



Experiences with implementation of FEI in Hungary - *Combined Microcredit*

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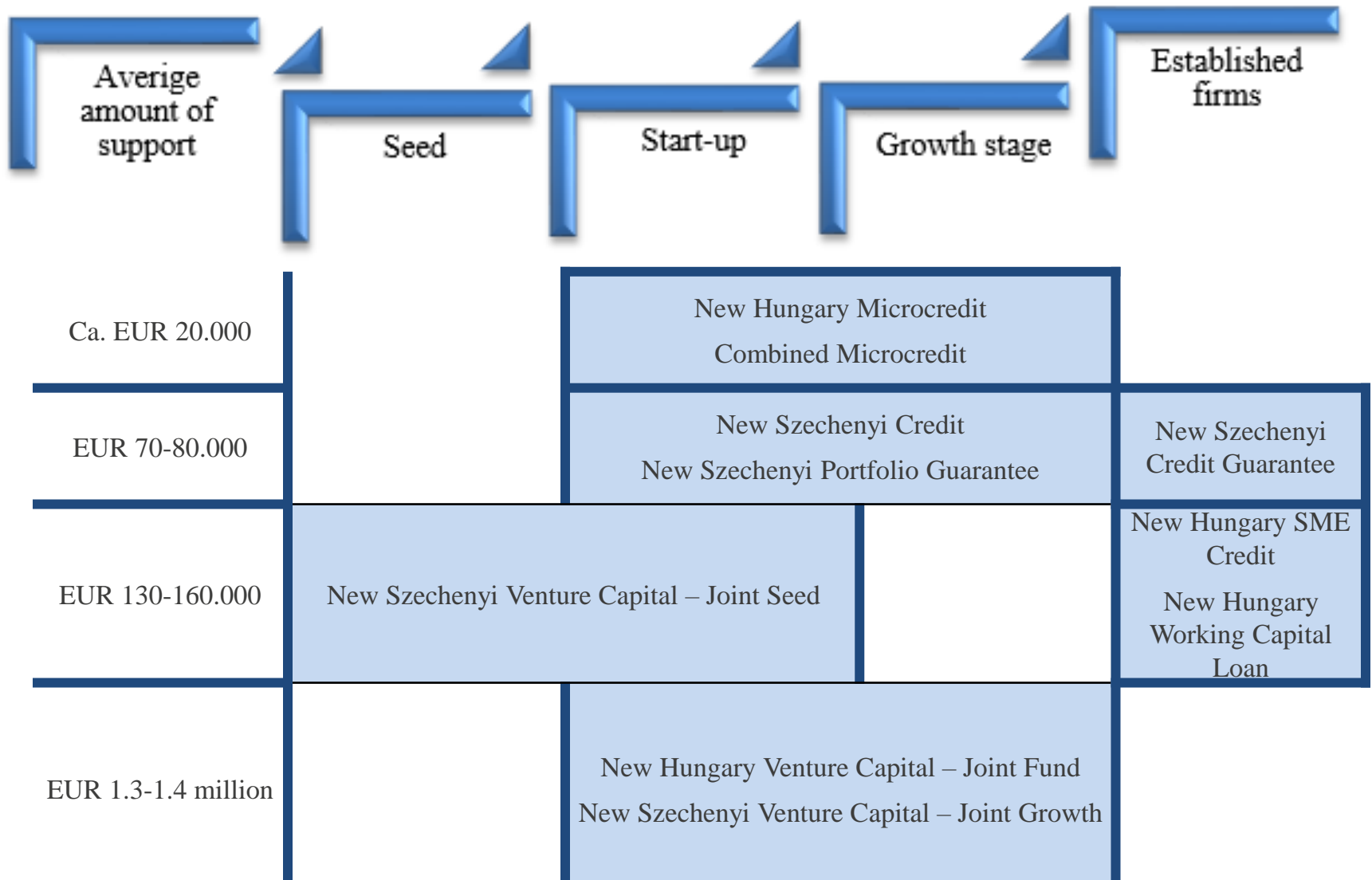
FIs in the OPs in Hungary (2007-2013)



Ops	Budget of OP (without TA)	FI forms in the OP	FI budget in the OP	FI in % of the OP
Economic Development Operational Programme 2007-2013 (EDOP) which covers the convergence regions (6 regions out of 7)	EUR 3,257 million	Credit, Guarantee, VC	EUR 727 million (the total FI priority axis)	22%
Central Hungary Operational Programme 2007-2013 (CHOP) for the Regional Employment and Competitiveness objective	EUR 1,663 million	Credit, Guarantee, VC	ca EUR 117 million (FIs cover part of the 1 st priority)	7%
6 Regional Development Operational Programmes (RDOP) for the Convergence regions	EUR 4,881 million	VC	EUR 7 million /OP (in Strengthening the region's SME sector priorities)	0,8%



Different FIs in the business development cycle



OP	FIs	Short description	Launching the program
EDOP, CHOP	“New Széchenyi” Combined Micro Credit and Grant	For micro enterprises, for 120 months Min HUF 1 million, max HUF 20 million (ca min EUR 3,500, max EUR 70,000) 10% own resources, 45% micro credit, 45% grant	2011
EDOP, CHOP	“New Széchenyi” Credit (previously Micro Credit)	For micro and small enterprises, for 36/120 month (depending on the type of the credit, e.g. investment or asset) Max. HUF 50 million (ca max EUR 175,000)	2007
EDOP, CHOP	“New Hungary” Small and Medium Credit	For small and medium sized enterprises, for 10 years Min HUF 10 million, max HUF 100 million (ca min EUR 35,000, max EUR 350,000)	2008 (closed in 2012)
EDOP, CHOP	“New Hungary” Working Capital Loan	For small and medium sized enterprises, for 1-2 years Min HUF 1 million, max HUF 200 million (ca min EUR 3,500, max EUR 700,000)	2008 (closed in 2010)
EDOP, CHOP	Portfolio guarantee	Up to 80%	2007
EDOP, CHOP	Venture capital	Trough venture capital fund management firms, tasked with raising a fixed proportion of additional private funding to the resources committed by Venture Finance Hungary Plc. The abovementioned partners were selected by open tender in the second half of 2009.	2009
7 RDOPs	Equity fund	Venture capital in the regions.	2010

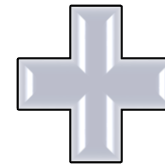


Combined microcredit - project structure/financing

Own Resources
min. 10%



Micro-loan
HUF 1-20 million
(EUR 3.300-65.400)
max. 60% of project value

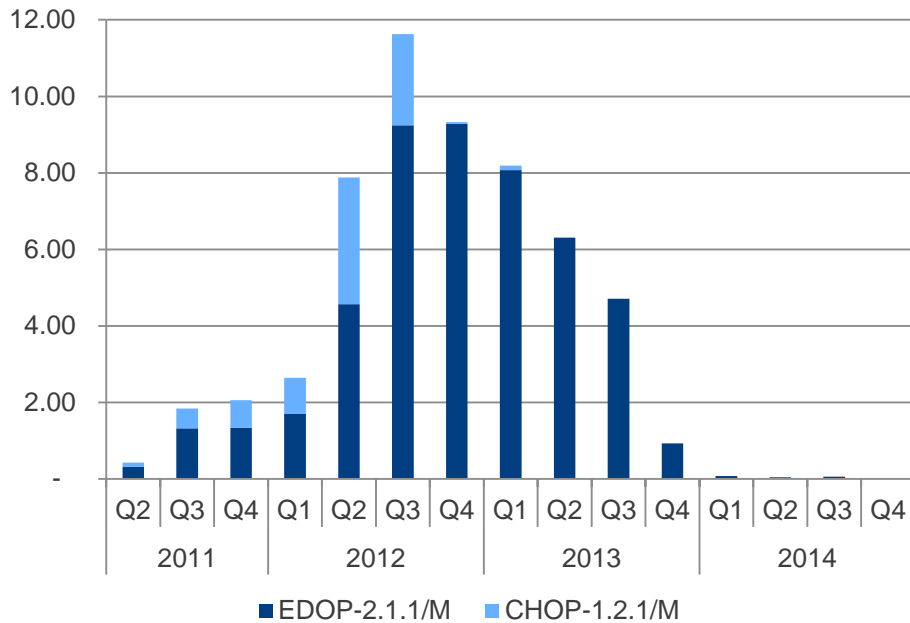


Grant
HUF 1-10 million
(EUR 3.300-33.000)
max. 45% of project value

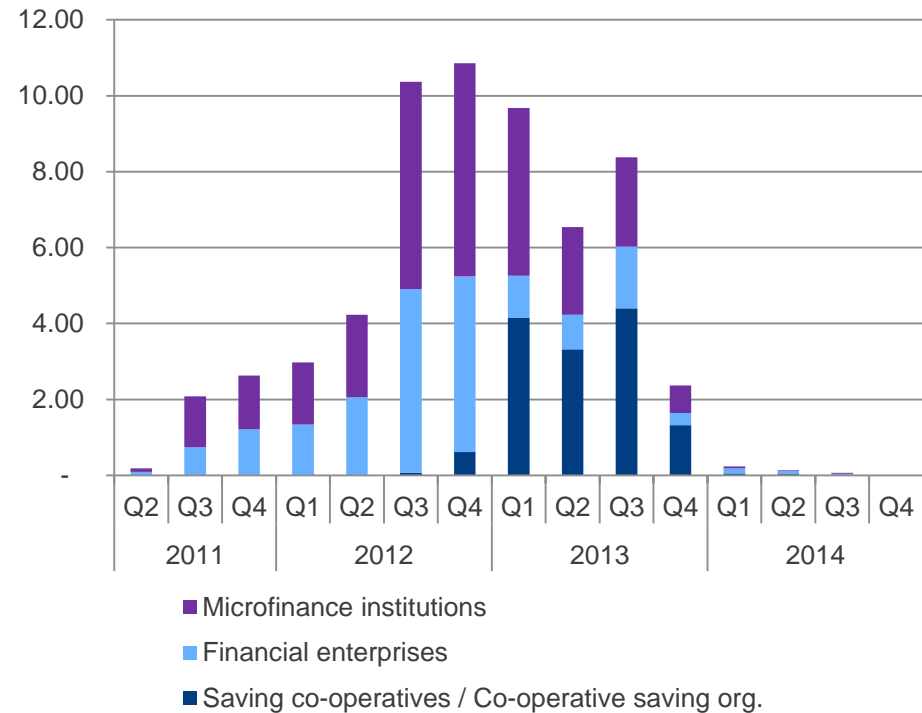
Combined microcredit grants and loans



Grants



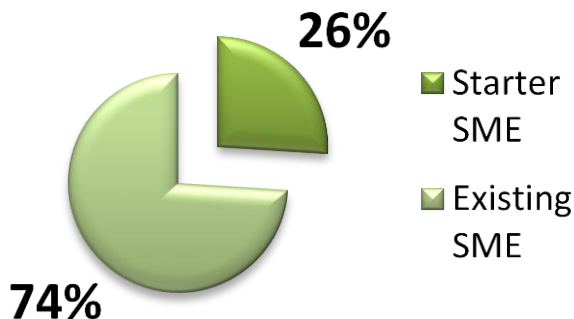
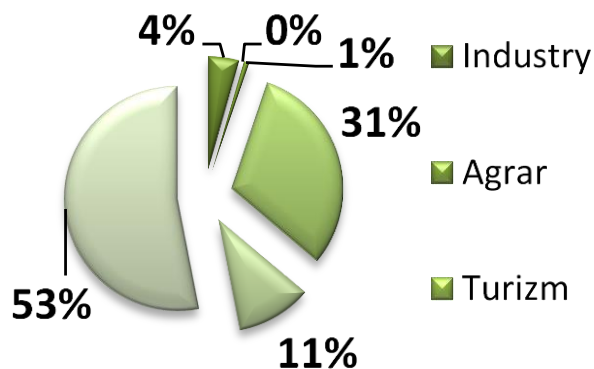
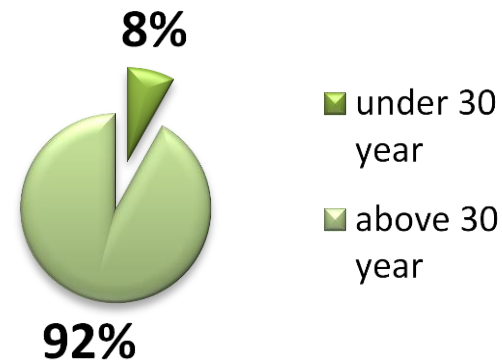
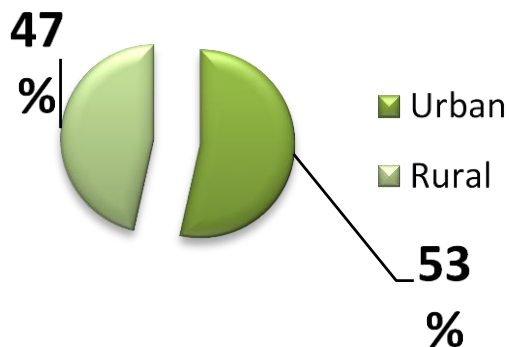
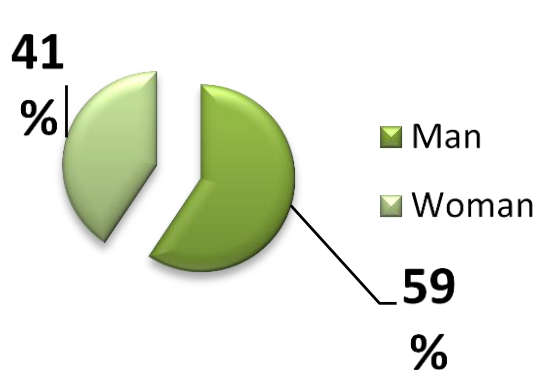
Refinanced sources



#ficompass



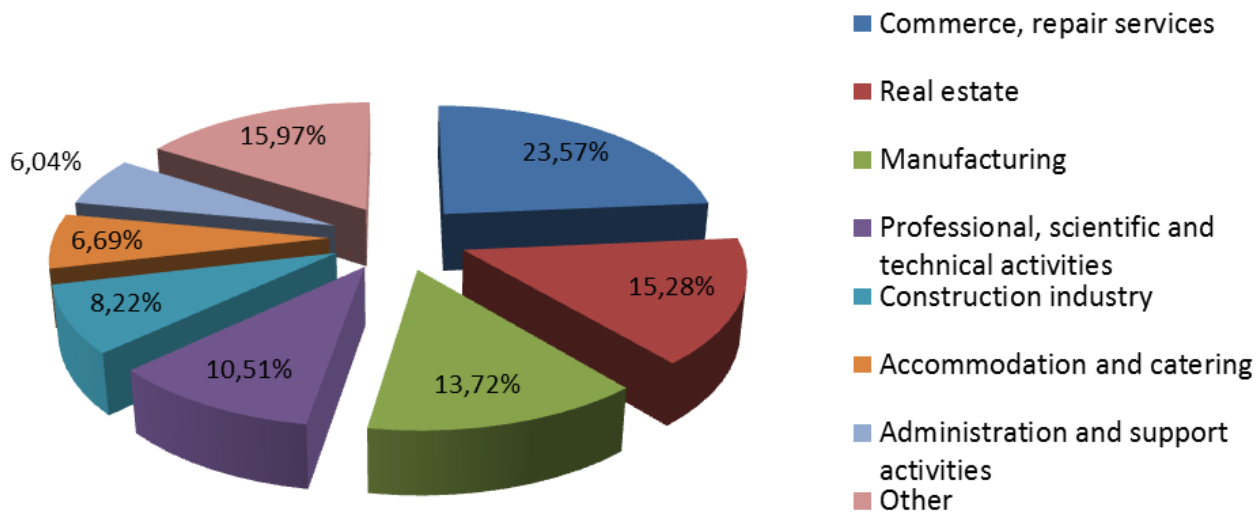
Breakdown of the combined microcredit beneficiaries



200 million EUR - 9347 projects

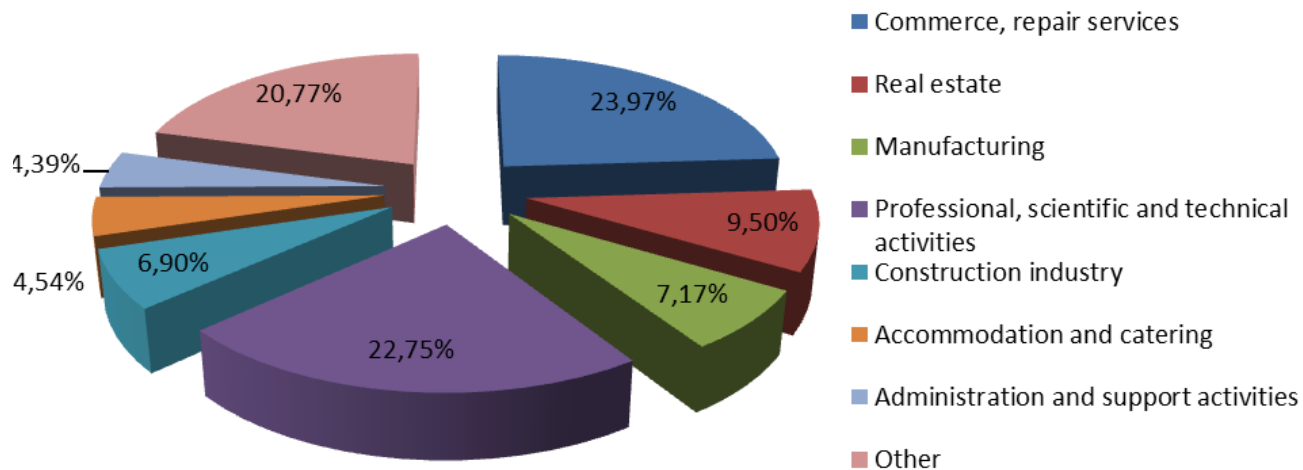
2007-2013

Percentage of sectors in the whole portfolio (loan and guarantee)



Contracted sources	Proportion
44,81	23,57%
29,04	15,28%
26,08	13,72%
19,98	10,51%
15,63	8,22%
12,71	6,69%
11,49	6,04%
30,35	15,97%

Percentage of sectors in combined microcredit programme



Contracted sources	Proportion
12,45	23,97%
4,94	9,50%
3,73	7,17%
11,82	22,75%
3,58	6,90%
2,36	4,54%
2,28	4,39%
10,79	20,77%

Is the combination of FEI (loans, guarantees) and grants irregular or not?



Irregular, if the same eligible expenditure item received an investment from a financial engineering instrument and a grant and at least one of the following applies:

1. the grant and the investment do not form part of two separate operations with separate eligible expenditure,
2. the two forms of support were used to pre-finance or reimburse one another;
3. the combination of the two forms of support resulted in an over-financing of the expenditure item;
4. there are no separate accounts and records for each stream of financing for each operation;
5. maximum aid intensity allowed by State aid rules was not respected;
6. there is a double financing of the same eligible expenditure.

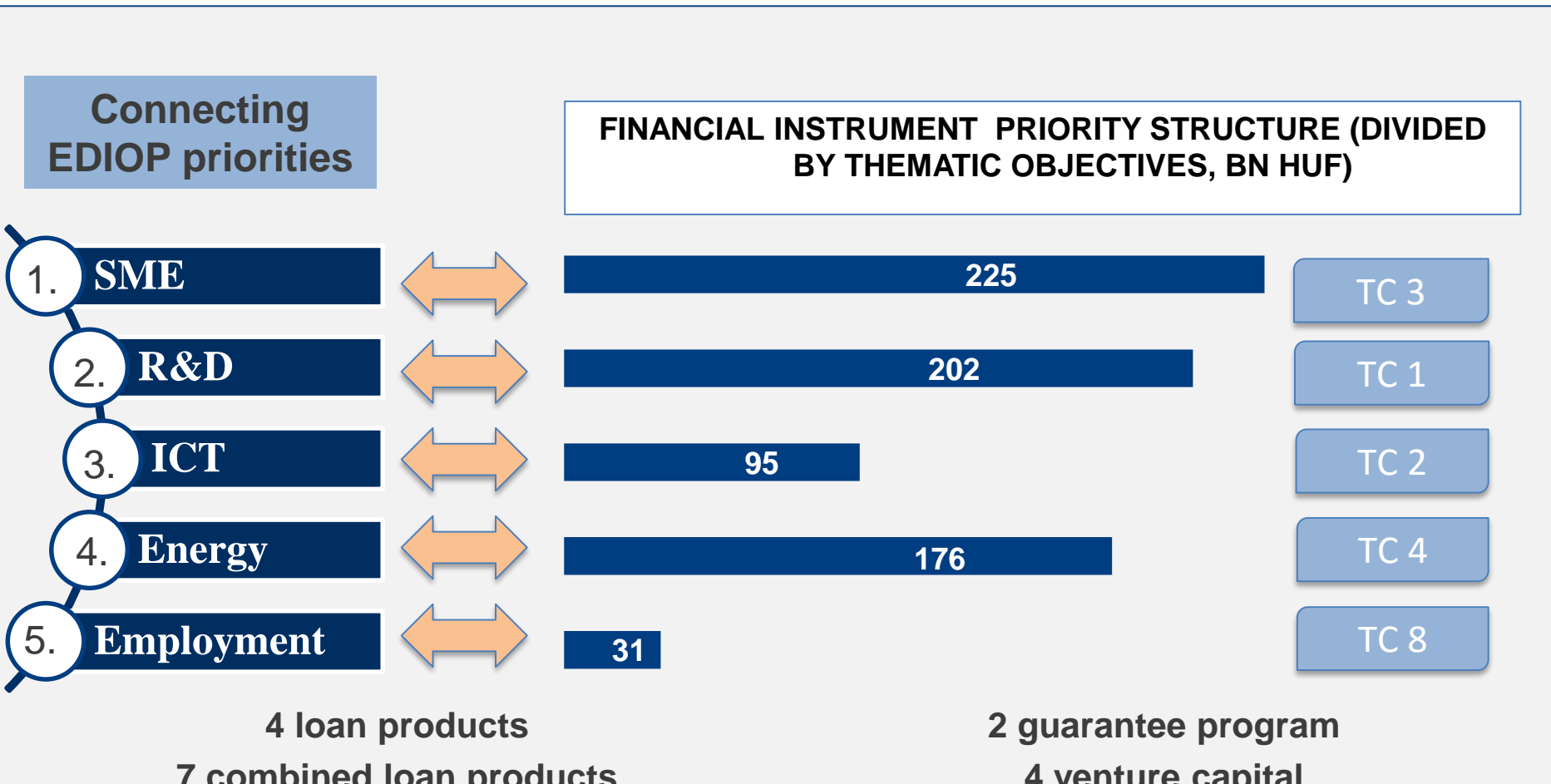


2014-2020

The following Hungarian OPs are planning to use FIs:

OP	million EUR
EDIOP total	7684,2
FI sources	2235,2

Economic Development and Innovation OP	ERDF
Competitive Central Hungary OP	ERDF
Human Development OP	ERDF/ESF
Integrated Transport OP	ERDF/CF
Rural Development OP	EAFRD



Conclusions



- Wider possibilities of financial instruments
- Positive experiences of the combined products
- According to regulation combination with grant is possible, BUT restrictive COM interpretation

2007-2013

**Short and limited rules
and few guidance**

**Free rein to Member
States to explore**

2014-2020

**More sophisticated
regulation with several
guidance**

**Rules are not in line with
MS practices**



"Don't bother me with new ideas, I've got a battle to fight!"