

KOSGEB

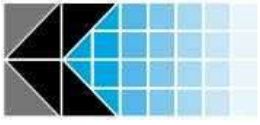
**FINANCIAL SUPPORT PROGRAMS
DEPARTMENT OF SME FINANCE
SME Credits Management and Monitoring
Directorate**

*Workshop on Enhancing the Competitiveness of Small and
Medium Sized Enterprises in the OIC Member States*

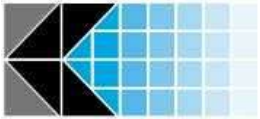
Ufuk ACAR

June 13, 2012

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SME Financing – Is it Really a.....?



SME FINANCE

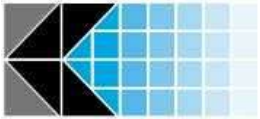


The ability of SMEs to grow depends highly on their potential to invest in;

- **restructuring,**
- **innovation and**
- **qualification.**

All of these investments need capital and therefore access to finance.

Against this background, the consistently repeated complaint of the SMEs about their problems regarding access to finance is a highly relevant constraint that endangers the economic growth of the countries.

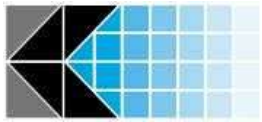


SME FINANCE



The most striking barriers are;

- **Collateral requirement by the commercial banks,**
- **Interest rates,**
- **Bureaucratic and cumbersome procedures on side of commercial banks.**

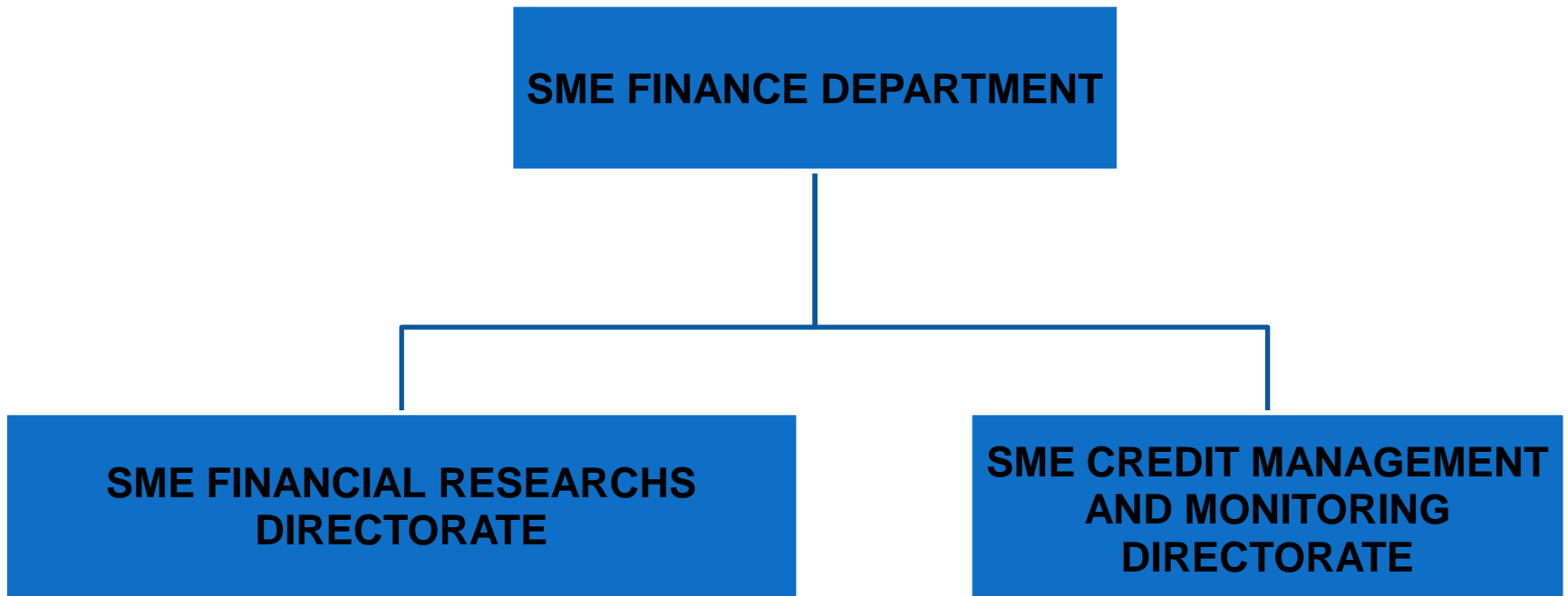
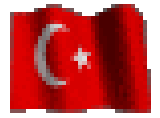
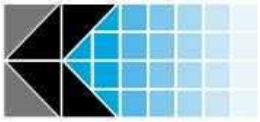


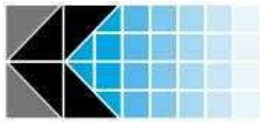
All these realities led KOSGEB to develop an

SME Finance Model

in 2003 to solve certain financial problems of Turkish SMEs.

KOSGEB SME Finance Model should not be supposed a simple interest support for SME credits. It involves the principles which aim to trigger the employment, export activities of SMEs, investment and environment protection as well as credit guarantees.

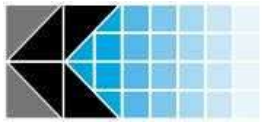




COMMON CHARACTERISTICS OF KOSGEB SME CREDIT INTEREST SUPPORTS



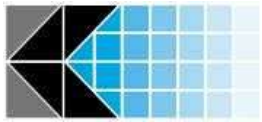
- ❖ In every phase of the certain program, it should be obeyed the related existing legislation such as;
 - KOSGEB Establishment Law,
 - Cabinet Decisions,
 - KOSGEB Executive Committee Decisions,
 - KOSGEB's SME Credit Interest Support Regulation,
 - Banking Law and Foreign Exchange Law.
- ❖ All the enterprises registered in the Enterprise Data Base of KOSGEB can benefit from the programs.



COMMON CHARACTERISTICS OF KOSGEB SME CREDIT INTEREST SUPPORTS



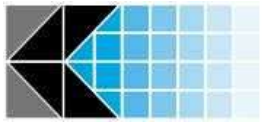
- ❖ **For every program a Protocol is signed by KOSGEB President, General Directors of the participating Banks and Credit Guarantee Fund's General Manager.**
- ❖ **Credits are given within the certain conditions and if the enterprises do not complied with these conditions, this amount of support is to be collected back from the enterprise together with the legal interest.**



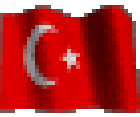
COMMON CHARACTERISTICS OF KOSGEB SME CREDIT INTEREST SUPPORTS



- ❖ **The Banks cover the risk of the principal amount.**
- ❖ **In most cases, the credit interest support offered to SMEs includes payment holiday for 6 months for the SME then a repayment period of 18 months (e.g. for Van Emergency credits these payment periods are extended to 12 months and 36 months respectively).**
- ❖ **Zero or low interest credit programs.**
- ❖ **KOSGEB's interest supports used from KOSGEB's budgetary sources.**
- ❖ **The application and approval process of every program are being carried out by the web based special software program without extensive bureaucracy.**

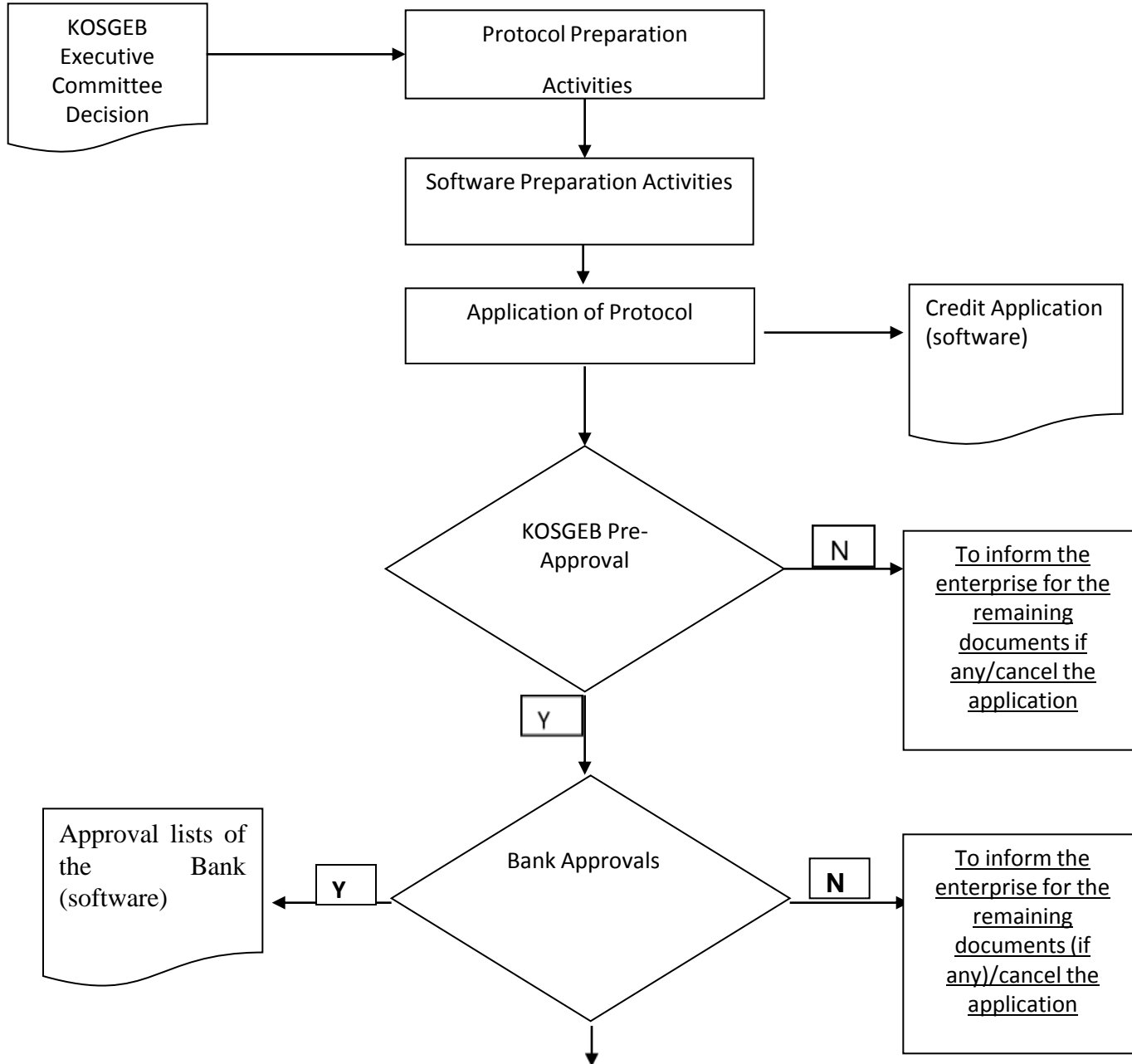
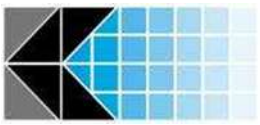


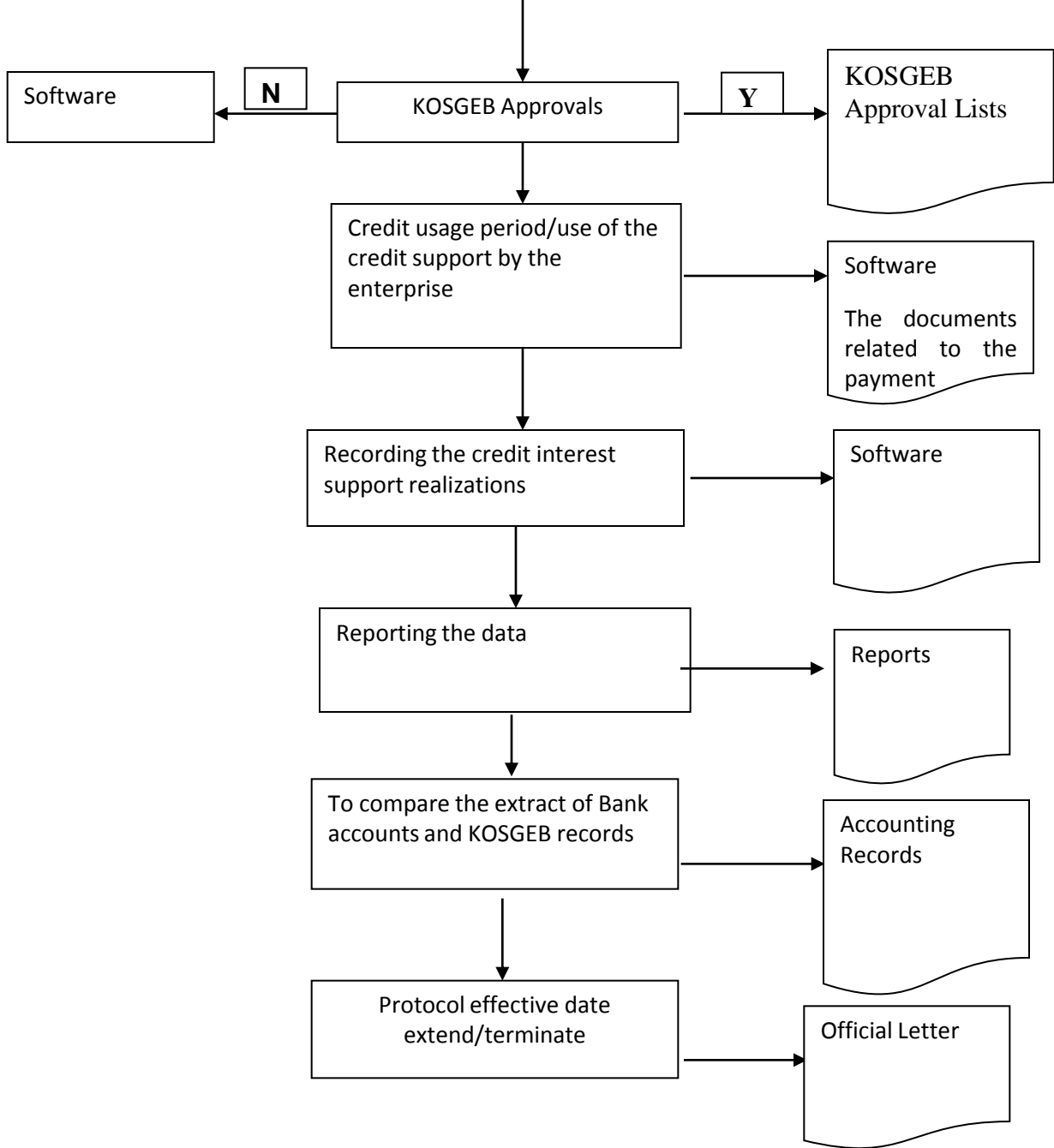
COMMON CHARACTERISTICS OF KOSGEB SME CREDIT INTEREST SUPPORTS

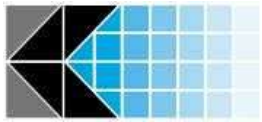


- ❖ **This software program allows on-line approval and monitoring of the credit applications and it's possible to produce various reports related to the credit process.**
- ❖ **To benefit from credit programs, the enterprises should document that they haven't tax and/or social security debt, otherwise they should sign a deduction petition.**
- ❖ **Since 2009, KOSGEB arranged the credit programs to reinforce women enterprises, they are positively discriminated by applying 10% more guarantee for women entrepreneurs.**
- ❖ **KOSGEB also initiated the emergency support credits for the SMEs to cope with the natural disasters effects damaged their firms.**

FLOW CHART OF KOSGEB SME CREDIT INTEREST SUPPORTS



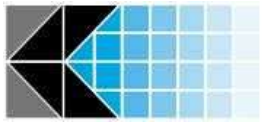




WORKFLOW OF A TYPICAL SME CREDIT INTEREST SUPPORT



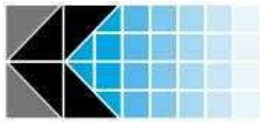
- ✓ **Preparation of the protocol after KOSGEB Executive Committee Decision**
- ✓ **Preparation of the web-based software program**
- ✓ **Implementation of the protocol**
- ✓ **Application of the enterprises to the determined banks.**
- ✓ **Approval of KOSGEB's Service Center**
- ✓ **Bank approval**
- ✓ **KOSGEB's approval (SME Finance Dept.)**
- ✓ **Finalization of the credit usage of the enterprise (within the time constraints determined in the protocol)**



WORKFLOW OF A TYPICAL SME CREDIT INTEREST SUPPORT



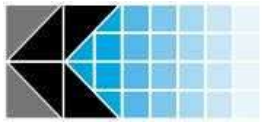
- ✓ **The information related to the completion of the credit usage should be entered into the credit program.**
- ✓ **The reporting of the related data in accordance with the protocol.**
- ✓ **The extract of the bank accounts and KOSGEB records are compared.**
- ✓ **The Protocol's effective date terminated or extended.**
- ✓ **Follow-up the credit procedures based on letter of undertaking.**



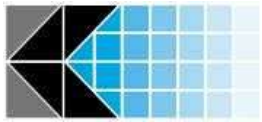
I- *The credit programs based on letter of undertaking;*

1). Investment Credit Programs

- a). Credit for Digital Infrastructures of SMEs (2007-2008)
- b). Machinery and Equipment Credit for Food Sector (2007-2008)
- c). Credit for Moving the Leather Sector to Industrial Zones (2007-2008)
- d). 1000+1000 SME Machinery-Equipment Support Credit (2008)
- e). Machinery Equipment Credit for the Southeastern Anatolia Project (GAP) Provinces (2009)

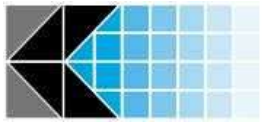


- I- *The credit programs based on letter of undertaking;*
 - 2). **Employment Credit Programs**
 - a). **SME Employment Support Credit (2005-2006)**
 - b). **SME Registered New Employment Support Credit (2007-2008)**
 - 3). **Export Promotion Credit Programs (2004-2011/ 5 times)**



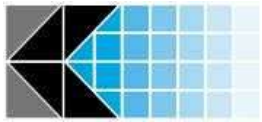
II- *Enterprise Development Credit Programs*

- 1). SME Support Credit (2003-2005)**
- 2). Express SME Support Credit (2003-2004)**
- 3). Manufacturing Tradesmen Support Credit (2008-2009)**
- 4). Employment-Based Manufacturing Tradesmen and SME Support Credit (2008-2009)**



II- *Enterprise Development Credit Programs*

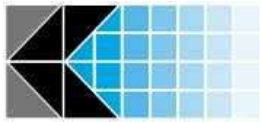
- 5). Zero Interest Rate Diyarbakır Enterprise Working Capital Support Credit (2009-2010)**
- 6). 100.000 SME Support Credit (2009-2010)**
- 7). Emergency Support Credit (2009-2010)**
- 8). Scale-Based Growth Support Credit (2010-2011)**
- 9). Emergency Support Credit (2011)**
- 10).Emergency Support Credit for Van (2011)**
- 11).SME Support Credit for Van (2011)**



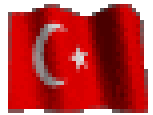
KOSGEB INTEREST SUPPORT PROGRAMS (2003-2006)



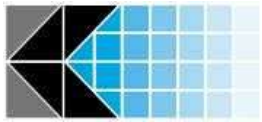
CREDIT	Number of Approved Enterprises	Total Amount of Allocated Credit (₺ Million)	Number of Employment
SME SUPPORT CREDIT KOSGEB-VAKIFBANK (23.05.2003-31.12.2005)	1.053	99	
EXPRESS SME SUPPORT CREDIT KOSGEB-HALKBANK (12.12.2003-12.03.2004)	1.143	74	
SME EXPORT PROMOTION CREDIT KOSGEB- (30.06.2004-31.05.2006)	6.682	857 (607 Million USD)	
SME EMPLOYMENT SUPPORT CREDIT KOSGEB-VAKIFBANK (20.11.2005-31.05.2006)	1.058	84	3528
TOTAL	9.936	1.887	3528



KOSGEB INTEREST SUPPORT PROGRAMS (2007-2008)



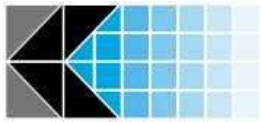
CREDIT	Number of Approved Enterprises	Total Amount of Allocated Credit (₺ Million)	Number of Employment
CREDIT FOR DIGITAL INFRA-STRUCTURES OF SMEs	232	3.25	
SME REGISTERED NEW EMPLOYMENT SUPPORT CREDIT	6.850	579,79	26.858
SME EXPORT PROMOTION CREDIT	4.220	726,17 (558,59 Million USD)	
MACHINERY ANDEQUIPMENT CREDIT FOR FOOD SECTOR	1.058	42,35	
CREDIT FOR MOVING THE LEATHER SECTOR TO INDUSTRIAL ZONES	103	11,76	
TOTAL	11.874	1.363,32	26.858



KOSGEB INTEREST SUPPORT PROGRAMS (2008-2009)



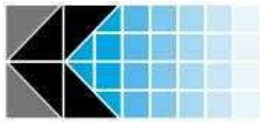
CREDIT	Number of Approved Enterprises	Amount of Approved Credit (₺)	Amount of Interest Rate Supported by KOSGEB (₺)
1000+1000 SME MACHINERY- EQUIPMENT SUPPORT CREDIT (09.06.2008-31.12.2008)	941	224.743.123	41.237.270
MANUFACTURING TRADESMEN SUPPORT CREDIT (19.08.2008-30.01.2009)	5.108	129.242.000	23.498.545
SME EXPORT PROMOTION CREDIT (12.09.2008-31.01.2009)	3.191	465.187.500	12.201.959
EMPLOYMENT-LINKED MANUFACTURING TRADESMEN AND SME SUPPORT CREDIT (25.11.2008- 27.02.2009)	12.451	616.510.000	88.072.857
SME EXPORT FINANCE SUPPORT CREDIT (27.02.2009-31.12.2009)	4.838	1.210.536.963	28.600.316
TOTAL	28.724	2.999.976.461	230.824.948



KOSGEB INTEREST SUPPORT PROGRAMS (2009-2010)



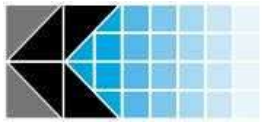
CREDIT	Number of Approved Enterprises	Amount of Approved Credit (₺)	Amount of Interest Rate Supported by KOSGEB (₺)
ZERO INTEREST RATE DİYARBAKIR ENTERPRISE WORKING CAPITAL SUPPORT CREDIT (19.10.2009-24.12.2010)	2.008	58.310.000	8.240.000
100.000 SME SUPPORT CREDIT (02.11.2009-31.07.2010)	84.155	2.019.730.000	148.330.000
EMERGENCY SUPPORT CREDIT (20.11.2009-24.12.2010)	1.449	127.350.000	20.270.000
MACHINERY EQUIPMENT CREDIT FOR THE SOUTHEASTERN ANATOLIA PROJECT (GAP) PROVINCES (20.11.2009-24.12.2010)	631	137.180.000	22.310.000
TOTAL	88.243	2.342.570.000	199.150.000 22



KOSGEB INTEREST SUPPORT PROGRAMS (2010)



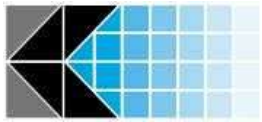
CREDIT	Number of Approved Enterprises	Amount of Approved Credit (₺)	Amount of Interest Rate Supported by KOSGEB (₺)
SCALE BASED GROWTH SUPPORT CREDIT (22.11.2010-31.12.2011)	62.118	2.408.319.000	206.950.000
SME EXPORT FINANCE SUPPORT CREDIT (22.11.2010-31.12.2011)	4.626	1.268.209.000	16.630.000
TOTAL	66.744	3.676.528.000	223.580.000



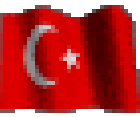
KOSGEB INTEREST SUPPORT PROGRAMS (2011)



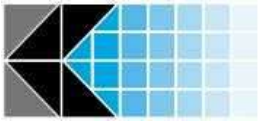
CREDIT	Number of Approved Enterprises	Amount of Approved Credit (₺)	Amount of Interest Rate Supported by KOSGEB (₺)
EMERGENCY SUPPORT CREDIT 2011 (23.09.2011- 21.05.2012)	2.269	184.039.000	27.820.000
EMERGENCY SUPPORT CREDIT FOR VAN (09.12.2011-)	1.501	132.668.000	33.160.000
SME SUPPORT CREDIT FOR VAN (09.12.2011-)	1.623	47.388.000	11.840.000
TOTAL	5.393	364.105.000	72.810.000



KOSGEB INTEREST SUPPORT PROGRAMS (2003-2012)



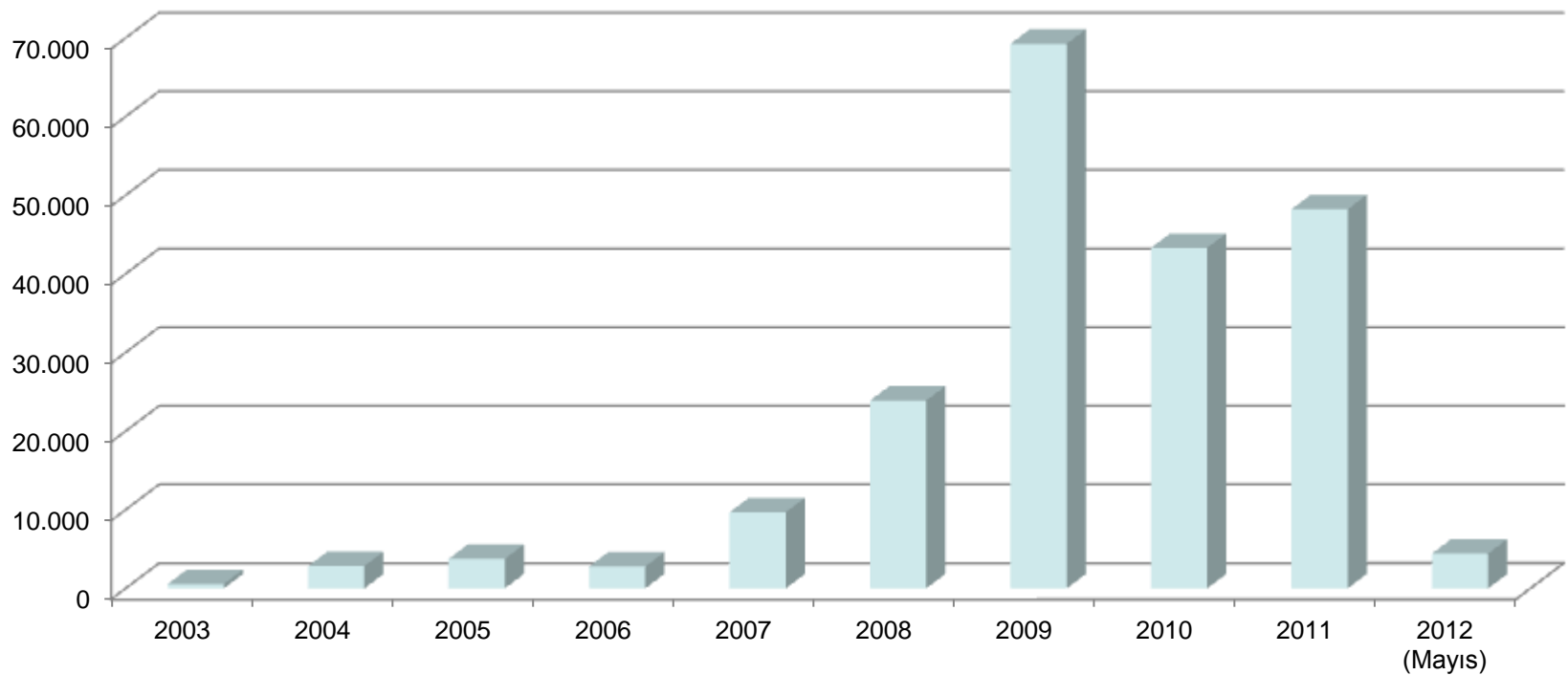
YEAR	NUMBER OF BENEFITED ENTERPRISES	AMOUNT OF KOSGEB SUPPORTED CREDIT (TL) (1 USD= ₺1,80)
2003	556	45.580.000
2004	2.840	295.475.443
2005	3.753	450.951.799
2006	2.787	322.390.819
2007	9.679	1.009.566.062
2008	23.886	1.789.439.498
2009	69.264	2.798.700.882
2010	43.310	1.912.626.776
2011	48.217	2.602.782.136
2012 (May)	4.425	279.622.373
TOTAL	208.717	11.507.135.788

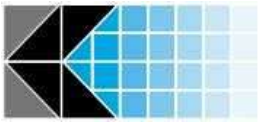


KOSGEB INTEREST SUPPORT PROGRAMS (2003-2012)

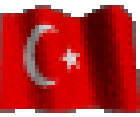


Number of Benefited Enterprises

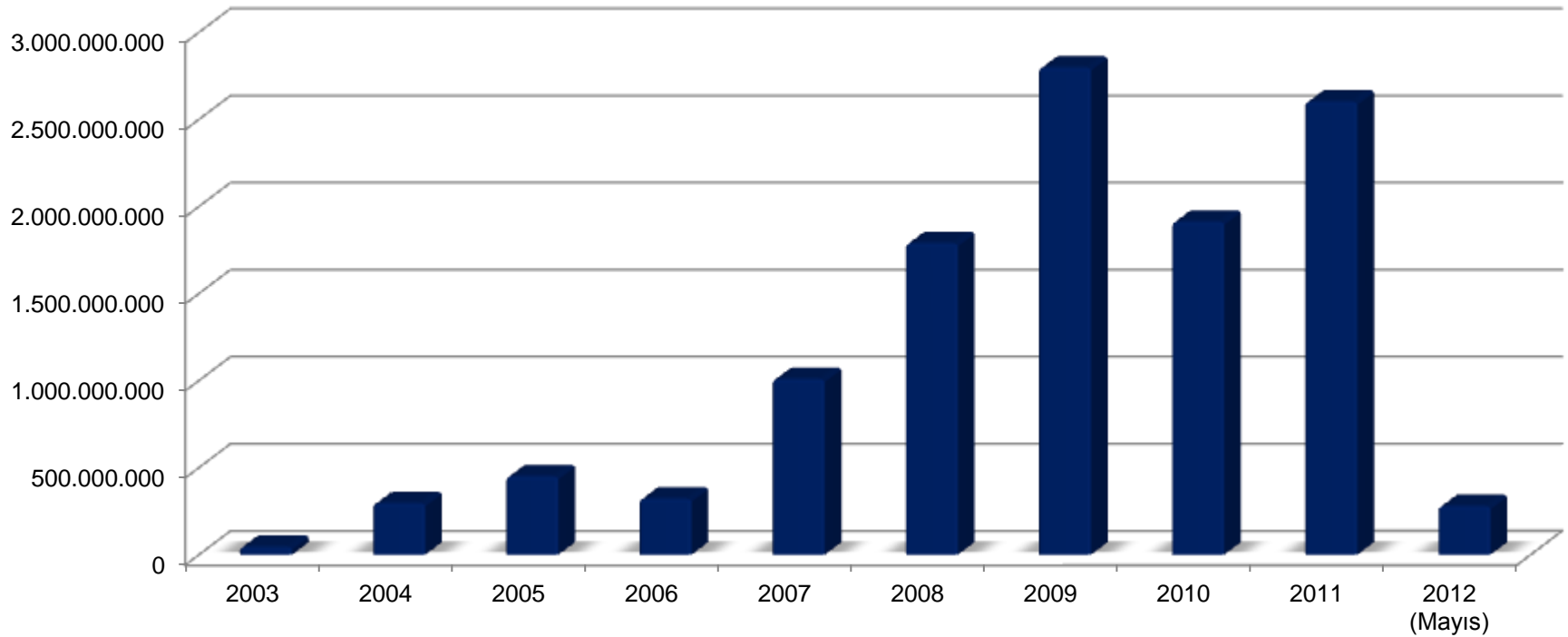


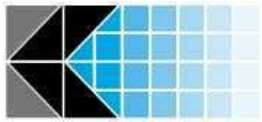


KOSGEB INTEREST SUPPORT PROGRAMS (2003-2012)

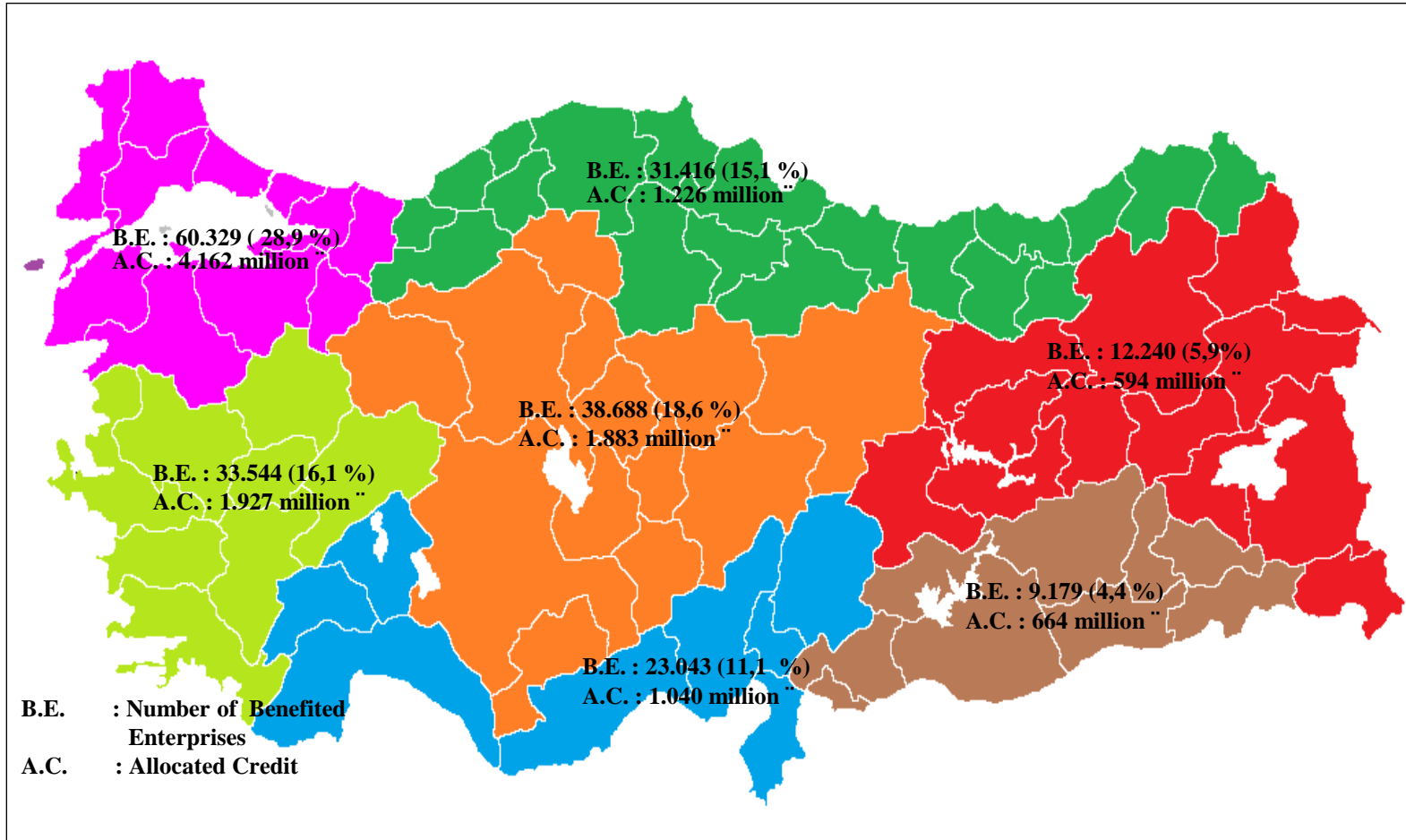


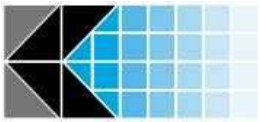
Amount of Allocated Credit (₺)





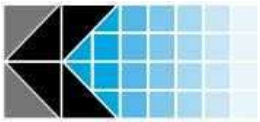
REGIONAL BREAKDOWN OF KOSGEB SME INTEREST SUPPORT PROGRAMS





PARTNERSHIPS

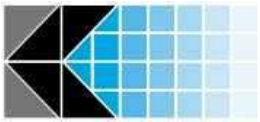
- **Credit Guarantee Fund (KGF)**
- **SME Venture Capital Investment Trust Inc. Co (KOBİ A.Ş)**
- **iVCi – İstanbul Venture Capital Initiative**
- **ESİM-Testing and Analysis Services**



□ **Credit Guarantee Fund (KGF)**

The main objective of KGF is supporting SMEs by providing a guarantee for their financing and consequently increasing the credit usage in general.

The partners are KOSGEB, TOBB, TESK, TOSYÖV, MEKSA and 19 Banks.



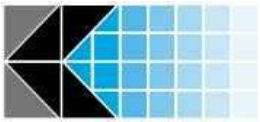
PARTNERSHIPS



□ **SME Venture Capital Investment Trust Inc. Co:**

It aims to invest in high growth, well-managed SMEs, in order to alleviate their capital constraints and let them to achieve their true potential and to act as an efficient risk capital intermediary in the Turkish financial market.

By providing financial instruments for promising SMEs in Turkey which previously cannot access prominent financing sources, while simultaneously providing shareholders with a high-return alternative investment instrument.

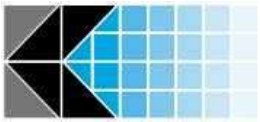


PARTNERSHIPS

Istanbul Venture Capital Initiative (iVCI)

This initiative has designed as fund of funds and aimed to provide funds to Venture Capital Firms.

The capital is 160 Million Euro. The other partners are European Investment Fund, Technology Development Foundation of Turkey, Turkey Development Bank, Garanti Bank, National Bank of Greece.



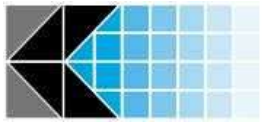
PARTNERSHIPS

□ **ESIM-Testing and Analysis Services**

The company serves electrical and electronics sector of the Turkish Industry.

Its internationally accredited laboratories offering testing facilities to export goods is of high strategic importance for Turkish economy.

ESIM gives consulting and certification services.

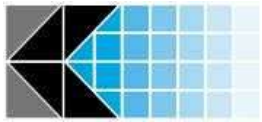


RECENT FINANCE SUPPORT

→ *Emerging Companies Market SME Support Program*

With this Program; SMEs can obtain a considerable permanent financial source from the Stock Markets.

- ✓ ***A Stable and reliable market environment is created involving their partners and investors for their corporate stocks.***
- ✓ ***They have to be transparent (liability for public information)***
- ✓ ***Open to the public (get rid of family business structure and to approach professional management)***



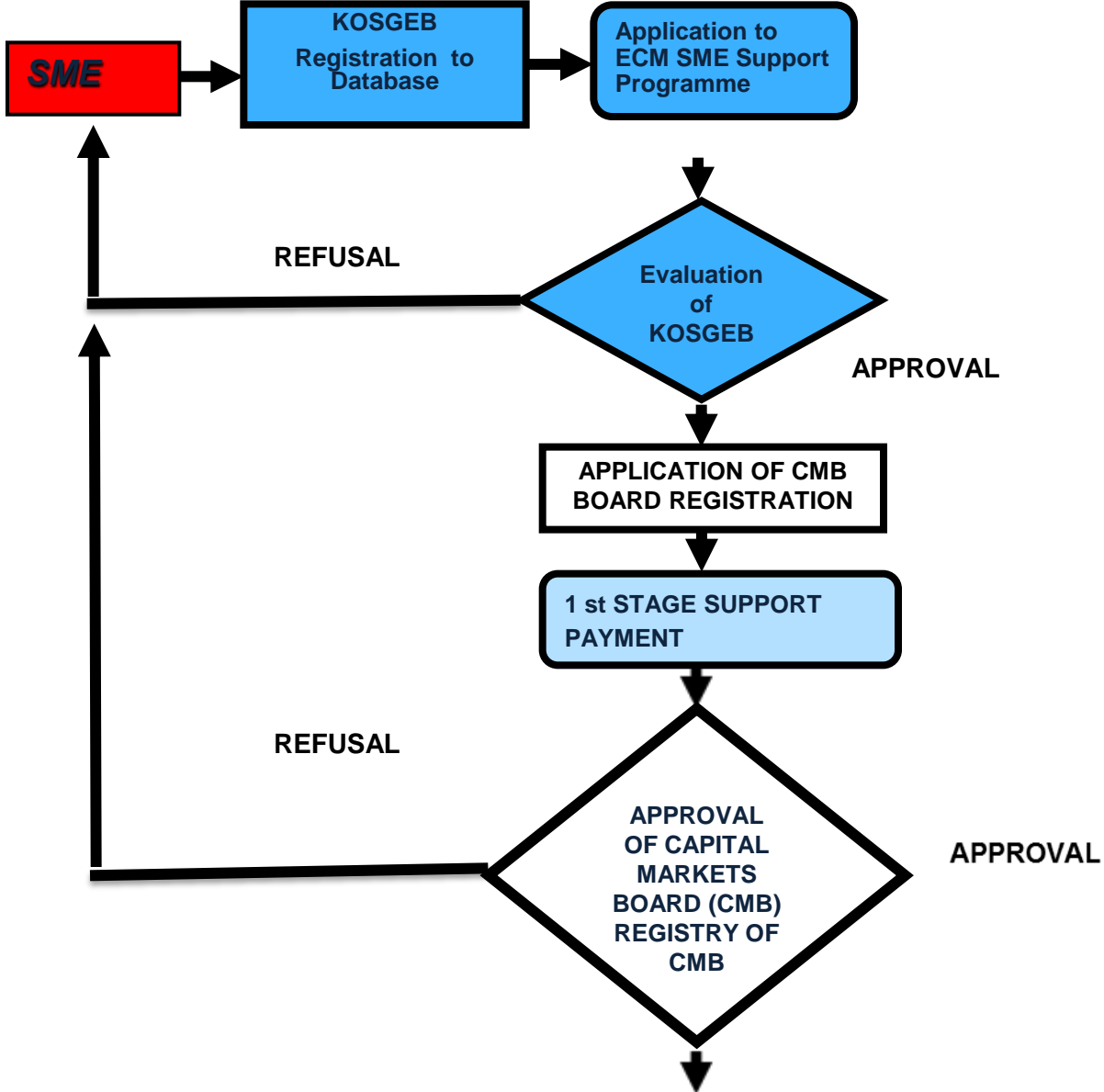
RECENT FINANCE SUPPORT

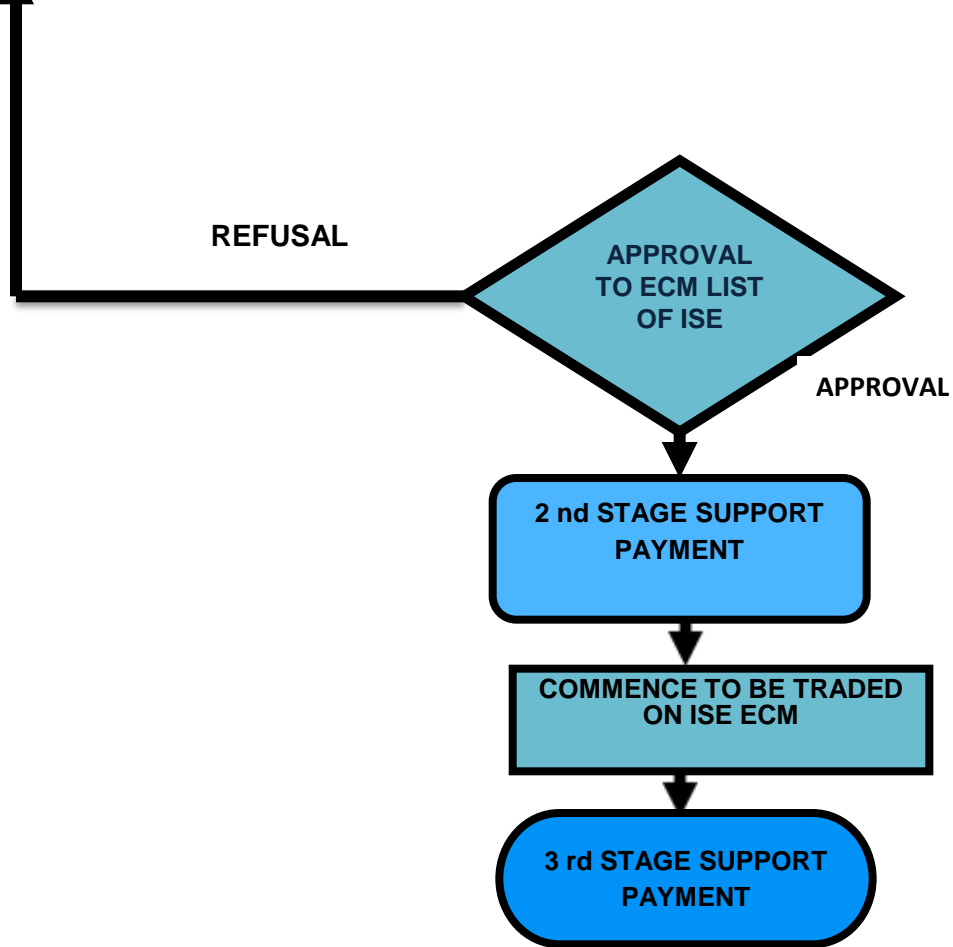
Emerging Companies Market SME Support Program

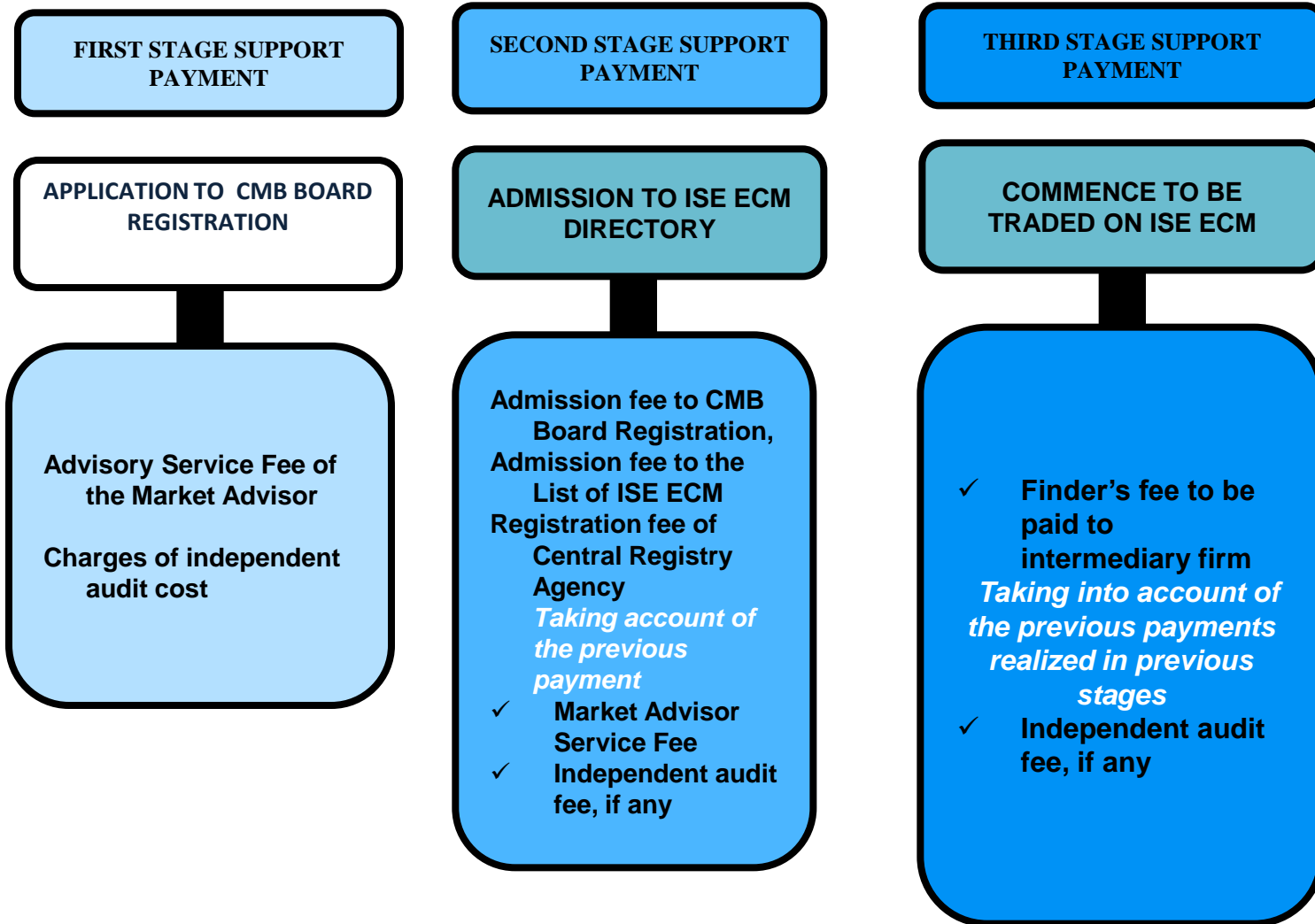
The Scope of the Program;

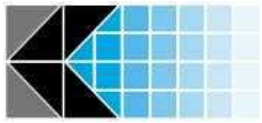
- ***During the public offer of the SMEs shares traded on the Emerging Companies Market, KOSGEB shall make the below payments as a non-repayable support***
 - ***market advisor's advisory service fee***
 - ***Charges of independent audit cost***
 - ***Admission fee to Capital Markets Board (CMB) registration***
 - ***Admission fee to the list of İstanbul Stock Exchange Emerging Companies (ISE ECM) Market Fee***
 - ***Registration fee of Central Registry Agency***
 - ***Intermediary firm fee***

Emerging Companies Market SME Support Program









KOSGEB FINANCE SUPPORT PROGRAMS



Thank you for your attention

<http://www.kosgeb.gov.tr>

<http://www.kgf.com.tr>

<http://www.esim.com.tr>

<http://kobias.com.tr>

<http://www.ivci.com.tr>

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