

# Good Practice |

## Cresaçor

### CATEGORY:

Partnership development

### GOOD PRACTICE'S TITLE:

Microcredit Support Measure of the Government of the Azores

### MAIN OBJECTIVE:

To follow and support potential 'inclusive entrepreneurs', processing applications to Microcredit Support Measure and, in the event of approval by the decision-making body, funding by the partner credit institution and continuing to work with the entrepreneur until repayment of the total loan amount



Cresaçor (Cooperativa Regional de Economia Solidária) is an NGO based in the Azores islands (Portugal) composed by a multidisciplinary team that acts in eleven different but complementary areas. The Entrepreneurship and Microcredit Agency represents one of the eleven working teams of Cresaçor.

Besides processing the loan applications and following the new, small businesses, Cresaçor also raises entrepreneurship awareness among disadvantaged groups, provides training courses and on-job training for established entrepreneurs and carries out research.

### Mission of the organization

Establish a relationship of trust with 'inclusive entrepreneurs' and support them in overcoming obstacles in order to ensure the success of their small business initiative.

### Governance structure

After processing the applications, Cresaçor delivers both a social and an economic opinion on the candidate and the business before its submission to the decision-making body: the Credit Commission - in the scope of three government agencies: Investment and Competitiveness, Employment and Social Security.



## MFI factsheet

Type of organization	NGO
Country	Portugal - Azores
Year of inception of the good practice	2006
Services and products provided	Multidisciplinary team responsible for following and supporting all the candidates to the Microcredit Support Measure of the Regional Government to achieve and develop their entrepreneurial initiatives
Portfolio (€)	Not applicable
Avg loan size (€)	Not applicable
Number of clients	93
% of rural clients	100%
Typology of rural clients	Unemployed, precarious workers and microenterprises without access to bank loan based on Azores islands.
Website	<a href="http://www.cresacor.pt">www.cresacor.pt</a> 



## GOOD PRACTICE

Since the Microcredit Support Measure was created by the regional government in 2006, CRESAÇOR has been the Microcredit Agency to the Azores. Providing customer-driven support to the candidates of the Microcredit Support Measure, Cresaçor works in the economic assessment of the business idea and on the technical and soft skills held by the candidate.

The financing of business initiatives is done through the provision of bank credit (up to 20,000 €) by credit institutions filed with the regional government, assuming the latter as a guarantor of the projects (in case of insolvency, the guarantor is liable for 75% of the debt). In this scheme interest originating from the loan is paid by the regional government.

Each candidate is closely followed by a team of two microcredit agents (social and economic), who are responsible for supporting the candidate in overcoming obstacles to the development of his business idea during the application stage, through the approval process and by the decision-making body until total repayment of the microcredit loan.

### Target group

The target group of Microcredit Support Measure are individuals, residents in one of the nine islands of the Azores, who are socio-economically excluded and characterized by their difficulties to enter the labour market and low qualifications. Since 2012, in unison with the growing number of unemployed in Portugal, we are seeing a defocusing of this target-group and a transition to those with stronger working habits and qualifications.

### Innovativeness

As innovation factors, we identify the methodology, the client-centered support given by Cresaçor that varies according to the needs of the candidate and the process of the Microcredit Support Measure that shows the possibility of public, private and solidary economy entities to work together under the principle of equal opportunities.

### Relevance given the context

The target group of the program view as the only way to overcome their unemployment situation; their willingness to engage in entrepreneurship is characterized by need. The support provided by Cresaçor is therefore indispensable to the creation of these small business initiatives. Responding to the needs of the community and the decline of the bank financing of the projects, in 2012 the Regional Government changed the legislative decree governing this support measure and extended the range of potential beneficiaries to precarious workers and microenterprises without access to bank loans and increased its participation as a guarantor of the projects, from 25% up to 75% in the case of insolvency.

### Adaptability to other contexts

The client-centered follow up methodology used by Cresaçor is easily adapted to both rural and urban contexts (although for the collection of the initial applicant information its only possible in rural areas due to the proximity between people and services). The governance structure of the Microcredit Support Measure (public, private and solidary economy sectors) can also be adapted as long there the political will exists.

### Efficiency

Cresaçor works on the nine islands of the Azores, the team includes 6 microcredit agents: 5 agents work on the island of St. Miguel and are responsible for applications from 6 islands (corresponding to 74% of total applicants), and 1 agent works on the island of Terceira and is responsible for applications from the 3 remaining islands. Typically, a team of two agents supports each candidate. At the moment each team of agents is responsible for about 30 applications/businesses.

### Outcomes

Since the beginning of this support measure, 575 applicants have applied. Out of the 575 applications, 419 candidates have given up of their applications, or were not eligible. From the remaining 93 applications submitted to the Credit Commission, 23 were refused by this decision-making body, either because the business wasn't viable or the candidate does not hold the skills required to develop a sustainable business, and another 11 were refused by the bank.

In April 2015, we counted 44 businesses created, 41 applications under development and 8 applications waiting for the Credit Commission decision or from the bank.

Finally, 9 businesses have failed while another 9 businesses are still running after total repayment of the loan.

### Sustainability

In order to improve Cresaçor's work, between 2013 and 2014, the MFI developed a study to identify new tools to help entrepreneurs from socially excluded groups, to validate and enhance their own job creation as an alternative to social transfers and break out the poverty cycle. The continuous improvement of the services provided by the Cresaçor, together with the assessment of their impact is key to guarantee the sustainability of this model.

**SUCCESS STORY: ANTÓNIO LINO, STREET TRADING CARAVAN BAR**

Antonio Lino has a middle school education and is an ex-prisoner. He is unemployed, and his family consists of his wife and three children out of whom two have left school in order to work and earn a living. At the age of 45, he applied for a €19,500 loan for street trading caravan bar. He applied for the loan in 2007 and has now made complete repayment of the loan. The loan helped him to start working again and two of his children are also working with him while the third child starts college this year. He has also obtained a mortgage loan from the bank.

**SUCCESS STORY: ANA PEREIRA, FLORIST**

In 2007, at the age of 28, Ana Pereira applied for €7,000 loan to start a business as a florist. She was unemployed, divorced and had two children. She had education up to middle school and wanted to start her flower business in the Municipality of Ribeira Grande. Today, Ana has made complete repayment of her loan and her quality of life has been improved from before. There is also an increase in the household as she has one more child.

