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## **EFFECTS OF STATE-OWNED AND HYBRID VENTURE CAPITAL FUNDS IN HUNGARY**

### **Abstract:**

State has got an important role in the venture capital industry in Hungary. On the one hand this study analyses the investments of three state investors in the middle of the previous decade. It presents location of target companies and effects on employment. The results show that state has got a positive role in job creation, but the indirectly job creation is very low at national economic level. Financing businesses in peripheral regions is a rational reason for the intervention of the state, but it was not realized. Activity of state investors which provide equity to firms directly was in the core economic region. On the other hand the study analyses the investments of JEREMIE Venture Capital Program. The investments of hybrid funds - thanks to the legislation - financed a higher proportion of SMEs operating in the country. The regional targets formulated as general objectives do not seem to have been fulfilled until the regulatory system does not separate specifically the outstanding capital in the centre and in the peripheral regions.

### **Keywords:**

venture capital, state, hybrid funds, JEREMIE, Hungary

**JEL Classification:** G24, R51