



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



MINISTRY
FOR NATIONAL ECONOMY



Budapest Conference on the Role of Social and Solidarity Economy in Reducing Social Exclusion

1-2 June 2017



www.unido.org



INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

Contents

1. Introduction and objectives.....	1
2. UNIDO project	3
3. Structure of the Conference.....	4
4. Dates and venue	5
5. Participants	5
6. Language.....	5
7. Enquiries and correspondence	6

1. Introduction and objectives

Social exclusion has climbed up the policy agenda in many countries in response to growing inequalities, unemployment, poverty, and environmental degradation, arising as negative externalities from the ongoing processes of globalization and interdependences, technological change, and the economic crisis. In response, the Government of Hungary, in cooperation with UNIDO, has called for the organization of an international conference, drawing on the expertise and experiences of a diverse group of stakeholders working to address social exclusion, including representatives from government, the private sector, social enterprises, academia, civil society, and international organizations. The aim of the conference is to facilitate the exchange of good practice and experiences, and to provide policy guidance to support promising innovative business models for addressing social problems on the ground.

Social exclusion is a broad concept used to describe the material deprivations associated with poverty. The term is applied to groups rather than individuals and relates not only to income or physical wellbeing, but various aspects of society, such as inclusion in the labour market and the real economy, administrative systems, local communities, institutions and democracy. In general terms, social exclusion describes a state in which societal groups are unable to participate fully in economic, social, political and cultural life, as well as the process leading to and sustaining such a state. Measuring social exclusion is challenging due to its multidimensional nature. Full participation in society can be prevented by many factors, such as lack of access to material resources, including income, employment, land and housing, or to such services as education and health care. Social inclusion on the other hand, is defined as the process of improving the terms of participation in society, particularly for people who are disadvantaged, through enhancing opportunities, access to resources, voice and respect for rights.¹

In the European Union (EU), the Europe 2020 strategy for smart, sustainable and inclusive growth sets the target to lift at least 20 million people out of poverty and social exclusion and to increase

¹ United Nations, Department of Economic and Social Affairs, Report on the World Social Situation 2016.

employment of the population aged 20-64 to 75 per cent. The flagship initiatives of the Europe 2020 strategy, including the Platform against Poverty and Social Exclusion and the Agenda for New Skills and Jobs, support efforts to reach these targets.²

At the same time, in 2015, the international community reached an historic milestone in adopting the 2030 Agenda for Sustainable Development and 17 Sustainable Development Goals (SDGs). The associated goals and targets commit all countries to an ambitious agenda for international development in the next 15 years, with a vision for a world free of extreme poverty in which all people can reach their full potential. The 2030 Agenda incorporates three dimensions of sustainable development – economic, social and environmental.

The promotion of social innovations offers an important alternative to market forces and government intervention in tackling the growth of precarious employment and decent work deficits and can thus play an important role in achieving the 2030 Agenda. The term social innovation refers to a novel solution to a social problem that is more effective, efficient, sustainable, or just than current solutions. The value of social innovations accrues primarily to society rather than to individuals.

Social innovation is often promoted by so called social and solidarity economy (SSE) organizations. SSE organizations include a broad range of organizations that are distinguished from conventional for-profit enterprises by their explicit economic and social (and often environmental) objectives, as well as their co-operative, associative solidarity relations. SSE organizations include, inter alia, cooperatives, mutual associations, NGOs engaged in income generating activities, social enterprises, and fair trade organizations and networks. In contrast to traditional business models, SSE organizations seek to mobilize and redistribute resources and surplus proactively in inclusive ways that cater to people's essential needs. In order to achieve this aim, SSE organizations, such as social enterprises act as agents of change that diffuse social innovation.

A social enterprise is a business that exists specifically to have a positive social impact, while being financially sustainable. The ventures that classify as social enterprises prioritize social impact above profit, receive a high percentage of income from commercial, rather than charitable, sources, and reinvest a large part of their profit into the enterprise or other activities of social value. A prerequisite for social enterprises to promote social innovation is sufficient funding to start their business, and this is where impact investment plays a decisive role. Impact investment refers to investments made into companies and organizations, with the intention to generate social and environmental impact alongside a financial return. In addition, there are specific types of social enterprises, such as inclusive businesses– a for-profit business that uses its value chain to raise people out of poverty. While it has all the characteristics of a social enterprise, it also brings a focus to low-income communities. Their core business activity tangibly expands opportunities for people at the base of the pyramid (BoP): as producers, suppliers, workers, distributors, and consumers. Inclusive business is clearly distinguishable from corporate social responsibility (CSR), which rather refers to company giving that benefits society without a clear connection to the core business.

² Communication from the European Commission, Europe 2020, a strategy for smart, sustainable and inclusive growth, 2010.

The importance of social enterprises as an alternative to classical for-profit business models in the EU is also reflected in figures. It is estimated that one in four new enterprises set-up every year in the EU are now social enterprises.³ There are 2 million social economy enterprises in Europe represent 10% of all businesses in the EU and more than 11 million people – about 6% of the EU's employees – work for social economy enterprises.⁴

The conference will discuss the importance of social innovation and SSE organizations through which social innovation is promoted, and draw attention to its potential as an alternative and more inclusive model of development. The Conference objective is to create a better understanding of these concepts and business models and of how they foster social and economic inclusion of disadvantaged groups in the real economy. The conference in Hungary will be an opportunity to contribute towards establishing dialogue, networking and partnership among major players and potential partners for piloting inclusive and sustainable industrial development projects for disadvantaged groups. At the same time, the conference will also mark the inception of a knowledge-sourcing platform on social innovation. Participants will be asked to propose follow up activities to ensure sustainability of the platform and potential areas of technical cooperation in partnership with international organization will be discussed, including concept proposals for selected targeted groups.

The Ministry for National Economy of Hungary, as the host and initiator of the conference, will present its inclusive and sustainable industrial development policies, and share its experience in addressing social exclusion through programs and projects promoting: social and labour market integration; provision of social services, training, education and healthcare; and job creation for disadvantaged groups.

The topics for discussion during the conference include:

- Recent trends in social exclusion in Europe and Hungary.
- Industrial development strategies and policies in Hungary to reduce the number of people at risk of poverty and social exclusion.
- Concept of social innovation and its relationship with social inclusion.
- Role of SSE organizations, including social enterprises in promoting social innovation and fostering social inclusion.
- Best practices of social enterprises in reducing social exclusion.
- Funding modalities for social enterprises, including the role impact investment.
- Services of business support organizations for a thriving social economy.
- Policy framework to support social enterprises in Europe.
- The role of international organizations in supporting SSE organizations and social inclusion.

2. UNIDO project

Many international and regional organisations have programmes and projects devoted to addressing social exclusion. UNIDO is committed to helping Member States address social exclusion

³The Social Business Initiative of the European Commission, 2014.

⁴ European Commission, Social economy in the EU, retrieved from https://ec.europa.eu/growth/sectors/social-economy_de.

problems through its technical cooperation activities and its global convening role to share best practice and lessons learned on inclusive and sustainable industrial development (ISID). In cooperation with countries, UNIDO develops projects that contribute to improving sustainable livelihoods for vulnerable population groups and communities, such as ethnic minorities, youth and women, and empowering these disadvantaged and marginalised groups with the skills and knowledge to participate in the real economy and earn income.

UNIDO supports this conference through its technical cooperation initiatives in the region and its convening role in enhancing information exchange, knowledge sharing, discussions and network building. In the past, UNIDO was involved in projects focused on improving social inclusion and aimed at creating sustainable income opportunities through training programmes on entrepreneurship, including green entrepreneurship, youth and women entrepreneurship; business skills development; establishing pilot biogas demonstration units in disadvantaged communities using local resources, for providing reliable and affordable energy services and decent and sustainable job opportunities; and strengthening local capacity in operational and maintenance aspects of dealing with these projects.

The main activities leading to the establishment of the regional knowledge sourcing platform include state-of-the-art background studies on new innovative business concepts, models, approaches and best practice cases to address social and economic exclusion of marginalized groups. UNIDO will also seek the involvement of social enterprise organizations to assist in identifying experts and entrepreneurs involved in social inclusion initiatives in the region and beyond.

Successful implementation of the project will also greatly contribute to the SDGs. The project aims to address gender equality and women empowerment (SDG 5), the promotion of full and productive employment and decent work for all (SDG 8), and an increase of the share of employment in industry (SDG 9). UNIDO contributes to these goals, with particular focus on *SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation*. With its mandate to promote ISID, UNIDO is contributing to eliminating poverty and social exclusion through job creation, skills upgrading, and entrepreneurship promotion.

In its efforts to support aspiring entrepreneurs, UNIDO recognizes the importance of social entrepreneurs and provides the tools for them to become agents of change. Social entrepreneurs often lack the necessary knowledge, skills, human and financial resources to pursue entrepreneurial activities, which will provide the catalytic momentum for social change. At the same time, the entrepreneurial ecosystem is often not conducive to youth- and women-led enterprises, and moreover may not be catered towards the particular characteristics of youth and women social entrepreneurship.

3. Structure of the Conference

The conference will include eight interactive panel sessions. Each of the sessions will last 90 minutes and will feature presentations from four panelists (presentation of 20 minutes each). The panel presentations will be followed by a question and answer segment of 10 minutes. The closing session will seek to elaborate recommendations and next steps for the platform.

- **Panel session 1** will introduce the topic of the conference through a keynote address and presentations on the issue of social exclusion and the role of social innovation to foster social inclusion.
- **Panel session 2** will introduce SSE concepts, such as social enterprises and inclusive business, as means to foster social inclusion.
- **Panel session 3** will provide examples and best practice cases of social enterprises and inclusive businesses on the ground in Hungary, Europe and beyond.
- **Panel session 4** will discuss different sources of funding for social enterprises and inclusive businesses, including impact investment.
- **Panel session 5** will focus on business support services provided for social enterprises and inclusive businesses to foster sustainability of the sector.
- **Panel session 6** will focus on the necessary policy framework for a thriving social and solidarity economy.
- **Panel session 7** will focus on support of international organizations and examples of their engagement.
- **Panel session 8** will provide a wrap-up of the discussions, summarize the key issues addressed during the conference, and provide recommendations for future action.

4. Dates and venue

The conference will take place on 1 and 2 June 2017 in Budapest, Hungary. The venue of the conference is the Grand Room at the Kempinski Hotel Corvinus Budapest, located at Erzsébet tér 7-8, 1051 Budapest.

5. Participants

The conference will bring together government officials and policy makers, representatives of the private sector, not-for-profit sector, government, academia, the international community and civil society to discuss innovative solutions and effective counter-measures to problems of social exclusion, as well as policies at national and regional levels to ensure social cohesion and shared prosperity. In addition, designated international experts from international organizations and development finance institutions are invited to the workshop.

6. Language

The official working language of the workshop is English. Translation from Hungarian to English will be provided, if necessary.

7. Enquiries and correspondence

All enquiries and correspondence prior to the meeting should be addressed to:

UNIDO	
United Nations Industrial Development Organization UNIDO HQ Wagramerstrasse 5, Vienna International Centre P.O. Box 300 A-1400 Vienna Austria	
Ms. Olga Memedovic Chief, Business Environment, Clusters and Innovation Division E-mail: o.memedovic@unido.org	
Ms. Theresa Rueth Business Environment, Clusters and Innovation Division Tel.: +43 1 26026-4853 E-mail: t.rueth@unido.org	Ms. Brigitt Roveti Business Environment, Clusters and Innovation Division Tel.: +43 1 26026-3745 E-mail: b.roveti@unido.org
Ministry for National Economy of Hungary	
MINISTRY FOR NATIONAL ECONOMY Józsefnádor tér 4. 1051 Budapest Hungary	