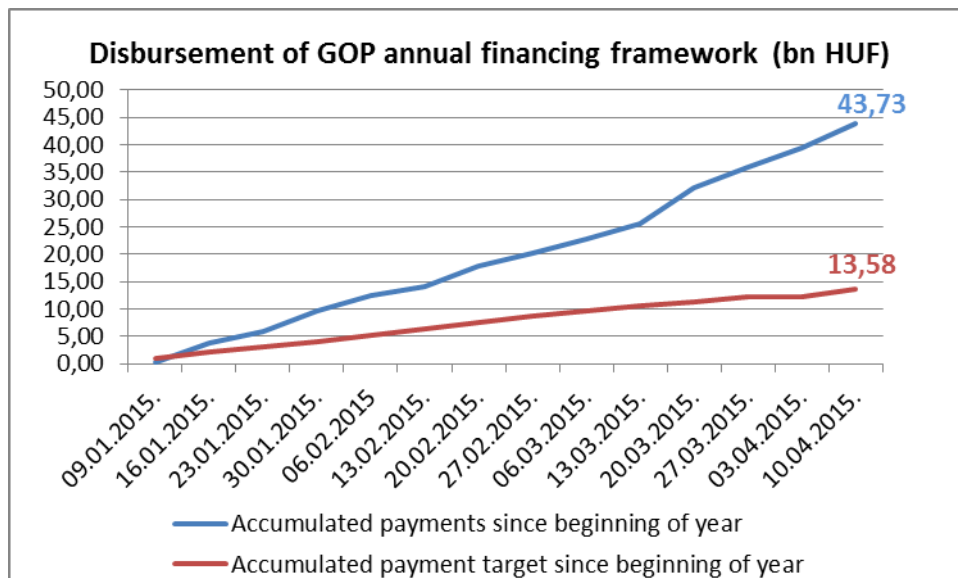


## *Hungary to receive nearly HUF 850bn in 2015 as EU funding for economic development*

Thanks to the successful utilization of the funding available in the fiscal period 2007-2013, economic growth in 2015 is once again expected to beat prior estimates. The timely launching of new tendering processes for the new fiscal period of 2014-2020 will further fuel economic expansion through boosting competitiveness and employment. Development funding of HUF 850bn, which includes financing for 68 tenders, constitutes the first chunk of resources allocated for the Economic Development and Innovation Operative Programme (PEDIOP).

Funding disbursed by ministries for beneficiaries totalled HUF 1845bn in 2014, 92 percent of the annual financial framework. Among the ministries, the Ministry for National Economy (NGM) has been the most successful in disbursing EU development funding, as last year 100 percent of the framework amount of HUF 463.43bn has been paid out for the predominantly economic operative programmes which were under the supervision of NGM.

Out of the resources available under the prior fiscal period, HUF 43.73bn was disbursed for the financing of economic development objectives until 10 April 2015. This means there is a good chance that the Economic Development Operative Programme will close the seven-year period without missing out on available funding.



*Source: Ministry for National Economy (NGM)*



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The current year will be a very busy one from the aspect of utilizing EU resources, as the last tranches of funding of the prior fiscal period must be disbursed for beneficiaries. The efficient utilization of the funding available in 2007-2013 and in the new period 2014-2020 will be pivotal for Hungary. NGM-supervised economic development and regional development operative programmes will be aimed in the new EU fiscal period at maintaining economic growth momentum and boosting employment.

EU funding in the new seven-year fiscal period will more adequately facilitate stable Hungarian economic expansion than ever before, as one of the key objectives of the Government is to allocate some 60 percent of development funding on economic development. This figure gains even more significance in light of the fact that in the former financial period only 16 percent of resources were spent on economic development.

The Economic Development and Innovation Operative Programme (PEDIOP) is the major tool for fulfilling economic development goals: this programme is to contribute EUR 7.7bn of EU funding for sustainable, high added value production, the stimulating of the activities of enterprises on international markets and job-growth based economic expansion.

The Regional and Municipal Development Operative Programme (TOP) and the Competitive Central Hungary Operative Programme (CCHOP) are also under the professional supervision of the NGM. TOP focuses on creating a local business environment that can facilitate business-friendly urban development projects. CCHOP centers around improving the economic performance of Budapest and Pest county through bolstering competitiveness and employment.

The largest economic stimulus programme of all time was launched already last year with the completion of two EDIOP tender procedures that prioritized the support of SME production capacity expansion and SME market presence. Deadlines for submitting tenders for funding that aims to support young people to become entrepreneurs and to popularize flexible employment models expired at the end of January this year. HUF 350bn are available for promoting flexible employment models in deprived regions. Already in the winter of 2014, the Government launched the Youth Guarantee Programme of HUF 36bn that intends to shorten the period when unemployed youth are jobless and to provide customized assistance for improving their labour market prospects.



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Three more calls for tenders have recently been published for which tenders cannot be submitted yet. The programme for info-communication motivation, attitude-shaping and competence-improving of SMEs provides the opportunity for small- and medium-sized enterprises to obtain development funding of HUF 2bn in total.

The only large-scale EDIOP project prioritizes the completion of the ELI laser research centre, for the second phase of which tender bids are to be submitted in the period 15 May-31 December 2015. The ELI-Alps (Extreme Light Infrastructure) project of Szeged, which is to be realized from HUF 64bn, will enable world-class international scientific work that will turn Hungary into a major R&D power within the CEE region. The project is part of the European Strategy Forum on Research Infrastructures (ESFRI), and two more research facilities related to the research centre will also be built on the outskirts of Prague and Bucharest. Out of the three research centres, Szeged, Prague and Bucharest will represent the atto-second pillar, the beamlines pillar and the photonuclear pillar, respectively. The centre in Szeged will be one-of-a-kind in the sense that the facility constructed there will be capable of producing extreme short laser impulses as a phenomenon never seen before. This may attract researchers from all over the world to Hungary.

In the coming years, not only the excellence of researchers who constitute a small social group will be perfected: digital knowledge – which is critical for every member of the society in the 21<sup>st</sup> century – will also be made available for everyone. To this end, tender bids can be submitted as of the end of April 2015 for funding aiming to combat digital illiteracy among adults and to develop digital competences that boost competitiveness within the economy. Winners of the tenders may obtain HUF 9bn as a whole.

The aforementioned tenders are forerunners of this year's flood of tenders. For the new fiscal period, the tendering procedure has been made substantially simpler and participant-friendlier in order to encourage more tenderers.

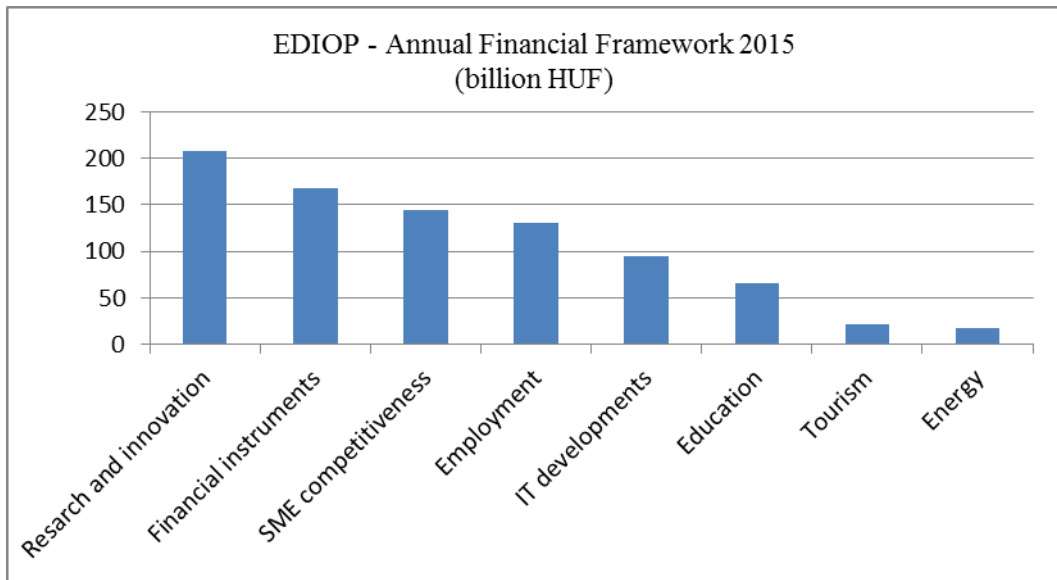
The Government Decree 1173/2015 (III. 24) has laid down the 2015 annual financial framework for EDIOP, with total funding of nearly HUF 850bn and 68 tenders.

More than HUF 140bn are made available for improving SME competitiveness, while more than HUF 200bn awaits beneficiaries of R&D and Innovation projects. Info-communication



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development projects will receive funding in excess of HUF 90bn this year, the bulk of which is projected to be allocated for new-generation access networks (NGA) and the development of community networks, but further priority areas include the development of community network access points, the expansion of services portfolio as well as the development of institutional network access and connection. Energy and tourism development projects are planned to receive in 2015 HUF 18bn and HUF 21.5bn, respectively, from funding available in the period 2014-2020. Some HUF 200bn are available for employment and education purposes, out of which foreign language courses and the employment of career-starters can also be supported. Tenders can be submitted for loans and combined loans totalling HUF 170bn.



*Source: Appendix 1 to Government Decree 1173/2015 (III. 24)*