

IAPMEI

Parcerias para o Crescimento

The Portuguese Experience to Promote SME and Entrepreneurship Financing

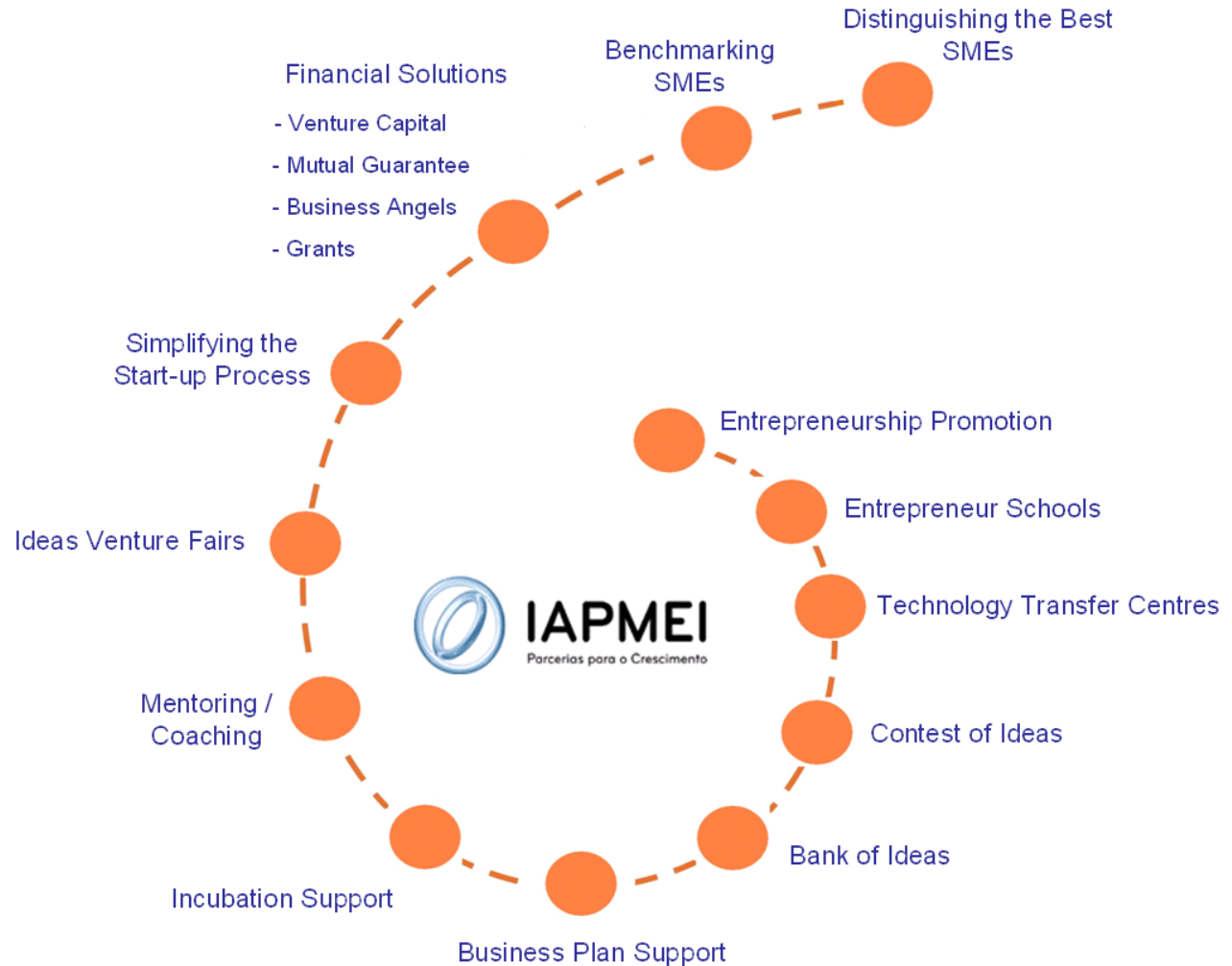
Nuno Gonçalves
Aveiro, 3 June 2009

IAPMEI's Presentation



- IAPMEI is the public Portuguese agency for SMEs and Innovation
- IAPMEI, was established in 1975
- IAPMEI's main mission is to actively participate in the design and implementation of integrated strategies to support corporate activity, with a special focus on SMEs in view to promote modernisation, innovation and international competitiveness

IAPMEI's Entrepreneurship Chain Value





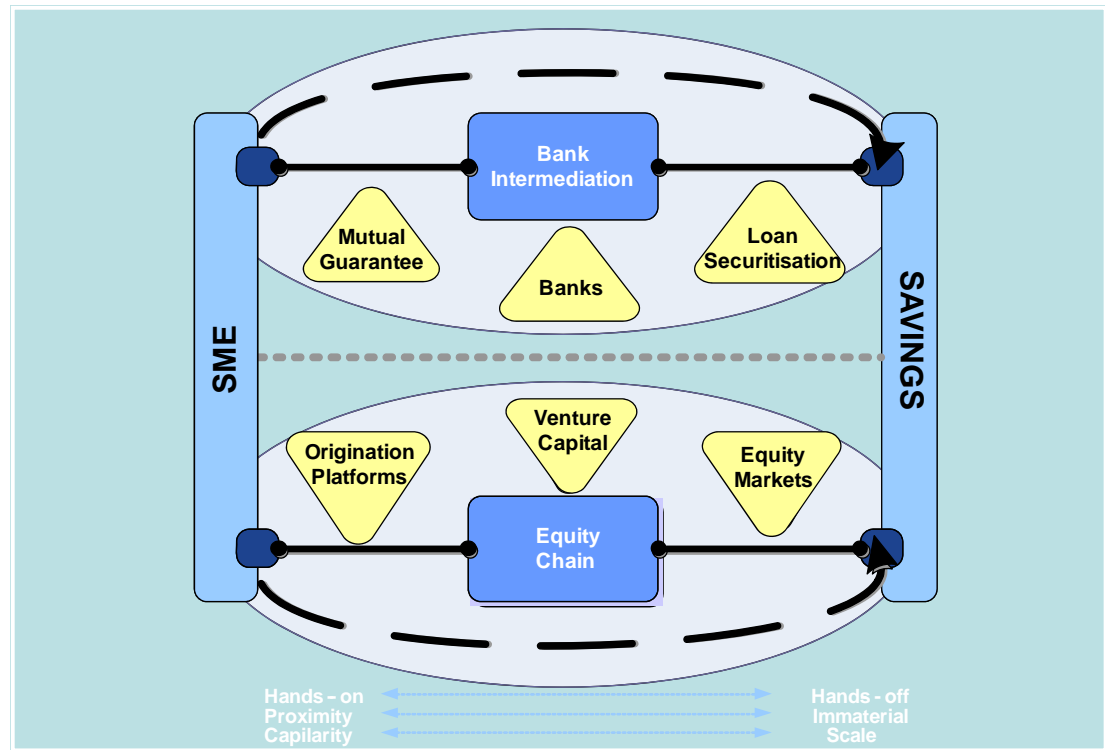
INOFIN - Financial Innovation Programme

IAPMEI has developed an integrated Financial Innovation Programme, INOFIN, to encourage SMEs to expand and diversify their sources of finance through:

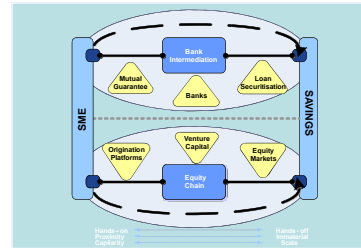
- Venture Capital
- Mutual Guarantee
- Credit Securitization

Channeling Savings for SMEs

- IAPMEI's vision: to reduce the existent supply/demand gap in terms of SME financing



Financial Innovation Programme - the Rationale

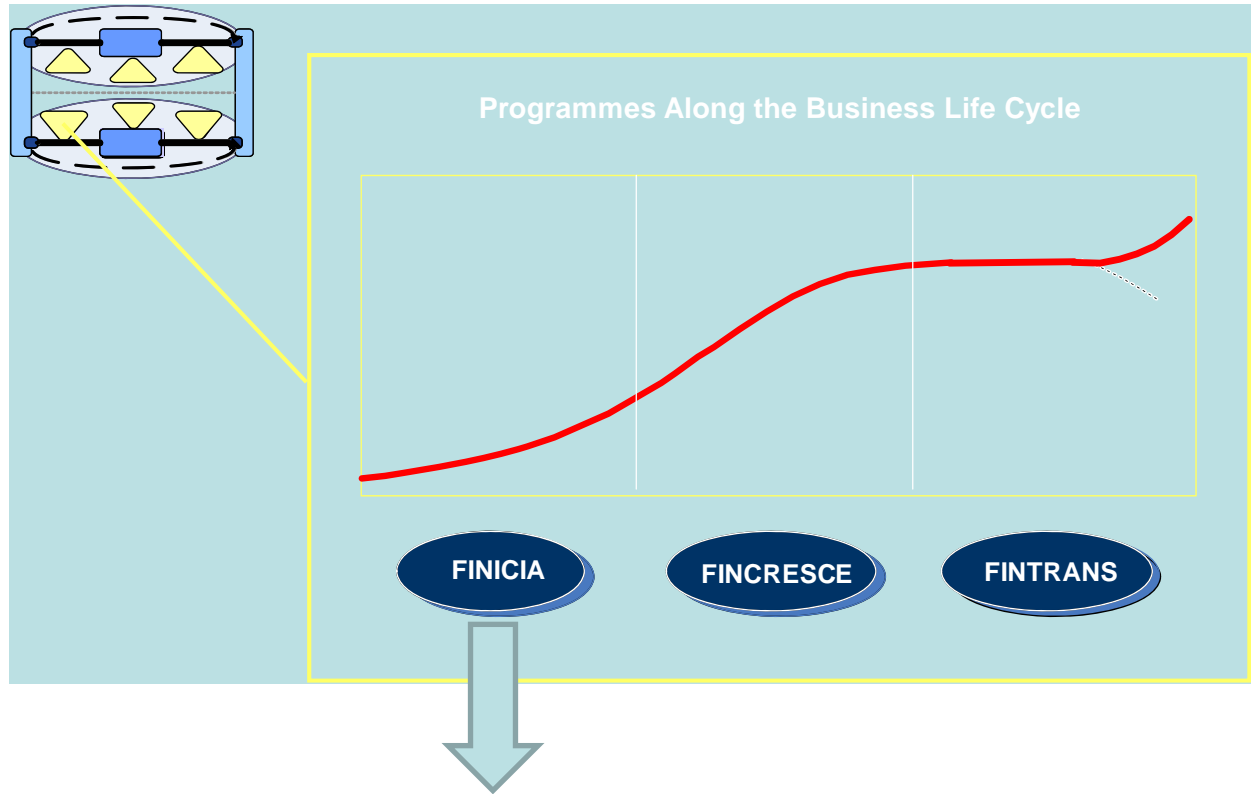


EU SME Support Policies

- Not to focus on direct public schemes such as grant schemes, but to stimulate the efficiency of the bank intermediation process and the range of segments worked by capital markets operators;
- The public incentive mechanisms, together with regulation functions, must act upon the two market subsystems which are the basis of the economy's financing model: debt and equity instruments, risk sharing and transaction costs reduction leading to the allocation of business investment saving.



FINICIA Programme



FINICIA – Access to Finance For Innovation & Start Ups

Facilitating access to finance for Entrepreneurs and Small Companies at the initial phases of their life cycle

FINICIA Areas of Intervention



think global | act local

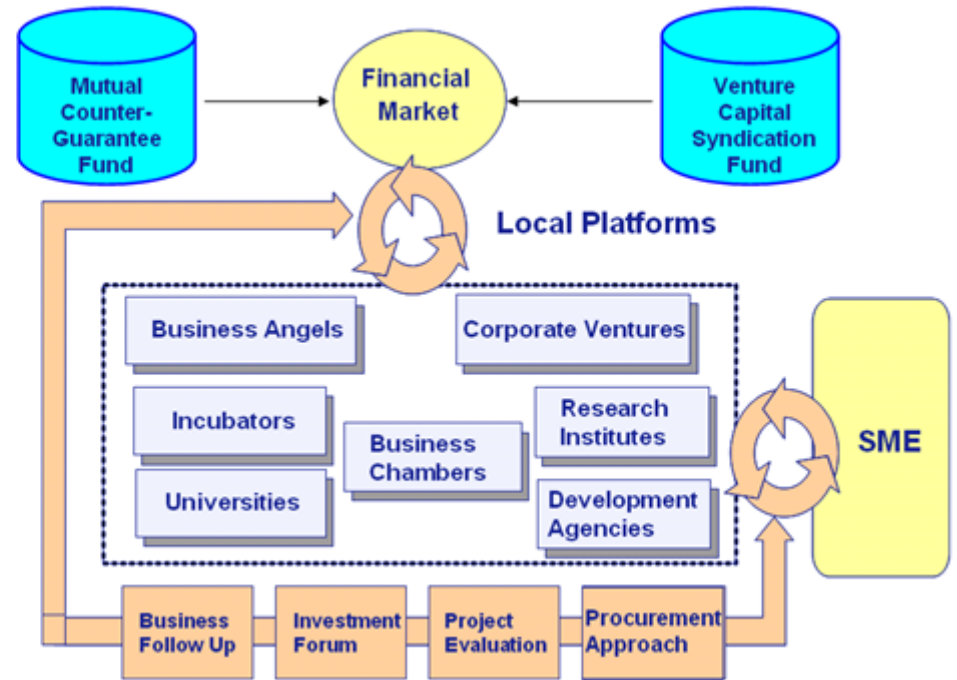
I. HIGH INNOVATION PROJECTS

II. MICRO BUSINESS START-UPS

III. REGIONAL BUSINESS INITIATIVES



FINICIA Operational Scheme



I. High Innovation Projects

EQUITY

- Up to 85% venture capital financing
- Maximum risk sharing for investments up to 2.5 M €
- Stock Option for the entrepreneur

For Start Ups or companies with High Innovation Projects recognized by IAPMEI



I. High Innovation Projects

How to apply ?

- **SMEs submit application at:
Venture Capital Companies**
- **Entrepreneurs must obtain by
themselves or with Business Angels
15% of investment capital needs**



II. Micro Business Start-Ups

MICROCREDIT

- Up to 100% financing of investment
- 25,000 euros maximum loan
- Fixed 3 years repayment period
- Designed for the start up/early stage of micro and small companies

This is a normal bank loan but it has a 75% mutual guarantee that has a 80% counter guarantee given by the Public Counter guarantee Fund



II. Micro Business Start-Ups

CREDIT for EARLY STAGES

- Up to 100% financing of investment (Debt)
- 100,000 euros maximum loan
- 5 years repayment period
- Designed for the start up/early stage of micro and small companies

This is a normal bank loan but it has a 75% mutual guarantee that has a 80% counter guarantee given by the Public Counter guarantee Fund



II. Micro Business Start-Ups

How to apply ?

- **Presentation of project at a Mutual Guarantee Company or associated Bank**
- **Companies must join a Mutual Guarantee Society**



II. Micro Business Start-Ups

MICRO VENTURE CAPITAL

- 10 million euros VC Fund specially designed for innovative start-ups and university spin-outs
- Up to 90% venture capital financing, with a maximum of 45,000 euros
- Maximum investment amount of 250,000 euros
- Stock Option for the entrepreneur



II. Micro Business Start-Ups

How to apply ?

Presentation of a New Idea/Business Plan at one of the 85 partners of the 12 FINICIA Platforms, available in Portugal



III. Regional Business Initiatives

Setting up of a Municipality–based Fund (Bank Account)

- **Medium-Long Term Bank Loan**

Up to 100% of investment, 45,000 € maximum loan

- **Lengthened repayment period**

3 to 6 years, with 1 year default

- **Preferential interest rate for micro and small companies**

Pre-established fixed spread and mutual guarantee commission



III. Regional Business Initiatives

How to apply ?

Previous condition: Creation of local Funds

- **Application for financing – to be submitted at local FINICIA partner**
- **Company must join a Mutual Guarantee Society**



DNA – Example of FINICIA Platform

DNA Cascais is an organization created by Cascais City Hall in partnership with IAPMEI (Portuguese Agency for Smes) and BPI Bank, in September 2006.

Cascais has 180.000 inhabitants.

DNA means... Development of New Attitudes.



The advertisement features a man on the left and a woman on the right, both in business attire, jumping on a coiled spring. The man is holding a briefcase. The background is white with a blue sky and clouds on the far left.

dna
CASCAIS

Dê o salto

Cascais apoia a criação do seu negócio.

- » Apoio à Criação de Empresas » Concurso de Ideias
- » Ninhos de Empresas » Interim Management
- » Soluções de Financiamento » Business Angels » Capital de Risco

Cascais, Concelho Empreendedor
www.dnacascais.pt

Uma iniciativa
♦♦♦♦

Com o apoio

C Cascais
Câmara Municipal

BPI

DNA – Example of FINICIA Platform

- DNA launch dinner at 7th Nov. 2006
- 25 Outdoors
- More than 100 Muppies
- 5 Public Sessions in Cascais Municipality
- Universities Road-Show
- Congresses and Workshops
- DNA Cascais web site
- Press News
- Mouth to mouth



DNA – Example of FINICIA Platform

In Cascais:

”You only need your entrepreneur
DNA!”



Concorra com o seu ADN empreendedor
www.dnacascais.pt

» Concurso de Ideias e Negócios » Prémio Jovem Empreendedor
» Concurso Escolas Empreendedoras » Banco de Ideias

Cascais, Concelho Empreendedor

Uma iniciativa **Cascais** Com o apoio **BPI**



Damos crédito ao seu ADN empreendedor
www.dnacascais.pt

» Soluções de Crédito » Business Angels
» Micro Financiamento » Capital de Risco

Cascais, Concelho Empreendedor

Uma iniciativa **Cascais** Com o apoio **BPI**



Cascais liberta o seu ADN empreendedor
www.dnacascais.pt

» Apoio à Criação de Empresas » Escolas Empreendedoras
» Concurso de Ideias » Ninhos de Empresas
» Interim Management » Soluções de Financiamento
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Cascais, Concelho Empreendedor

Uma iniciativa **Cascais** Com o apoio **BPI**

DNA – Example of FINICIA Platform

Entrepreneur Schools - 1st edition

- **80 teachers and 2500 students** from 10th to 12th grade had access to training.
- The Program of Economy for Success was developed and involved **1500 students of the 9th grade.**



DNA – Example of FINICIA Platform



❑ Entrepreneur Schools Business Ideas Contest

150 applications from
students and
teachers from
Cascais Schools



❑ I Cascais Business Ideas Contest

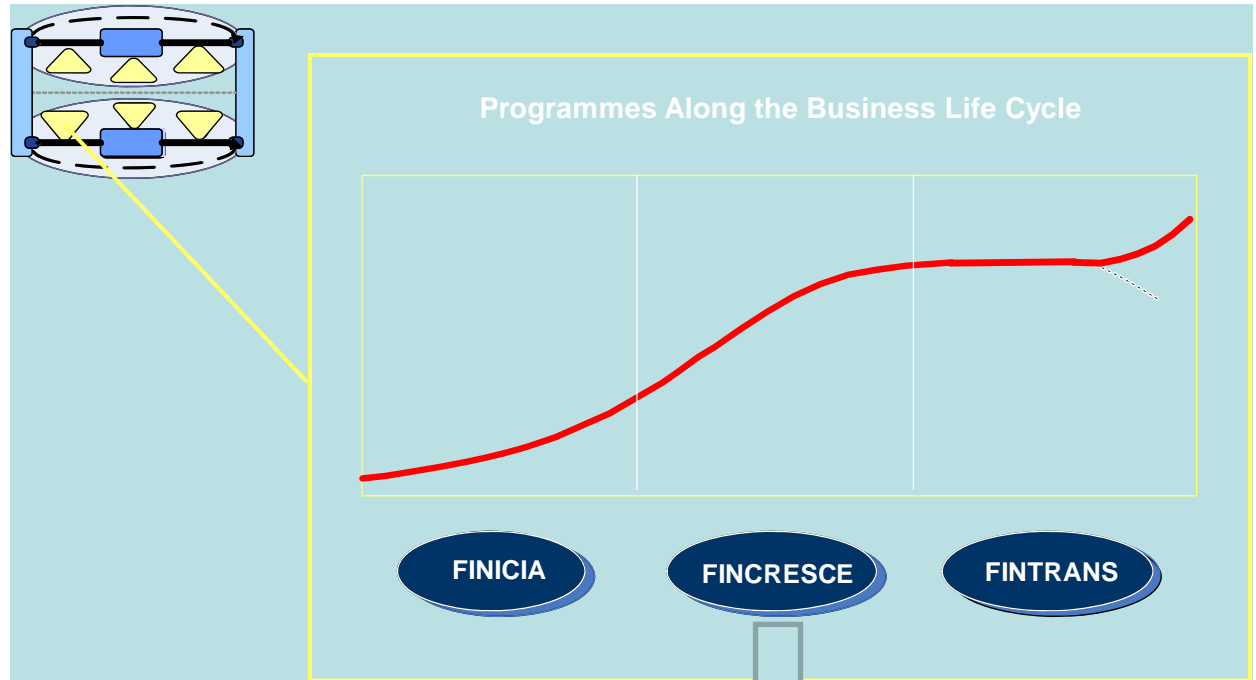
250 applications
received



FINICIA Achievements

- ✓ **12 Regional Platforms**
- ✓ **85 Municipality Protocols**
- ✓ **1 FINICIA Venture Capital Fund (€10M)**
- ✓ **3 Credit Lines with major Banks**
- ✓ **450 Approved Financing Operations**
- ✓ **€39M Total Financing**
- ✓ **Over 1200 New Jobs**

FINCRESCe Programme

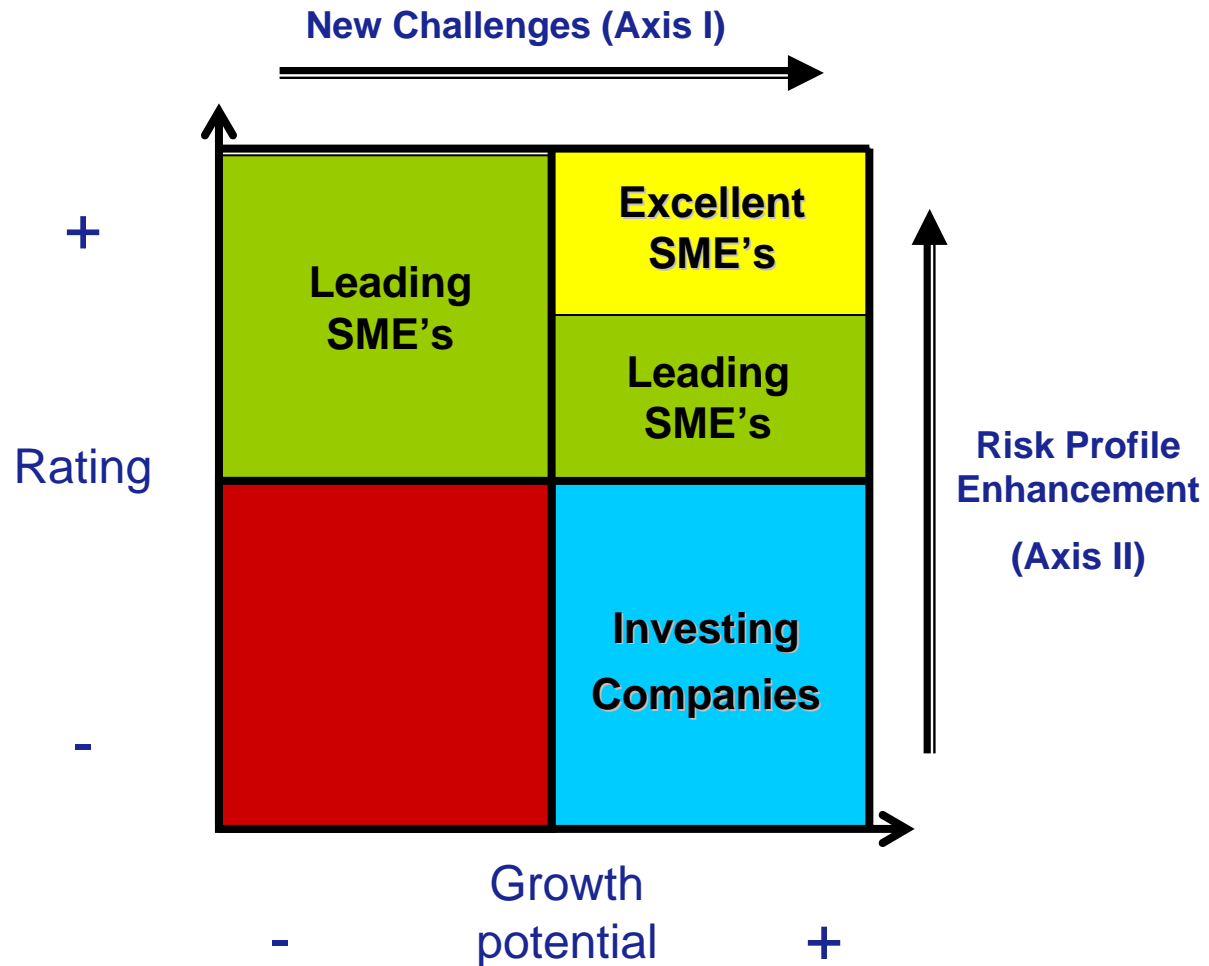


Launched to contribute to the optimisation of financing conditions for companies that are following growth strategies and reinforcement of their competitive base. Intervention fields:

Risk Profile Assessment, Communication with the Market and Differentiated Financial Products and Services.

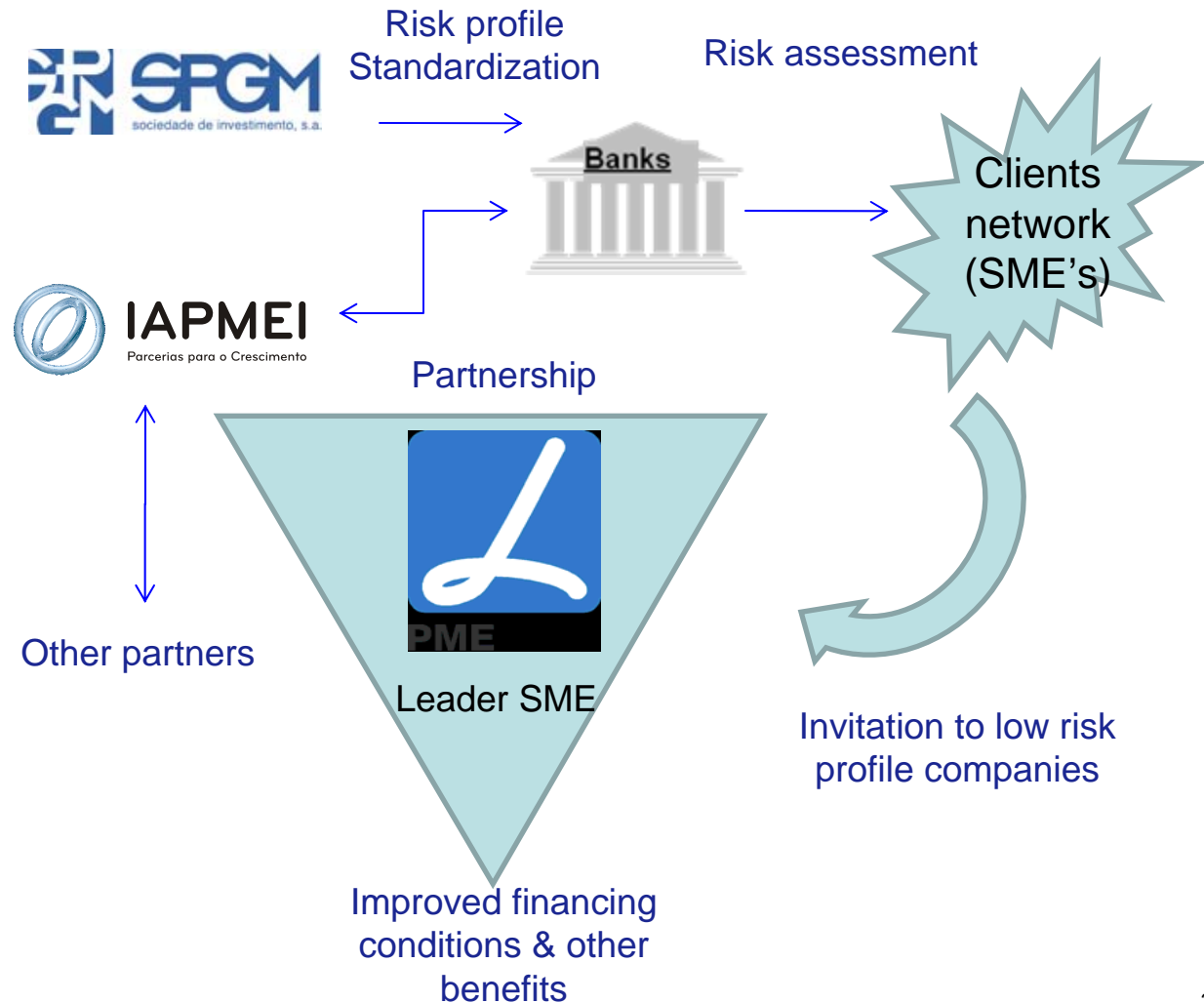
FINCRESCE Model

The implementation model:



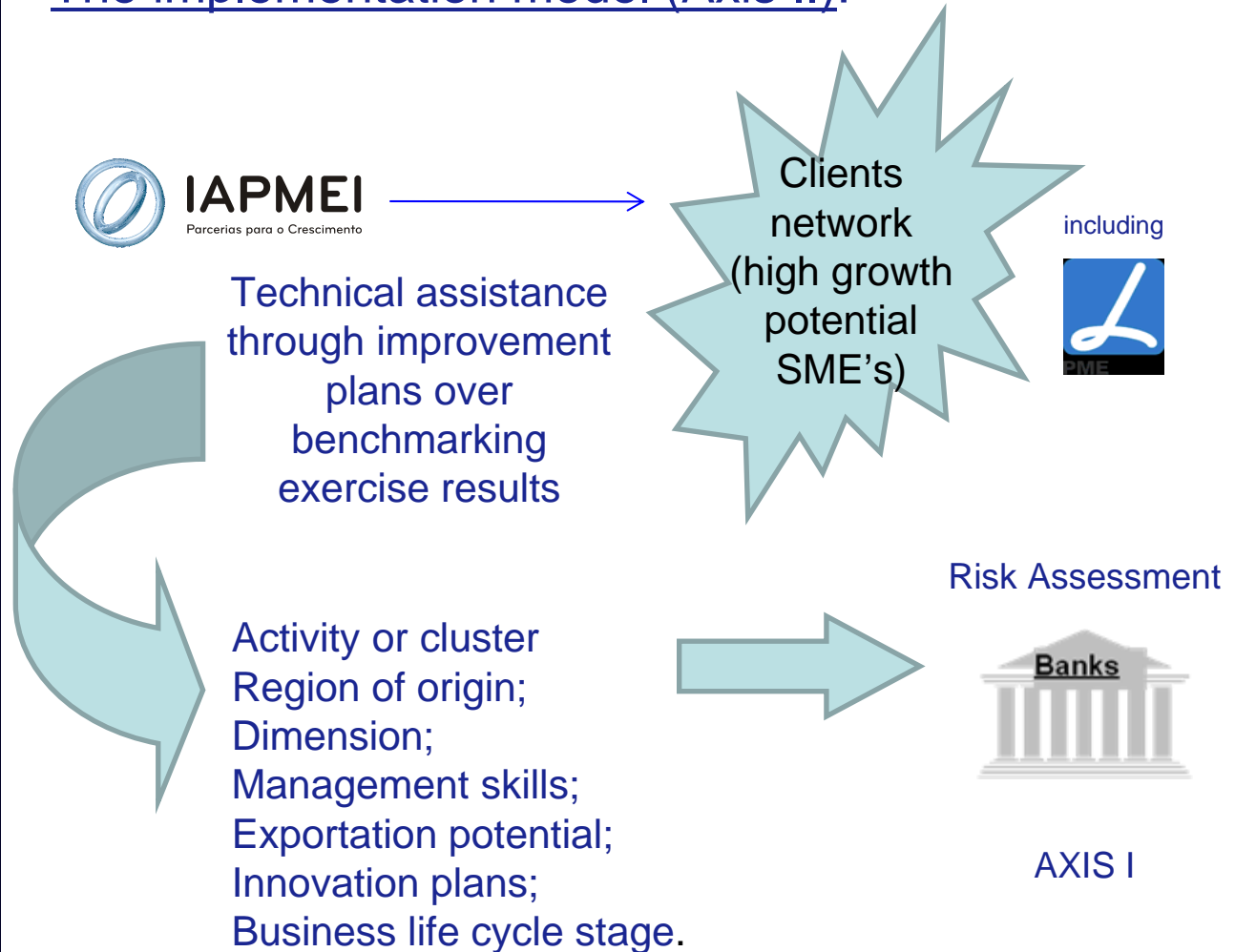
FINCRESCERationale

The implementation model (Axis I):



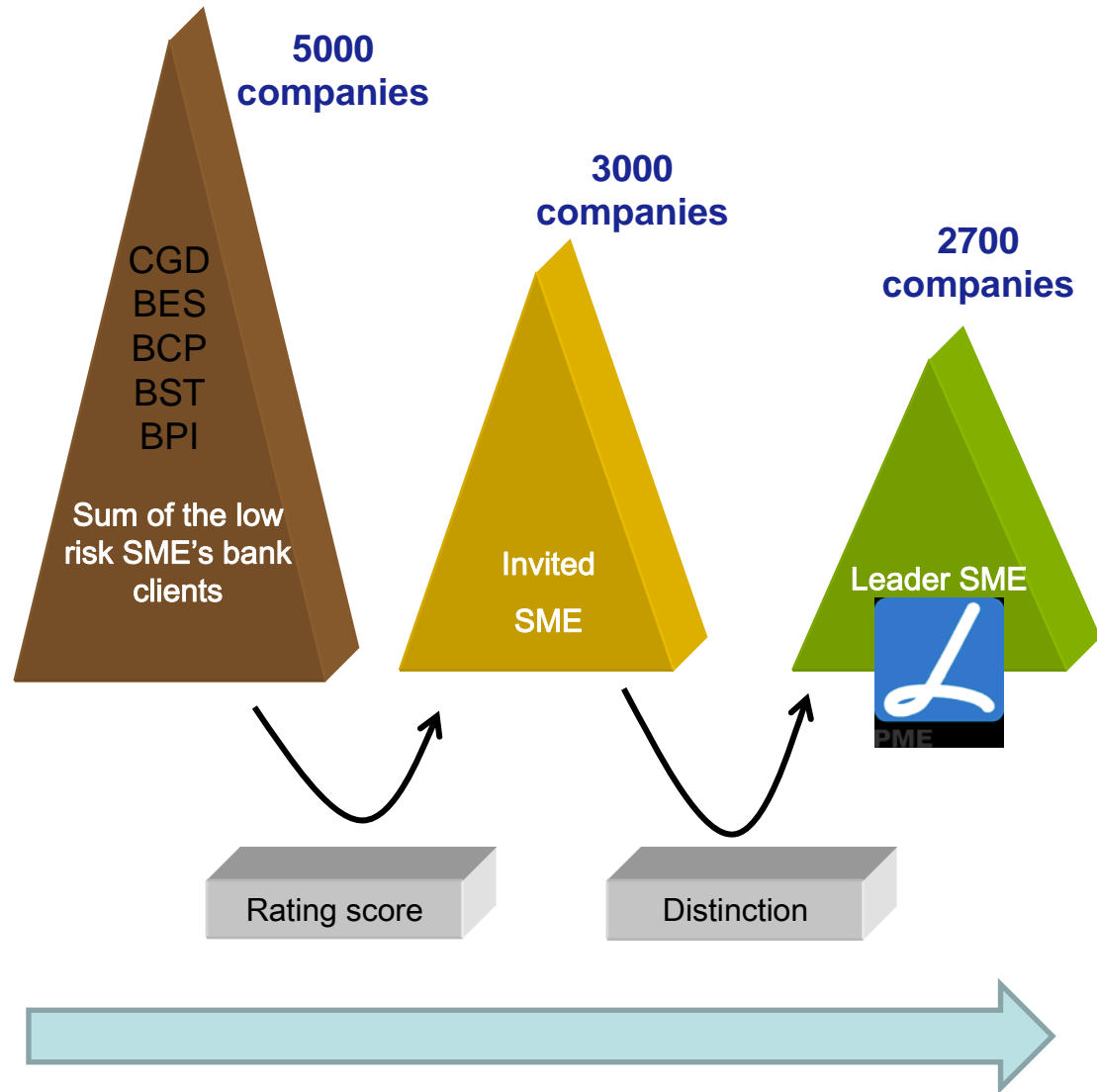
FINCRESCCE Rationale

The implementation model (Axis II):



FINCRESCCE Selection Process

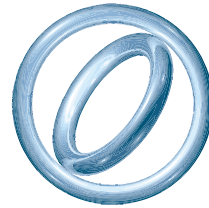
Axis I:



FINCRESCCE Achievements

- Full involvement of the 5 major banks in Portugal;
- Other partners are actively involved in attributing more benefits & improved service conditions to Leader SMEs;
- Over 2000 distinguished SMEs.





IAPMEI

Parcerias para o Crescimento

Thank You!

Nuno Gonçalves
Aveiro, 3 June 2009