



TO 3 Financial instruments in Hungary

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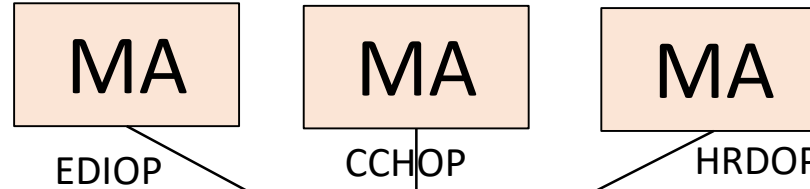
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FI Implementation structure - loans



Central coordination (MIT)

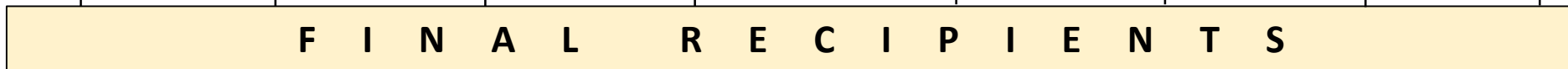


Appointment of FoF manager based on public-public cooperation and Omnibus regulation



Public procurement1

Public procurement2



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FoF manager/ Financial intermediary tasks



Tasks of MFB:

- Development of financial products
- Cooperation with MA and other public institutions
- Control operations of intermediaries
- Auditing of projects
- Decision on loan applications of over HUF 300m
- Managing repayments by final beneficiaries
- Managing claims in case of default/irregularity
- Payments to financial intermediaries (amounts covering loan requests + management fees)

Tasks of Financial Intermediary (MFB Point):

- Opening of *MFB Points*
- Product sales, dealing with clients, receiving applications
- Decision on loan applications (under HUF 300m)
- Payments to final beneficiaries
- Portfolio management, monitoring
- Managing contract amendments
- Monitoring final recipients and fulfilment of projects

Key documents:

- Funding agreement between MA and MFB
- Intermediary agreement between MFB and intermediaries
- Procedure Handbook
- Operational Manual

+ national legislation:
Government Decree No. 272/2014

➤ **Information sharing between MFB and intermediary is important!**



TO3: Financial products



TO	Loan programs	Combined loan programs	Venture capital programs	
TO3	Loan program for enhancing competitiveness of SMEs (EDIOP, CCHOP)	<p>Combined loan program for supporting capacity expansion of SMEs (EDIOP)</p> <p>Combined loan program for supporting medium-sized food companies (EDIOP)</p>	Irinyi venture capital program (EDIOP)	National Fund (EDIOP)

LOANS		GINOP-8.3.1-16 (SUSPENDED)	VEKOP-1.2.3-16 (SUSPENDED)
Budget		MEUR ~212.5	MEUR ~10
Final recipients		SMEs	
Main objectives		Purchase of equipments (including ICT equipments), stocks and real estate as well as construction, improvement, extension	Purchase of equipments (including ICT equipments) in the territory of Pest county
Financing structure	Ratio of private contribution	Minimum 10%	
	Amount of loan	Minimum TEUR ~3 Maximum TEUR ~1,900	Minimum TEUR ~3 Maximum TEUR ~160
Interest rate		0% p.a.	
Term		Maximum 15 years	Maximum 7 years
State aid category		De minimis	

TO3: Financial products



LOANS + GRANT combined		GINOP-1.2.3-8.3.4-16 (SUSPENDED)	GINOP-1.2.6-8.3.4-16
Budget		Grant: MEUR ~117 Loan: MEUR ~234	Grant: MEUR ~156 Loan: MEUR ~156
Final recipients		SMEs	Medium enterprises – Food industry sector
Main objectives		Purchase of new equipments (including ICT equipments), construction of new buildings or improvement, extension of buildings, know-hows and licenses, using renewable energy	
Financing structure	Ratio of private contribution	Minimum 10%	Minimum 25%
	Amount of grant	Minimum TEUR ~15 Maximum TEUR ~150	Minimum TEUR ~156 Maximum TEUR ~2.350
	Amount of loan	Minimum TEUR ~31 Maximum TEUR ~453	Minimum TEUR ~156 Maximum TEUR ~6,250
		The amount of the loan must exceed the amount of the grant	
Ratio of grant	Maximum 30%	Maximum 37%	
Interest rate		2% p.a.	1% p.a.
Term		Maximum 15 years	
State aid category		De minimis	De minimis, GBER (regional aid, renewable energy)

TO3 products: where we stand



Progress of TO3 products

Product	Date of publication	Application period	Date of suspension	Amount available	Amount applied for (% of funds)	Absorption (Amount paid %)
GINOP-8.3.1-16 (loan)	19.05.2016	19.05.2016- 01.10.2018	17.03.2017	HUF 68bn (EUR 212.5m)	205%	85.9%
VEKOP-1.2.3-16 (loan)	13.09.2016	13.09.2016- 30.10.2018	13.11.2017	HUF 3.2bn (EUR 10m)	175%	86.1%
GINOP-1.2.3- 8.3.4-16 (combined)	07.12.2016	15.02.2017- 15.02.2019	31.05.2017	HUF 65.2bn (EUR 203.75m)	154%	9.0%
GINOP-1.2.6- 8.3.4-16 (combined)	07.12.2016	15.02.2017- 15.02.2019	-	HUF 43.5bn (EUR 135.9m)	78%	1.57%



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Implementation of combined products (loans+grants)



Role of financial intermediary (MFB Point):

- **Single point of contact** for potential final beneficiaries
- Provide information on products
- *BUT product applications are made via the online system of EU funded programs*
- Checks „banking aspects” of applications (e.g. financial situation of the company, debt rating, financial viability of project)
- Makes recommendation to MA on loan
- Concludes loan agreement with FR
- Pays loan to FR

Role of Managing Authority:

- Checks formal requirements
- Checks and makes decision on the project’s conformity with the call for applications (e.g. eligible costs)
- Makes final decision on the support to the final beneficiary
- Issues grant certificate or concludes a grant contract with the FR
- Pays grant to FR

Important!

- Grant+loan **can only be provided jointly**, they do not work separately (i.e. positive decision by both MA and financial intermediary is needed)
- Termination of one contract leads to an automatic termination of the other



