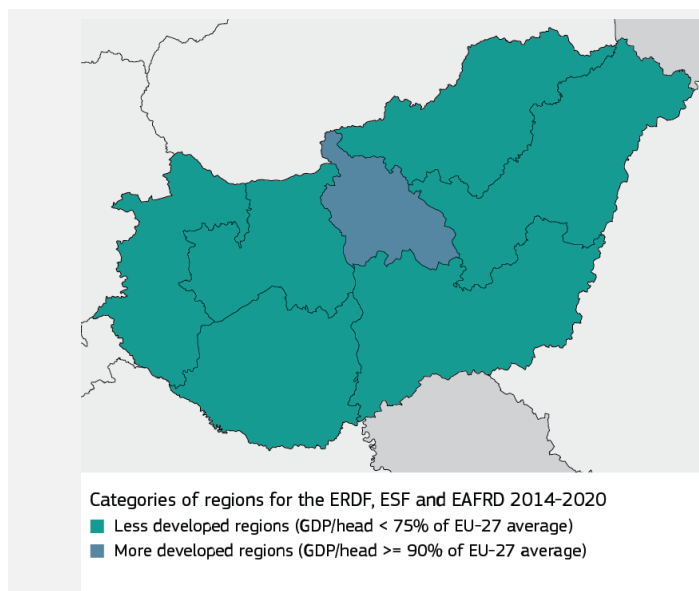


EUROPEAN STRUCTURAL AND INVESTMENT FUNDS¹



HUNGARY

With a budget of EUR 454 billion for 2014-2020, the European Structural and Investment Funds (ESI Funds) are the European Union's main investment policy tool. The ESI Funds combine five Funds: European Regional Development Fund (ERDF); European Social Fund (ESF); Cohesion Fund (CF); European Agricultural Fund for Rural Development (EAFRD); and the European Maritime and Fisheries Fund (EMFF). Hungary, together with 19 other Member States, will also benefit from the Youth Employment Initiative (YEI).

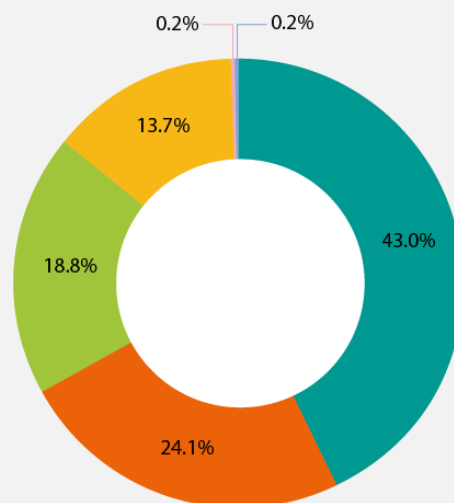


Through nine national and regional programmes, Hungary has been allocated EUR 25 billion from ESI Funds over the period 2014-2020. With a national contribution of EUR 4.63 billion, Hungary has a total budget of EUR 29.63 billion to be invested in various areas, from infrastructure networks in transport and energy, SME competitiveness, employment measures, to environmental protection measures, the low-carbon economy, research and innovation as well as investments in social inclusion and education.

ESI FUNDS BUDGET FOR HUNGARY (2014-2020)

- EUR 10.76 billion through the ERDF
- EUR 6.03 billion through the CF
- EUR 4.71 billion through the ESF
- EUR 3.43 billion through the EAFRD
- EUR 39 million through the EMFF
- EUR 50 million through the YEI

ERDF
CF
ESF
EAFRD
YEI
EMFF



¹ Data included in this factsheet have been extracted from the ESIF Open Data platform which is accessible online at <https://cohesiondata.ec.europa.eu/>. Data on target achievements are based on officially agreed common indicators or, for the ESF, programme specific indicators (reference date for data: November 2015).

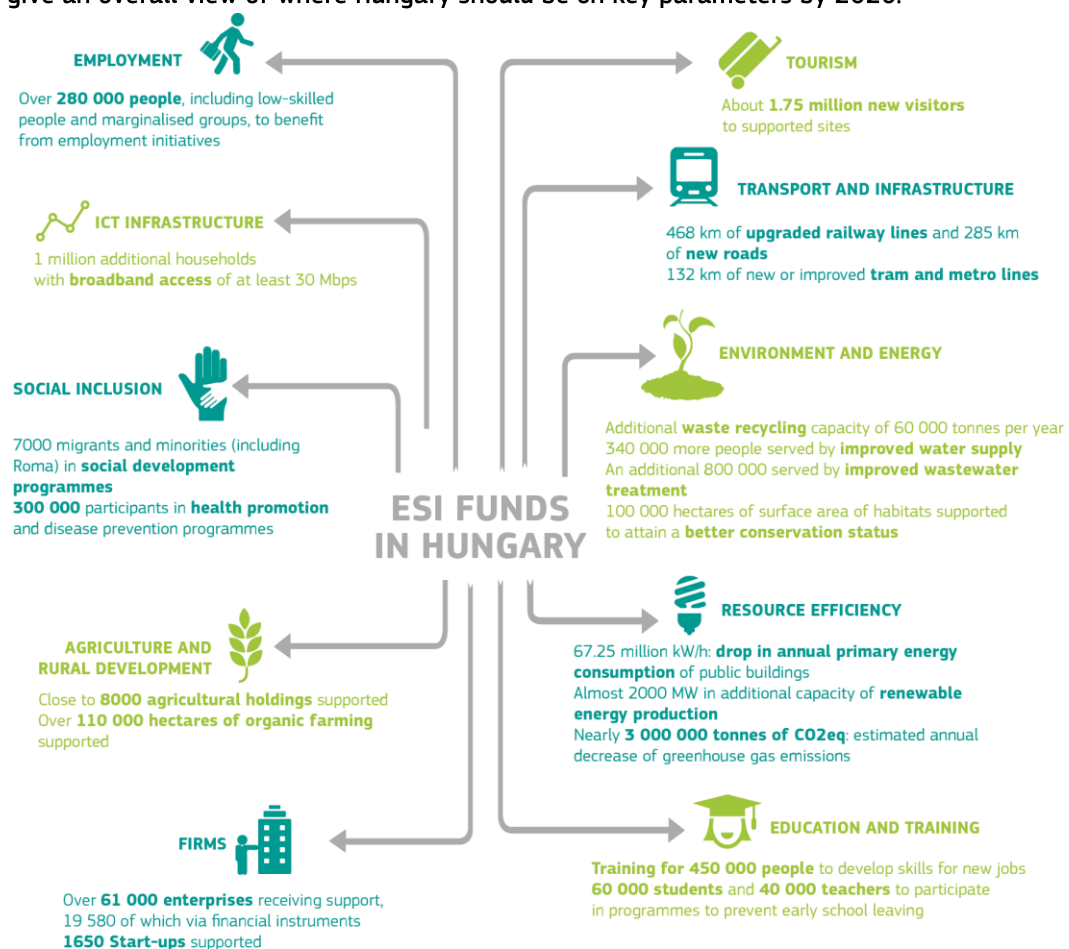
MAIN PRIORITIES

ESI FUNDS IN HUNGARY WILL:

- Enhance the **innovation** activity and **competitiveness** of **businesses** in **urban b rural areas** to increase their added value and integration into the international value chain, including through better access to financing. This will involve improving the quality and accessibility of **business infrastructure** as well as direct capacity expansion.
- Promote the development of social enterprises of marginalised communities and individuals.
- Provide support to modernise the **agricultural, fisheries and food sectors**, encourage cooperation between farmers, support young farmers and develop short supply chains.
- Contribute to strengthening the **labour market** by helping disadvantaged job seekers to return to the open labour market. The quality of and access to childcare will be improved.
- Improve **workers' skills** throughout their careers to help them find work in a changing job market.
- Support **ICT development** to narrow the urban-rural divide by increasing broadband coverage.
- Support the shift towards a **low-carbon economy**. The energy efficiency of businesses, residential and public buildings is expected to improve and the rate of energy produced from renewable energy to increase. The measures will also contribute to reducing greenhouse gas emissions.
- Improve **disaster resilience** and **disaster management** systems.
- Strengthen **nature protection** and the restoration of degraded ecosystems. Farming and forestry practices will be made more **ecological**.
- Improve **transport links**, including reconstructed or upgraded railway lines, new or improved inland waterways, tram lines, metro lines and suburban railway lines, as well as reconstructed and upgraded roads connecting to TEN-T.
- Contribute to the **reduction and prevention of poverty**, particularly for children and disadvantaged groups (such as Roma), by providing better access to good-quality public services and improved living conditions, mainly in disadvantaged regions.
- Contribute to a better quality of life through **public education** and **health promotion** programmes.
- Streamline the structure and performance of the **public administration**, and lower the administrative burden, thus contributing to a business-friendly economic environment.

TARGETS

All funds are designed to support Hungary's **socio-economic development**. The expected results (**targets**) give an overall view of where Hungary should be on key parameters by 2020.



HOW WILL HUNGARY ACHIEVE THE EXPECTED RESULTS?

Hungary will work towards the efficient spending of the EU Funds, based on a multidimensional approach.

FULFILLING PRECONDITIONS FOR THE EFFECTIVE AND EFFICIENT USE OF ESI FUNDS

To ensure that ESI Funds are used efficiently and focus on results, the Commission has set some preconditions when allocating ESI Funds to the Member States.

The main purpose of these conditions, also called 'ex-ante conditionalities', is to help all Member States and their regions to tackle issues that past experience has shown to be particularly relevant to the efficient implementation of the Funds. These principles could be linked, for example, to implementation of EU legislation, the financing of strategic EU projects, or administrative evaluation and institutional capacity.

These *ex-ante* conditionalities cover most investment areas: improvements to regional research and innovation (R&I) strategies as well as strategic plans linked to environmental protection, energy resources, transport, socio-economic inclusion, employment, health services, education and training.

ENCOURAGING THE USE OF FINANCIAL INSTRUMENTS AND TERRITORIAL TOOLS

With an allocation of EUR 2.3 billion, Hungary is almost tripling its allocation to financial instruments (FIs) compared to the period 2007-2013. The use of FIs will be expanded to RD&I, energy, employment, ICT and the social economy.

A wide range of integrated territorial development instruments will be used. More than EUR 1 billion has been allocated to integrated sustainable urban development measures. Local initiatives will be enhanced by community-led local development in rural and urban areas. ESI Funds allocated to Hungary will also contribute to the implementation of the EU Strategy for the Danube Region.

SIMPLIFICATION FOR BENEFICIARIES

Hungary has introduced several measures to reduce the administrative burden for beneficiaries, such as linking the IT system managing EU assistance to certified public-sector databases, yearly planning of calls for proposals, the use of simplified cost options, consolidating certain functions (to provide a one-stop-shop service) and simplifying guidelines.

SUCCESS STORIES: EXAMPLES OF PROJECTS USING 2007-2013 ESI FUNDS

GYŐR MOBILIS INTERACTIVE EXHIBITION CENTRE

Located in Győr, Hungary, Mobilis is an interactive science arena which aims to demonstrate natural and technological sciences through vehicles and transport. The main objective of the centre is to bring these sciences closer to the people in a memorable way. It features 74 interactive exhibition devices as well as experiments and demonstrations for schoolchildren and families, locals and tourists. Through these interactive facilities, the project aims to give schoolchildren – the main target audience – an outstanding opportunity to develop an interest in cars, transport and mobility through interesting experiments and play. With 150 000 visitors over the past two years, the centre is strengthening the links between students in higher education or training and the Northern-Transdanubian economy. It has been visited by more than 200 schools and kindergartens since it opened, from the surrounding region, all over Hungary, and from Slovakia.

Total budget: EUR 6 682 865

EU budget contribution to the project from ERDF: EUR 6 357 750

More information: <http://europa.eu/!VF66qj>

NEIGHBOURHOOD RENOVATION BOOSTS COMMUNITY SPIRIT IN MAGDOLNA

The Magdolna project is the first truly integrated socially sensitive regeneration project in Hungary. Based in one of the most deprived areas in Budapest, it aimed not only to improve housing and living conditions but to strengthen local residents' feeling of community. The improvement of the physical quality of housing therefore went hand-in-hand with support for the active involvement of residents and was supported by several 'soft' projects. Thanks to the project, 18 new community and profit-oriented services have been established within the neighbourhood, and over 500 people have taken part in local

community projects. Furthermore, 200 local inhabitants have actively taken part in the renewal of the local authority buildings. In all, the project will directly affect 12 000 inhabitants in the Magdolna quarter.

Total budget: EUR 7 300 000

EU budget contribution to the project from ERDF: EUR 6 440 000

More information: <http://europa.eu/ljG36GG>

SOCIAL INTEGRATION OF CHILDREN WITH SPECIAL NEEDS

This innovative project seeks to further the children's social integration by designing programmes to help them study according to their abilities. The pupils and their parents have participated in the project, which is also dedicated to training teachers in new inclusive educational methods. The project places special emphasis on the involvement of the parents and the wider community to increase acceptance of people with special needs. To date, 700 pupils, 300 parents and actors from broader civil society, and 100 trainee teachers have taken part in the six programmes. The project has also developed new training methods, strengthened institutional cooperation and expanded the scope of associated professional services.

Total budget: EUR 3 360 000

EU budget contribution to the project from ESF: EUR 2 850 000

More information: <http://europa.eu/lup88jN>

INNOVATING IN THE FISHERIES SECTOR

Development of new packaging equipment and a new product brand 'SELFISH' resulted in an international award for the most innovative product of the year in 2012 as well as several national awards, and enhanced the company's competitiveness on the market.

Total budget: EUR 47 696

EU budget contribution to the project from EFF: EUR 23 848

(During the 2007-2013 period, the EMFF was known as European Fisheries Fund or EFF)

More information: <http://bit.ly/24tuHxJ>

SOLAR ROOF TILES FOR ENERGY EFFICIENCY

The dual challenges of mitigating climate change and adapting to its effects, particularly in rural areas, was the spur for a Hungarian entrepreneur to expand the capacity of his production facility for solar cell roof tiles. Having already developed this state-of-the-art technology, the new challenge was to meet growing demand for the product from numerous other regions and countries. The main activities involved the construction and equipping of new factory premises to expand production capacities. As a result, 18 new jobs have been created and the business is now more profitable. Recognition of the innovative quality of the solar tiles has come through winning the Genius Europe 2009 award.

Total budget: EUR 340 000

EU budget contribution to the project from EAFRD: 170 000

More information: <http://europa.eu/!wh84MB>

FIND OUT MORE ABOUT ESI FUNDS IN HUNGARY

- ESI Funds: <http://ec.europa.eu/esif>
- ESI Funds Open Data Platform: <https://cohesiondata.ec.europa.eu/countries/HU>
- ERDF & CF: http://ec.europa.eu/regional_policy/en/atlas/hungary
- ESF: <http://ec.europa.eu/esf/main.jsp?catId=384&langId=en>
- YEI: <http://ec.europa.eu/social/BlobServlet?docId=13470&langId=en>
- EAFRD: http://ec.europa.eu/agriculture/rural-development-2014-2020/country-files/index_en.htm
- EMFF: http://ec.europa.eu/fisheries/cfp/emff/index_en.htm
- The EU Representation in Hungary: http://ec.europa.eu/represent_en.htm
- EU project examples: http://ec.europa.eu/budget/euprojects/search-projects/list_en
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