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## Financial instruments and COVID extended results from the evaluation for the 2014-2020 cycle

Background: 2014-2020 was the second budget cycle when the use of EU funded financial instruments were available for Hungarian companies. A total of HUF 800 billion was made available within the framework of 29 financial instruments between 2014-2020. The official evaluation[1] of these instruments focused mainly on performance of the different instrument defined as the demand and rate of progress in added investments. But as the investigated period also contains the months when the first lock down due to COVID pandemic happened, the data collected for the evaluation also creates an opportunity (using the evaluation as a stepping stone) to look on some examples how the Hungarian government reacted to the sudden stop of the economy.

Method: The evaluation is based upon the Hungarian Development Bank's administrative database. I used this data to estimate structural breakpoints, as to see how the number of new contracts and available funds reacted to the onset of the quarantine. The evaluation team also conducted a small, representative survey among enterprises who received funds (N=257). The companies' answers were merged with their public financial statements and a paired sample was established to search for differences in the performance of the enterprises according which kind of financial instrument they received previously.

Results: As the economy shut down, the demand for some supported financial instruments disappeared. The government reacted by rearranging funds and the unused budget of those instruments that were not high in demand was cut substationally. Based on these newly available funds a new line of product was created. This new product offered cheap credits for working capital. This new product was extremely successful, and its budget was depleted after three months (even after further increasing the available funds). As of yet there is no evidence though, that the enterprises that received working capital survived the first wave of quarantine in a better condition than the ones, that didn't receive such funds.

Conclusions: The fast reaction of the government to rearrange the funds from financing long term investment to provide assets for short term cash flow purposes, may have helped for companies to survive the quarantine, but its long-term effect must still be investigated further in the future.