

PROGRAMME: BEJAGLOBAL COMBINED ACCESS TO LOANS AND GRANTS FOR INNOVATIVE RURAL START UPS

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Web:

http://www.bejaglobal.net/index.php?option=com_content&view=article&id=15&Itemid=11&lang=en

<http://www.portaldosincentivos.pt/proder>

<http://www.credito-agricola.pt/CAI/Institucional/Caixas/ListOfficeByCounty?d=1887&c=19511>

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1. SUMMARY OF GOOD PRACTICE

▪ Overview & Aims

The BejaGlobal mixed grant/loan instrument combines **PRODER grants**; supported by EAFRD - European Agricultural Fund for Rural Development **with dedicated bank loans** from Caixa do Crédito Agrícola providing eligible SMEs with up to 100% of the investment needed for projects.

Providing long term investment; part grant, part loan, the scheme aims to support the **growth and development of rural SMEs** already in receipt of approved grants from PRODER projects.

The source of each investment approved and provided by the combined instrument depends on a variety of factors. This includes the type of SME, the type of project and the number of employees that the SME expects to recruit as a result of the investment.

The loan element of the scheme provided by Credito Agricola is subject to normal credit approval checks. Loans are backed by a mutual guarantee with repayment periods of up to 10 years. Applicants are required to comply with the eligibility criteria associated with both frameworks to qualify for the combined investment package.

▪ Key Resources

– Programme Partners

Lead partner – Beja Municipality

PRODER – Regional Development Programme providing strategic and financial support.

Caixa do Crédito Agrícola – agricultural credit bank specialising in loans to rural communities.

– Funding: Funding Body & SME Contribution

Annual programme budget c€10M; 40% EU Funds, 60% Private Funds.

Eligible SMEs are awarded up to 100% of the total investment with the ratio of grant (up to 75%) and loan dependent on a number of factors and jobs likely to be created as a result of the investment. Participating SMEs also benefit from a 50-75% reduction in normal bank interest rates on the loan element.

- **Eligibility Criteria**

The BejaGlobal scheme is open to viable SMEs operating in the Tourism, Agriculture, Agrofood sectors and those providing cluster services i.e. marketing, design, web services and business advice to the rural sectors.

- **Terms and Conditions**

The total i.e. mixed grant/loans investments available range from a minimum of €5K to a maximum of €5M with SME repayments ranging from €1.5K to €2.5M up to a maximum period of 10 years.

2. IMPLEMENTATION

Managed by a local partnership with managing authorities the scheme is operated by a team of five people from the municipality.

- **Key Steps – How it Works.**

The instrument **combines the PRODER grants** which are supported by EAFRD - European agricultural fund for rural development **with dedicated bank loans** from Caixa de Crédito Agrícola.

- Applicants to the PRODER fund are provided with the assistance of the BejaGlobal programme team to ensure project compliance with both frameworks and advise on funding routes.
- The SME applies for the bank loan **after** approval by the PRODER programme. The total value and terms of the loan are dependent on the number of jobs created by the project.
- Loans are subject to normal credit approval procedures and approval for a mutual guarantee. Applicants must demonstrate 'sound financial conditions' for both the grant and loan which cannot be used for debt restructuring.
- BejaGlobal programme provide SMEs with administrative and project management support throughout the implementation of their project.

- **Key Stats** – starting on the 1st January 2012, results for the first year of operation are as follows:

KEY MEASURE	ESTIMATED TOTAL
Applications Submitted	130
Applications Approved	68
Funding Granted (to successful SMEs)	€4,907,525
SME Investment	€3,775,019
New Enterprises Started	10

The maximum turnaround time taken for decisions is 3 months. The application process is considered to be of medium difficulty.

3. KEY LEARNING POINTS & OPPORTUNITIES

BejaGlobal's combination of loans and grants has upgraded the added value of the region's rural cluster, providing a lasting legacy for the scheme.

– **What worked well**

The scheme is expected to help the Region's economy to grow at a faster rate than that of the Eurozone.

Key strengths

A reduction in interest rates, 50-75% lower than normal rates for the loan element.

The rate of subsidy i.e. grants awarded is based on the number of jobs each SME expects to create as a result of the loan/grant instrument. The more jobs, the higher the subsidy.

The loan element of the scheme has been set up as a revolving fund.

– **Challenges/Weaknesses**

Communication; more needs to be done to disseminate and raise the profile of the scheme to encourage new regional and overseas investors and entrepreneurs to access the mixed grant/loan instrument.

Approval from two funding sources means that investment decisions can take up to 3 months.

▪ **Transferability**

– Opportunities: Overall the scheme is considered a simple, effective instrument that can, subject to funding, provide a quick impact on regional development and growth.

– Threats: The new EU strategy on regional development may limit options for local development models, resulting in reduced opportunities for SME support.

FURTHER INFORMATION:

You Tube: <http://www.youtube.com/watch?v=Wed4aaJq3ao>

BejaGlobal: <http://bejaglobal.net/>