

Public Funding for your Company's Expansion

Sources of financial support

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The Swedish-American Chamber of Commerce in New York,
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INTRODUCTION

Capital is needed to grow one's business, particularly when entering new markets. Obtaining it from private sources, whether through conventional bank loans or via the capital markets, is a common route. A less hyped alternative is public (i.e. government) funding. The following pages offer information and advice for those exploring the public option.



LOANS

Obtaining a conventional loan from, say a bank, is not always a viable option. This section discusses a range of public loans available for different purposes.



MICRO LOAN

Overview

- For companies unable to obtain a bank loan elsewhere
- Up to SEK 250 000

What is it?

- Funding to help establish new companies and help grow existing ones.
- Up to SEK 250 000.
- No alternative funding is required; loans can thus total 100% of needed capital.
- Interest rates on public loans, such as these, are frequently higher than comparable private alternatives to minimized the 'crowding out' of private financial markets.

Who can apply?

- Companies in need of relatively small amounts of funding and which may not be able to obtain it elsewhere.

How to apply?

The decision to extend public credit to an applicant is based mainly on the forecasted profitability of an applicant's project.

Documents needed:

- Loan application
- Business plan
- Income budget
- Liquidity budget

Existing companies should also include:

- Statement of most recent financial results
- Income statement and balance sheet

For further information, visit www.almi.se or contact your local ALMI office.

EXPORT LOAN

Overview

- **Intended for small and mid-sized companies looking to expand internationally**
- **Minimum of SEK 1 million to fund up to 90 % of needed capital**

What is it?

- Up to 90 percent of needed capital.
- Minimum of SEK one million but no upper ceiling.
- Available in foreign currencies to reduce risks associated with exchange-rate volatility.
- ALMI, in collaboration with the Swedish Export Credits Guarantee Board, also offers surety, increasing the likelihood financial institutions will act as a guarantor, often critical in the export business.

How to apply?

Applications accepted throughout the year. Approval decided on a regional level and financing often arranged in cooperation with the applicant's bank.

ALMI requires collateral in the form of surety, as well as a mortgage claim on the business in the event of default.

Who can apply?

- Small and mid-sized companies looking to expand into international markets.
- Swedish firms with operations in Sweden.

For further information, visit www.almi.se or contact your local ALMI office.

BUSINESS LOANS

Overview

- **New, small and mid-sized companies with no more than 250 employees**
- **No upper ceiling on loan amount but co-funding often required**

What is it?

- Available when other financing sources have been exhausted.
- No upper ceiling on loan amount.
- Pay-back time of 3 to 5 years.

Who can apply?

- New, small and mid-sized companies.
- Up to 250 employees.
- ALMI decides how loans can be used on a per company basis.
- Additional financing usually required but not always.

How to apply?

Applications accepted throughout the year. Approval decided on a regional level and financing often arranged in cooperation with the applicant's bank.

Documents needed:

- Application form including information about your company, amount needed, intended use, and other financing sources.
- A business plan and budget statement with forecasted income and liquidity.
- For established companies, the latest quarterly income and balance statements.

For further information, visit www.almi.se or contact your local ALMI office.

CONDITIONAL LOANS

Taking your company or product into a new market has its risks. To help spread these risks, conditional loans are structured to make the lender as well as the borrower on the hook for some of the corresponding uncertainty.



PROJECT EXPORT

Overview

- **Nordic small and medium-sized companies with fewer than 500 employees**
- **Covers up to 40% of feasibility study costs and can be converted into a grant if project fails**

What is it?

- Covers up to 40% of costs of feasibility study.
- Loan may be converted into a grant if export does not materialize.

Who can apply?

- New, small and mid-sized companies.
- Up to 250 employees.
- ALMI decides how loans can be used on a per company basis.
- Additional financing usually required but not always.

How to apply?

Applications accepted throughout the year and are normally processed within 3 to 6 weeks (only covering feasibility study costs from the date of application).

Documents needed:

Applications must be submitted through NOPEF's website. If approved, the project report and accounting forms are accessible via the website.

- Budget statement.
- An audited financial statement and certificate of registration.

For further information, visit www.nopef.se

INTERNATIONALIZATION

Overview

- **Nordic small and medium-sized companies with fewer than 500 employees**
- **Covers up to 40% of feasibility study costs. Loan normally converted into a grant**

What is it?

- Covers up to 40% of costs of feasibility study.
- After final project report approved, loan normally converted to a grant.

Who can apply?

- New, small and mid-sized companies.
- Up to 250 employees.
- ALMI decides how loans can be used on a per company basis.
- Additional financing usually required but not always.

How to apply?

Applications accepted throughout the year and are normally processed within 3 to 6 weeks (only covering feasibility study costs from the date of application).

Documents needed:

Applications must be submitted through NOPEF's website. If approved, the project report and accounting forms are accessible via the website.

- Budget statement.
- An audited financial statement and certificate of registration.

For further information, visit www.nopef.se

GRANTS

Grants rarely fund daily operations, but instead tend to focus on generating long-term growth. The following section is a guide to different types of grants.



COLLABORATION SUPPORT

Overview

- **Three or more companies working together in a defined project, with a clearly demonstrated value-added purpose**

What is it?

- Covers up to 50% of total investment.
- From SEK 200 000 to SEK 1 200 000 over a three year period.

Who can apply?

- Companies carrying out investments and projects outside “normal ordinary operations”.
- Small and mid-sized Swedish companies. Larger companies are, on occasion, also eligible.
- Value-added nature of project clearly demonstrated.
- Examples of investment: machinery, equipment, product development, and marketing.

How to apply?

Varies by region. Normally:

- Application form, including description of partner companies and planned investment.
- Detailed statement of project and affiliated costs.
- Forecasted growth statement. Final report required after completion of project, with a list of all used vouchers.

To see what type of Collaboration Support is available in your region; contact your local County Administration Board, www.lst.se

SMINT

Overview

- **Small and medium-sized company projects involving international technological collaboration**
- **Up to SEK 150 000 or 60 % of feasibility study costs leading to an application for an EU-program**

What is it?

- Up to SEK 150 000 or 60% of project costs.
- For feasibility studies related to international technological collaboration.
- Should lead to an application for an EU program involving foreign partners.

Who can apply?

- Small and medium-sized joint-stock companies involved in research and development projects.
- Companies looking to partner for several years with firms in other countries.
- Up to 250 employees.
- No more than 25% of company can be owned by other firms.

How to apply?

Applications submitted at VINNOVA's website at least 6 weeks before final program deadline.

Documents needed:

- Online application form.
- Statement explaining how companies satisfy project requirements.
- If project approved, project status and final reports.

For further information, visit www.vinnova.se

EUROSTARS R&D GRANT

Overview

- **Small and mid-sized companies investing at least 10% of turnover in R&D**
- **Up to SEK 5 million or 50% of costs for international research projects**

What is it?

- Max SEK 5 million or 50% of project costs leading to non-military new products, processes, or services using innovative technology.
- Max project duration of 36 months.
- Product should be market ready within 2 years of project completion.

Who can apply?

- Small and medium-sized companies investing 10% of annual turnover in research.
- Up to 250 employees and 50 million EUR in turnover.
- Collaborative R&D projects involving at least two participants from different Eurostars countries.

How to apply?

Submit online after discussing with a Eurostars representative at Vinnova. Applications accepted throughout year, but only evaluated twice per year. Decision made within 3 months of evaluation.

Documents needed:

- Online application form at Eurostars' website.
- Annual financial report for last operating year. (For startups, business plan or other financial statement.)
- Drafted Consortium Agreement.

For further information, visit www.vinnova.se/eurostars

R&D GRANT– Prestudy

Overview

- **Small and medium-sized companies with max 250 employees**
- **Up to SEK 100 000 for R&D pre-study**

What is it?

- Up to SEK 100 000 for companies investigating possible R&D projects typically spanning 1 to 3 months.
- Project may also be a smaller feasibility study, leading to an application for research grant Forska&Väx Offer A or B.

Who can apply?

- Small and medium-sized companies.
- Max 250 employees and 50 million EUR in turnover.

How to apply?

Online at VINNOVAS website. Applications processed within 4 weeks of submission.

Documents needed:

- Online application form at VINNOVA's website. If project approved, project status and final reports.
- Project description no longer than 3 pages.
- Statement max 5 pages, with CV of leader and other key personnel.

For further information, visit www.vinnova.se and look for Forska&Väx, Offer C

R&D GRANT– Feasibility study

Overview

- **Small and medium-sized companies conducting feasibility studies and smaller R&D projects**
- **Up to SEK 500 000 or 50% of project costs**

What is it?

- Up to SEK 500 000.
- 3 to 6 months length.
- Companies must finance 50% of project by other means.

Who can apply?

- Small and medium-sized firms conducting feasibility studies, authentication projects, or smaller R&D projects.
- Max 250 employees and 50 million EUR in turnover.
- Project should meet market needs and result in new or improved products, services, or processes.

How to apply?

Two application deadlines per year. (In 2010, February 9 and September 14.) Decision made within 6 weeks of deadline.

Documents needed:

- Online form at VINNOVA's website. If project approved, project status and final reports.
- Project description no longer than 5 pages.
- Personnel attachment max 5 pages, with CV of project leader and other key personnel.

For further information, visit www.vinnova.se and look for Forska&Väx, Offer B

R&D GRANT– Full project

Overview

- **Small and medium-sized joint-stock companies conducting R&D projects**
- **Up to SEK 5 million or 50% of project costs**

What is it?

- Up to SEK 5 million or 50% of project costs.
- Should lead to new knowledge or new usage of knowledge.
- 6 to 18 month length.
- Companies must finance 50% of project costs through other means.

Who can apply?

- Small and medium-sized joint-stock companies conducting R&D.
- Max 250 employees and 50 million EUR in turnover.
- Project should meet a market need, leading to new or improved products, services, or processes.

How to apply?

Two application deadlines per year. (In 2010, February 9 and September 14.) Decision made within 6 weeks of deadline.

Documents needed:

- Online form at VINNOVA's website. If project approved, project status and final reports.
- Project description no longer than 10 pages.
- Personnel attachment max 5 pages, with CV of project leader and other key personnel.

For further information, visit www.vinnova.se and look for Forska&Väx, Offer A

START-UP R&D GRANT

Overview

- **Start-up companies preparing R&D projects**
- **20 companies receive SEK 300 000 in grants per year**

What is it?

- Seed money for promising R&D projects.
- SEK 300 000 for 20 firms per year.
- 3 and 5 year post-project evaluations by VINN-NU.

Who can apply?

- Start-ups operating for less than one year.
- Must not receive funding from venture capital, Industrifonden, ALMI Business loan, or VINN-NU grants.

How to apply?

Online form at VINNOVA's website prior to twice yearly deadlines.

Documents needed:

- Online form at VINNOVA's website.

For further information, visit www.vinnova.se and look for VIN-NU

CONSULTING CHECKS

Overview

- **Small companies seeking consulting advice**
- **Up to SEK 150 000**

What is it?

- Funding provided and managed by local Swedish administrative boards.
- For consulting advice.
- Max SEK 50 000 to SEK 150 000 depending on region.

Who can apply?

- Small companies with max 25 to 50 employees, depending on county.
- Typical areas include:
 - Market and business development
 - Product development
 - Education
 - Organizational development
 - IT development

How to apply?

Application managed by local country administration board (Länsstyrelsen), each with its own procedure.

Documents typically needed:

- General application form with information on company, planned investment and other sources of funding.
- In addition, application should also include attachments with more specific information on:
 - Governance and financials
 - Products and markets
 - Investment plans.

For further information, visit www.lst.se or contact your County Administrative Board

MICRO GRANT

Overview

- **Young, small companies with up to 3 employees**
- **Max SEK 40 000 to 60 000 or 50 % of investment**

What is it?

- Max SEK 40 000 to 60 000 or 50% of investment.
- Companies only eligible once.
- Investment commonly used for: machinery, buildings, product development, and education.
- Normal minimum amount of SEK 20 000; Replacement investments or equipment bought through leasing agreements usually not eligible.
- Labor investments not eligible.

Who can apply?

- Newly established companies no older than two years or with one to three employees.
- Priority sometimes given to women, youth and rural areas.

How to apply?

Requirements vary per company.

Documents typically needed:

- Application form with information on company and investment
- Income budget
- Liquidity budget
- Business plan
- Annual report

Decisions normally announced within 30 days of application submission.

For further information, contact your County Administrative Board, www.lst.se

NYC ENTREPRENEURIAL FUND

Overview

- **New York City based entrepreneurial technology startup companies**
- **Up to USD 750 000**

What is it?

- Total fund endowed with USD 22 million.
- Up to USD 750,000 for first-round of investment.

Who can apply?

- NYC technology companies.
- Must be headquartered in NYC, subject to NYC corporate taxes, and most senior executive must primarily work in NYC.

How to apply?

Applications accepted year-round at www.firstmarkcap.com/firststeps

Documents needed:

- Online form at www.firstmarkcap.com/firststeps

For further information, visit www.nycedc.com

SEED FUNDING

Overview

- **Start-ups and small and mid-sized companies doing unusual innovation and development projects**
- **Usually a grant but sometimes a loan**

What is it?

- Typically a loan.
- Max SEK 50 000 to 250 000 and 25 to 50% of project costs.

Who can apply?

- Startups and small and mid-sized companies.
- Smaller companies and ones operating in more rural areas of Sweden usually obtain funding on better terms.
- Normally available to unusual innovation and development projects in pre-commercialization stages.
- Examples include: Testing, Analysis, Studies, Patent filing, Product or Process development.

How to apply?

Normally available through the County Administrative Board but sometimes administered by local ALMI office.

Documents typically needed:

- Application form including project plan and projected investment.
- Development/Business plan
- Latest annual report
- Income budget
- Liquidity budget
- Valid company registration certificate

For further information, contact your County Administrative Board, www.lst.se

ADDITIONAL SOURCES

Many other sources of public funding are available, often only for a certain sector or period. The following section lists several.



LEADER

- **Funded mainly by the European Union to develop rural areas.**
- **Preference for smaller projects.**

For more information contact your local LEADER organization

VINNOVA - PUBLICATIONS

- **Publications detailing specific projects are regularly posted on the VINNOVA website, as is information about projects and grants available within the European Union.**

For more information visit www.vinnova.se/sv/Utlysningar

FORMAS - PUBLICATIONS

- **Periodic updates about research publications posted on website, as is information on national research grants and grants for preparing EU projects.**

For more information visit www.formas.se

VINN-VERIFICATION

- **Part of Verification for Growth, run jointly by VINNOVA and Innovationsbron AB.**
- **Source to funding projects related to commercialization of research**

For more information visit www.verifiering.se



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