



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

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JEREMIE Institutional Set-up



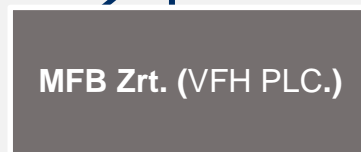
1. Level
Governmental

Fund agreement



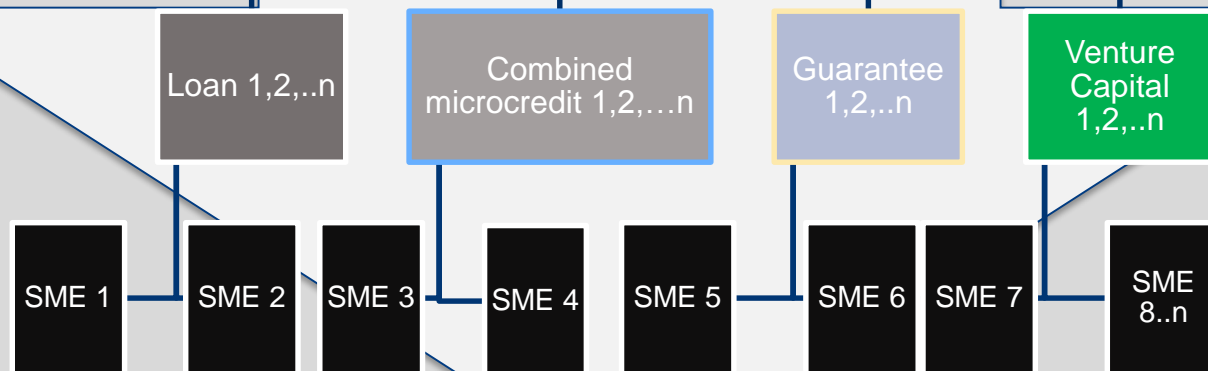
2. Level
Holding Fund

Intermediary agreements



3. Level
Financial intermediaries

Contracts with final recipients



4. Level
Final recipients



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Types of financial intermediaries and number of contracts



Financial intermediaries	Number of agreements concluded with financial intermediaries					Type of products			
	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015	Loan	Combined microcredit	Guarantee	Venture capital
Venture Capital Fund Managers	8	18	27	28	29	-	-	-	X
Commercial banks	99	116	119	120	120	X	-	X	-
Financial enterprises	53	76	94	97	97	X	X	-	-
Saving co-operatives / Co-operative saving org.	76	111	134	134	134	X	X	-	-
Microfinance institutions / enterprise agencies	35	35	35	35	35	X	X	-	-
Total	271	356	409	414	415				

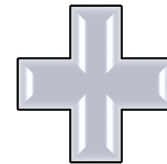


Combined microcredit - project structure/financing

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

FEI products

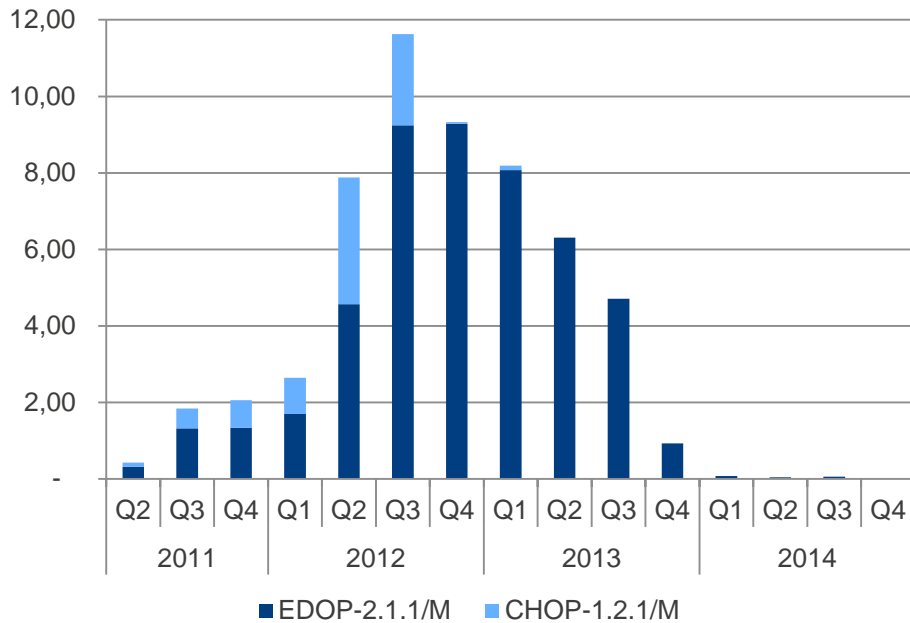


OP	FIs	Short description	Launching the program
EDOP, CHOP	“New Széchenyi” Combined Micro Credit and Grant	For micro enterprises, for 120 months Min HUF 1 million, max HUF 20 million (ca min EUR 3,500, max EUR 70,000) 10% own resources, 45% micro credit, 45% grant	2011
EDOP, CHOP	“New Széchenyi” Credit (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

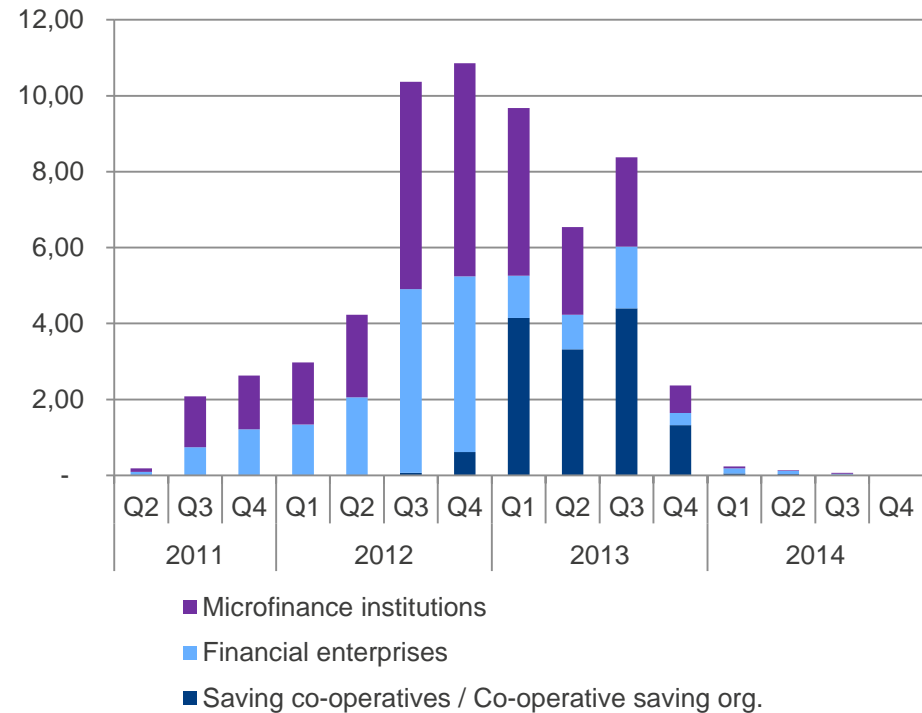
Combined microcredit grants and loans



Grants



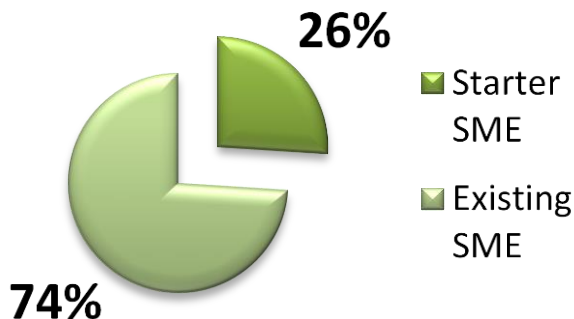
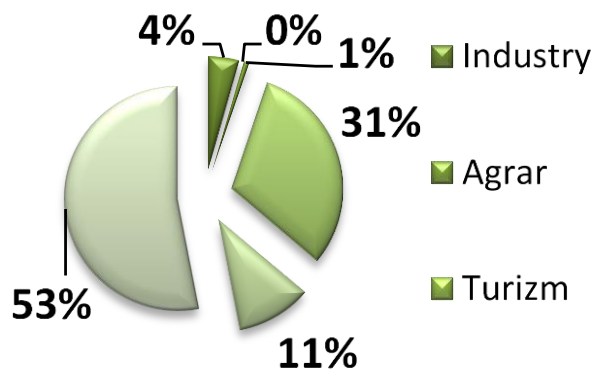
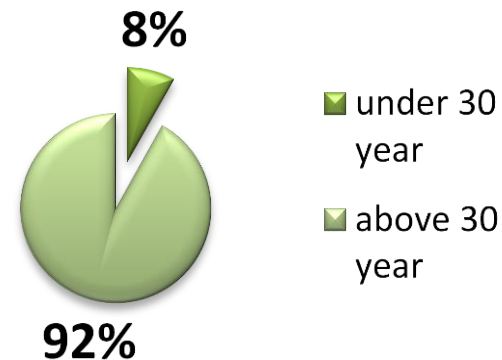
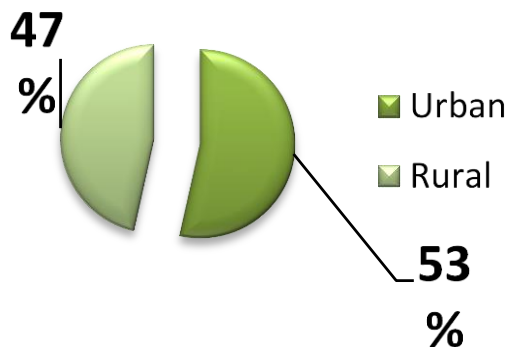
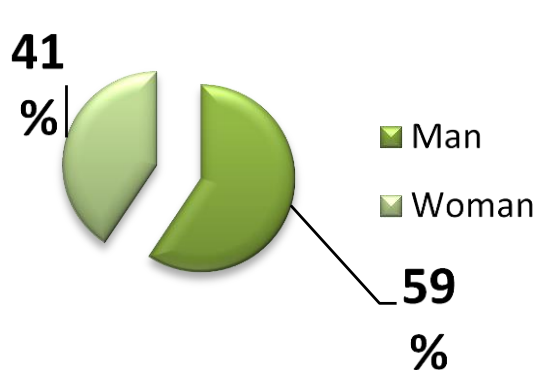
Refinanced sources



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Breakdown of the combined microcredit beneficiaries



200 million EUR - 9347 projects

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.



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!"



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

