

**FAME – BEJA GLOBAL PROGRAMME/SUPPORT FUND FOR MICRO & SMALL ENTERPRISES**

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## 1. SUMMARY OF GOOD PRACTICE

### ▪ **Overview & Aims.**

BEJA GLOBAL is the focus of significant investment in infrastructure and economic development initiatives aimed at stimulating economic growth. The programme is based on integrating local policies and agencies to attract and support start-ups, micro firms and SMEs. It aims to attract entrepreneurial projects, particularly those most likely to export goods or services from the Beja region.

BEJA FAME is a financial instrument aimed at supporting new businesses in innovative sectors with lead partners; Beja City Council and a National Mutual Guarantee Association providing loans at a preferential interest rate in comparison to those available from other institutions.

Key benefits of the programme range from extended repayment terms, on-going support in addition to subsidised interest rates.

### ▪ **Key Partners**

**Camera Municipal de Beja** – Lead Partner

**ADRAL Regional Development Agency** (Agência de Desenvolvimento Regional do Alentejo);

**Banco Espírito Santo (BES)** - Commercial Bank;

**IAPMEI** , - government business support agency;

**LISGARANTE** Sociedade de Garantia Mútua - Mutual Guarantee Scheme.

### ▪ **Funding & SME Contribution**

The Banco Espírito Santo (BES) provides 80% of the loan and the municipality the remaining 20%.

Eligible companies can borrow up to 100% of the investment needed up to a maximum value of €45,000 per project. Partner administrative costs are estimated at 7% of investment costs.

SMEs have up to 6 years repay loans and up to one year grace period before repayments begin.

### ▪ **Eligibility Criteria**

To benefit from the Mutual Guarantee System, companies need to meet the EU definition for an SME.

Funding is aimed at micro and small enterprises operating in industry, commerce, tourism and tertiary sectors, priority is given to innovative projects, particularly high tech companies and companies most likely to export their products and services meeting the terms and conditions below.

### ▪ **Terms & Conditions**

The programme supports entrepreneurial projects which fulfil several conditions. Businesses need to:

- Be duly licensed and a start-up operating in the Beja region
- To demonstrate economic viability and be innovative, (helping to differentiate the region/city).
- Be a viable proposition and be eligible for, and adhere to, the mutual guarantee scheme

DIFASS Workshops Good Practice Fact Sheet 9 Beja Global Programme

## 2. IMPLEMENTATION

The success of the BEJA FAME programme is attributed to its simplicity, with SMEs benefiting from a mutual guarantee and a tailored package of support, rather than a specific programme.

The formation of a partnership involving the municipality and a Mutual Guarantee Association provides lending at a preferential interest rate in relation to the conditions of the market, helping SMEs reduce costs and minimise entrepreneurial risks.

The mutual guarantee is a commercial fund, providing the Bank with a financial guarantee from the BEJA Municipality, enabling eligible businesses from sectors targeted by the BEJA region, to access credit.

### ▪ **Key Stats** Results to Date

KEY MEASURE	2011
Applications Submitted	15
Applications Accepted	10
Funding Granted to SMEs	c€0.5M
Funding Invested by SMEs	c€0.3M
New Enterprises Started	10
Jobs Created	40 (approx.).

The application process is considered medium in terms of difficulty with decisions taking up to 3 months.

## 3. KEY LEARNING POINTS & OPPORTUNITIES

Legacy benefits arising from the project include jobs created and contribution to economic growth. The simplicity of the programme, ease of access to finance and the mutual guarantee scheme have been the most successful aspects of the programme; with the least successful aspect its limitation to small firms. Removal of Bank funds currently contributed to the overall funding mix is the key threat to the programme.

### ▪ **Transferability**

Beja is reinventing itself as a “service city”, increasingly oriented towards the knowledge and sustainability economy. The regions strategy of driving up growth by collaborating with all the stakeholders involved to develop its infrastructure, attract inward investment, focus on new technologies as well as encouraging and supporting SMEs through a mutual guarantee scheme is a similar approach adopted by other European cities and transferable to other regions.

#### **FURTHER INFORMATION:**

**You Tube** - <http://www.youtube.com/watch?v=d7Zg532xzxo>

**Camera Municipal de Beja** - <http://www.cm-beja.pt>

**ADRAL Regional Development Agenc** - <http://www.adral.pt/>

**Banco Espírito Santo (BES)** - <http://www.bes.pt/>

**IAPMEI** Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento <http://www.iapmei.pt/>

**LISGARANTE** Mutual Guarantee Scheme <http://www.garantiamutua.com/>