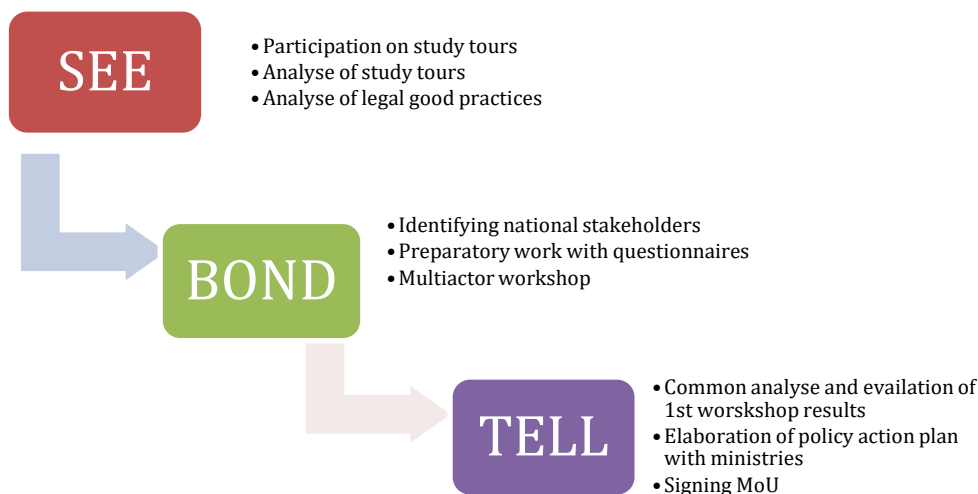


Figure 1: Diagram of Hungarian processes in the framework of the BOND project

In the May 6th workshop, in line with the three main themes of BOND (sustainable agriculture, market access, environmental sustainability), representatives of six sectors were invited within the social economy and the Hungarian local food system.

International stakeholder: Food and Agricultural Organisation of the United Nations, FAO

- Anna Korzenszky

Sector 1: Representatives of the decision-making and legislative sectors

o Ministry of Interior, Social Coordination Department

- Kovácsné Antunovics Ildikó

o Ministry of Human Resources, State Secretary for Social Affairs, Support and Occupational Rehabilitation Department

- Dr. Anikó Bárány

o Ministry of the Interior / Ministry of Human Resources, Social Inclusion

- Tamás Szondy

o Ministry of Finance - Department of Labour Market Programs

- Zsolt Ruzskai

- Luca Lukács

Sector 2: Funding

Sector 3: Research

Sector 4: Interest representation, professional organization

Sector 5: Education

Sector 6: Service sector

The stakeholders below are marked with number the sector they represent

o IFKA (Ministry of Innovation and Technology, background institute, Industrial Development Non-profit Ltd. (2) (3) (5) (6)

- Zsuzsanna Majoros

- Anna Mészáros

- Áron Jakab

o NAK (National Agricultural Chamber) Directorate for Rural Development and Advisory (1) (4)

- Anikó Nagy

- Erika Székely

o ERSTE Social Banking (2)

- Orsolya Szalay

- Gábor Vécsei

o National Strategy Research Institute (1) (3)

- Gyöngyi Schwarcz

- Rész Boglárka

o Hétfalvi Research Institute (3)

- Andrea Petróczi

- Koltai Luca

o ESSRG Ltd. (Environmental Social Science Research Group) (3)

- Janka Horváth

o NAIK, Research Institute of Agricultural Economics, Social Sustainability Research Department (3)

- Katalin Rácz

- Dorottya Szabó

o University of Miskolc (3) (5)

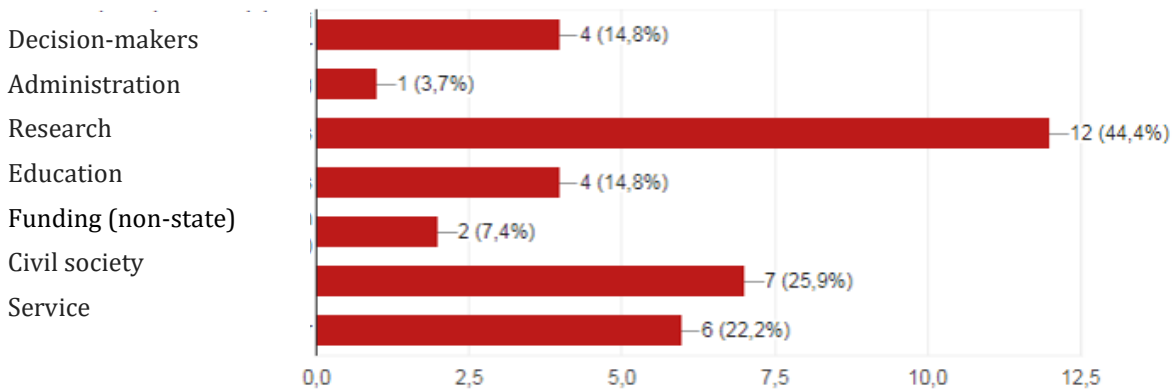
- Flora Orosz

o Szent István University MKK (3) (5)

- Apolka Ujj
- o Hungarian charity service of the order of malta (3) (4) (6)
 - Gábor Kovács
 - Nándor Németh
 - Ágnes Filius
- o Symbiosis Foundation (6)
- o Hungarian Social Farm Association (4)
 - László Jakubinyi
- o Védjegylet Association (4) (5)
 - Györgyi Újszászi
 - Lili Balogh
 - Kati Réthy
- o Kisleptek Association (4)
 - Dr. Ágnes Major
 - Andrea Szabadkai
- o Inspi-Ráció Association (5) (6)
 - Gusztáv Vágvölgyi
- o Institute of Economics of HAS (3)
 - Gusztáv Nemes

The Ministry of Agriculture has also been invited, but was unable to attend, so the results will be delivered them later.

The following sectors were represented by the participants:



2.2 The professional methodology of the workshop

As to prepare the workshop, we sent a questionnaire in advance to the identified actors in order to collect their goals and to discuss on the forum accordingly. The questionnaire was completed by all participants and identified actors. We have worked from results of a total of 27 questionnaires.

Workshop started with the introduction of all participating organizations by a short presentation by which they introduced themselves and explained their experience and responsibilities in the subject (international, domestic). Our goal was also to promote the establishment of a network of contacts (BONDING) between social and producing actors. Following the presentations, we discussed the obstacles and directions of development identified by EU and national researches based on the domestic and local experiences of the actors. The methodology of the workshop aimed to make common basics and action points on development trends along the common interests of the two sectors.

In applying the methodology provided by the University of Cordoba already tested in the preparatory workshop on WP2.1, we created a contact matrix.

by whom	FAO	BM	EMMI	PM	AM	OFA	IFKA	NAK	NSKI	NAIK AKI	Miskolci Egyetem	SZIE	ERSTE	Máltai Sz Sz	ESSRG	Hétfa	Védegylet	Kislépték	Szimbiozis A / MSZFSZ	Inspiráció	Nemes Gusztáv (Convinus, MTA)
for whom																					
FAO																					
BM																					
EMMI																					
PM																					
IFKA																					
NAK																					
NSKI																					
NAIK AKI																					
Miskolci Egyetem																					
ERSTE																					
Máltai Sz Sz																					
ESSRG																					
Hétfa																					
Védegylet																					
Kislépték																					

As a result of the workshop, the final formulation of the findings and synthesis of the results has been going on since then.

3. Main Results of the Workshop - Compliance with WP2 Goals

As an opening presentation, the representative of FAO, Anna Korzenszky presented the work of the Food and Agriculture Organization of the United Nations on social and solidarity economies. The theme of the workshop is linked to each of the 5 main priorities

- Eliminating hunger and malnutrition
- More efficient and sustainable agriculture, forestry and fishing
- Reducing rural poverty
- Inclusive and efficient agricultural and food supply systems
- Stable livelihood in times of crisis

Anna introduced how the topic of social economy is related to the main themes of BOND and thus to the FAO. It is important to recognise that the three main thematic topics of BOND (sustainable farming, access to market, environmental sustainability) are basic conditions for the appearance and development of the social agricultural enterprises. Therefore the representative of the FAO welcomed the Hungarian national workshop approached the set of goals from a social point of view in that multi-stakeholder workshop.

During the workshop the following basics and preliminary results were created:

3.1 Sustainable farming

Small producers already have lighter hygiene regulations, but there is not for small businesses with marginal production volumes (processing of agricultural products). The main problem is that small businesses are unable to comply with large-scale regulations, and the necessary investments would not be recovered in this volume. Therefore, the participants agreed that the implementation of small-scale business facilitations is also important, possibly with the active involvement of the social economy in facilitating regulations. The preliminary opinion of the participants regarding to

the flexible regulations (such as hygiene, labour rules, etc.) supporting the two sectors are shown in Figure 2 (1- not important, 2- slightly important, 3 - moderately important, 4- very important).

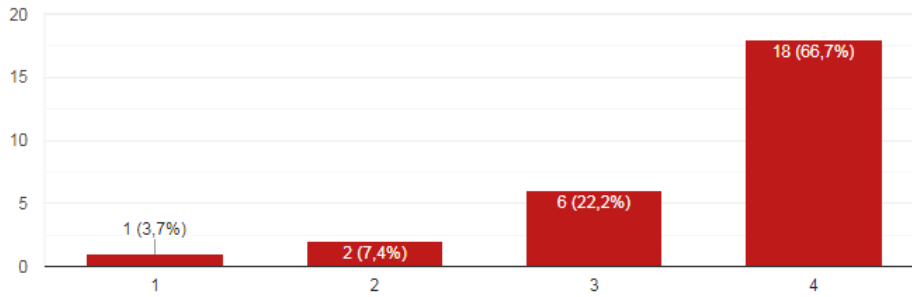


Figure 2: Preliminary opinion of the participants regarding to the flexible regulations (such as hygiene, labour rules, etc.) supporting the two sectors are shown

We asked the participants’ opinion on the importance of a possible creation of land-use, taxation and employment supporting legislations. They agreed that the flexibility of the three factors were important, but that this should only be done with objective impact assessment in order to grant those only companies who identified as working for the public. An agricultural social enterprise just because it provides employment, should neither harm the environment and local communities, nor distort the market. Wages of the social enterprises’ state-supported workers should be fair, but should not cause competitive disadvantages for local small producers.

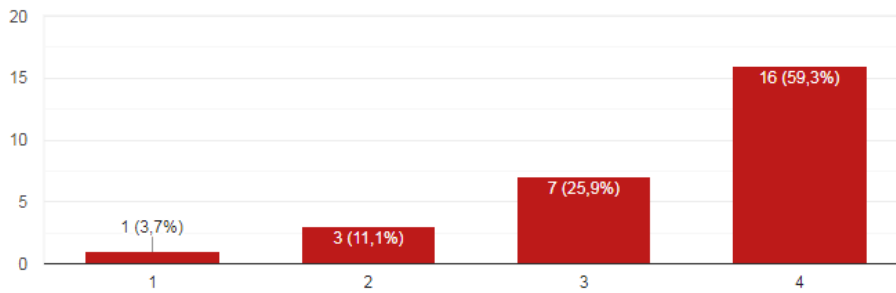


Figure 3: Preliminary opinion of the participants regarding to the flexible land use regulations (1- not important, 2- slightly important, 3 - moderately important, 4- very important)

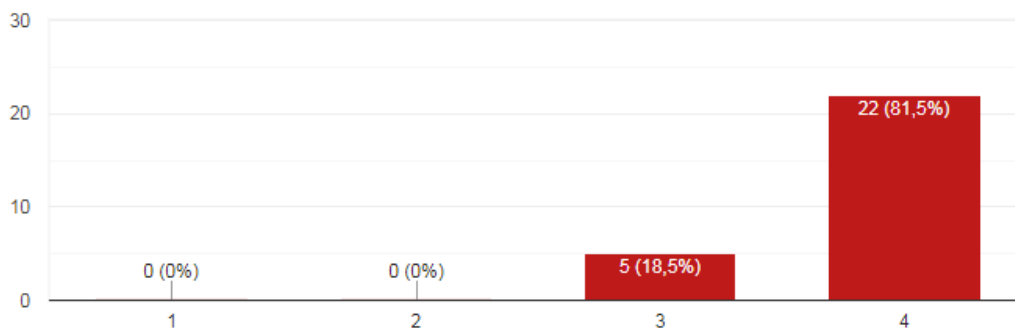


Figure 4: Preliminary opinion of the participants as to scale basic principles, such as ethical employment, defining trans-employment (1- not important, 2- slightly important, 3 - moderately important, 4- very important)

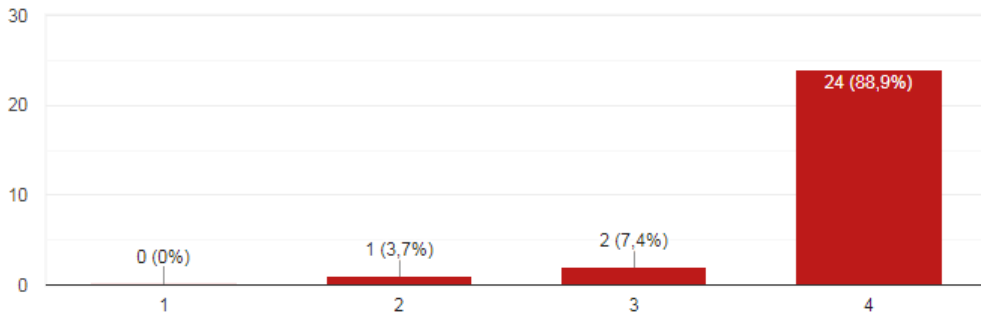


Figure 5: Preliminary opinion of the participants if tax and social security benefits should be provided to social enterprises (1- not important, 2- slightly important, 3 - moderately important, 4- very important)

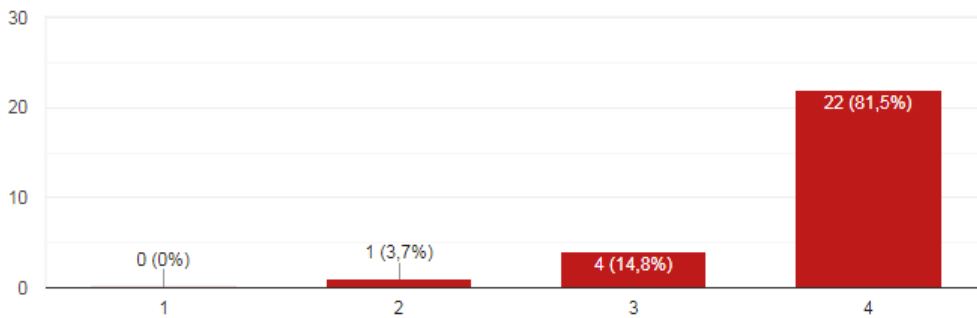


Figure 6: Preliminary opinion of the participants if newly started enterprise should be supported (1- not important, 2- slightly important, 3 - moderately important, 4- very important)

As we have already pointed out in our BOND good legal practice questionnaire, the question of supporting start-ups and tax relief also arose on the workshop. Workshop actors clearly consider the importance of this direction

3.2 Market Access

Kislépték Association considers important that production with subsidized employment should not distort market. On the other hand, social enterprises can assist marketing local products, for example with marginal processing activity, joint selling of local products, organization of logistics, i.e. any activity that, small producers cannot solve independently. They produce products or services that expand the product range and promote environmentally friendly production (agroecology).

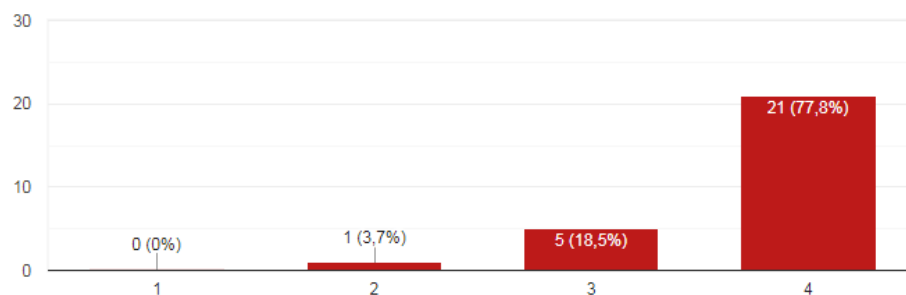


Figure 7: Preliminary opinion of the participants if social impact assessment should be introduced (1- not important, 2- slightly important, 3 - moderately important, 4- very important)

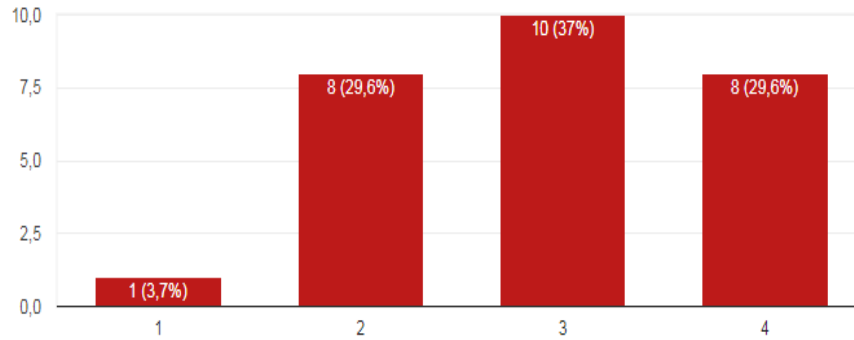
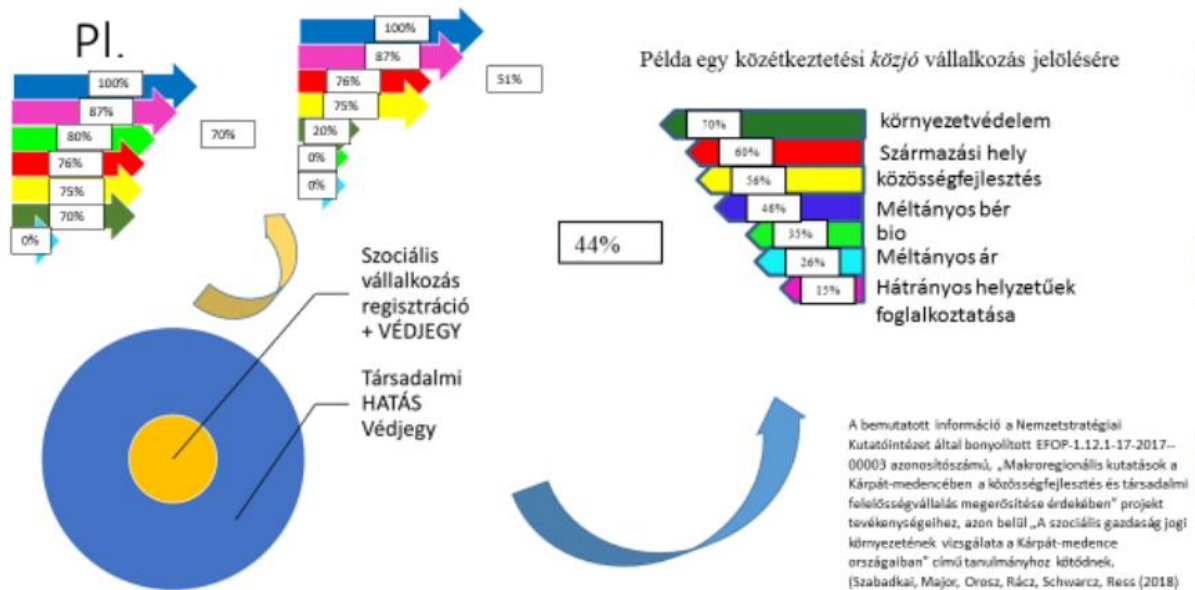


Figure 8: Preliminary opinion of the participants if national labelling (trade marks) is necessary (1- not important, 2- slightly important, 3 - moderately important, 4- very important)

Several experts have drawn attention to a social impact label plan presented in a study by the National Strategic Research Institute. This could help the contribution of diverse companies, whether agricultural producers or distributors, to the public good through product labelling and activity labelling.



3.3 Environmental Sustainability

Agricultural production shall have social positive effect if it uses organic or other environmentally friendly or agro-ecological methods. However, the objective identification and measurability of the social positive effect is indispensable.

During the workshop, the participating representative bodies of the decision-makers, researchers, and professionals have identified the importance of environmentally sound farming, environmentally friendly, renewable energy use.

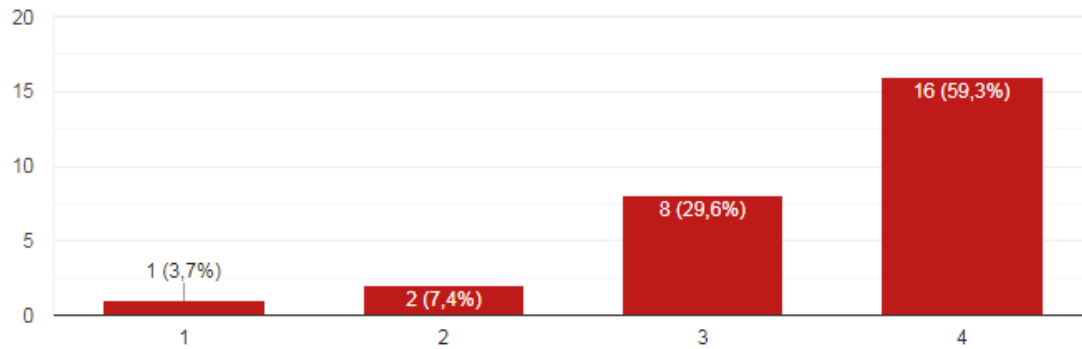


Figure 9: In order to scale the importance of the principles and basis, please mark the importance of the environmental sustainability of the activity (1- not important, 2- slightly important, 3 - moderately important, 4- very important)

Participant also highlighted environmental factors of the social farm providers as they reach rehabilitation and awareness-raising effect during their agricultural activity, while almost all their production is organic, i.e. their environmental and social positive impact can be assessed. However, they have serious problems with the fact that they do not fit into the EU social enterprise definition because they are not operating in enterprise form.

3.4. Further steps

Within the frame of these dilemmas, we plan to write a publication and prepare recommendations to international decision makers.

Result of the first workshop is planned to be brought to the farmers invited to the second workshop and would discuss what they think on social economy, what are the constrains and good practices. We shall prepare a working plan as to identify areas where our association would like to intervene as to support legislation and policies for social economy and small-scale farmer.