



GOOD PRACTICES - CASE IDENTIFICATION /1ST LEVEL ANALYSIS

GOOD PRACTICE No. 2.

1. Good Practice title:

One-stop-shop approach applied in the combined scheme in the Economic Development Operational Programme (EDOP) 2007-2013

Category: 1. sustainability and efficiency of local microfinance programs

2. Territory of implementation/application (country/region/...)]

6 convergence regions of Hungary: North Great Plain, South Great Plain, Western Transdanubia, Central Transdanubia, South Transdanubia, North Hungary. Excluded: Central Hungary

Note: from a different operational programme (Central Hungary OP) an equivalent scheme was available for SME projects in Central Hungary

3. Timeframe:

year of introduction:

year of termination: (leave 0000 if ongoing)

4. Brief description of the promoting organization:

Promoting organisation: Managing Authority for the Economic Development Operational Programme at the National Development Agency, Hungary. The Managing Authority (MA) was responsible for the overall management of the Economic Development Operational Programme 2007-2013 in Hungary (EDOP). EDOP was financed from ERDF and co-financed by the Hungarian state budget. Total financial frame was EUR 3 363 million. EDOP included four thematic priorities: 1. R&D and innovation for competitiveness; 2. Complex development of enterprises (focusing on SMEs); 3. Improvement of modern business environment; 4. Financial instruments including loan, guarantee and equity products. Total volume of financial instruments was EUR 727 million. Financial instruments were managed through a holding fund system. The EDOP MA contracted the holding fund manager, which in turn contracted financial intermediaries that were in direct contact with SMEs.



5. Main objective of the initiative:

The combined scheme offered non-refundable and refundable financial assistance in one product to microenterprises from EDOP. The product was an open call to microenterprises aiming at technology modernisation, purchase of IT equipment and infrastructure development. An important objective of the scheme was to make microenterprises used to refundable assistance. It was however crucial to keep the scheme as simple as possible towards clients therefore the Managing Authority tried to unify front office functions to offer a one-stop-shop approach.

6. Brief explanation of the initiative:

In the combined scheme applicant microenterprises submitted project proposals requesting combined funding including a loan leg (max 60% of the total projects, from EUR 3 300 to EUR 65 400) and a grant leg (max 45% of total project costs from EUR 3 300 to EUR 33 000). The one-stop-shop solution made it possible to submit the project proposal for funding through a single window at involved financial intermediaries and be informed about the joint decision concerning the loan and grant assistance. If the project proposal was approved the beneficiary microenterprise received the loan after contract signature whereas the grant was available after paid invoices related to the project were submitted for reimbursement.

7. Target group and measures to involve the target group:

Primary target group was those microenterprises that had difficulties in getting access to finance and had limited funding to cover their own contribution for their projects. Small and medium sized enterprises were excluded from applying for the scheme. Banks were not allowed to act as financial intermediaries, the scope was limited to enterprise development foundations, non-banking type financial enterprises and savings cooperatives. These financial intermediaries were able to involve the target group extensively.

8. Innovativeness:

Beyond the structure of the scheme (presented in Good Practice No. 1) the one-stop-shop solution was a novel approach of the implementing authorities. Project proposals could be submitted at selected financial intermediaries that were responsible for the refundable assistance once the project was approved so applicant SMEs did not need to make separate requests for loan assistance and grant assistance. This needed thorough preparation from the managing authority, the grant intermediary body and the involved financial intermediaries concerning procedures, deadlines and underlying IT. The project proposal included the request of the applicant microenterprise both for the refundable and the non-refundable assistance. The involved financial intermediaries provided



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professional help for applicant companies so that they were able to submit good quality project proposals. The one-stop-shop solution worked until project approval so once projects were approved parallel procedures had to be followed by beneficiaries concerning the loan and the grant.

9. Outcomes:

The combined scheme proved highly successful owing both to the scheme structure and the unified procedures. Total number of contracts reached 7820 and the contracted micro-loan volume amounted to 173.4 million. The original financial frame was increased multiple times before the scheme was suspended. The scheme showed that grants could be effectively combined with loans.