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Best practices from FEA: *IBM Restarting Microcredit*

Fejér Enterprise Agency

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The project is implemented through the Interreg Europe programme co-financed by ERDF.



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Basic data

- ▶ Launched in 2002
- ▶ Promoters:
 - FEA
 - Local Government of Székesfehérvár
 - IBM Storage Products Ltd.
- ▶ Geographical coverage: City of Székesfehérvár
- ▶ Two part:
 - intensive (2 year, who were IBM employees) – the IBM microcredit team have part in the decision
 - second (4 year, fund for microcredit activity) – competible of the EU Recommendations – time period (short, medium, long) of the sustainability, socail impact,

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Objective

- ▶ In 2002, the closure of the IBM manufacturing plant in Székesfehérvár affected 3700 people.
- ▶ Profile of the company: manufacturing hard disk drives – less demands on the market



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Objective

- ▶ The closure of the plant affected approximately 10.000 people in Székesfehérvár (families included)
- ▶ The aim of the Local Government, FEA and the IBM itself was to ease the employment crisis
- ▶ Provide an efficient tool for the employees to restart their career as entrepreneurs.

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Explanation of the initiative

- ▶ The IBM Restarting Microcredit was an initiative of FEA and the Local Government of Székesfehérvár as a reaction to the closure of the IBM manufacturing plant.
- ▶ A separate fund was set up, with the donation of the Local Government and IBM (IBM donated 1 million EUR)
- ▶ Goal: Helping redundant employees to become entrepreneurs.
- ▶ Fund manager was FEA

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Availability of the local credit

- ▶ FEA created a refundable, thus recyclable loan product
- ▶ Resulted in the outplacement of total 2,2 million EUR to 178 clients.

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Target group

- ▶ Former IBM employees wishing to set up an enterprise
- ▶ Microenterprises employing such former IBM employees could also apply to this credit.

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Innovative elements

- ▶ Quick reaction to the crisis
- ▶ Set up of an efficient tool capable of mitigating the negative effects of the collective redundancy
- ▶ cooperation of the local government, the company and the local LEA
- ▶ IBM evaluate the program process and the results highly appreciated



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Thank you for your attention!

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