



SECO Start-up Fund

Start-up Finance in Emerging Markets

The SECO Start-up Fund provides loans to entrepreneurs and enterprises with residency in Switzerland to co-finance start-ups in countries in emerging markets. The aim is to build strong and growing enterprises and support the creation of modern jobs in countries under development or in transition.

Why the SECO Start-up Fund?

Investments in developing and transition economies involve business risks beyond those generally encountered in Western countries. In addition, it is very difficult for single entrepreneurs and SMEs to access private sector financing for these projects. Swiss banks would not finance and local banks would request at least three profitable years and high guarantees, which is typically not possible for start-up projects.

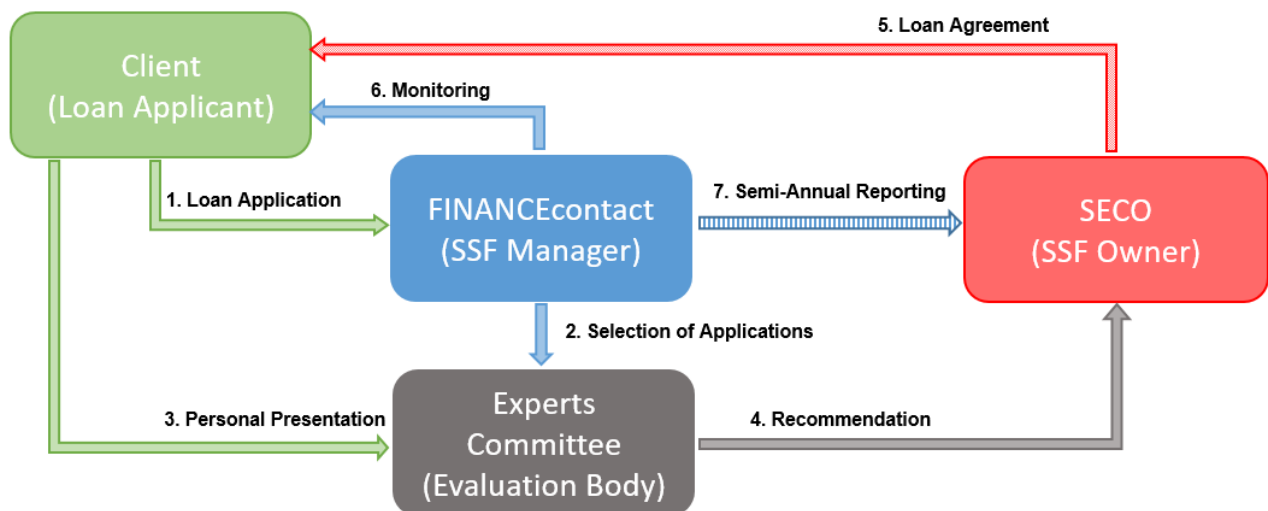
Risk sharing through unsecured loans

- Loan of up to CHF 500'000 and covering max. 2/3 of investment costs
- Repayment within 7 years with variable starting point
- Swiss residency of the borrower

Projects must contribute to the development of the supported countries by

- creation of decent jobs
- training of employees (know-how transfer/vocational training)
- social responsibility and environmentally friendly production

How does the SECO Start-up Fund work?



Country/region
Selected countries in Africa/Middle East, Asia, CIS, Latin America and South East Europe

Executing agency
FINANCEcontact

Project duration
2017-2024

Total budget
CHF 18 mio

SECO contribution
CHF 18 mio



Outcomes achieved in the SSF portfolio

since Inception	outcomes 2022																					
130 loans committed to start-ups out of which 92 companies still exist today	Portfolio of 29 loans totalling CHF 8'385'000	<p style="text-align: center;">Industries</p> <table border="1"> <caption>Industries</caption> <thead> <tr> <th>Industry</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Food, Beverages</td> <td>40%</td> </tr> <tr> <td>Metal</td> <td>13%</td> </tr> <tr> <td>Energy</td> <td>15%</td> </tr> <tr> <td>Construction</td> <td>8%</td> </tr> <tr> <td>Hotels, Tourism</td> <td>8%</td> </tr> <tr> <td>IT, Telecom</td> <td>2%</td> </tr> <tr> <td>Cosmetics, Pharma</td> <td>6%</td> </tr> <tr> <td>Textiles</td> <td>3%</td> </tr> <tr> <td>Others</td> <td>5%</td> </tr> </tbody> </table>	Industry	Percentage	Food, Beverages	40%	Metal	13%	Energy	15%	Construction	8%	Hotels, Tourism	8%	IT, Telecom	2%	Cosmetics, Pharma	6%	Textiles	3%	Others	5%
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CHF 33'559'000 SSF commitments mobilized CHF 406'703'000 private investments	4 new loans approved in the total amount of 1'660'000 CHF																					
18'122 Jobs created (8'732 direct jobs; 9390 indirect jobs)	734 jobs created ¹																					
Every CHF 1'852 from SSF supported creation of 1 job	477 employees trained	<p style="text-align: center;">Proportion of Success to Failure of SSF financed Start-ups 1.9/1</p> <table border="1"> <caption>Proportion of Success to Failure of SSF financed Start-ups 1.9/1</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Successful Start-ups</td> <td>47%</td> </tr> <tr> <td>Failed projects</td> <td>24%</td> </tr> <tr> <td>mixed results, too early to tell</td> <td>16%</td> </tr> <tr> <td>in preparation</td> <td>3%</td> </tr> <tr> <td>Not realized</td> <td>8%</td> </tr> </tbody> </table>	Category	Percentage	Successful Start-ups	47%	Failed projects	24%	mixed results, too early to tell	16%	in preparation	3%	Not realized	8%								
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More than 3/4 of loans extended to entrepreneurs, 1/4 to MSMEs	81% of staff earn more than 30% above statutory minimum wage																					
Most loans so far for production and processing of food and beverages	92% of portfolio companies report specific measures related to good labour practice																					

Creating Employment and Building Skills – Stories from the SSF Portfolio

Source of the Nile Namanve – Uganda // With the help of an SSF loan the young entrepreneur couple has built a modern guesthouse in the Kampala Industrial Business Park. The hotel with 27 beds, seminar rooms, restaurant and catering, responds to the growing demand for quality accommodation and catering capacity in the business sector in Uganda. The entrepreneurs also want to professionalize and expand the training of employees in the hospitality sector and create good and sustainable jobs. Namanve experienced a rocky start as it was ready to open when Covid-19 hit. With a lot of persistence and creative ideas, and with the continuous support of the SSF, the entrepreneurs managed to carry the hotel through the extended lock down period and following difficult times. Today Namanve stands on solid feet and offers 28 staff a permanent quality job. It conducts its business in an environmentally friendly manner with responsible waste and wastewater management and uses building techniques that enable a good indoor climate with as little energy as possible – with all of that setting a good example for others.

Magic Design LLC – Mongolia // With the desire to contribute to quality jobs and local production capacity in her country of origin, a Swiss business woman and her relatives in Mongolia founded a furniture carpentry shop in Ulan Bator. The loan of the SECO Start-up Fund was used to finance the purchase of modern equipment for the production of furniture. The company seeks to offer a locally produced, reasonably priced but still high-quality alternative to imported plastic furniture for children. Such imports dominate the Mongolian market and often are not in line with public health standards. Magic Design offers safe and pedagogically

¹ Jobs counted in Full Time Equivalent (FTEs) of all types. It includes 430 within companies (full-time, parttime, seasonal) and 303 subcontracted (e.g. small farmers).

valuable products. Whilst currently focussing on the local market, in the medium-to-long term, Magic Design also seeks to export part to neighbouring countries. The company has so far created 15 jobs and recently, thanks to the track established with help of the SSF, qualified for local bank loans.

Mt. Sunzu Coffee Estate // Three young Swiss entrepreneurs are building the production of aromatic speciality coffee in the North of Zambia. They have acquired a 770-hectare farm, near beautiful Mt. Sunzu, which also lent the farm its name. The region is a secret hot-spot for fine flavour coffee and the aim of the project is to produce high-quality Arabica coffee in smaller batches and in line with the requirements for single-origin speciality coffee. Hence, the entrepreneurs use modern technics to ensure a fully traceable and transparent supply chain. With their project the young farmers also want to contribute to the social and ecological well-being of the region. To date the farm has generated 339 jobs, out of which 137 full time positions. Further, only 300 hectares of the farm's land shall be used for growing coffee in a sustainable manner, with a minimum usage of water and fertilizer. The remaining 470 hectares will be left in their original state as Miombo forest and shall function as ecological compensation area, where wildlife and biodiversity will be protected and a wild bee honey project can generate income for the local population. The loan of the SSF has enabled the Swiss entrepreneurs to prepare and plant the first coffee field and set up a modern irrigation system. This support in the pre-revenue phase also helped them build a track for further capital rounds.