Financial Instruments in Hungary
State of play

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Ministry for National Economy

10 March 2016 Budapest
• 2007-13 programming period: past experiences

• 2014-20 programming period: state of play
2007-13 programming period
The first financial instruments were set up in Hungary in the 2007-13 programming period.

JEREMIE sources
• In Economic Development OP included 208bn HUF (~727m EUR),
• in Central Hungarian OP contained 40bn HUF (~140m EUR), mirror schemes
Implemented programmes

**Loan**
- EDOP 4.1, CHOP 1.3.1 (mirror schemes)
  - New Széchenyi Loan programme,
  - Combined Microcredit programme,
  - New Hungary SME loan programme,
  - New Hungary Working capital loan programme

**Guarantee**
- EDOP 4.2, CHOP 1.3.2 (mirror schemes)
  - New Széchenyi Loan Guarantee programme,
  - New Széchenyi Counter-guarantee programme,
  - Combined Loan with Guarantee

**Venture capital**
- EDOP 4.3, CHOP 1.3.3 (mirror schemes)
  - New Széchenyi Venture Capital seed sub programme,
  - New Széchenyi Venture Capital Growth subprogramme,
  - New Hungary Venture Capital programme

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JEREMIE Institutional structure

1. Level
   Governmental
   Fund agreement

2. Level
   Holding Fund
   Intermediary agreements

3. Level
   Financial intermediaries
   Contracts with final recipients

4. Level
   Final recipients

Ministry of National Economy

EDOP MA  ROP MA

MFB Zrt. (VFH PLC.)

Loan 1,2,...n
Combined microcredit 1,2,...n
Guarantee 1,2,...n
Venture Capital 1,2,...n

SME 1  SME 2  SME 3  SME 4  SME 5  SME 6  SME 7  SME 8..n

#ficompas
## 2007-13 programming period

### Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Projects (bnHUF)</th>
<th>units EUR</th>
<th>mEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined microcredit</td>
<td>9347</td>
<td>60,76</td>
<td>195,92</td>
</tr>
<tr>
<td>Loan</td>
<td>7802</td>
<td>118,16</td>
<td>381,05</td>
</tr>
<tr>
<td>Guarantee</td>
<td>1768</td>
<td>9,18</td>
<td>29,60</td>
</tr>
<tr>
<td>Venture capital</td>
<td>274</td>
<td>72,38</td>
<td>233,41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19191</strong></td>
<td><strong>260,48</strong></td>
<td><strong>839,98</strong></td>
</tr>
</tbody>
</table>

Data: 25.02.2016
The following Hungarian OPs are planning to use FIs:

<table>
<thead>
<tr>
<th>OP</th>
<th>ESI fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development and Innovation OP</td>
<td>ERDF</td>
</tr>
<tr>
<td>Competitive Central Hungary OP</td>
<td>ERDF</td>
</tr>
<tr>
<td>Human Development OP</td>
<td>ERDF/ESF</td>
</tr>
<tr>
<td>Integrated Transport OP</td>
<td>ERDF/CF</td>
</tr>
<tr>
<td>Rural Development OP</td>
<td>EAFRD</td>
</tr>
</tbody>
</table>

EDIOP and CCHOP contain dedicated amount of sources for FIs
2014-20 programming period
EDIOP

2015

- Adaptation of the new FI COM regulation (changing Hungarian regulation, and implementation)
- New institutional structure – ongoing tasks

2016

- Launching of new FI products

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**Fund of Funds**: Hungarian Development Bank has been selected for EDIOP and CCHOP.

**Funding agreement** has been signed with FoF manager.

**Financial intermediary**: consortium selected via public procurement.

**Provided services**: raising awareness of SMEs about FI products, supporting SMEs in tendering, project pre-evaluation, ongoing workflow tasks on loan/combined loan portfolio etc.
New FI products
Designing phase

Ex ante assessments

Finalised ex ante assessments on following areas:
• SME support (loans),
• ICT,
• Energy sector

Ex ante assessments are under way:
• SME support (combined products, guarantee, venture capital)
• R&D, and
• Employment support

FI product design - Work with stakeholders

Line ministry
Prime Minister’s Office
Managing Authority
FoF
# New FI products

Plans for launching

<table>
<thead>
<tr>
<th>Thematic Objective/ FI products</th>
<th>R&amp;D support</th>
<th>ICT support</th>
<th>SME support</th>
<th>Low-carbon energy</th>
<th>Employment support</th>
<th>Release dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan (bn HUF)</td>
<td>26</td>
<td>45,6</td>
<td>44</td>
<td>103,19</td>
<td>15</td>
<td>March (2), July, Aug, Sept 2016</td>
</tr>
<tr>
<td>Combined microloan product (bn HUF)</td>
<td>-</td>
<td>30</td>
<td>100</td>
<td>61</td>
<td></td>
<td>July 2016</td>
</tr>
<tr>
<td>Guarantee (bn HUF)</td>
<td>10</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td></td>
<td>Aug 2016</td>
</tr>
<tr>
<td>Venture capital (bn HUF)</td>
<td>65</td>
<td>5,1</td>
<td>21</td>
<td>-</td>
<td></td>
<td>Sept 2016</td>
</tr>
<tr>
<td>Sum</td>
<td>101</td>
<td>80,7</td>
<td>175</td>
<td>164,19</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

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financial instruments, funding agreement, governance, revolting, ESF, EU guidance, ex-ante assessment, capacity building, microfinance, case studies, ESIF, fi-compass, final recipients, thematic objectives, equity, EaSI, loans, life cycle, factsheets, combination of support, private investors, conferences, investment strategy, managing authorities, EMFF, manuals, ERDF, co-financing, seminars, technical support, added value, investments, leverage, fi-compass, business plan, advisory services, guarantees, banks, Thank you