

Swiss Start-up Fund SSF Helps Promote SMEs in Partner Countries

The SECO Start-up Fund (SSF) is an instrument of the State Secretariat for Economic Affairs SECO. It provides loans for co-financing start-up investment projects of Swiss SMEs in certain countries with economies under development or in transition, where commercial financing for start-ups is not available.

Through the SSF, SECO promotes the private economy in partner countries, helps to create jobs and train people. At the same time, it aims to strengthen the Swiss economy so that Swiss SMEs with successful investments in emerging markets become more competitive in global business.

Therefore, the SSF only finances projects that are commercially viable and meet recognized social and environmental standards. The planned project must be able to repay the SSF loan within five years.

The investors must have the capacity to finance at least 50 percent of the planned investment before the SSF disburses its loan. In addition, the maximum amount of an SSF loan is CHF 500,000. Interest on SSF loans is to be paid semi-annually, while the interest rate will increase by 1.0 percent each year (the current rate is 4.125 percent for the first year).

Businesses that are not older than three years are considered start-ups. The SSF can finance such projects in the following countries:

Africa: Burkina Faso, Ghana,

Mozambique, Tanzania, South Africa

Middle East/North Africa: Algeria, Egypt, Jordan, Morocco, Tunisia

Latin America: Bolivia, Costa Rica, Guatemala, El Salvador, Nicaragua, Peru

Asia: Vietnam

South East Europe : Albania, Bosnia & Herzegovina, Macedonia,

Montenegro, Serbia (including Kosovo)

CIS : Azerbaijan, Kyrgyzstan, Tajikistan, Ukraine

Exceptions may be possible for projects with an outstanding development impact on the partner country.

Over the past eight years, SSF has financed 11 projects in East Asia, three of these in Vietnam. Most of the businesses developed successfully and are operating well, despite delays - and serious difficulties that had to be overcome in some cases.

Worldwide, SSF has financed 78 projects, for which loans of CHF 25.9 million were approved. With the assistance of the SSF, CHF 121 million have already been invested or will be invested in these 78 projects. This will lead to the overall creation of 8,500 direct jobs.

The projects will be assessed based on the business plan, which the investors submit. In addition to criteria such as customer base, management know-how, profitability under pessimistic assumptions, financing of possible delays -



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most projects lag behind schedule for one to two years until the business is fully operating -, criteria such as number and quality of jobs to be created, training of employees, know how protection and ecological impact of the project are important factors for the SSF.

Of course, information about the investors' and borrowers' financial situation is required (financial statements for enterprises and tax declaration for natural persons). Loans are extended to investors with Swiss residency. It is also important that the investors have the capacity to contribute the funds required to the project even if there are considerable delays and increased expenditures.

Furthermore, if there is industry know-how, investors' past entrepreneurial success and reputation will be checked. Based on experience, individuals responsible for implementing a project are the main success factor and therefore, the most decisive criterion.

If the SSF managers decide that a project should be co-financed by the SSF, the investors will be invited to present their project before the SFF Experts' Committee. This body will make a recommendation to SECO on the day of the presentation, and SECO will make the final decision within a week. If approved, the investors will sign the contract with SECO, i.e. with the Swiss Confederation.

Projects in East Asia that received a loan from the SECO Start-up Fund

Country	Project
China	Start-up of pen-balls manufacturing.
China	Research on ' micro-tunneling ' for mitigating environmental problems.
China	Pilot project on the treatment of rubber processing wastewater and its utilization for producing energy.
China	Pre-feasibility and feasibility studies concerning extraction and marketing of lignin from pulp mills effluent.
China	Start-up of production of precision turned parts for watches and connectors.
China	Assembling measurement instruments.
China	Sterilizing and decontaminating spices, tea and herbs.
China	Production of HA powder for surface treatment of medical implants.
Vietnam	Build-up of a raspberry plantation.
Vietnam	Feasibility study of Internet business.
Vietnam	Start-up of meat processing and production of sausages.

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