



GOOD PRACTICES - CASE IDENTIFICATION /1ST LEVEL ANALYSIS

1. Good Practice title:

IBM Restarting Microcredit

- *sustainability and efficiency of local microfinance programs*
- *social outreach of microfinance and mitigating the negative effects of financial exclusion*
- *microfinance as a local employment tool*
- *social and technological innovation in microfinance*
- *involvement of priority groups (with special regard to gender equality)*
- *promotion of local microfinance funds and entrepreneurship initiatives*
- *business development services*

2. Territory of implementation/application (country/region/...)]

city of Székesfehérvár

3. Timeframe:

year of introduction: year of termination: (leave 0000 if ongoing)

4. Brief description of the promoting organization:

Fejér Enterprise Agency: non-profit Local Enterprise Agency. FEA was established in 1991 by 47 founders. The founders include the local government of Székesfehérvár, the General Assembly of Fejér County, several chambers, banks, enterprises and private people.

The mission of FEA is to provide high-level, easily accessible financial, advisory and training services in Hungary to start-ups and existing micro and small enterprises operating in the Transdanubian region in order to improve their skills and abilities which enable them to make their financial situation, social standing and living conditions better.

In order to fulfill its social mission and to realize the goals set by the founders, the Foundation performs concentrated business development activity, which basically focuses on the following main fields:

- Business Development Services



- Training programmes to disseminate entrepreneurial knowledge
- Microcredit programmes to finance enterprises

5. Main objective of the initiative:

Apart of the central microcredit programs, several local microcredit initiatives could efficiently improve the employment situation. In 2002, the closure of the IBM manufacturing plant in Székesfehérvár affected 3700 people. The aim of the Municipality, FEA and the IBM itself was to ease the employment crisis and provide an efficient tool for the employees to restart their career as entrepreneurs.

6. Brief explanation of the initiative:

The IBM Restarting Microcredit was an initiative of FEA and the Municipality of Székesfehérvár as a reaction to the closure of the IBM manufacturing plant.

A separate fund was set up, with the donation of the Municipality and IBM for the purpose of microlending in the interest of helping redundant employees to become entrepreneurs.

IBM donated 1 million EUR to the local enterprise agency to set up a microcredit programme for restarting. Former IBM employees wishing to set up an enterprise or microenterprises employing such former IBM employees could apply to this credit.

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

7. Target group and measures to involve the target group:

Former IBM employees

8. Innovativeness:

- Quick reaction to the crisis
- Set up of an efficient tool capable of mitigating the negative effects of the collective redundancy
- cooperation of the municipality, the company and the local LEA

9. Outcomes:

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



European Union
European Regional
Development Fund

ATM for SMEs
Interreg Europe



- credit fund of 1 million EUR
- total outplacement: 2.2 million EUR
- 178 clients