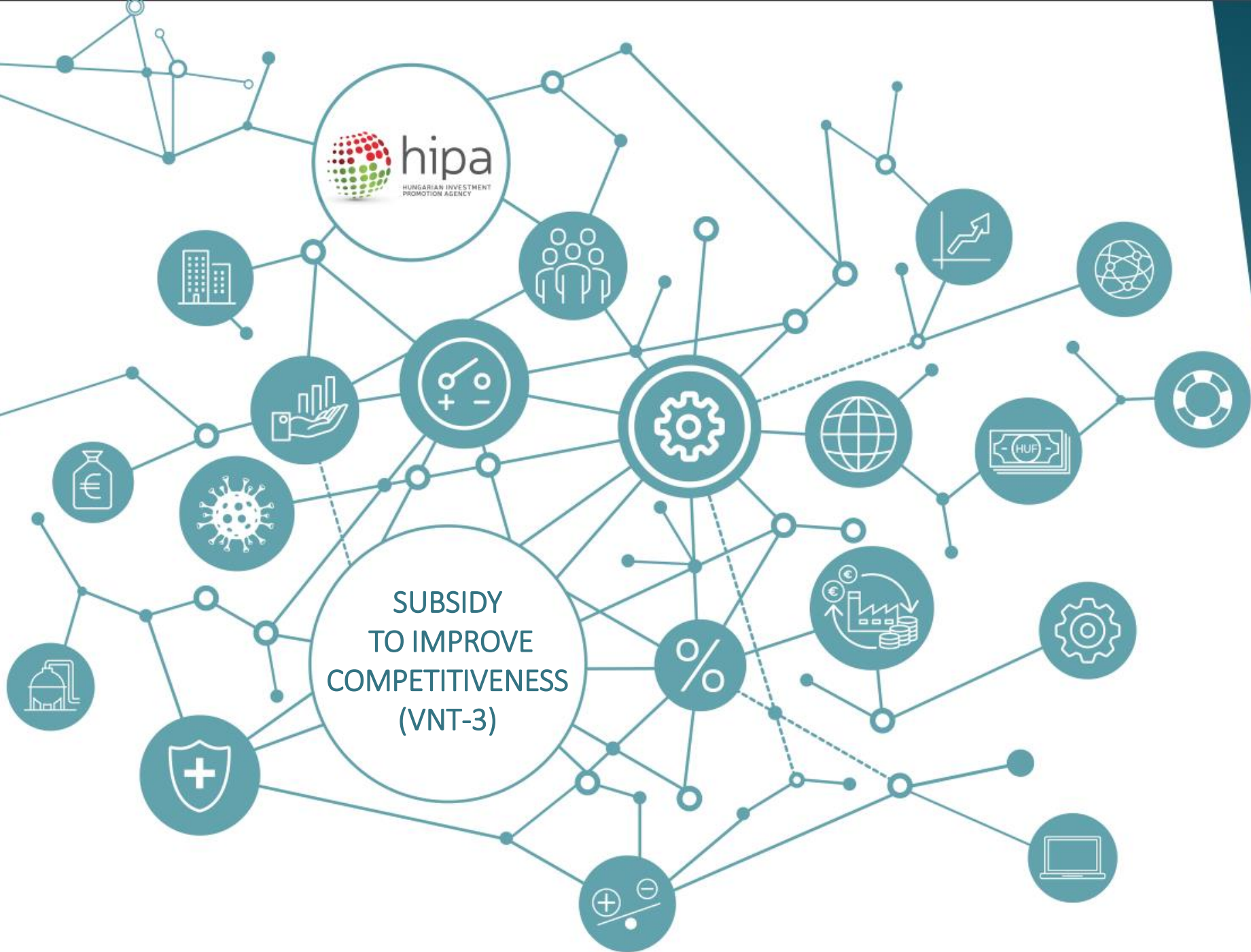




SUBSIDY
TO IMPROVE
COMPETITIVENESS
(VNT-3)



Subsidy to improve competitiveness (VNT-3)

Reasons

Production capacities started to increase again

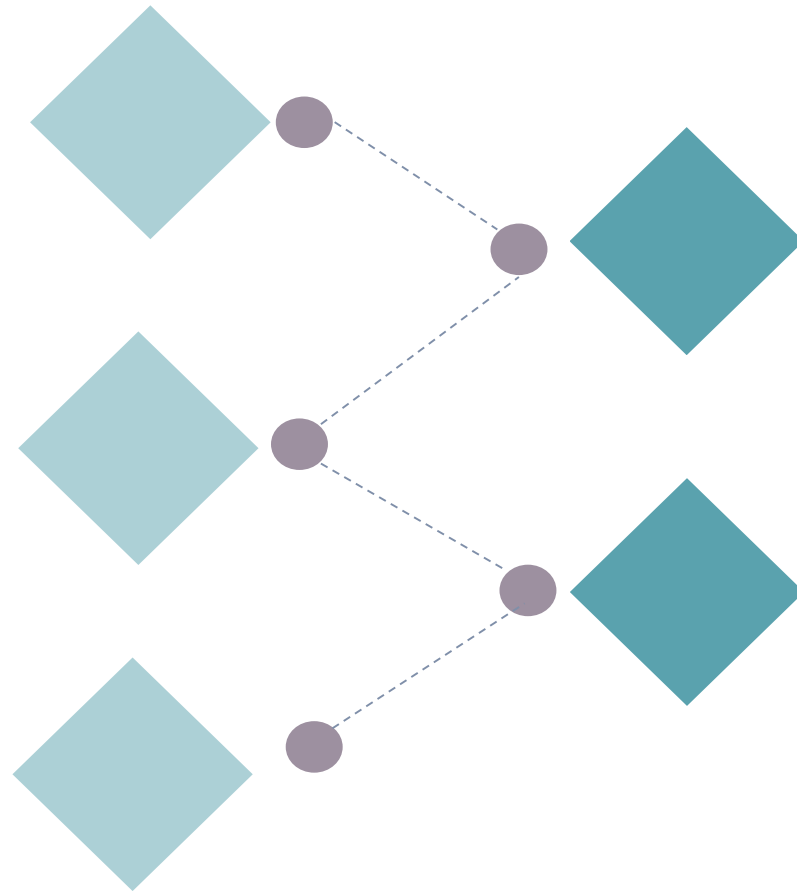
Following a recession caused by the first wave of coronavirus pandemic

Capacity redistribution competition

The competitiveness of Hungary can be improved in the competition for redistribution of production capacities due to the pandemic

The budget of the previous subsidy scheme has more than doubled

The upper limit for granting cash subsidy has been increased to **EUR 1,800,000** from EUR 800,000.



Increasing productivity

The focus has shifted from providing temporary liquidity to increase productivity.

Commission approved the 5th amendment of the Temporary Framework

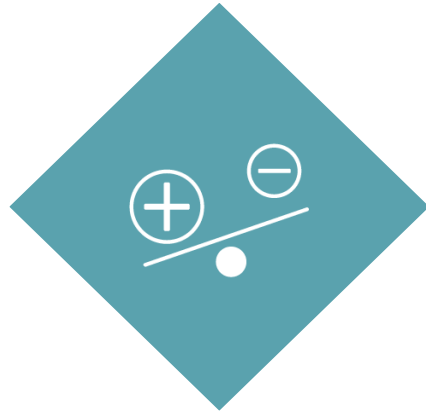
Due to the uncertainties caused by the pandemic, Member States may have the possibilities to provide support based on the Temporary Framework until **December 31, 2021**.

Subsidy to improve competitiveness (VNT-3)

Goals



Increasing
productivity



Reducing regional
disparities



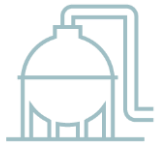
Increasing higher value-
added manufacturing
capacities

Subsidy to improve competitiveness (VNT-3)

Supporting higher value-added manufacturing activities

For example, but not exclusively*

NACE 11
Manufacture of beverages



NACE 26
Manufacture of computer, electronic and optical products



NACE 28
Manufacture of machinery and equipment



NACE 325
Manufacture of medical and dental instruments and supplies

NACE 21
Manufacture of basic pharmaceutical products and pharmaceutical preparations

NACE 20
Manufacture of chemicals and chemical products



NACE 27
Manufacture of electrical equipment



NACE 29-30
Manufacture of motor vehicles

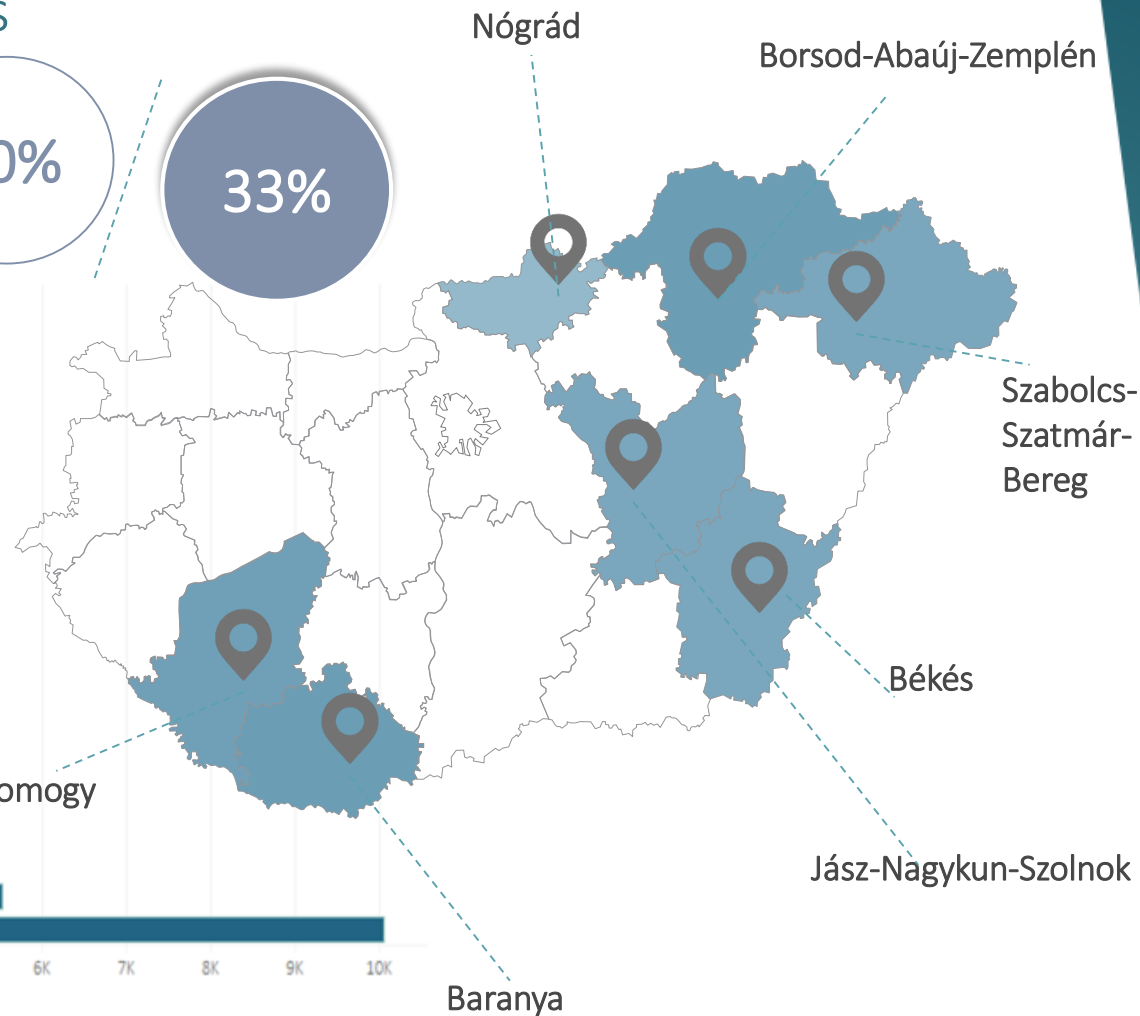
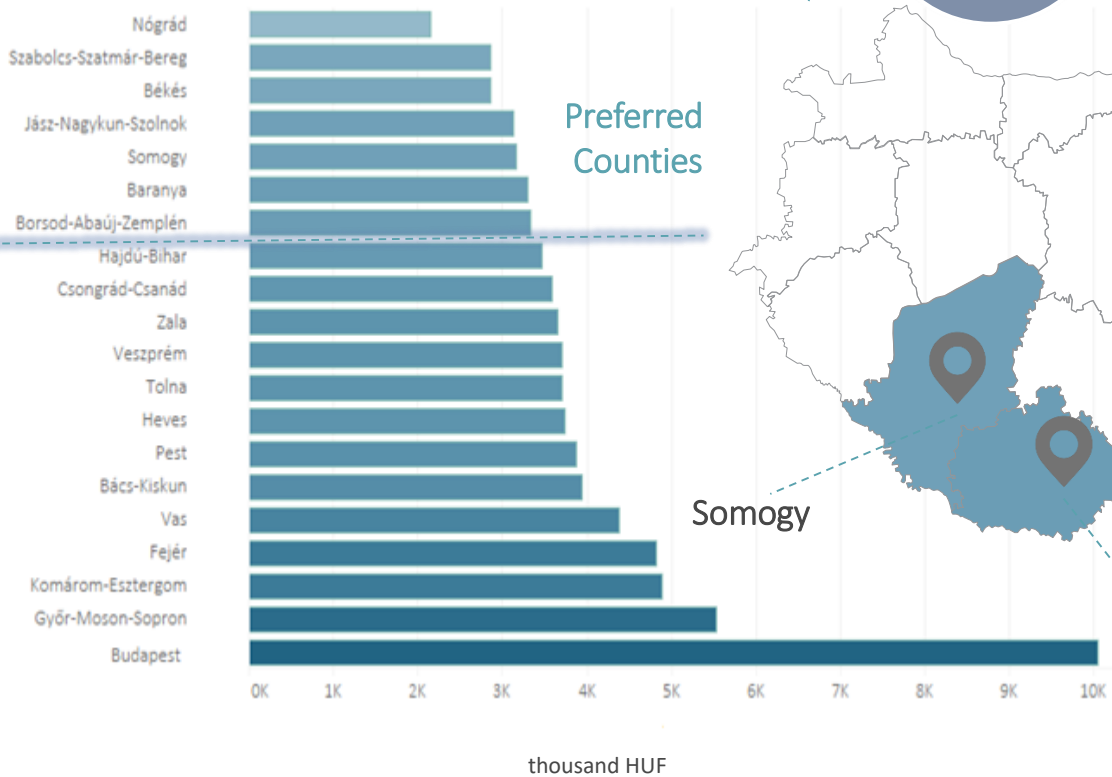


*Please find the detailed list of supported NACE codes in the Government Decree

Subsidy to improve competitiveness (VNT-3)

Reducing regional disparities

GDP/capita (2019)



Subsidy to improve competitiveness (VNT-3)



Eligibility conditions



APPLICANT

Medium-sized and large enterprises with min. 50 employees / legal entity



INVESTMENT VOLUME

Reaching min. EUR 2,000,000 investment volume until August 31/December 31, 2022.

General condition: At least 25% decrease in connection with the coronavirus pandemic



COMMITMENTS

Maintenance of the already existing jobs



Creating min. 25 new jobs

OR

Reaching 15% increase of net sales revenue and/or gross wages compared to the figures of the last closed financial year



MONITORING PERIOD

2 business years after the completion of the investment

Subsidy to improve competitiveness (VNT-3)



Overview

TYPE OF SUBSIDY

- Non-refundable cash grant in HUF
- **100% advance payment or post financed payment**
- Based on individual evaluation of the application an **agreement** shall be signed

LEGAL BACKGROUND, APPLICATION

- Donor: **Ministry of Foreign Affairs and Trade**
- Managing Body: **HIPA Non-Profit Ltd. (HIPA)**
- Available for **medium-sized and large enterprises**
- Budget: **HUF 30 billion**

AIM OF THE SUBSIDY

- New support scheme has been designed to **help medium-sized and large enterprises that are active in the high value added manufacturing sector** in order to help to **establish new capacities, as well as, to increase the productivity of the companies** that face difficulties due to the economic impact of the restrictive administrative measures adopted with the intention to minimize the spread of the pandemic.



Available throughout Hungary

Subsidy to improve competitiveness (VNT-3)

Disbursement



BUDGET: HUF 30 BILLION

DISBURSEMENT IN ADVANCE

- 100% of the amount of subsidy (in HUF)
- Deadline for completion of investment: December 31, 2022
- Collateral: **bank guarantee that covers 120% of the amount of subsidy and authorization letters**

POST-FINANCED DISBURSEMENT

- Granted in proportion to the readiness of the investment (in HUF)
- Deadline for completion of investment: August 31, 2022
- Collateral: **bank guarantee / direct suretyship / mortgage that covers 120% of the amount of subsidy and authorization letters**

Subsidy to improve competitiveness (VNT-3)



PROCEDURE I.



PRELIMINARY ASSESMENT

- Consultation with HIPA



APPLICATION

- Assistance is provided for the preparation of the Application Form
- **Official submission to HIPA until September 30, 2021**



CONFIRMATION

- The Donor* issues **the Confirmation Letter**
- **Investment may start after the receipt of the Confirmation Letter**



INCENTIVE OFFER

- Based on individual decision of the Donor HIPA issues the official **Incentive Offer** (*one decision only*)



ACCEPTANCE OF THE INCENTIVE OFFER

- **Official acceptance letter** has to be submitted to HIPA with reference to the offer

1 week

3-4 weeks

Subsidy to improve competitiveness (VNT-3)



PROCEDURE II.



INCENTIVE AGREEMENT

- Submission of necessary documents by the Beneficiary
- Preparation of agreement by HIPA
- Initial and **signature of the Agreement**



ENTERING INTO FORCE OF THE AGREEMENT

- The company shall submit the collateral that covers **120% of the subsidy alongside with the authorization letters**



DISBURSEMENT

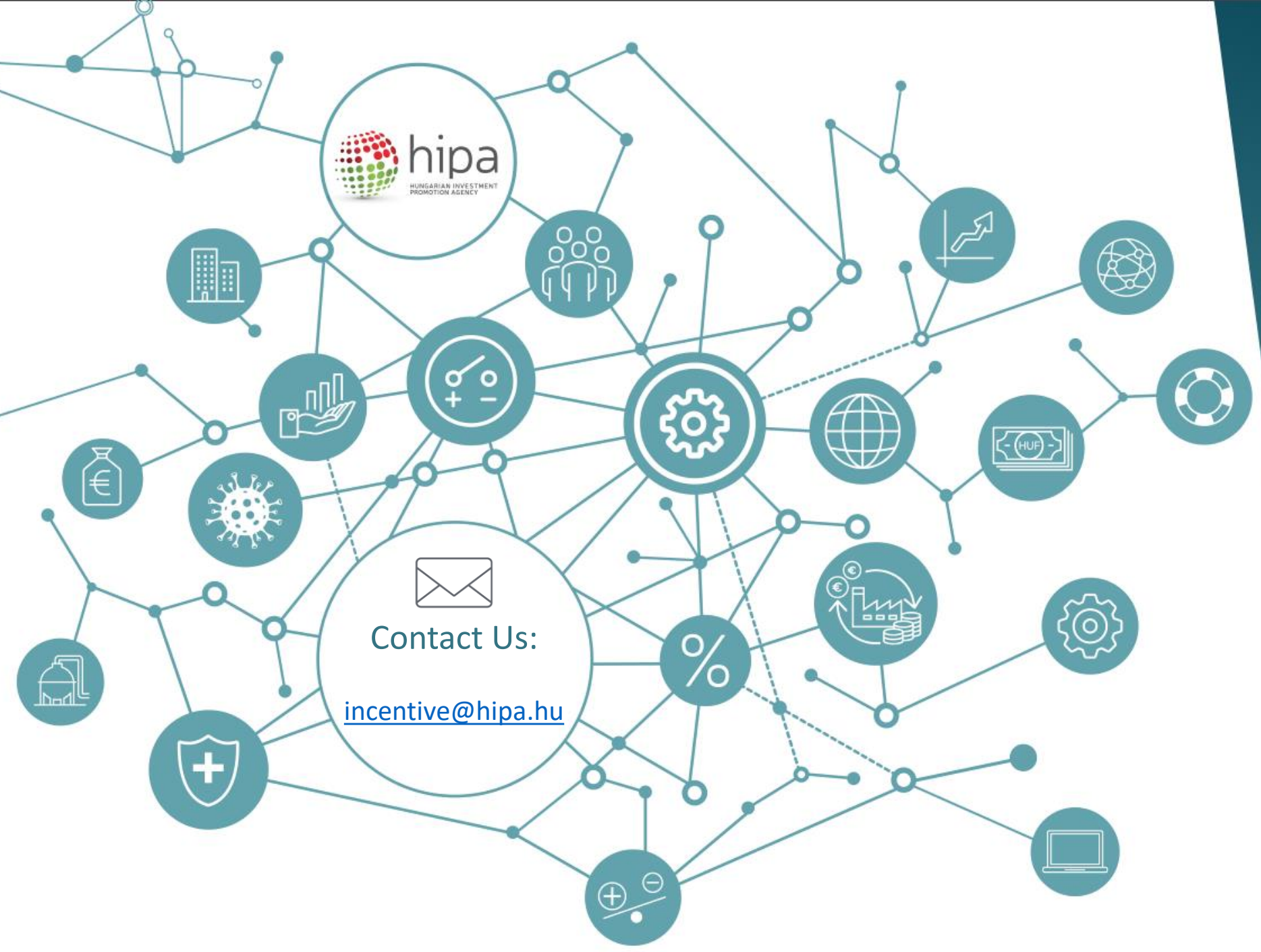
The subsidy will be granted to the Beneficiary:

- in advance for 100% of the amount of the support** in HUF
– in this case the deadline for the completion of the investment is **December 31, 2022**
- Post-financed** in HUF
– in this case the deadline for the completion of the investment is **August 31, 2022**



MONITORING PERIOD

- After the completion of the investment the company is obliged to submit **the financial and monitoring reports** in line with the provisions of the agreement.



Contact Us:

incentive@hipa.hu