



SECO Start-up Fund SSF

Purpose of the SSF

The SSF is a loan instrument established by the State Secretariat for Economic Affairs SECO in 1997. The administration of the fund was delegated to FINANCEcontact in Zurich. This fund promotes private sector investment projects in countries with economies under development or in transition. The projects must be commercially viable and meet recognised environmental and social standards.

Investments in developing and transition economies involve business risks beyond those generally encountered in Western countries. The aim of the SSF is to share financing and risks with the investor. It does so by co-financing the initial investment phase. Financing by the SSF is in the form of a loan that must be repaid within 5 years.

Eligibility Conditions

1) Funding is available for commercially viable start-up companies that have been operating for a maximum of 3 years or for acquisitions made with the aim of expanding and developing existing operations.

2) The SSF finances projects in the following countries:

Middle East/

Africa: Egypt, Ghana, South Africa

Latin America: Colombia, Peru

Asia: Indonesia, Vietnam

South East Europe: Albania, Bosnia-Herzegovina, Kosovo, Macedonia, Montenegro, Serbia

CIS: Azerbaijan, Kyrgyzstan, Tajikistan, Ukraine

Exceptions for projects in other countries can be considered, if a project can produce an outstanding development impact. Such countries must belong to the group of "Least Developed up to Lower Middle Income Countries" of the OECD.

3) The investor / borrower must reside in Switzerland and enjoy a sound reputation. There may be co-borrowers with domicile abroad.

4) Investors / borrowers must show evidence of adequate financing resources and management capacity to implement the project.

5) The project should have a positive long-term impact on the partner country's development. No harmful environmental effects or negative social consequences should result from the project.

6) No other commercial financing sources (venture capital funds, loans for investments) are available to finance the project.

Standard Loan Conditions

- 1) The SSF covers up to 50% of the costs of the project's initial investment phase, with a maximum contribution of the SSF in the amount of CHF 500,000. The remaining amount is raised by the borrowers, respectively the project's investors.
- 2) Interest is paid quarterly. The interest rate is based on the 3-year "Swiss Export Base Rate" (SEBR) plus a risk premium that is applied as follows:

1 st year:	SEBR + 1%
2 nd year:	SEBR + 2%
3 rd year:	SEBR + 3%
4 th year:	SEBR + 4%
5 th year:	SEBR + 5%

In addition, the SSF will charge a commitment fee of 1% on the loan amount not drawn for each year.

- 3) The contribution from the borrower to the project can be in cash or in kind (property, equipment, materials), but not in working hours. A third party will determine the value of a contribution in kind. This value cannot be higher than the purchase price.
- 4) The SSF can be used to finance fixed assets (land, buildings, equipment) goods and materials, operating costs and costs of setting up the project, but not working hours of the borrowers. The price of fixed assets should not be higher than the market price.
- 5) The duration of a loan cannot exceed 5 years from the date of signature to the final repayment.
- 6) The SSF loan must be repaid before the project company pays dividends to its shareholders or pays off any capital from investors.
- 7) The formal lender is SECO. All the borrowers are jointly and severally liable.

Required Documentation

- Complete business plan for an investment project
- Latest financial statements of the borrowers
- Latest financial statements of the anticipated investors
- A copy of the latest tax declaration in case of natural persons as borrowers

Procedure

- 1) Inquiries and project proposals should be addressed to FINANCEcontact.
- 2) FINANCEcontact will determine if the project proposal is eligible, and if so, request a detailed business plan from the applicant.
- 3) Once the applicant has submitted a detailed business plan, it will take up to 2 months for the SSF Experts' Committee to make a decision.
- 4) If an application is submitted to the SSF Experts' Committee, the applicant is charged an application fee of 1 % of the requested loan amount (minimum CHF 1,000).

Contact

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