

		<h2>Supporting the development of SMEs in the fashion and design industry</h2>
<b>Country name:</b>		Hungary
<b>Region:</b>		The territory of Hungary
<b>City :</b>		n/a
<b>Public organisation responsible for the initiative</b>	<b>National language</b>	IFKA Közhasznú Nonprofit Kft.
	<b>English</b>	IFKA Public Benefit Nonprofit Ltd.
<b>Department (if any)</b>		Economic Development and Innovation Operational Program
<b>Address:</b>		1062 Budapest, Andrásy út 100.
<b>Webpage:</b>		<a href="https://divatdesignpalyazat.ifka.hu/">https://divatdesignpalyazat.ifka.hu/</a>
<b>Public organisation representative:</b>		This call is published by the Deputy State Secretariat for the Implementation of Economic Development Programs under the Economic Development and Innovation Operational Program in Decree No. 1006/2016. (I.18.) On the basis of the Annual Development Framework.

### Initiative description

<b>Title:</b>	Supporting the development of SMEs in the fashion and design industry
<b>Features of group/s of beneficiaries</b>	Directly: the design and fashion manufacture industry of micro, small and medium-sized enterprises Indirectly: for micro, small, medium and large enterprises
<b>Initiative / tool objective</b>	Stimulation on innovation in design and fashion manufacture, especially for those from micro and small companies to support technological development to support them in innovation.
<b>Steps / phases / stages of tool / initiative implementation and its activities description</b>	The supporting instrument for the fashion and design industry was implemented in Hungary on a national level. Due to the fact, that initiative has strong support from local public institutions - especially cities with numerous companies in those branches, it is possible to implement similar mechanisms on the city level. The general recommendation for multipliers is to study the way the instrument is organized and can affect business. Multiplication of a case study on a local level can be understood in two ways: 1. using the described tool and scaling it in the same branch or other along with rules in Hungarian case, 2. creating a new initiative using accessible funding (Structural Fund) and developing local (city-level) sectoral fund supporting ecosystems/value-chains.

Overview of the initiative:

1. Target:

- The fashion and design companies that are able and willing to develop should be able to make investments which are believed to enable the actors from the sector to strengthen profitability in the medium term, develop their export and increase international competitiveness. Through their participation in the initiative, the level of digital presence and awareness should also increase.
- Supporting technological developments that promote the renewal of mentioned SMEs, thereby strengthening their operation, workplace retention and income generation potential. To maintain the significant potential of the sector and the possibility of future expansion, it is important to maintain competitive domestic capacities and at the same time, to use the opportunities created by the crisis. Nevertheless, such an investment requires additional resources and should be implemented as soon as possible.
- To ensure the long-term sustainable growth of the domestic economy, it should identify the improvement of the growth potential of enterprises and the strengthening of their economic performance as a priority goal.

2. Responsibilities:

In the framework of the initiative companies can be:

- awarded for the project grant repayable assistance, capped with the financial resources available (between HUF 5 million and HUF 150 million),
- for eligible projects an advance on the grant up to 100% of the refundable aid.

The applicant company has to provide the reimbursable (interest-free) grant received in one instalment up to 180 days after receiving a receipt.

Applicants having a micro, small or medium-sized company status should also:

- have at least one closed (supported by a report / PIT) full (365 days) business year
- have annual average statistical headcount which was at least 1 person based on the approved (general meeting, members meeting, meeting or owners) closed full business year declaration submitted to NAV before the submission of the grant application
- conduct their planned activities following the TEÁOR number specified in Annex to the Call and aimed at the manufacturing activities
- have a certification of the adequate qualification issued by IFKA Industrial development Public Benefit Nonprofit before the submission of the grant application

Eligible activities:

Acquisition of new devices and machines, development of new technological systems and capacities, including the development of automated production systems, development of production technologies, development of process automation devices, sensor and control technologies, application of robot technology, procurement of intelligent manufacturing solutions.

In the original, the instrument bases on an on-line tool that support registration and application. The process can be described as follow:

**Step 1. Registration**

	<p>The first step in the process is registration at <a href="http://www.divatdesignpalyazat.ifka.hu">www.divatdesignpalyazat.ifka.hu</a>. Each company can register only once, for such an email address and password is required.</p> <p><b><u>Step 2. Filling the basic information to check the conditions of participation</u></b></p> <p>When logging in for the first time after registration, the company name and a valid tax number must be entered for the system to associate the registered profile with the given company. It is also necessary to provide some basic information related to the project. Based on this, the conditions of participation are checked in advance and the admissibility is screened.</p> <p><b><u>Step 3. Filling and submitting prequalification forms</u></b></p> <p>Information on the fulfilment of the conditions of participation will be sent to the company. If it has passed the pre-screening, then it can apply for pre-qualification by filling out the form in its account.</p> <p><b><u>Step 4. Certification</u></b></p> <p>In case of evaluation and compliance, “Supporting the development of SMEs in the Fashion and Design industry Prequalification Certificate ”the pre-qualification process ends with the issuance of a Certificate, which, in case of compliance, entitles the company to submit its application within the framework of GINOP 1.2.14-20 or VEKOP-1.2.7-20.</p> <p><b><u>Step 5. Application</u></b></p>
<p><b>Expected result(s)</b></p>	<p>The economic impact of the pandemic has significantly affected the sector due to the slowdown and stagnation of foreign sales. It is expected that with this measure, the companies of the Hungarian fashion and design industry, who are able and willing to develop, will be able to make investments that stimulate the sector in the medium term. To operate profitably and change in the fierce and resource-intensive international competition, such an initiative should increase company export and increase international digital presence and awareness.</p> <p>It is also expected that supporting companies in the fashion sector will stimulate urban growth, especially by influencing local ecosystems and value chains. In this context, it encourages local public institutions to focus on the spill-over effect and create leverage with additional support, such as using public space to promote products and organize markets. Implemented at a local level, this initiative will certainly serve the development of the sector. With its realization, the popularity of this sector will increase significantly, having a recovering effect on a local economy.</p>

Transferability

<p><b>Transferability to other countries (to be assessed by all Project Partners)</b></p>	<p>Medium – the initiative / tool can be transferred with the fulfilment of some demanding requirements by adopting organisation</p>
<p><b>Transferability on country of origin level (to be assessed by all Partner from specific country)</b></p>	<p>Medium – the initiative / tool can be transferred with the fulfilment of some demanding requirements by adopting organisation</p>
<p><b>Necessary resources</b></p>	<p>Technology and equipment:</p> <ul style="list-style-type: none"> <li>• IT equipment (laptop, telephone, computer)</li> </ul>
	<p>Knowledge:</p> <ul style="list-style-type: none"> <li>• IT knowledge</li> <li>• Intermediate or advanced economic knowledge</li> <li>• Decision - making skills</li> <li>• Good communication skills</li> </ul>
	<p>Expected costs:</p> <ul style="list-style-type: none"> <li>• financing of staff costs</li> <li>• website cost</li> <li>• costs of accounting</li> <li>• financial resources reserved for grants</li> </ul> <p>Amount of costs to be financed (in EUR):</p> <ul style="list-style-type: none"> <li>• the specific cost depends on many aspects, such as how much budget the implementing organization can provide to entrepreneurs, as well as on its market relationship maintenance</li> </ul>
<p><b>Key success factors:</b></p>	<ul style="list-style-type: none"> <li>• Good recognition of local companies and their business branch needs</li> <li>• Strategy for using public resources</li> <li>• Strategy of efficient communication and transparent registration to provide simple distribution mechanisms</li> </ul>
<p><b>Key challenges:</b></p>	<ul style="list-style-type: none"> <li>• Public operator of the funding on city level – taking into account that funding is targeted to companies and dedicated to limited activities, having significant experience and capacity in this field.</li> <li>• Every change has its opponents - forced implementation is heavily burdened with the risk of company protest (among owners or employees).</li> </ul>
<p><b>Impact on regional economy (general description)</b></p>	<p>The economic impact of the pandemic has significantly impeded the clothing branch, mainly due to the slowdown in export and its logistics. The digital revolution will result not only in the widespread adoption of IT applications but also in the transformation of market structures and value chains, which will require comprehensive adaptation from most businesses. High employment rates and increased wage levels are forcing almost all companies to increase productivity, especially in the fashion design industry.</p>