



GOOD PRACTICES - CASE IDENTIFICATION /1ST LEVEL ANALYSIS

- **Good Practice title:**

1. **Zalaegerszeg Credit Support Program**
2. **New Széchenyi Combined Microcredit Program**
3. **Jeremie Program – New Széchenyi Venture Capital Program** in Hungary
4. **Kiútprogram – Way out of poverty**
5. **WomENTEMPO**
6. **Promoting job seekers to become entrepreneur**
7. **HMA Local Microcredit Program**
8. **FÜRGEHITEL**
9. **CREDINFO a credit information and enterprise promotion tool.**
10. **Crowdfunding project concept**

- **Territory of implementation/application (country/region/...)**

1. **Zalaegerszeg Credit Support Program** was only reachable in Zalaegerszeg
2. **New Széchenyi Credit Program** was available in every regions of Hungary, but in a limited extent in Budapest and Pest County (Central region).
3. **Jeremie Program –New Széchenyi Venture Capital Program** runs country wide, but Western Transdanubia is one of target regions
4. **Kiútprogram – Way out of poverty Self-employment and Microcredit Programme**

The program wasn't limited regionally, but primary consideration that the most backward regions of Hungary, for example Szabolcs-Szatmár-Bereg and Borsod-Abaúj-Zemplén county where people living in deep poverty and help them improve their live conditions.
5. **WomENTEMPO** Austrian-Hungarian Border Region
6. **Promoting job seekers to become entrepreneur with financial subsidy and microcredit**

This kind of program runs country wide, but every county has the own local program

7. HMA runs country wide, but every Local Enterprise Agency has the own Fund

8.FÜRGEHITEL is available only in Zala County

9.CREDINFO – All over Europe, no territorial constraint

10. Crowdfunding project concept Hungary

- **Timeframe:**

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| 1. Zalaegerszeg Credit Support Program - | year of introduction: 2015. | year of termination: -. |
| 2. New Széchenyi Combined Microcredit Program – | year of introduction: 2011. | year of termination: 2013. |
| 3. Jeremie Program – New Széchenyi Venture Capital Program in Hungary | year of introduction: 2011. | year of termination: 2013-. |
| 4. Kiútprogram – Way out of poverty Self-employment and Microcredit Programme | year of introduction: 2009. | year of termination: 2013. |
| 5. WomENTEMPO | year of introduction: 2017. | year of termination: -. |
| 6. Promoting job seekers to become entrepreneur with financial subsidy and microcredit | year of introduction: 2016. | year of termination: 2019. |
| 7. HMA | year of introduction: 2006. | year of termination: -. |
| 8.FÜRGEHITEL | year of introduction: 2017. | year of termination: -. |
| 9.CREDINFO | year of introduction: 2001. | year of termination: -. |
| 10. Crowdfunding project concept | year of introduction: 2017. | year of termination: -. |

- **Brief description of the promoting organization:**

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| 1. Mayor's Office of the Town Zalaegerszeg with County Rank represents the city council of Zalaegerszeg and the most important economic stakeholder in Zala County at the same time. The task of the Zalaegerszeg Credit Support Program was driven by the Department of Economy of Mayor's Office of the Town Zalaegerszeg with County Rank. |
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2. New Széchenyi Combined Microcredit Program:

Financial intermediary organizations: Banking and nonbanking financial intermediaries: bear the risk of their loans , but loss-sharing program works .

Managing Authority: designing tender criteria, resource allocation

Holding fund: Magyar Vállalkozásfinanszozási Zrt., Magyar Fejlesztési Bank,: financial implementation of the grant and loan program, selection, control, supervision of the financial intermediaries.

3. Jeremie Program – New Széchenyi Venture Capital Program in Hungary

Leading Authority: Hungarian Development Bank (at present), managing Fund of Funds
Financial intermediaries: Private fund manager companies

4. Kiútprogram – Way out of poverty Self-employment and Microcredit Programme

Kiútprogram Public Non-profit Ltd. – was founded with Polgar Foundation as its majority, the program implementer, it is responsible for the professional management and operation, entitled "sell" to "micro loan product" as an agent and provide the customer relations activities.

Raiffeisen Bank – commission, didn't report any charge, banking costs, expenses, social responsibility.

Polgar Foundation: the Kiútprogram Non-profit Ltd. main shareholder, the main partner of the EU contracts, supply the project manager tasks, researching, analysing impacts és dissemination.

5. WomENTEMPO

Zala County Foundation for Enterprise Promotion (ZMVA) as a project partner

6. Promoting job seekers to become entrepreneur with financial subsidy and microcredit
Zala County Labor Center of Government Office

7. HMA runs country wide, but every Local Enterprise Agency has the own Fund. Zala County Foundation for Enterprise Promotion (ZMVA) is operating the program In Zala County

8. FÜRGEHITEL Zala County Foundation for Enterprise Promotion (ZMVA) is operating the program .

9. CREDINFO

- Credinfo Ltd. – a System development company,
- MFI's – Microfinance Institutions – as a users

• **10. Crowdfunding project concept**

Zala County Foundation for Enterprise Promotion (ZMVA)

1. Main objective of the initiative:

1. Zalaegerszeg Credit Support **Program's** main objective was the local SME strengthening through new constructions of the given loans (with lower interest rate). For the Mayor's office is one of the most important objective is the creation of a strong SME sector, because just this way is reachable the reduction of unemployment and the development of the local infrastructure.

2. New Széchenyi Combined Microcredit Program was designed a single system to provide non-refundable subsidy and preferential loans to creditworthy Hungary based micro enterprises in that case when commercial banking methods in the field are not or not sufficiently be financed.

3. Jeremie Program – New Széchenyi Venture Capital Program in Hungary

1. to make private investors motivated to invest into early stage start-ups and spin-offs.
2. To provide special advantages for private fund managers and investors in the program
3. to improve VC market on supply side
4. to involve professionalmarket participants

4. Kiútprogram – Way out of poverty Self-employment and Microcredit Programme

The objective of Kiútprogram is to enable people living in deep poverty – primarily Roma – to become self-employed by providing them with social support, financial services and information; and as a result, help them improve their social status and make a living for themselves and their families.

5. WomENTEMPO

Strengthening the competitiveness of the SME sector by improving women's employment opportunities in the border region

6. Promoting job seekers to become entrepreneur with financial subsidy and microcredit

The purpose of the program, recorded at least one month of job seekers, or to promote entrepreneurship, willingness to receive rehabilitative care or rehabilitation benefit persons, private enterprises, and encouraging them to initiate entrepreneurial activity.

7. HMA to provide preferential loans to creditworthy Hungary based micro enterprises in that case when commercial banking methods in the field are not or not sufficiently be financed.

8.FÜRGEHITEL

The product is a fast, online credit facility that is put out to the contractor with minimal

administration, without any material coverage.

9. CREDINFO

CREDINFO is a credit information and enterprise promotion tool. It provides an online application, assessment and credit management facility.

10. Crowdfunding project concept crowding building start up network

Making crowdfunding accessible in Hungary

2. Brief explanation of the initiative:

1. Zalaegerszeg Credit Support Program - the program ensure a subsidy for the local SME loans:

The program offered entrepreneurs interest rate subsidy of 1,5%-2,5% for all Zalaegerszeg based SMEs.

2. New Széchenyi Combined Microcredit Program –

Providing loan with the following conditions: 10% own resources , 45% micro credit for micro enterprises, for 120 months Min HUF 1 million, max HUF 20 million (ca min EUR 3,500, max EUR 70,000), 45% grant (grant max: HUF 10 million, ca EUR 3.300.-)

3. Jeremie Program – New Széchenyi Venture Capital Program in Hungary

Strengthening local investors through Jeremie programs in target regions in 2014-20 period
Special VC Funds to be raised regionally

Strengthening local spin-offs and innovative early stage SME sector

Improving program conditions (less private and more EU resources in Fundraising)
supporting regional innovation

Creating new jobs

Making access easier to VC

4. Kiútprogram – Way out of poverty Self-employment and Microcredit Programme

Kiútprogram based on the Grameen model, with the involvement of local social workers, provides financial services, micro credit and information to people in extreme poverty, who are capable and able to enter into entrepreneurial groups. Loan allocation is sequential, members receive credits in succession when repayment is in order. If a member does not repay as agreed, he will be out of the group and the others will have to look for someone else. Until this happens, they will not receive the loan.

5. WomENTEMPO

Organizing trainings, advisory services, Dissemination of the results to professional policy-makers

6. Promoting job seekers to become entrepreneur with financial subsidy and microcredit

The starting of the company promoting support through tenders interest-free capital contribution of up to 3 million USD to be recovered and / or non-refundable form or request a maximum six-month period, a month, a grant or an application to the minimum wage amount resume and start entrepreneurial activity the costs of counseling is needed. The capital injection may be partially refundable within the limit, partly in the form of non-refundable.

7. HMA

Local micro-credit funds allow local enterprise agencies to outsource loans to local micro-enterprises from their own resources to the fund's risk

8.FÜRGEHITEL

ZMVA evaluates the submitted credit claim through an online interface in an accelerated procedure. After the decision, a simplified procedure is concluded with undersigning the credit agreement, where material assets as coverage is not necessary. The program will also benefit from a guarantee organization.

9.CREDINFO

The Credinfo system is a software that includes a client registry, credit request and credit transaction, a credit review and management information system modules.

Accelerate the credit application process, helping for profit and not for profit SMEs to access finance. Provide a one-stop internet based client application and management solution for any agency managing micro funding schemes for SMEs.

10. Crowdfunding project concept

Network building, start up community building through network building, research of the legal background of crowdfunding

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

1. Zalaegerszeg Credit Support Program

All SME which is officially located in Zalaegerszeg could apply for the Zalaegerszeg Credit Support Program. The other criteria was that they had to fit for the basic loan's requirements (e.g. suitable cover for the loan). Investment was focused on buying of buildings, lands and

current assets. These opportunities were chooseable for the basic loan and in the same time with the successful apply the interest rate subsidy was given.

2. New Széchenyi Combined Microcredit Program

micro enterprises*

activities do not fall under the de minimis limits

* No. 1 of the Regulation 800/2008 / EC. Pursuant to Annex microenterprises qualifying companies (including start-ups as well)

3. Jeremie Program – New Széchenyi Venture Capital Program in Hungary

Local SMEs: Innovative SMEs which are officially located in Western Transdanubian region could apply Program; early stage SMEs with innovative attitude, R+D activity; reliable business plan and market; co-investor is welcome

Local investors: private investors who are ready to join the program as co-investors; who are ready to provide 10-30% co-investment to raise new funds

4. Kiútprogram – Way out of poverty Self-employment and Microcredit Programme

The social micro-lending target below the poverty line, or near the living form, in particular the Roma, and the ethnically mixed (Roma - non-Roma) live non-Roma environment.

The members of the target group typically occasional- or seasonal work people, day labourers, informally employed, unemployed, living on welfare and other inactive.

5. WomENTEMPO

Women entrepreneurs,

Women who wishing to establish a business,

Companies with the intention to employ women

6. Promoting job seekers to become entrepreneur with financial subsidy and microcredit

Person who receives rehabilitation allowance / benefit – and before the application was submitted he is at least continuously recorded one month by the district office as jobseekers

7. HMA

local micro enterprises, and persons who wants to entrepreneurs

8. FÜRGEHITEL - Micro Enterprises in Zala County

9. CREDINFO

MFI's – Microfinance Institutions

Donors institutions

Supervisory bodies

10. Crowdfunding project concept

start-ups, young entrepreneurs, self-employers, investors

5. Innovativeness:

1. Zalaegerszeg Credit Support Program - the program ensure a subsidy for the local SME loans:

This kind of solution is a very effective way to involve city councils in the Microcrediting area. The loaning organization had the main responsibility, so the city council could make an easy development in the SME sector without the fear of the potential unsuccessful finish. This program could mean a great cooperation in other regions too. Furthermore, with the help of the program our organization could make an easier way for SMEs to apply the given loans on a lower interest rate (1,5%).

2. New Széchenyi Combined Microcredit Program.

A one stop shop system, which provides microcredit and grants together.
Risk sharing system between the intermediaries and the managing authorities

3. Jeremie Program – New Széchenyi Venture Capital Program in Hungary

Loss-Profit method:

After 8-10 years, when the FUND ends, the potential loss or profit is divided specially between state (EU) and private investors. In case of 10% loss, the State (EU) write off the loss on his own, the private investor gets back his nominal investment from the Fund. Over 10% loss, the loss is divided pro rata.

In case of modest profit the state (EU) and the private investor get their profit pro rata. In case of high profit the State gets only its modest, expected profit (Hungarian Reference rate), the rest of profit is mainly taken by private investor. The whole system aims to start measurable actions in VC market among early stage start-ups and to create new VC funds which are normally not raised in market conditions.

4. Kiútprogram – Way out of poverty Self-employment and Microcredit Programme

The Syllabus of the Field Workers' Training

The most important objective of the training programme is to train field workers who can take on a dual role and maintain the sensitive balance of Kiútprogram, namely, candidates who can work both as social workers and business developers. Social work focuses on the selection of clients and individual/group development in order to help clients become entrepreneurs. Within the framework of these activities, field workers must help participants modify their life styles regarding regularity and planning, and also develop clients' social competencies in areas such as running official errands. Business development activities include business planning, supporting decision making, and lending activities, as well: issuing loans and handling repayments.

[The target group and selecting the right clients](#)

A key feature of the social micro-lending to the client's own activity builds on arousing. This is

especially effective for those with entrepreneurial skills, have entrepreneurial ideas and have self-confidence. These skills can be developed and can be developed, tested their presence is required in the application of the program.

5. WomENTEMPO

Innovative kind of mobile application which helps them to reintegrate to the regional labour market

6. Promoting job seekers to become entrepreneur with financial subsidy and microcredit

The program combines a non-repayable and repayable assistance and financial instruments, which can achieve a significant reduction in the financial burden in lots of start-ups.

7. HMA

Local decision-making process, no external decision supervision

8. FÜRGEHITEL

Using online credit application and decision making system. Short time decision making, and contracting period. No material coverage is needed.

9. CREDINFO

Provides partners subscribing to the system with real time management information on their individual clients and the overall status of their funding scheme.

Provides individual SMEs with the means to track the progress of their application and if successful, the status of their loan account.

Provides the Funding body instant access to management information reports.

10. Crowdfunding project concept

The community building platform

6. Outcomes:

1. Zalaegerszeg Credit Support Program - the program ensure a subsidy for the local SME loans:

39 SME could take part in the Zalaegerszeg Credit Support Program and 11 953 euro was allocated as interest rate subsidy during the implementation. In the period of 2015, 28 SMEs were entitled to the subsidy and 3 303 euro was allocated into their loans. During 2016, 11 new SMEs could take part in the program, and got 8 650 euro for the reducing of their interest rate.

2. New Széchenyi Combined Microcredit Program –

7798 clients was financed with a total HUF 51,9 mrd (ca. EUR 173 million)

3. Jeremie Program – New Széchenyi Venture Capital Program in Hungary

In period 2011-2015:

29 Funds were raised by HDB and private investors

nearly 107 Billion HUF (340 Million EUR) to be invested in early stage SMEs

average amount of investment pro portfolio company is 1,1 million EUR

mainly innovative SMEs and start-ups were benefited

VC capital investment in Hungary regarding the GDP is getting better, now Hungary is in the

4. Kiútprogram – Way out of poverty Self-employment and Microcredit Programme

The majority of new businesses set up by Roma people living in poverty are able to survive with the help of the program after the first year

The vast majority of customers want to pay the loan back and the majority of them to know

Without intensive and lasting field workers' presence makes no sense to embark on such a program

It can offer general experience is that social micro-credit program should only be started if a predictable regulatory environment and budding entrepreneurs dues are relatively moderate.

The program is wide-ranging social benefits

5. WomENTEMPO

Mobile application, educational materials, cooperation conception

6. Promoting job seekers to become entrepreneur with financial subsidy and microcredit

7. HMA

In the Zala County Foundation for Enterprise Promotion

196 pieces Outright transaction with the value HUF 898.100.000.-(EUR 2.900.000.-)

Fund size was HUF 327.000.000.-(EUR 645.000.-)

Non-performing transactions 10%

8.FÜRGEHITEL

Fund size is HUF 200.000.000.-(EUR 1.100.000.-) Planned loan disbursement: 50-100 clients

9.CREDINFO

The average assessment period for loans before Credinfo was 30 days. This has now been reduced with the average time of loan assessment shortened to 1-2 weeks.

Funding Bodies, Client's Partners' and Client Businesses now have instant access to up to date management information enabling them to manage the flow of funds.

10. Crowdfunding project concept

e.g One platform, one mobile application tool, one legal background study