

GUIDELINES FOR THE SERVICES EXPORT FUND (SEF) 2015

Note:

This guideline is only applicable for activities undertaken from 1 May 2015 – 31 December 2015 and subject to yearly review and changes from time to time.

WHAT IS SERVICES EXPORT FUND (SEF)?

The Services Export Fund (SEF) is a scheme to provide assistance to Malaysian Service Providers (MSPs) to undertake activities to expand and venture into international markets.

OBJECTIVE

The objectives of SEF are:

- i. to increase the competitiveness of Malaysian Services providers (MSPs) abroad;
- ii. to increase accessibility and expand export of MSPs in the global market; and
- iii. to expand the scope for export promotion to gain market access and export opportunities of services.

ELIGIBILITY CRITERIA

The following applicants are eligible for the grant except for companies that have government (federal or state government) equity and Government Link-Companies (GLCs).

- i. Malaysian companies incorporated under the Malaysian Companies Act 1965, having at least 60% equity owned by Malaysian; or
- ii. Malaysian sole proprietors, professionals and partnerships registered with respective professional authorities in Malaysia; and
- iii. Company must be currently active in business and not dormant; and
- iv. Registered with MATRADE under the Malaysia Exporters Registry (MER); and
- v. Export promotional activities must not be subsidised or sponsored by third parties (e.g Ministries or Government agencies/Trade and Industry Associations/Chambers of Commerce/Professional Bodies and Others); and
- vi. Having the relevant experience, technical capabilities, capacity to export, financial capacity and a demonstrated competence to be international services provider either individually or in a consortium. Applicant must submit supporting documentary as follows:
 - a. Evidence to demonstrate experience and competency as a company or individual person to be an international service provider either individually or in consortia. Company must provide documentary evidence of past projects undertaken by the company or the individual;

- b. Evidence of the technical expertise available for undertaking projects overseas.
- c. Evidence of **Financial capability** to undertake the activity as follows:
 - i. Audited accounts for the preceding 3 years; **or**
 - ii. If the applicant is not able to provide the audited account for the three preceding years, the applicant may submit an unaudited account but only for the immediate preceding year; **and**
 - iii. Company's account must show positive shareholders' fund and working capital;
- d. If the applicant is not able to meet condition (c), the following documents can be accepted as evidence of financial capabilities to undertake the project:
 - 1. for a company:
 - i. Company's latest 6 months bank statements with the average balance amount **not less than 10%** of the value of the grant applied; **or**
 - ii. Directors' latest 6 months bank statements with the average balance amount **not less than 10%** of the value of the grant applied and letter of undertaking to provide personal financing to the company to undertake the activities; **or**
 - iii. Credit line or loan facilities with local or foreign bank with value of **not less than 20%** of the value of grant applied.
 - 2. For Malaysian sole proprietors, professionals and partnerships that are registered with respective professional authorities in Malaysia:
 - i. Firm's latest 6 months bank statements with the average balance amount **not less than 10%** of the value of the grant applied; **or**
 - ii. Individual partners latest 6 months bank statements with the average balance amount **not less than 10%** of the value of the grant applied and letter of undertaking to provide personal financing to the company to undertake the activities; **or**
 - iii. Credit line or loan facility with local or foreign bank with value of **not less than 20%** of the value of grant applied.

Note:

1. A company that is inactive or dormant is not entitled for SEF. A company is considered dormant if it does not have any significant accounting transaction for one financial year before the occurrence of substantial change (i.e. 50% or more) in its equity shareholding. This means that there is no recording entry in the company accounts other than the minimum expenses for compliance with stipulated statutory requirement mainly in filing of the company's annual return to the Companies Commission of Malaysia (SSM), secretarial fee for filing of company's annual return, tax filing fee, audit fee and accounting fee.

2. For company in operation less than one (1) year, a copy of the management account can be submitted

3. Government Linked-Companies (GLCs) are defined as companies that have a primary commercial objective and in which the Malaysian Government (federal or state government) has a direct controlling stake in which part of the company's equity is owned by the government. Controlling stake also refers to the Government's ability (not just percentage ownership) to appoint BOD members, senior management, make major decisions (e.g contract awards, strategy, restructuring and financing, acquisitions and divestments etc.) for GLCs either directly or through GLICs in which are not eligible under SEF.

4. The SEF Fund can only be applied and claimed by MSPs but not through their appointed agents or consultants.

ELIGIBLE SECTOR

All services sectors except tourism and financial sectors are eligible for the SEF. Among the focus sectors are:

- Oil and Gas
- Aerospace
- Logistics
- Legal
- Accounting
- Franchising
- Business services.
- Construction and Related Professional Services
- Maintenance, Repair and Overhaul (MRO)
- Information and communications technology (ICT)
- Electronics Manufacturing Services (EMS)
- Maritime
- Education
- Healthcare

MAXIMUM AMOUNT

The maximum assistance provided under the SEF for a MSP is **up to RM5 million per company for the duration of the fund (2015 -2020).**

ELIGIBLE ACTIVITY

The disbursement of SEF fund to MSPs is through the provision of grants and soft loans.

A. GRANT

ACTIVITY	DESCRIPTION	GRANT AMOUNT
Establishment of physical commercial presence / office overseas	Initial Cost of Setting up Office Overseas, for the purpose of: i. undertaking activities for promotion of Malaysian products and services;	Under this grant, MSPs can apply for 50% reimbursable grant for cost of rental of office

ACTIVITY	DESCRIPTION	GRANT AMOUNT
	ii. seeking opportunity for outsourcing and subcontracting business; iii. to undertake research on the market; and iv. to undertake and monitor implementation of projects and contracts. v. Eligible expenses are: vi. Rental of office or shared office, maintenance fee/service charge but exclude deposits and taxes. <i>Note:</i> • Claimable expenses are subject to one office per country. • Applicant must apply and obtain prior approval from SEF Secretariat within 6 months after signing the office lease agreement.	(exclude deposits) incurred in the initial set up of physical commercial presence / office overseas to a maximum of RM150,000 per company.
Supplying Made in Malaysia products for Malaysian projects abroad.	The eligible expenses are: Shipment of products, equipment or merchandising. Cost does not include items such as import duties, insurance, bank guarantee and surcharge	Under this grant MSPs can apply for 50% matching grant of logistic costs of sending Malaysian products, equipment or merchandising for overseas projects to a maximum of RM1 million per company.
To cover related cost in rendering services for projects abroad.	The eligible expenses are: i. Economy class airfare for one person. Cost does not include items such as visa fees, excess baggage and insurance premium; ii. One hotel room not exceeding RM1,000 per night for overseas trips/meetings; and iii. Payment will cover the duration of the meetings and 2 additional days.	Under this grant MSPs can apply for 50% reimbursable grant of the eligible expenses incurred in rendering services for overseas projects to a maximum of RM50,000 per company.
To promote Malaysian expertise in specific services areas overseas.	The eligible activities are: a. To procure commercial intelligence MSP can claim cost of procuring	Under this grant, MSPs can apply for 100% reimbursable grant of the eligible activities to a maximum of RM50,000

ACTIVITY	DESCRIPTION	GRANT AMOUNT
	<p>commercial intelligence of industry-specific or market reports to assist MSPs in assessing business or projects in overseas markets.</p> <p>Costs associated with fact-finding and market research in the targeted market which is relevant in assessing business or projects in overseas markets. These include:</p> <ul style="list-style-type: none"> • Surveys relevant to the tender bid preparation and submission. These surveys include geotechnical, hydrological and ground surveys; • Purchase of market reports and related information • Related expenses on research and local studies <p>Commercial intelligence / market reports eligible for this grant include:</p> <ul style="list-style-type: none"> • Pre-Feasibility Studies • Feasibility Studies • Privatisation Studies • Project Management Studies • Project Formulation Studies • Project Audits <p>b. Promoting Malaysian company's expertise in respective professional services at international event overseas.</p> <p>The programme provides support for MSPs when they participate in specific international events related to their industry.</p> <p>Eligible expenses:</p> <ul style="list-style-type: none"> • Economy class airfare for one person. Cost does not include items such as visa fees, excess baggage and insurance premium; • One hotel room not exceeding RM1,000 per night for overseas events; <p>Payment will cover the duration of the</p>	<p>per company.</p>

ACTIVITY	DESCRIPTION	GRANT AMOUNT
	<p>event and 2 additional days;</p> <p><i>Note:</i> Companies are not eligible for the grant if any of the cost of the eligible expenses is already borne by the organiser or sponsor e.g. Airfare and accommodation (package).</p>	
<p>Fund for Feasibility Study</p>	<p>The activities and expenses covered under the grant are:</p> <p>a. Travel and accommodation expenses related to briefings, technical visits and consultative meetings with potential clients.</p> <p>Expenses covered:</p> <ul style="list-style-type: none"> i. Costs of travel to the project site. ii. Accommodation during travelling for the study. iii. Cost of local transportation <p>b. Approved Costs Related To Fact-Finding and Market Research</p> <p>Costs associated with fact-finding and market research in the targeted market which is relevant to the study. These include:</p> <ul style="list-style-type: none"> i. Surveys relevant to the study include geotechnical, hydrological and ground surveys; ii. Purchase of market reports and related information iii. Related expenses on research and local studies <p>c. Approved Design Costs</p> <p>Expenses incurred for:</p> <ul style="list-style-type: none"> i. Schematic designs ii. Computer-aided animation iii. Detail Design iv. Video presentation v. Technical drawing costs <p>d. Staff Costs</p> <p>The fees and cost of professional, sub-</p>	<p>Under this grant, MSPs can apply for 50% reimbursable grant of the eligible costs of conducting feasibility studies on specific international projects to a maximum of RM3 million per company.</p>

ACTIVITY	DESCRIPTION	GRANT AMOUNT
	<p>professional and administrative support staff directly involved with the proposal. All approved cost must be in accordance with the latest Treasury Guidelines on Government Procurement for Consultancy Services. Copy of the Treasury Guidelines is available at www.treasury.com.my.</p> <p><i>Note:</i> Application must be accompanied by proof of calculation of staff costs in accordance with the latest Treasury Guidelines on Government Procurement for Consultancy Services.</p> <p>e. Printing, Binding and Transmittal Costs</p> <p>The eligible expenses include:</p> <ul style="list-style-type: none"> i. Legal and Translation costs ii. Printing and Binding costs iii. Courier and Postage costs iv. Telephone, telegram, telex and facsimile costs 	

B. SOFT LOAN

ACTIVITY	DESCRIPTION	GRANT AMOUNT
To assist Malaysian Services Providers (MSPs) in proposing and planning for negotiating projects overseas.	<p>List of <u>eligible activities</u> are:</p> <ul style="list-style-type: none"> • Preparation of master plan; • architectural designs; • preparation of blueprint; • engineering designs for projects; • project management; • IC and software design; and • IP registration of designs and patents. 	<p>Under this fund, MSPs can apply for a soft loan to cover costs incurred in the preparation and submission of project proposals, subject to:</p> <ul style="list-style-type: none"> • a maximum of RM2 million per company • with 2% interest rate • payable in 2 years
To defray cost of raising bank guarantee or performance bond for project execution.		<p>Under this fund, MSPs can apply for a soft loan to raise the bank guarantee or performance bond for project execution, subject to:</p> <ul style="list-style-type: none"> • a maximum of RM5 million per company • with 2% interest rate • payable in 2 years.

APPLICATION PROCEDURE

- Application for SEF Grant must be submitted to MATRADE, while application for SEF Soft Loan to be submitted directly to Malaysian Industrial Development Finance Berhad (MIDF).
- Application for Services Export Fund (SEF) must be submitted online and the printed online SEF Application Form together with Project Brief and other supporting documents to be received by MATRADE within seven (7) working days from your online submission. Only completed application will be accepted
- The SEF Online System can be accessed from MATRADE's Website at www.matrade.gov.my or www.matrade.gov.my/sef/form
- Please ensure that your company is registered with MATRADE and if not, you may register your company at <http://www.matrade.gov.my/ms/online-applications/register-as-matrade-member>
- The deadline for the submission of applications are as follow:
 - i. For soft loans – MSPs to submit application within the bid eligibility period or 90 days of receiving the letter of Intent (LOI).
 - ii. For grants - MSPs to submit application at least 30 days before undertaking the activities.
- Documents not in the English language must be accompanied by English translations.
- This guideline is only applicable for activities undertaken from 1 May 2015 – 31 December 2015 and subject to yearly review and changes from time to time.
- In the event of false claims and documents, applicants shall be blacklisted and shall be required to reimburse all grants received from MATRADE.
- The SEF Fund Approval Committee will take into account the following additional factors when considering applications for Fund.
 - i. the risk assessment of the country in which the project is located;
 - ii. the need to utilise to the fullest extent Malaysian expertise and technology;
 - iii. the viability of the project to be undertaken;
 - iv. the potential for downstream benefits and commercial linkages; and
 - v. the extent to which Malaysia's image as a supplier of quality products and services will be enhanced.

- Successful applicants for SEF Grant are required to sign a Letter of Acceptance with MATRADE. This document confirms:
 - i. the acceptance and full compliance with the conditions attached to the grant;
 - ii. that MATRADE has the right to cancel the approval of the grant and seek reimbursement of the grant funds disbursed, in the event of a breach of the conditions attached to the fund; and
 - iii. that the grant beneficiary undertakes to complete the bidding process and report on the progress and outcome.
- The reimbursements of eligible expenses will be based on actual proof of expenditure. Application must submit original or certified true copies by external auditors of documents as evidence of payments within sixty (60) days of incurring the expenditures.
- Companies are required to provide MATRADE with progress report on the projects after obtaining the fund.

For enquiries, please contact:

MATRADE

Services Export Fund Unit
11th Floor, Menara MATRADE
Jalan Sultan Haji Ahmad Shah
50480 Kuala Lumpur
Tel: 03-6207 7228
Fax: 03-6203 7186
E-mail: sef@matrade.gov.my
Website: www.matrade.gov.my

Operating Hours

Monday – Thursday : 8.30 am - 5.00 pm
Friday : 8.30 am - 12.15 pm
2.45 pm - 5.00 pm

SEF SUPPORTING AND CLAIM DOCUMENTS CHECKLIST

SUPPORTING DOCUMENTS FOR GRANT APPLICATION

- | | |
|---|--------------------------|
| 1. Certificate of Incorporation - Form 9 | <input type="checkbox"/> |
| 2. Certificate of Registration | <input type="checkbox"/> |
| 3. Copy of Form 24 | <input type="checkbox"/> |
| 4. Copy of Form 49 | <input type="checkbox"/> |
| 5. Services company must submit the registration letter/license/certificate issued by the Professional Authorities in Malaysia that is relevant to the services provided | <input type="checkbox"/> |
| 6. Tender bid notice / Letter of Intent/ Invitation (LOI) / letter of interest / letter of awareness | <input type="checkbox"/> |
| 7. Proof of calculation of staff costs in accordance with the latest Treasury Guidelines on Government Procurement for Consultancy Services | <input type="checkbox"/> |
| 8. Documentary evidence of the technical expertise available for undertaking projects overseas | <input type="checkbox"/> |
| 9. Number & qualification of Employee eg professional, sub professional & support | <input type="checkbox"/> |
| 10. Overseas Testimonials | <input type="checkbox"/> |
| 11. Current Export Market | <input type="checkbox"/> |
| 12. List and documentary Evidence of Past Projects /Jobs Undertaken | <input type="checkbox"/> |
| 13. Documentary evidence of financial capability eg. Company's Audited Account for the past 3 years or relevant documents to indicate financial capability as per SEF Grant application guidelines. | <input type="checkbox"/> |
| 14. Project proposal by private sectors after the feasibility study | <input type="checkbox"/> |
| 15. Letter of interest/ support by host / Malaysian government / international institution | <input type="checkbox"/> |
| 16. Application for grant MUST submit a proposal according to Format for Project Brief. | <input type="checkbox"/> |

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Note:

- Documents not in the English language must be accompanied by English translations.
- The relevant supporting documents to be submitted to MATRADE together with the printed online SEF application and Project Brief. Only completed application will be accepted.

CLAIM DOCUMENTS

1. Copy of Submission ~~tender~~ / studies report ☐
2. Latest EPF Statement ☐
3. Staff timesheet who were involved in the project ☐
4. Original documents of receipts or bank statements or credit card statements or telegraphic transfers as proof of participations; and Invoices. ☐
- Note: The photocopies any of these documents must be certified by External Auditors/Chartered Accountants/Commissioner of Oaths/issuer of the receipts/banks.
5. [Original documents of flight itinerary or air tickets or boarding passes](#) or copy of passports (with immigration stamp of entry into and exit from the foreign country). ☐
6. Original documents of Guest Folio / Invoice. ☐

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Documents not in the English language must be accompanied by English translations.*

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PROJECT BRIEF FORMAT

FORMAT FOR PROJECT BRIEF

A. Introduction

Brief introduction on:

- Country (incorporate country & location map)
- Client (name & background of client)
- Project (name, scope & estimated value of project)
- Applicant (background, experience etc)

B. Proposed Project

B.1 Technical proposal:

- Scope of project
- Terms of reference (how the project is agreed upon)
- Name of executing government ministry / department / agency (provide organization chart)
- Project objectives
- Project deliverables
- Project timeline (provide Gantt chart)
- Project team (provide chart & attach capability statement on each member)

B.2 Financial proposal

- Detail activities and costs (provide cash flow)
- Proposed drawdown schedule
- Method of financing (jointly funded etc)
- Proposed format for financial reporting and audit

C. Risk Identification and Mitigation

- Country risk (International, domestic, political)
- Client risk (how secure is the client/do they honor contract)
- Project risk (can the team complete the project on time, is the project doable, penalty)
- Project risk – upon completion of study, is there a firm commitment to execute/construct the project?
- Competitors risk (who are they, can they steal the project)
- Financial risk (can the team contribute for early financing)
- Manpower risk (are there sufficient manpower & expertise)

D. Targeted Outcome

Identify and explain the expected outcome of the project (in term of):

- Securing the actual project
- Share of other Malaysian companies in the actual project
- Other commercial activities that benefit Malaysian companies
- Malaysia's total export
- Malaysia's image as exporter of services

E. Conclusion

Note: The printed Project Brief to be submitted to MATRADE together with the printed online SEF application form and other relevant supporting documents. Only completed application will be accepted