

Resilience and sustainability of social cooperatives in Hungary

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Context and problem statement¹

In 2016, a financial assistance program under the name of ‘Focus’ - with a focus on supporting social cooperatives built upon public employment and among the members of which there is also a local government - was initiated by the Hungarian Ministry of Interior. The program has been coordinated by the National Employment Non-profit Benefit Corporation (in Hungarian OFA Nonprofit Kft). The call for tender issued fall 2016 and spring 2017 was aimed at raising employment level in disadvantaged settlements and creating new sustainable workplaces through funding social cooperatives. Those social cooperatives are included which have been established on the basis of public employment and the major goal of the financial fund is to help them become self-sustaining.

Objective and/or research questions

The paper is targeted at a comprehensive analysis of the results and impacts of the program ‘Focus’, highlighting innovative best practices appearing in social cooperatives supported, comparing the experiences gained in other programmes targeting economic and social development, and finding answers to the question, whether local government participation affects independence and weakens democratic decision-making procedures. Furthermore, operation of the Hungarian social cooperatives is analysed in the context of resilience and sustainability.

Theoretical framework

In the European Union there has recently been an increased interest in the key players of the social economy namely the social enterprises and among them the social cooperatives. In Hungary the institutional form of social enterprise exists mostly under the label of social cooperatives. A large number of social cooperatives had been established throughout the country after 2006 due to a new legislation and available project-based public funding, including EU-co-financed support programmes. The mission of most Hungarian social cooperatives is to provide work for people who were unemployed before becoming a member of the cooperative, i.e. integrate or in many cases reintegrate them into the labour market. The legislation was reshaped after May of 2013 and it has allowed all social cooperatives to include individuals and legal persons not actively taking part in its activities among its members.

Definitions and analysis of the features of the social economy and social enterprises are well-elaborated in the professional literature published by several authors such as Peredo és McLean, 2006; Nyssens, 2006; Defourny, Nyssens, 2013; Borzaga, Carini, Carpita, és Lori, 2015; Richardson et al, 2016; Tiwari et al, 2017, OECD, 1999; Nasioulas, 2012; Short, Moss, Lumpkin, 2009; Türk, Herda, Trutzenberg, 2013; Doherty, Haugh, Lyon, 2014; OECD/EU, 2015; Olinsson, 2017; Alegre, Kislenko, Berbegal-Mirabent, 2017 (analysing social economy

¹ The research was carried out based on a contract No. 222/3/2017 signed by the National Employment Non-profit Benefit Corporation (in Hungarian OFA Nonprofit Kft) and the Research Institute of Agricultural Economics.

– social enterprises); Thomas, 2004; Degli Antoni, Portale, 2010; Roelants et al, 2011; Gonzales, 2010; Carpita, Golia, 2012; Petheő, Győri, Németh, Feke, Simon, 2010; Costa, Andreas, Carini, Carpita, 2012; Osti, 2012; Nappo, 2016; Borzaga, Galera, 2016; Barakonyi, 2016; Ringle, 2016; Degli Antoni, Sabatini, 2017; Picciotti, 2017 (describing and analysing social cooperatives). The research findings are considered widely spread and well known, thus the authors do not go into general details. The authors intend to highlight why social cooperatives are relatively more resilient than other business enterprises and to what extent the cooperative principles² are intrinsic to sustainability³.

RESILIENCE: Some major overlapping and interconnected factors being conducive to co-operative resilience are as follows:

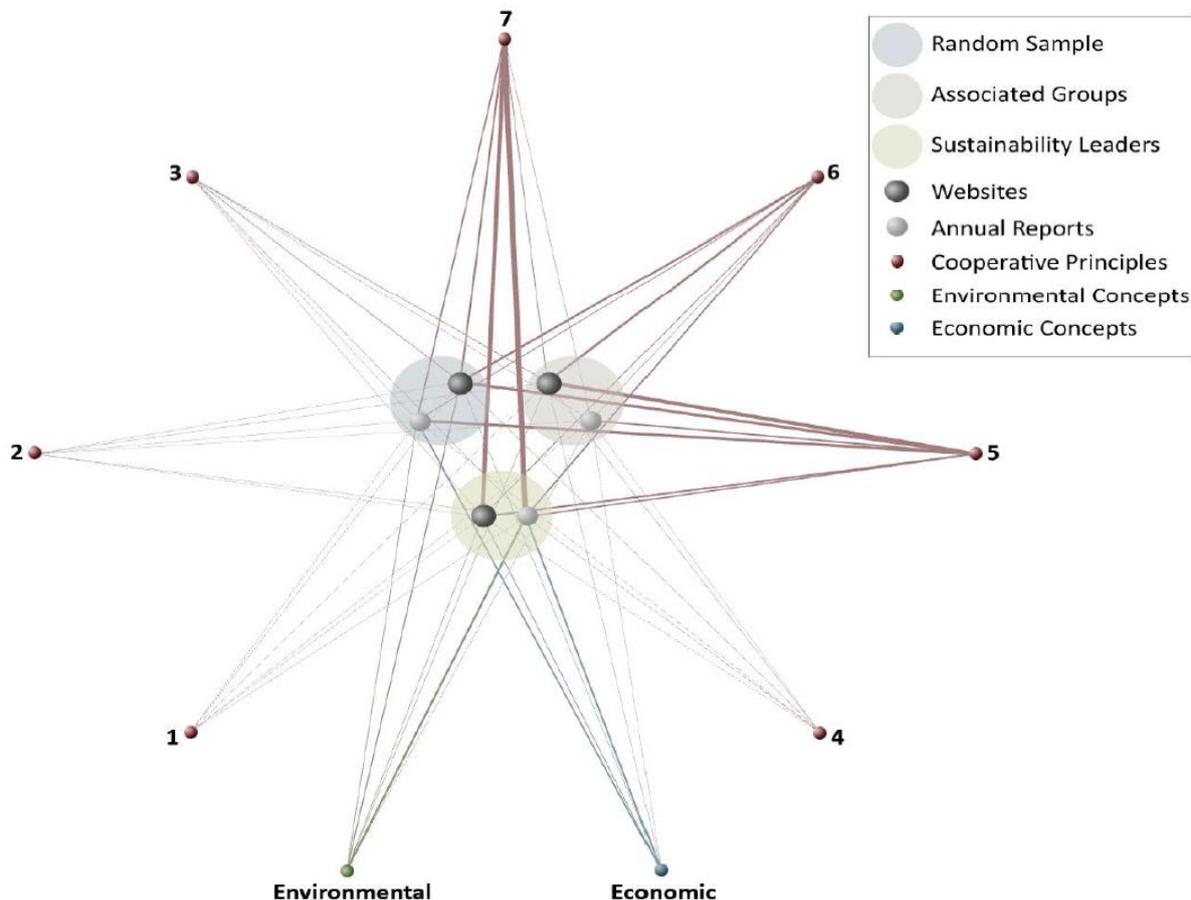
- *the very nature of social cooperatives*, namely the strength of worker ownership, thus workers-owners holding sovereignty in entrepreneurial decisions (CICOPA, 2009) the degree of resilience is higher in countries with a long cooperative tradition and where these organizations are strongly rooted in the community. (Borzaga et al., 2014)
- *trained membership inspired by co-operative values*, i.e. members with strong sense of identity, commitment and cohesion (Borda-Rodrigues and Vicari, 2016) “Econometric findings suggest that the higher the intrinsic motivations and the lower the extrinsic motivations of workers, the higher their job satisfaction and their loyalty to the organization.” (Borzaga et al., 2014)
- *networks, extensive partnerships* – networks among co-operatives and with external actors (CICOPA, 2009; CICOPA 2014; Borda-Rodrigues and Vicari, 2016)
- *social learning and collective skills* - “Collective skills are the abilities and capacities developed by members who learn from each other through participation in the activities of the co-operative and from external actors (Busemeyer and Trampusch, 2012). Lack of skills and education has been identified as undermining co-operative performance (Bernard *et al.*, 2008; Francesconi and Heerink, 2010)” (Borda-Rodrigues and Vicari, 2016)
- *specific institutional arrangement* – “The “asset lock”- which take up an old tradition of the European cooperative movement - is aimed at ensuring the consolidation of assets of the organization and the continued pursuit of its general-interest goal. Indeed, in case of dissolution of the enterprise.” (Borzaga et al., 2014)
- *effective fostering of entrepreneurship and business creation* – “They contribute to bringing economic activity in areas that are neglected due to their low profitability and bring an entrepreneurial culture in sectors that were traditionally considered outside of the scope of entrepreneurial behaviour (Spear, 2002).” (Borzaga et al., 2014)
- *innovation* - capacity to modernize their products, services or production processes while pursuing their mission of creating sustainable jobs (CICOPA, 2009) “Co-operative innovation relies on the organisations’ ability to develop adaptive capacities. Innovation in the co-operative context also involves a continual matching process between technological and organizational practices of the innovator, and is generally driven by market forces (Garcia and Calantone, 2002), institutional incentives (Pavitt, 2003), scientific knowledge, and technological opportunities (Nathan, 1982).” (Borda-Rodrigues and Vicari, 2016)

² 1st Principle: Voluntary and Open Membership; 2nd Principle: Democratic member Control; 3rd Principle: Member Economic Participation; 4th Principle: Autonomy and Independence; 5th Principle: Education, Training and Information; 6th Principle: Cooperation among Cooperatives; 7th Principle: Concern for Community

³ According to the Brundtland Report, ‘sustainable development’ was defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987)

- *government support* - access to finance, enabling policy frameworks, and policy regulation (Borda-Rodrigues and Vicari, 2016) - e.g. reduction of tax rates in order to boost potential investments; increase in public spending; measures supporting export and special development programs for the cooperative sector in order to support the creation of new cooperative societies, general relaxation of loan conditions for the domestic sector, facilitating access to credit system and guarantee funds, and making public markets more accessible for cooperatives (CICOPA, 2009); “At the "macro" level (legislation and public policies), it appears clearly that cooperatives’ resilience is stronger in the countries that have the best legal framework protecting and promoting cooperative enterprises, such as the indivisible reserves, mutualized financial instruments, groups and consortia.” (Roelants *et al.*, 2012)
- *typical anti-cyclical economic performance* with limited job reduction, social security cushions like part-time jobs and redundancy funds - capacity to combine security and flexibility (CICOPA, 2009).

Figure1: Cooperative star



Source: ICA, 2013

Notes: The random sample provides a representation of the co-operative sector as a whole, a snowball sample of recognized sustainability leaders provides an indication of best practice, a snowball sample of co-operative associations and federations provides a sense of the general commitment of co-operatives to sustainability. In order to evaluate the degree to which co-operatives operationalize what they communicate on their webpages, annual reports were collected, too. The thickness of the line represents the strength of the relationship. (ICA,2013)

SUSTAINABILITY: According to analysis of the International Cooperatives Association key concepts underlying sustainability and cooperatives are either compatible or overlap, thus co-

operatives are involved in the social, economic and environmental dimensions of sustainability. It needs, however, emphasis, that the co-operative principles are more closely aligned with the social dimensions of sustainability. (Figure 1) Furthermore, a cooperative is sustainable when it is an economically viable business that fully implements all cooperative principles, and maintains or regenerates the ecosystem in which they are embedded. (ICA, 2013)

Methodology

Both primary and secondary research has been carried out. Relevant international and national literature on social economy, social enterprises and social cooperatives – primarily in the context of resilience and sustainability-, national legislation, and call for proposals have been analysed. Primary research included statistical analysis of data of social cooperatives covered by the program 'Focus' and the qualitative analysis of the experiences gained on the one hand through structured in-depth interviews with experts taking part in the planning phase, in the decision-making and in the implementing phase of the program 'Focus' and on the other hand the beneficiaries.

Key findings

Characteristics and operational experiences of social cooperatives funded in the framework of the Program 'Focus'

General characteristics

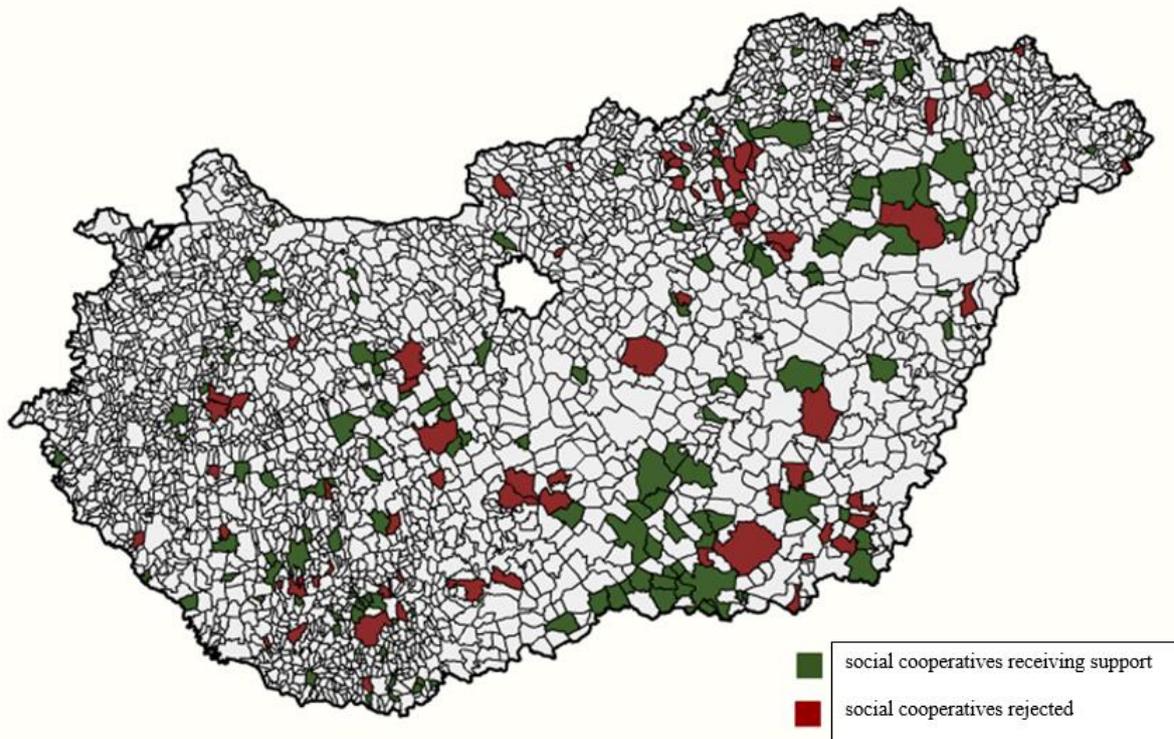
Under the financial assistance program for social cooperatives having local government as member 340 social cooperatives submitted their application, out of which 199 received support, 130 was rejected and 11 was cancelled.⁴ (Figure 2)

The applicants - with the exception of County 'Vas' and with a significant standard deviation - were active in the whole country. 75 percent of the organizations supported operates in disadvantaged settlements. 80 percent is to be found in settlements with low number of population and nearly 40 percent in settlements with less than 1000 inhabitants. The majority of local governments (165) playing the role of a member in the social cooperatives receiving support belongs to one organisation. The winners received altogether app. EUR 34632628 (HUF 10 736 114 573) and app. EUR 173225 (HUF 53700000) in average. The lowest grant was app. EUR 109677 (HUF 34000000) and the highest amounted to app. EUR 199677 (HUF 61900000). They committed themselves to employ 1442 persons. The cooperatives intended to hire 7 people in average. Based on the net income data per person it is to be stated, that Program 'Focus' is popular in those settlements where the inhabitants have lower income compared to the average. The net income per person was EUR 120 (HUF 37415) less in settlements receiving support than in those with rejected proposals or no proposal at all. Looking at the size of settlements, the bigger ones have more significant differences in the per capita income of the population. Data of the Regional Development and Spatial Planning Information System (TeIR) indicate that the social cooperatives are situated in settlements or in their surroundings where the share of people being unemployed for a longer time-period is extremely high. Although it affects mostly the South-Transdanubia and the North-Hungarian region, some settlements in the region of the Great Plain and the West-Transdanubia are included as well, where the share

⁴ 38 percent of the social cooperatives submitted their application in the first round, i.e. in 2016, and 62 percent (213 cooperatives) in the second round. In the first round 87 and in the second one 113 social cooperatives won⁴. The financial aid option encouraged significantly the establishment of social cooperatives. It is a proven fact, as in 2017 out of 213 social cooperatives having applied for the Program 'Focus' 136 and in 2016 out of 127 59 organizations were established in the year of application. Nearly 68 percent of the 199 cooperatives receiving financial support were established either in the first or the second tendering round.

of people being unemployed for a longer time-period is twice or five times as high as the national average.

Figure 2: Territorial distribution of social cooperatives applying for Program ‘Focus’ according to the status of the application



Source: National Employment Non-profit Benefit Corporation, December 2017

Based on data in August 2017 there is a difference in the average number of people participating in the public employment programs – including the average number of people working in the micro regional public work scheme called ‘Start pilot program’ in the agricultural sector - depending on whether the data refers to settlements with social cooperatives supported or settlements with rejected proposals or which have not submitted any applications. In those settlements where the cooperatives supported are seated there is a higher number of people working in public employment programmes. The greatest difference between the two types of settlements analysed is to be found in cities counting more than 50000 inhabitants, where the average number of people working in public employment programmes was more than twice (120 percent) and the number of people hired in the public work scheme called ‘Start pilot program’ was more than 4 times higher in the cities with social cooperatives supported compared to those without such cooperatives. The second largest difference (67 and 164 percent) was among settlements with 10000- 49000 inhabitants. These were followed by settlements with less than 500 inhabitants, where the number of people working in the public employment programs was 57 percent higher and the number of people working in the public work scheme ‘Start pilot program’ was 103 percent higher in settlements with social cooperatives participating in the program ‘Focus’ compared to villages and towns with no such social cooperatives. In the settlements with 1000-4999 and 5000-9999 inhabitants the difference amounted to 20-27 percent regarding the number of people working in the public employment programs and 67-65 percent regarding people working in the public work scheme ‘Start pilot program’. Social cooperatives receiving funding carry out 266 types of activity.

Nearly one third (29%) of them is active in more than one economic sector at the same time. Their type of activity is most often agricultural, industrial or service activity. Agricultural and food processing activities of the cooperatives run to 32 percent. (Table 2)

Table 1: Type of activity carried out by social cooperatives receiving a grant

<i>Type of activity</i>	<i>Number of activities (pc)</i>	<i>Distribution (%)</i>
Service	90	33,8
<i>Agricultural and food production, processing, sale and other agricultural activity</i>	85	32,0
Industrial production	40	15,0
Building industry	24	9,0
Catering, tourism	18	6,8
Trade	9	3,4
Total	266	100,0

Source: National Employment Non-profit Benefit Corporation, January 2018

About 70 percent of the cooperatives receiving support carries out only one type of activity while less than one third performs several types of activity. In the latter case the diversification of activities contributes to a more balanced labour use and higher income security. As a disadvantage of the diversification, the social cooperatives are, however, not able to produce goods and services in quantity and quality demanded by the market in the long run. The majority of social cooperatives (51) carrying out only one type of activity usually deals with agriculture or food processing. (Table 3)

Table 2: Number and distribution of social cooperatives receiving a grant according to their scope of activity

<i>Scope of activity</i>	<i>Number of cooperatives (pc)</i>	<i>Distribution (%)</i>
Miscellaneous	58	29,1
<i>Agricultural and food production, processing, sale and other agricultural activity</i>	51	25,6
Service	47	23,6
Industrial production	24	12,1
Building industry	11	5,5
Catering, tourism	7	3,5
Trade	1	0,5
Total social cooperatives	199	100,0

Source: National Employment Non-profit Benefit Corporation, January 2018

Regarding the activities, majority of the social cooperatives receiving funding owns the necessary equipment and technology (partly assets purchased in the framework of the public employment programs). But these are usually suited for small-scale activities employing a low number of labour force. At the same time there are further severe challenges to be overcome, as the majority of social cooperatives has no financial reserves and no movable or immovable assets to be liquidated in case of applying for development loans. As a result, there is no room for capacity enhancement and investments aimed at scale-up. In mitigating capital shortage and temporary liquidity problems local governments as members of the social cooperatives play a very important role. These local governments often lend their own properties or lands to the

social cooperatives through gratuitous tenancy or commodatum. In most organisation the production development, the service improvement and focusing on efficiency and efficacy is difficult considering that the employees of the social cooperatives are low-skilled and have limited work experience. As a result, there is a tension between economic sustainability and social goals aimed at integrating disadvantaged people into society.

Specific features related to agriculture

As a significant proportion of social cooperatives supported under the Program 'Focus' carries out activities related to agriculture, we analysed the number of registered primary agricultural producers and the number of registered enterprises engaged in the agriculture or forestry sector in settlements with social cooperatives participating in the Program 'Focus' and in those without such participation. The average number of registered primary agricultural producers and registered farm enterprises in those settlements where the social cooperatives funded by the Program 'Focus' seated (except the settlements with less than 500 inhabitants) was higher than in the villages and towns without such cooperatives. The size of the difference grows proportionally with the size of the settlement. (Table 4) Experiences gained in the in-depth interviews indicate that the social cooperatives carrying out food processing activities make good use of goods produced by local small farms, thus they offer regular income to their suppliers.

Table 4: Differences in the number of primary agricultural producers and farm enterprises according to the size of settlement and participation in the Program 'Focus'

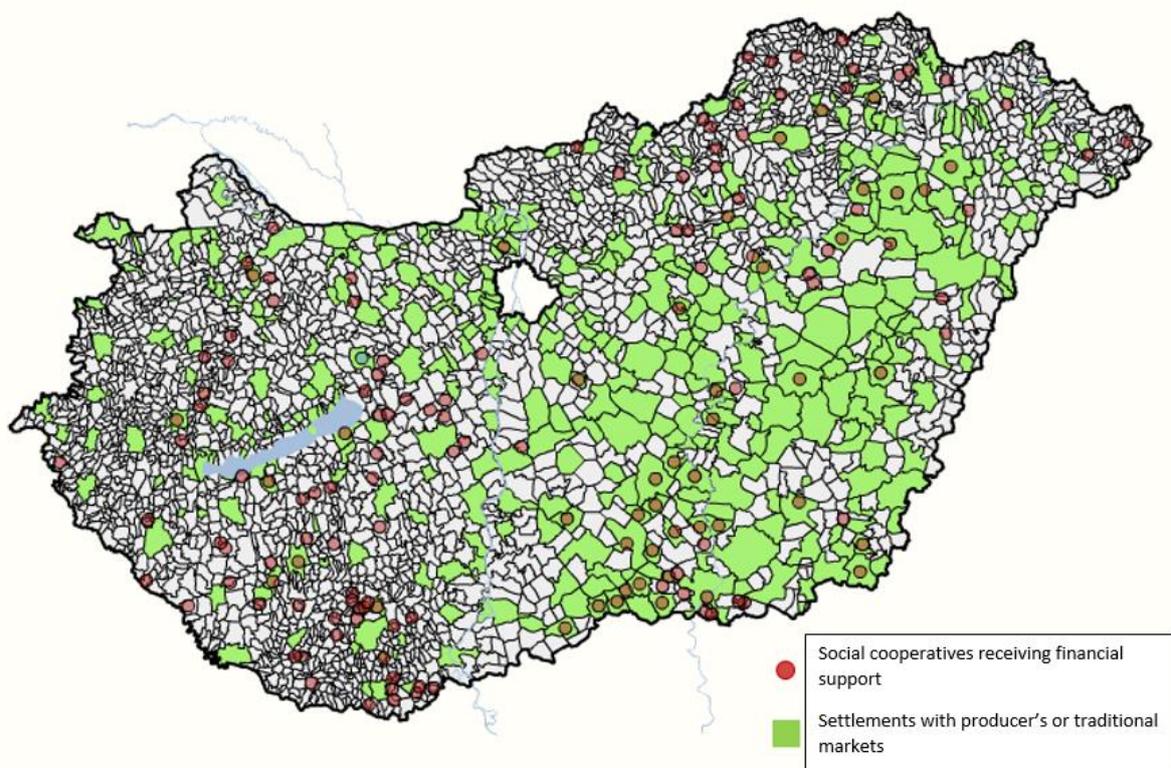
<i>Size of settlement</i>	<i>Existence of winner in the Program 'Focus'</i>	<i>Number of settlements (pc)</i>	<i>Number of registered primary agricultural producers (average)</i>	<i>Number of registered farm enterprises (average)</i>
under 500 people	No	1030	14.3	25.8
	Yes	34	13.5	23.5
	Total	1064	14.3	25.7
500 – 999 people	No	647	40.7	70.1
	Yes	27	49.1	82.2
	Total	674	41.1	70.6
1 000 – 4 999 people	No	1068	100.9	165.1
	Yes	65	136.8	207.8
	Total	1133	103.0	167.6
5 000 – 9 999 people	No	121	273.7	442.1
	Yes	17	420.3	644.1
	Total	138	291.8	466.9
10 000 – 49 999 people	No	116	398.62	663.83
	Yes	11	732.73	1160.45
	Total	127	427.56	706.84
above 50 000 people	No	15	1228.6	2286.5
	Yes	4	1900.8	3159.3
	Total	19	1370,1	2470,2
Total	No	2998	82,4	138,1
	Yes	157	210,4	331,0

	Total	3155	88,8	147,7
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Source: National Employment Non-profit Benefit Corporation, December 2017 and Regional Development and Spatial Planning Information System, 2015

The farmers' and the traditional markets serve as the most available sales channel for food producers with low-volume production – including the social cooperatives, thus we analysed them. By analysing the seat of social cooperatives, farmers' and traditional markets, we have found that there are altogether 522 settlements with at least one type of market. In 70 percent of these settlements there is farmers' market and/ traditional market. (Figure 3)

Figure 3: Settlements with farmers' and/or traditional markets and the location of social cooperatives supported under the Program 'Focus'



Source: National Employment Non-profit Benefit Corporation, 2017 and Hungarian Chamber of Agriculture (NAK), 2016

The majority of social cooperatives receiving funding is present in the local economy, they sell their products on local public markets and/or in farm shops. Social cooperatives running farm shops usually fill in the gaps in the local services. By providing these missing services they contribute to the improvement in the standard of living in the local community, thus local people have the chance to meet their needs at a higher level than before. At the same time, it is quite difficult to sell the goods on the spot as there is a low demand for them. The social cooperatives receiving funding operate namely in economically and socially disadvantaged settlements. They try to overcome the problem by finding new sales opportunities. Some cooperatives sell their products to hotels in the attractive nearby spa town, others are steady suppliers of public institutions (e.g. hospitals, nursing homes, homes for disabled people) expecting stable income. Regarding the products of food processing social cooperatives demand is usually raised on

behalf of communal catering. High quality food processed mostly out of chemical-free raw materials, without any additives have become well-known and the consumers are keen on purchasing these products. The social cooperatives consider finding new sales channels as one of their most urgent tasks, but on several occasions, there is a lack of necessary knowledge, experience, human capacity and social capital. Several social cooperatives receiving funding launched bottom-up initiatives to create networks that would enable sharing innovation, manufacturing licence or know-hows or even joint sales (for example in the framework of business cooperation established on franchise basis). Social cooperatives carrying out food processing activities have taken steps to organize direct sales based on urban consumer demand. Among them there are organizations which submitted their proposals aimed at short food supply chain actions – organisation of markets with local producers and small enterprises - in the framework of the national Rural Development program.

Although most products and services produced by the beneficiaries are considered innovative and important in their environment, the shortages of raw materials and supply related to shortcomings of factors of production furthermore the weak product marketing resulting in low prices cause almost everywhere problems. Most social cooperatives receiving funding have already got started creating images, brands that draw consumers' attention to the origin of the product or service, thus contributing to their commitment towards these products. The use of trademarks and geographical indications is, however, not widespread due to the lack of related information and financial sources necessary for registration.

Besides the abovementioned the following should be emphasized. There is a general problem, that the lack of entrepreneurial experiences and management information at the level of the management makes it more difficult for the organizations to reach their potential consumers. Mental and health problems of the employees - the salary of which is from grand funding – are very common due to socio-demographic composition, living and earlier working conditions of the target group. Although the employment is rather anthropocentric in these social cooperatives, the human capacity and the skills to deal with individual problems are not always available. As a significant share of the seat of social cooperatives receiving funding is small settlement with not enough service provision, human services that enable employees to catch up are quite limited. The role of social cooperatives in employment, social inclusion and rural development seems to strengthen in their direct institutional environment. Local governments, LEADER groups, provincial labour offices take social cooperatives into account, but they have been identified as stakeholders deeply embedded in public employment programs.

In the light of operational experiences the sustainability of 200 social cooperatives funded with a complex toolkit in the framework of the program 'Focus' depends to a great extent on factors at the level of the project such as expertise of the management, its entrepreneurial experiences, socio-demographic characteristics of the employees, their physical, mental health status, availability of resources and different types of capital, furthermore presence of partnerships providing access to inputs and being able to treat risks.

Conclusion

According to the results of the research we have carried out so far among social cooperatives receiving funding in the framework of the Program 'Focus' majority of the beneficiaries operates in one of the disadvantaged sub-regions, in one of the disadvantaged settlements, where due to the lack of workplaces per capita income is below the national average and the for-profit enterprises have limited abilities to create jobs. Based on their integrated social and economic development activities, these social cooperatives might become decisive stakeholders in rural development. They do not cause market distortion, or should they cause any, it occurs seldom and moderately, what can be explained with specific features of their economic environment. Social cooperatives fall usually outside the entrepreneurs' interests, as they focus

on niche markets and hire people who rarely have work experiences in the private sector. Among social cooperatives employing 6-8 people and having the size of a microenterprise organizations using local inputs and carrying out food processing, building or manufacturing activities are overrepresented. This is explained by the fact that they are based on the public work scheme ‘Start Pilot Program’ and there are available local resources (e.g. land to be cultivated, raw materials, work experiences, buildings etc.). Furthermore, they play a very important role in improving the quality of life of those living in rural areas, as they provide missing services (e.g. inclusion of disadvantaged people, care for elderly), maintain the landscape, conserve and improve the natural environment (e.g. food production without any preservatives and additives).

Although the program ‘Focus’ is rather at the beginning of the implementation and so its long-term impacts are not measurable at this stage, it can be stated, that the social cooperatives funded have several direct and indirect economic and social benefits in the rural areas besides their moderate impact on the employment. The social cooperatives supported provide employment for approximately 1500 disadvantaged people having been unemployed for a longer time-period, development of competences necessary for employees or human services contributing to the improvement in living standards. People reached by social cooperatives have first access to products with higher value added and in certain cases even to innovative services or services filling gaps, second, they get adaptation patterns and future visions. It is especially important for social groups which need to be reintegrated into the primary labour market. Moreover, direct beneficiaries are local input suppliers or input suppliers living in neighbouring areas and enterprises providing business services.

At this stage of our research work we can state that there is a medium level of resilience of the social cooperatives financed through the program ‘Focus’. Our results are definitely preliminary results due to the fact that the cooperatives analysed are mostly micro enterprises established in 2016 or 2017, thus they are in the very early phase of the lifecycle of an enterprise in which actions have been put into place quite recently, products are still in the product development process and potential markets are searched for. The arguments are set forth in Table 5.

Table 5: Presence of factors being conducive to co-operative resilience in social cooperatives financed through the program ‘Focus’

<i>factors being conducive to co-operative resilience</i>	<i>Characteristics of resilience in social cooperatives financed through the program ‘Focus’</i>
degree of resilience is higher in countries with a long cooperative tradition strongly rooted in the community	There is a long tradition in the country. The socialist producer cooperatives are however associated with negative feelings. Furthermore, the role of social cooperatives in employment, social inclusion and rural development seems to strengthen in their direct institutional environment. Local governments, LEADER groups, provincial labour offices take social cooperatives into account, but they have been identified as stakeholders deeply embedded in public employment programs.
trained membership	Lack of entrepreneurial experiences and management information at the level of the management.
social learning – collective skills	Mental and health problems of the employees are very common due to socio-demographic composition. The human capacity and the skills to deal with individual problems are not always available.

networks	Several social cooperatives (with agricultural activities) receiving funding launched bottom-up initiatives to create networks that would enable sharing innovation, manufacturing licence or know-hows or even joint sales
effective fostering of entrepreneurship bringing economic activity in areas that are neglected due to their low profitability	Majority of the beneficiaries operates in one of the disadvantaged sub-regions, in one of the disadvantaged settlements, where due to the lack of workplaces per capita income is below the national average and the for-profit enterprises have limited abilities to create jobs.
innovation	Regarding cooperatives carrying out agricultural activities - most products and services produced by the beneficiaries are considered innovative and important in their environment.
government support	The financial aid option encouraged significantly the establishment of social cooperatives. In 2017 out of 213 social cooperatives having applied for the Program 'Focus' 136 and in 2016 out of 127 59 organizations were established in the year of application.

Regarding sustainability of the social cooperatives funded through the program 'Focus' the general description on page 3. is valid. The social dimension is the strongest and the economic viability is the weakest.

*Contribution to the academic debate
/ to solving a practical problem*

Taking into account the experiences we have already gained, there is a need for animation and mentoring activities, transfer and dissemination of best practices, innovations, information on how to increase fund absorbing capacities, or training of both the management and the employees. In order to create long term sustainability, establishment of partnerships and networks integrating multi-stakeholders of the for-profit sector should be encouraged.

All the problems having been discovered imply the following suggestions fostering policy decision-making and improving the business environment:

- dissemination of good practices, innovations;
- training for managers and supervisors, widening the provision of continuous mentoring and advisory activities, especially regarding the creation of markets and the production of greater varieties of goods and services;
- encouraging the establishment of networks integrating social and business partners, facilitating the search for partners;
- awareness-raising activities, provision of guidance, assistance with call for tenders, call for proposals to increase financial absorption capacity of the organization funded;
- enhancing their tax advantage;
- enable them to provide primary care services, that are momentarily responsibilities of local governments;
- drawing up and using a monitoring system to analyse their activities, to increase risk aversion and to provide feedback;
- improving their interest representation;
- establishing a social economic development concept with the aim of changing approach, providing more adequate legal and institutional environment, and better financial support.

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