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## **MSS to introduce multiple ways to support startups, shifting the existing paradigm for support**

MSS has mostly focused on financial support for startups for a long time. However, MSS will introduce complex and multiple ways to support startups, combining with returns on success, subsidies, investment, and loans.

New support methods will be piloted in the "Startup Support Package for 2024". It will be scaled up based on satisfaction and performance levels.

**Sejong, March 4, 2024** – The Ministry of SMEs and Startups (Minister OH Youngju) has announced the opening of applications for startups to participate in the Startup Support Package for 2024 starting February 27. This project is expected to bring about a significant change in the way startup support is provided, signifying the beginning of a new paradigm.

The Startup Support Package is a project designed to assist startups in their takeoff stage, specifically those in business for three to seven years and experiencing crises such as sluggish sales and lack of funds. The aim is to enable these enterprises to recover and overcome the crises.

In this round, a total of 270 startups in their initial stages will be selected to receive funding for product development, production, and market expansion, as well as other forms of support such as investment and global outreach.

In 2024, MSS is planning to introduce a new support system that will offer more support to companies. This new system will move away from the current subsidy-centered startup support system that has been in place for a long time. With the new system, MSS will be able to make a return on investment and reinvest in the support of businesses.

The current system of providing financial support has made it challenging for MSS to provide sufficient commercialization funds to startups due to budgetary constraints. As a result, MSS has implemented a more comprehensive support system that combines investment, loans,

and other return mechanisms to encourage innovative growth while increasing the amount of support given to each company.

The new support system includes three options: Success Return, which refunds money upon commercial success; Parallel Investment, which combines subsidies with investment; and Parallel Loans, which combines subsidies with loans.

Success Return is a program that provides additional support to companies that promise to return part of their funding upon successful commercialization. As part of this program, the maximum support per company has been increased from KRW 300 million to KRW 450 million, and the average support per company has risen from KRW 130 million to about KRW 200 million. However, a portion of the additional support, up to 50%, will be retrieved over a period of five years if the company is successful in commercializing its products.

Parallel Investment blends subsidies with investments to offer companies a matching investment equivalent to the subsidy amount. The selected companies are evaluated for subsidy support, and the maximum subsidy amount per company is KRW 400 million, with an average of KRW 260 million. However, the companies should not have previously received investment from specialized investment institutions like venture capital investment firms, and Simple Agreement for Future Equity (SAFE) is applied.

Parallel Loans are a type of financial mechanism that provides subsidies along with loans. The application process was simplified as it needed to be reviewed only one time. The maximum amount of support that a company can receive is KRW 700 million, which consists of KRW 200 million in subsidies and KRW 500 million in loans. On average, companies receive KRW 330 million in support, with KRW 130 million in subsidies and KRW 200 million in loans. However, the loans must be repaid over a five-year term, with a grace period of two years and the remaining three years for repayment.

LIM Jungwook, Deputy Minister for Startup and Venture Innovation, stated, "The newly introduced multiple ways to support startups is part of our effort to achieve the vision of 'Startup Korea.' Startups can choose one of the support mechanisms to secure additional commercialization funds." He added, "The Ministry of SMEs and Startups (MSS) will consider expanding the program based on performance and satisfaction levels in the future."