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 **SME Policy Index**

**Western Balkans and Turkey 2022**

 **ASSESSING THE IMPLEMENTATION OF THE SMALL BUSINESS ACT FOR EUROPE**

**DIMENSION 6 - Access to finance for SMEs**

**Qualitative indicators government questionnaire**

# Introduction

The SME Policy Index is a benchmarking tool for emerging economies, including the Western Balkans and Turkey (WBT), to monitor and evaluate progress in policies that support small and medium-sized enterprises (SMEs). The tool is structured around the ten principles of the Small Business Act for Europe (SBA), translated into 12 policy dimensions, which provide a wide-range of pro-enterprise measures to guide the design and implementation of SME policies.

The sixth, 2022 edition of the SME Policy Index for Western Balkans and Turkey aims to:

* + independently and rigorously assess SME policy settings and reforms against international best practice,
	+ allow for comparison across time and participating WBT economies and measure convergence towards EU SME policy standard,
	+ support governments in setting targets for SME policy developments and strategic priorities to further improve the business environment,
	+ engage governments in policy dialogue and exchange of experiences, within the region and with OECD and EU member countries,
	+ facilitate the prioritisation of government and donor activities in support of SME development,
	+ assess and show progress in implementation of recommendations provided in the previous editions.

The new cycle of the SME Policy Index for Western Balkans and Turkey 2022 will be conducted in extraordinary circumstances caused by the COVID-19 pandemic. Its impact on local economies will also be taken into account in order to better inform policy-making in the region.

# Assessment framework process and design

The SME Policy Index is based on the results of two parallel assessments government self-assessment, conducted by WBT economies’ governments and independent assessment, conducted by the OECD and its partner organisations and supported by the input collected from economy-based consultants with demonstrated expertise in relevant policy areas. The final scores are the result of a highly collaborative and consultative consolidation of these two assessments, enhanced by further desk research by the OECD and the partner organisations, as well as consultations with government representatives and with key stakeholders (e.g. private sector, business associations, academia & civil society) in the participating economies.

The questionnaire is structured around 12 policy dimensions each comprising up to 5 sub-dimensions that capture the critical elements of policy development. It proposes a scoring approach to transform qualitative information into numerical information and thus facilitating cross-economy comparison and allowing for systematic monitoring of policy developments. The questionnaire is intended to be used by government authorities and statistical agencies in charge of co-ordinating the SME Policy Index assessment process.

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# Guidance to fill out the qualitative assessment

The qualitative assessment is organised around thematic blocks each structured around a certain number of questions.

For each of these questions, please:

* Provide an answer, as fully as possible, citing all key sources in the foreseen grid,
* Assign a score, by using the scoring levels described in Table 1.

 Description of score levels

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Level 1** | **Level 2** | **Level 3** | **Level 4** | **Level 5** |
| No framework (e.g. law, institution) exists to address the policy topic concerned  | A draft or pilot framework exists, with some signs of government activity to address the policy area concerned | A solid framework, addressing the policy area concerned is in place and officially adopted | Level 3 plus evidence of a concrete record of effective policy implementation | Level 4 plus results of monitoring and evaluation inform policy framework design and implementation  |

* Match the highest performance score level characteristics that are fully described by your question responses and assign an according score of 1 to 5. If all requirements in one score level are met and at least half the requirements are met for the next score level, assign a half number score between the two levels.
* Provide a brief justification based on matching your question responses with the best corresponding level or half-level.

This questionnaire provides links to access the responses of the previous SME Policy Index 2019 questionnaire. If relevant for a given policy dimension, this questionnaire is complemented by a Statistic sheet. The assessment framework is accompanied by the Glossary of key terms – please refer systematically to it when answering the questionnaire.

Please **complete and return this assessment by 15 September 2021 to the OECD.**

|  |
| --- |
| Thank you for your time in completing this assessment. Your efforts are contributing towards removing barriers to SME development and unleashing their potential for driving inclusive economic growth in the Western Balkans and Turkey. Should you have any questions regarding this assessment framework, please contact jovana.pavlovicdjukic@oecd.org and marijana.petrovic@oecd.org.  |

# Assessor information

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| --- | --- | --- | --- | --- | --- | --- |
| **Mr. / Ms.** | **Name** | **Institution / Department** | **Title / Position** | **Email** | **Phone** | **Address** |
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| **Questionnaire submission date:** | 15/09/2021 |

# Access to finance for SMEs assessment framework

**Access to finance for SMEs** dimension assesses the policies in the Western Balkans and Turkey that support SMEs’ access to external sources of finance.

This dimension is structured around 5 sub-dimensions:

* Sub-dimension 1: **Legal and regulatory framework**, which looks at the legal and regulatory environment for creditor rights, collateralisation options, credit information systems, banking regulation and capital markets,
* Sub-dimension 2: **Bank financing**, focusing on the provision of bank loans and government support schemes to facilitate access to credit,
* Sub-dimension 3: **Non-bank financing**, which considers the legal framework and availability of alternative financing instruments such as microcredit, leasing and factoring,
* Sub-dimension 4: **Venture capital ecosystem**, examining the financing environment for start-ups and young firms,
* Sub-dimension 5: **Financial literacy**, focusing on efforts to broaden financial management skills among the business community and the wider population.

Figure 1. Access to finance for SMEs assessment framework

|  |
| --- |
| **Dimension 6: Access to finance for SMEs** |
| **Outcome indicators**Bank loans to SMEsInterest rate for new business loans for SMEsGovernment loan guaranteesTotal annual volume of microfinance loansTotal annual leasing volumeTotal annual factoring volumeVenture capital investments, total volumeAdult population that hold a bank accountGovernment direct loans |
| **Sub-dimension 6.1:**Legal and regulatory framework | **Sub-dimension 6.2:**Bank financing | **Sub-dimension 6.3:**Non-bank financing | **Sub-dimension 6.4:**Venture capital ecosystem | **Sub-dimension 6.5:**Financial literacy |
| **Thematic****block 1:**Creditor rights | **Thematic block****2:** Register | **Thematic block 3:**Credit informationbureau | **Thematic block 4:**Banking regulations | **Thematic block 5:**Stock market | **Thematic block 1:**Banking lending practicesand conditions | **Thematic block 2:**Credit guarantee schemes | **Thematic block 1:**Microfinanceinstitutions | **Thematic block 2:**Leasing | **Thematic block 3:**Factoring | **Thematic block 1:**Legalframework | **Thematic block 2:**Design andimplementationof governmentactivities | **Thematic block 3:**Monitoringandevaluation | **Thematic block 1:**Planning,design andimplementation | **Thematic block 2:**Monitoringandevaluation  |
| **Quantitative indicators** World Bank Doing Business – Strength of legal rights indexCredit information coverage (% of population)Quality of legal framework for capital marketsMarket capitalisation (% of GDP)Share of credit-constrained firmsSeverity of access to finance as an obstacle to doing businessTotal leasing volume (% of GDP)Total factoring volume (% of GDP)World Bank Doing Business – Strength of minority investor protection index |

## Sub-dimension 1: Legal and regulatory framework

 *[To access the responses of the previous SME Policy Index 2019 questionnaire click* [*here*](https://oecd-my.sharepoint.com/personal/marijana_petrovic_oecd_org/Documents/SME%20PI%202022%20Assessment/Turkey/Dimension%206/2019%20Turkey%20-%20SBA%20Questionnaire%20filled%20out%20.xlsx) *(ctrl+left click)]*

|  |  |  |
| --- | --- | --- |
| **Question** | **Response *[expand box as necessary]*** | **Source/evidence/links** |
| **Thematic block 1. Creditor rights** |
| 1.1.1. | **Since the last assessment (January 2019) has there been any changes in the legal framework on secured transactions?**  | [x ] Yes [ ] No A new regulation is published in the Official Gazette on 15.03.2020 | <https://www.resmigazete.gov.tr/eskiler/2020/03/20200315-10.htm> The purpose of this Regulation is to regulate the minimum procedures and principles to be taken as a basis in the management of the information systems used by banks in the performance of their activities, the provision of electronic banking services and the management of the risks related to them, and the information systems controls that must be established. |
|  | If yes | Please specify the changes that occurred since January 2019. |  |  |
| 1.1.2. | **Does the legal framework on secured transactions in place contain the following elements:** |  |  |
|  | a) | secured creditors are able to seize their collateral after reorganisation (no automatic stay) | [X ] Yes [ ] No | Article 14 of The Law numbered 6750 on Movable Collateral in Commercial TransactionsThe purpose of this Law;is to facilitate access to finance by expanding the use of the right of pledge on undelivered movables as security, expanding the scope of the movables subject to this pledge, providing publicity in the pledge of movables and offering alternative ways of converting the pledge into money. |
|  | b) | restrictions such as creditor consent must be observed when a borrower files for reorganisation | [ x] Yes [ ] No | http://www.resmigazete.gov.tr/arsiv/2128.pdf  |
|  | c) | secured creditors are paid first out of proceeds of liquidation of a bankrupt firm | [ x] Yes [ ] No |  |
|  | d) | management does not retain administration of property pending the resolution of an organisation | [ x] Yes [ ] No | http://www.resmigazete.gov.tr/arsiv/2128.pdf  |
| **Thematic block 2. Register** |
| 1.2.1 | **Since the last assessment (January 2019) have there been any changes in the cadastre system?** | [ ] Yes [ ] No |  |
| 1.2.2 | **Please specify if:** |  |  |
|  | a) | the cadastre is accessible to the public? | [ x] Yes, it is accessible to the public[ ] It is accessible to certain groups only.[ ] No, it is not accessible.  | LAST REPORT (LR) |
| b) | the cadastre is available online? | [x ] Yes, fully available.[ ] Yes, but only partially available. [ ] No, it is not available online.  | https://www.tkgm.gov.tr/<https://webtapu.tkgm.gov.tr/> A platform where you can apply for online sales, mortgage, transfer of inheritance and all similar title deed transactions without going to the land registry office.This link is in Turkish. Webtapu System will very soon be available in 6 different languages (English, German, Russian, Arabic, French and Spanish). https://www.tkgm.gov.tr/sites/default/files/2020-12/YABANCILAR%20%C4%B0%C3%87%C4%B0N%20BA%C5%9EVURU%20YOLLARI%2018haziran\_EN.pdf |
| 1.2.3 | **Since the last assessment (January 2019), have there been any changes in a registration system for security rights over movable assets? If so, please specify.**  | [ ] Yes: [ ] No |  |
|  | If yes  | Is the registration system for security rights over movable assets accessible to the public? | [ X] Yes, it is accessible to the public[ ] It is accessible to certain groups only.[ ] No, it is not accessible. | <https://www.egm.gov.tr/trafik-tescil-hizmetleri-hakkinda-bilgi-almak-istiyorum>  |
| Is the registration system for security rights over movable assets available online? | [ X] Yes, fully available.[ ] Yes, but only partially available. [ ] No, it is not available online. | <https://www.egm.gov.tr/trafik-tescil-hizmetleri-hakkinda-bilgi-almak-istiyorum>  |
| Is ownership of the registered pledges documented? | [ X] Yes [ ] No | <https://www.egm.gov.tr/trafik-tescil-hizmetleri-hakkinda-bilgi-almak-istiyorum>  |
| Is the record of security rights over moveable assets accessible by the public? | [ X] Yes [ ] No | https://www.egm.gov.tr/trafik-tescil-hizmetleri-hakkinda-bilgi-almak-istiyorum |
| Is the record of security rights over moveable assets available online? | [ X] Yes [ ] No | https://www.egm.gov.tr/trafik-tescil-hizmetleri-hakkinda-bilgi-almak-istiyorum |
| Are movable assets widely accepted as collateral for all types of borrowers? | [ ] Yes [ ] No |  |
| 1.2.4 | **What is the geographic coverage of the cadastre?** | Whole Turkey | <https://www.tkgm.gov.tr/>  |
| 1.2.5 | **How often is the cadastre updated?** |  |  |
| 1.2.6 | **How often is the record of security rights over moveable assets updated?** | If there is a change its made immediately |  |
| **Thematic block 3. Credit information bureau** |
| 1.3.1 | **Does a public credit register exist?** | [ x] Yes [ ] No | https://www.kkb.com.tr/en |
| 1.3.2 | **Does a private credit information bureau exist?** | [ X] Yes [ ] No | 1) https://www.riskmerkezi.org/tr2) https://www.kkb.com.tr/ |
|  | If yes  | Do borrowers have the right to access their credit information by law? | [ ] Yes [ ] No |  |
| Which body/institution is responsible for the supervision of the private credit information bureau? | BDDK and TBB | [1) https://www.findeks.com/iletisim 2) https://www.tbb.org.tr/tr](https://www.findeks.com/iletisim) |
| From what sources is information collected (banks, non-bank financial institutions, telecommunications companies, utilities, etc.)? |  |  |
| What is the current share of coverage (% of adults)?  | Public: Private:  |  |
| **Thematic block 4. Banking regulations** |
| 1.4.1 | **Have Basel II recommendations been implemented?** | [X ] Yes, they have been fully implemented.[ ] Some have been implemented. [ ] No | 1) https://www.bddk.org.tr/Mevzuat/Liste/502) [http://www.bis.org/bcbs/publ/d360.pdf 3](http://www.bis.org/bcbs/publ/d360.pdf%203))3) <http://www.bis.org/bcbs/publ/d359.pdf> |
| 1.4.2 | **Have Basel III recommendations been implemented?** | [ X] Yes, they have been fully implemented.[ ] Some have been implemented. [ ] No | 1) https://www.bddk.org.tr/Mevzuat/Liste/50 2) <http://www.bis.org/bcbs/publ/d359.pdf> <http://www.bis.org/bcbs/publ/d360.pdf> |
|  | If yes  | Does the regulation differentiate between different types of credit institutions? | [X ] Yes, applied across all credit institutions. [ ] No, only applied to large of systemically important credit institutions.  | "1) https://www.bddk.org.tr/Mevzuat/Liste/50 2) <http://www.bddk.org.tr/WebSitesi/turkce/Mevzuat/Bankacilik_Kanunu/Bankacilik_Kanunu.aspx>"<https://www.bddk.org.tr/Mevzuat/Liste/50> <https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=5411&MevzuatTur=1&MevzuatTertip=5>\*Credit institution is defined as “deposit and participation banks” in Banking Law. |
| Can lending to SMEs be exempt from certain requirements? | [ X] Yes [ ] No | With the exception of overdue receivables, loans classified as “retail receivables” have a risk weight of 75%.  |
| Have regulations for SMEs been amended amid the Covid-19 pandemic  | [ ] Yes **[x] No** | Lending FX to real persons as retail is forbidden, lending to unhedged customers are also regulated with the central banks decision number 32. Because of this reason we do not impose special capital rules at capital requirements regulation. FX positions of banks and market risk related to FX position of banks are regulated. |
| 1.4.3 | **Do special capital requirements exist for foreign exchange lending to unhedged borrowers?** | [ ] Yes [ ] No |  |
| 1.4.4 | **Is there mandatory disclosure of the risks of foreign exchange borrowing?** | [ X] Yes [ ] No |  |
| 1.4.5 | **Does regulation exist to encourage or facilitate local currency lending?**  | [ X] Yes [ ] No | <http://www.tcmb.gov.tr/wps/wcm/connect/8bb1302e-cecc-4ae4-9622-54365f8ee2e1/kambiyo2.pdf?MOD=AJPERES> |
|  | If yes  | Please specify the type of regulation that exist. |  |  |
| 1.4.6 | **What measures have been taken by the central bank or financial regulator in order to support small business lending during the Covid-19 pandemic (e.g., asset purchase programmes, changes in collateral policies, etc.):** | Some flexibility has been given to the delays in the loan payments.Banks are encouraged for new loan support packages in addition to restructurings.Apart from above-mentioned BRSA regulations regarding “Extension of the Non-Performing Loan Classification Period”, CBRT has introduced some measures regarding rediscount loans for export and F/X-generating services to encourage loan growth of banks, mainly in Turkish lira. The CBRT announced its acceptance as collateral of the mortgage covered bonds (“MCB”) and asset-backed securities (“ABS”) issued or originated by Turkish banks in its open market operations and lender-of-last-resort operations, provided that the banks provide as collateral securities of other issuers.Besides the Basel III Requirements, a new asset ratio was introduced by the BRSA with an aim to boost loan growth, deepen the capital markets and limit FX swaps, as well as the containment of deposits in FX. The ratio, which was introduced in April 2020. Banks are required to visit this ratio on a weekly basis starting from 1 May 2020 to 31 December 2021. While calculating the ratio loans to SMEs, project finance loans and export finance loans shall have a coefficient of 1.1. |  |
| **Thematic block 5. Stock market** |
| 1.5.1 | **Does a capital market exist in your economy?** | [X ] Yes [ ] No[X ] Yes | <http://www.borsaistanbul.com/en/corporate/about-borsa-istanbul/about-us>Borsa İstanbul is the organized securities exchange in Turkey. |
|  | If yes  | Does a legal framework on capital market regulation exist? | [X ] YesTurkish capital markets are regulated by the Capital Markets Law (CML) and related secondary regulation. The Capital Markets Board of Turkey (CMB) is the competent authority for regulation and supervision in capital markets. [ ] No[X ] Yes | <https://www.cmb.gov.tr/Sayfa/Index/1/7> Capital Markets Law No. 6362 and Capital Markets Board of Turkey Communiques are the legal framework of the capital markets in Turkey.<https://cmb.gov.tr/Sayfa/Index/1/1> |
| Is there a separate section or a separate market for low capitalisation firms? | [X ] YesWhere market capitalisation of shares in actual free float is TL 40 – 75 million at first listing, the company is listed in the Borsa Istanbul SubMarket[ ] No[X ] Yes | <https://www.borsaistanbul.com/en/sayfa/2886/markets> Companies that has free float market capitalization between 40-75 million TL are traded on BIST SubMarket.<https://borsaistanbul.com/en/sayfa/2886/markets> |
| *Optional - Please provide any further information on* ***Legal and regulatory framework sub-dimension*** *in your economy that you deem relevant for the assessment* |  |  |

|  |  |
| --- | --- |
| **Question** | **Response** |
| Self-assessed level (1 through 5, whole and half numbers) | 4.5 |
| Brief justification | Turkey has a well established and functioning legal and regulatory framework for SME finance. |
| Assessor name and institution | N. Pınar IşınDirector of EU Coordination UnitKOSGEBBeyza KurişSME ExpertEU Corodination Directorate KOSGEBAbdullah AktepeSME ExpertEU Corodination Directorate KOSGEB |

## Sub-dimension 2: Bank financing

*[To access the responses of the previous SME Policy Index 2019 questionnaire click* [*here*](https://oecd-my.sharepoint.com/personal/marijana_petrovic_oecd_org/Documents/SME%20PI%202022%20Assessment/Turkey/Dimension%206/2019%20Turkey%20-%20SBA%20Questionnaire%20filled%20out%20.xlsx) *(ctrl+left click)]*

|  |  |  |
| --- | --- | --- |
| **Question** | **Response *[expand box as necessary]*** | **Source/evidence/links** |
| **Thematic block 1. Banking lending practices and conditions** |
| 2.1.1 | **Which of the following incentives mechanisms exist in SME lending?** |  |  |
|  | a) | Subsidised funding to banks for on-lending | [ x] Yes [ ] No |  |
| b) | Interest rate caps  | [ x] Yes [ ] No |  |
| c) | Interest rate subsidies  | [x ] Yes [ ] No | [1) http://www.kosgeb.gov.tr/site/tr/genel/detay/1233/kredi-faiz-destegi (Detailed, available in Turkish),](1%29%20http%3A//www.kosgeb.gov.tr/site/tr/genel/detay/1233/kredi-faiz-destegi%20%28Detailed%2C%20available%20in%20Turkish%29%2C%20%202%29%20http%3A//www.halkbankkobi.com.tr/channels/Esnaf-ve-Sanatkarlara-Ozel/Esnaf-ve-Sanatkarlarimiza-Ozel-Krediler/Sifir-Faizli-Esnaf-Kredileri/1594) [[https://en.kosgeb.gov.tr/site/tr/genel/destekdetay/1233/credit-interest-support-programme](1%29%20http%3A//www.kosgeb.gov.tr/site/tr/genel/detay/1233/kredi-faiz-destegi%20%28Detailed%2C%20available%20in%20Turkish%29%2C%20%202%29%20http%3A//www.halkbankkobi.com.tr/channels/Esnaf-ve-Sanatkarlara-Ozel/Esnaf-ve-Sanatkarlarimiza-Ozel-Krediler/Sifir-Faizli-Esnaf-Kredileri/1594)](https://en.kosgeb.gov.tr/site/tr/genel/destekdetay/1233/credit-interest-support-programme)[2) http://www.halkbankkobi.com.tr/channels/Esnaf-ve-Sanatkarlara-Ozel/Esnaf-ve-Sanatkarlarimiza-Ozel-Krediler/Sifir-Faizli-Esnaf-Kredileri/1594](1%29%20http%3A//www.kosgeb.gov.tr/site/tr/genel/detay/1233/kredi-faiz-destegi%20%28Detailed%2C%20available%20in%20Turkish%29%2C%20%202%29%20http%3A//www.halkbankkobi.com.tr/channels/Esnaf-ve-Sanatkarlara-Ozel/Esnaf-ve-Sanatkarlarimiza-Ozel-Krediler/Sifir-Faizli-Esnaf-Kredileri/1594) |
| d) | Others (please specify) |  |   |
| 2.1.2 | **Do you have mechanisms that incentivise lending to the below sub-groups or for the below objectives specifically? If yes, please specify the mechanism (interest rate caps, interest rate subsidies or other):** | [ ] Yes[ ] No |  |
|  | a) | Lending to enhance green practices at SMEs | [ ] Yes: [ ] No |  |
| b) | Lending to enhance digital practices at SMEs | [ ] Yes: [ ] No |  |
| c) | Lending to enhance inclusive practices[[1]](#footnote-2) at SMEs | [ ] Yes: [ ] No |  |
| 2.1.3 | **Which of the following mechanisms or policies have been put in place to support SME access to finance and liquidity during the COVID-19 pandemic?** |  |  |
|  | a) | Interest rate subsidies (please specify level and duration) | [ ] Yes: [ ] No |  |
| b) | Guarantees (please specify level of guarantee and duration)  | [ X] Yes: [ ] No | Within the regard of Treasury backed credit guarantee system, Turkish Treasury guaranteed credits in a specific guarantee ratio (approximately %80) via Credit Guarantee Fund (CGF). As of July 30, 518,9 billion TL guarantee has been used. Average duration of overall guarantees is around 36 months. .[[OECD1]](file:///C%3A%5C%5CUsers%5C%5Cmeryem.sivgin%5C%5CAppData%5C%5CLocal%5C%5CMicrosoft%5C%5CWindows%5C%5CTemporary%20Internet%20Files%5C%5CContent.Outlook%5C%5CVYYHTEU5%5C%5CDimension%206_commented%20questionnaire_Turkey%2015.10.2021.docx%22%20%5Cl%20%22_msocom_1) Source: Credit Guarantee Fund The mentioned data has been collected by Kredi Garanti Vakfı A.Ş. the aforementioned data has been collected by Kredi Garanti Vakfı A.Ş.bahsi geçen veriler Kredi Garanti Vakfı A.Ş.the aforementioned data has been collected by Kredi Garanti Kredi Fund A.Ş.bahsi geçen veriler Kredi Garanti Kredi Fonu A.Ş.Tam sonuçlar yüklenemiyorTekrar deneTekrar deneniyor...Tekrar deneniyor...(KGF) and is not published in any document or website as it is the data shared with the Ministry. (KGF) is not published in any document or website as it is the data shared with our Ministry.(KGF) Bakanlığımız ile paylaşılan veriler olduğu için herhangi bir belge veya internet sitesinde yayınlanmamaktadır.(KGF) is not published in any document or website, since it is the data shared with our Ministry.(KGF) Bakanlığımız ile paylaşılan veriler olduğu için herhangi bir belge veya internet sitesinde yayınlanmamaktadır.Tam sonuçlar yüklenemiyorTekrar deneTekrar deneniyor...Tekrar deneniyor...For this reason, it is not possible to show any "link" to the data. For this reason, it is not possible to show any "link" to the data.Bu nedenle verilere herhangi bir "bağlantı" göstermek mümkün değildir.For this reason, it is not possible to show any "links" regarding the data.Bu nedenle verilerle ilgili herhangi bir "bağlantı" göstermek mümkün değildir.Tam sonuçlar yüklenemiyorTekrar deneTekrar deneniyor...Tekrar deneniyor...The said data is collected by KGF and transmitted to their Ministry. The said data is collected by KGF and transmitted to our Ministry.Söz konusu veriler KGF tarafından toplanmakta ve Bakanlığımıza iletilmektedir.The data in question is collected by KGF and transmitted to our Ministry.Söz konusu veriler KGF tarafından toplanmakta ve Bakanlığımıza iletilmektedir.Tam sonuçlar yüklenemiyorTekrar deneTekrar deneniyor...Tekrar deneniyor...For this reason, an addition has been made to the relevant document stating that the relevant data source is KGF. |
| c) | Facilitation of deferral of principal or interest payments  | [ ] Yes: [ ] No |  |
| d) | Credit mediation schemes | [ ] Yes:[ ] No |  |
| e) | Others (please specify) |  |  |
| 2.1.4 | **If a subsidy mechanism exist (including for Covid-19 relief), please specify annual budget for each programme / mechanism:** |  | Treasury backed credit guarantee works as a guarantee scheme, which includes payments from central government budget for the indemnity of the defaulted credits as well. Therefore, in 2020 5 billion TL and in 2021 5.4 billion TL allocated from the central government budget for this scheme. Source: Ministry of Treasury and Finance |
| **Thematic block 2. Credit guarantee schemes**  |
| 2.2.1 | **Does a public and/or public-private credit guarantee scheme exist in your economy?** | [ x] Yes [ ] No[X ] Yes  | [https://www.kgf.com.tr/index.php/tr/; https://www.kgf.com.tr/index.php/en/](https://www.kgf.com.tr/index.php/tr/%3B%20https%3A/www.kgf.com.tr/index.php/en/) Treasury backed credit guarantee system exists in Turkish economy since 2009. It is a public guarantee scheme. Turkish Treasury guaranteed credits in a specific guarantee ratio via CGF within the regard of authorization article “Regulating Public Finance and Debt Management“ Law no. 4749. In addition, CGF supplied guarantees with the source of its equity. For more information, please see links below.<https://www.kgf.com.tr/index.php/en/our-supports/our-sources/treasury-supported-funds> <https://www.kgf.com.tr/index.php/en/our-products/kgf-equity-backed-guarantees/bank-loans/kgf-destek-kredisi> |
|  | If yes  | Does the private sector participate in the management of the public or private/public credit guarantee schemes? | [ x] Yes [ ] No[X ] Yes  | <http://www.kgf.com.tr/index.php/tr/hakkimizda/ortaklik-yapisi>Ministry of Treasury and Finance manages the Treasury backed credit guarantee system. Besides, CGF is a joint corporate body, which has shareholders from both private and public sector. Board of Members also contains members from public and private sectors. |
| Do the credit guarantee schemes offer further complementary services? | [ ] Yes [X ] No |  |
| Do the credit guarantee schemes offer assistance and training programmes for SMEs? | [ ] Yes [X ] No |  |
| Is the credit guarantee scheme self-sufficient, or does it require government budgetary or donor support? | [ ] Self-sufficient[ x] Funded through government budget[ ] Donor supported | Treasury backed credit guarantee system requires government budgetary support in accordance with authorization article “Regulating Public Finance and Debt Management“ Law no. 4749<https://ms.hmb.gov.tr/uploads/sites/2/2018/12/Law-on-Regulating-Public-Finance-and-Debt-Management-Law-no.-4749.pdf>https://kgf.com.tr/index.php/tr/bilgi-merkezi/sikca-sorulan-sorular |
| Is there a website / portal that provides information on available credit guarantee schemes?  | **[x] Yes:** [ ] No  | <https://www.kgf.com.tr/index.php/tr/bilgi-merkezi/faaliyet-raporlari><https://www.kgf.com.tr/index.php/en/information-center/activity-reports><https://www.kgf.com.tr/index.php/en/> |
| 2.2.2 | **Does the government inform entrepreneurs about the possible sources of external finance for SMEs? If so, through what means?**  | [ X] Yes [ ] No | Government inform SMEs about possible methods to access finance through Treasury backed credit guarantee system, CGF and Small and Medium Enterprises Development Organization of Turkey etc. |
| 2.2.3 | **If you have credit guarantee schemes:** |  |  |
|  |  | What kind of credit guarantee schemes are they? Please provide details of targeted recipients and sources of funding (national budget vs donor) |  | <http://www.kgf.com.tr>Within the Treasury backed credit guarantee system (system), targeted recipients specifically identified in guarantee packages such as micro, manufacturing, exporter firms etc. The source of the system is government budget that based on upper limited indemnity ratio for each portfolio and specific guarantee ratio for each beneficiary. In addition, CGF acts as a guarantor for SMEs and non-SME enterprises that cannot get a loan due to insufficient collateral. CGF supports SMEs and non-SME enterprises in access to financing. There are two types of guarantees which areTreasury Backed Guarantees as mentioned in previous sections and CGF equity guarantees. |
| What does the shareholder and governance structure look like? | It is a partnership | <https://kgf.com.tr/index.php/tr/hakkimizda/ortaklik-yapisi>In addition to “The Union of Chambers and Commodity Exchanges of Turkey” and “Small and Medium Enterprises Development Organization of Turkey”, which have the highest shareholding shares, private and public banks that are members of CGF form the partnership structure. Members of the Board consists of members representing the partnership structure and Ministry of Treasury and Finance representatives. |
| How are they supervised? |  | CGF supervised in two ways. First, independent audit firm supervises it. Second, Board of Treasury Controllers supervises CGF on the behalf of Ministry of Treasury and Finance (Ministry). |
| How are they evaluated?  |  | CGF’s guarantee mechanism performance is evaluated by Ministry of Treasury and Finance accordingly Protocols between Ministry and CGF. |
| How often are they monitored? |  | CGF is responsible for file reports to Ministry as weekly, monthly and annually. In addition, Ministry can demand specific reports from CGF within the Treasury backed credit guarantee system if needed. |
| Who is responsible for the decision to offer a loan under a credit guarantee scheme? |  | Within the regard of the Treasury backed credit guarantee system, Ministry of Treasury and Finance (Ministry) authorised to determine the procedure and principles enacted by Decree. Guarantee support packages implemented within the Protocols signed between Ministry and CGF in the light of the Decree. Within the creditor limits defined in line with the guarantee packages, the creditors provide loans to the beneficiaries who have required creditworthiness.Applications evaluated by creditors as creditworty forwarded to CGF for guarantee approval by the creditors. CGF checks the beneficiaries’ compliances with the conditions mentioned in regulation (such as tax debt, bankruptcy or concordat decision) and approves the applications, whichcomply with the conditions from the system accordingly. |
| 2.2.4 | **Do existing credit guarantees target any of the following (for each of these, please also specify the size and criteria for the relevant sub-programme)?** |  | Within the regard of the Treasury backed credit guarantee system, although there are guarantee packages that support different SME types such as women and young entrepreneurs and micro firms, green and digital activities in SMEs are not specifically included in our current agenda. However, green, and digital practices in SMEs not excluded from the system. These activities can supported by specific guarantee packages in the future.There are plans to start targeting green, digital and inclusive practices in SMEs |
|  |  | Support green practices in SMEs | [ ] Yes: [X ] No |  |
| Support digital practices in SMEs | [ ] Yes: [ X] No |  |
| Support inclusive practices in SMEs, or SMEs owned by under-served groups | [ x] Yes: [] No | Within the regard of the Treasury backed credit guarantee system, there are guarantee packages that support different SME types such as companies owned by women and young entrepreneurs and micro firms. |
| 2.2.5 | **If you have credit guarantee schemes to enhance green practices in SMEs:** |  |  |
|  |  | What kind of credit guarantee schemes are they? Please provide details of targeted recipients and sources of funding (national budget vs donor) |  |  |
| What does the shareholder and governance structure look like? |  |  |
| How are they supervised? |  |  |
| How are they evaluated?  |  |  |
| How often are they monitored? |  |  |
| Who is responsible for the decision to offer a loan under a credit guarantee scheme? |  |  |
| 2.2.6 | **If you have credit guarantee schemes to enhance digital practices in SMEs:** |  |  |
|  |  | What kind of credit guarantee schemes are they? Please provide details of targeted recipients and sources of funding (national budget vs donor) |  |  |
| What does the shareholder and governance structure look like? |  |  |
| How are they supervised? |  |  |
| How are they evaluated?  |  |  |
| How often are they monitored? |  |  |
| Who is responsible for the decision to offer a loan under a credit guarantee scheme? |  |  |
| 2.2.7 | **If you have credit guarantee schemes to enhance inclusive practices in SMEs:** |  |  |
|  |  | What kind of credit guarantee schemes are they? Please provide details of targeted recipients and sources of funding (national budget vs donor) |  |  |
| What does the shareholder and governance structure look like? |  |  |
| How are they supervised? |  |  |
| How are they evaluated?  |  |  |
| How often are they monitored? |  |  |
| Who is responsible for the decision to offer a loan under a credit guarantee scheme? |  |  |
| 2.2.8 | **If you have credit guarantee schemes to SMEs as a result of COVID-19 pandemic:** |  |  |
|  |  | What kind of credit guarantee schemes are they? Please provide details of targeted recipients and sources of funding (national budget vs donor) |  |  |
| What does the shareholder and governance structure look like? |  |  |
| How are they supervised? |  |  |
| How are they evaluated?  |  |  |
| How often are they monitored? |  |  |
| Who is responsible for the decision to offer a loan under a credit guarantee scheme? |  |  |
| *Optional - Please provide any further information on* ***Bank financing*** *sub-dimension in your economy that you deem relevant for the assessment* |  |  |

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| --- |
| **Overview of SME financial support programmes**  |
| 2.0.1 | Are you a member/participant of Western Balkan Enterprise Development and Innovation Facility (WBEDIF) | [ ] Yes [ x] No | <http://www.wbedif.eu/wbedif-in-your-country/>  |
|  | If yes  | Describe the concrete commitments associated with participation/membership in this body/agreement |  |  |
| What objectives have you started to implement, and to what extent? Please provide examples of relevant outputs, i.e. budget, specific projects, beneficiaries, etc. |  |  |
|  | In your view, to what extent are the financial support programmes offered through WBEDIF adjusted to SMEs needs?  | [ ] Adjusted [ ] Not adjusted. Please specify why.  |  |
| 2.0.2 | List and describe any other national membership/participation in international agreements, bodies and/or networks related to SMEs financing (Please add as many rows as are necessary) | EU COSME Programme | <https://cosme.kosgeb.gov.tr/>  |
|  |  | In your view, to what extent is each of these financial support programmes adjusted to SMEs needs? | [x ] Adjusted [ ] Not adjusted. Please specify why.  |  |

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| --- | --- |
| **Question** | **Response** |
| Self-assessed level (1 through 5, whole and half numbers) | 4.5 |
| Brief justification | Brief justification Turkey has a well established and functioning banking system for SMEs |
| Assessor name and institution | N. Pınar IşınDirector of EU Coordination UnitKOSGEBBeyza KurişSME ExpertEU Corodination Directorate KOSGEBAbdullah AktepeSME ExpertEU Corodination Directorate KOSGEB |

## Sub-dimension 3: Non-bank financing

*[To access the responses of the previous SME Policy Index 2019 questionnaire click* [*here*](https://oecd-my.sharepoint.com/personal/marijana_petrovic_oecd_org/Documents/SME%20PI%202022%20Assessment/Turkey/Dimension%206/2019%20Turkey%20-%20SBA%20Questionnaire%20filled%20out%20.xlsx) *(ctrl+left click)]*

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Question** | **Response *[expand box as necessary]*** | **Source/evidence/links** |
| **Thematic block 1. Microfinance institutions** |
| 3.1.1 | **Is there a legal framework for microfinance in place?** | [X ] **Yes** [ ] No | https://www.bddk.org.tr/ |
| 3.1.2 | **Do microfinance facilities exist in your economy?** | [ ] Yes, microfinance is present on a larger scale throughout the economy.[ x] Yes, it exists at the level of pilot projects and ad hoc initiatives. [ ] No. | Communiqué on Equity-Based Crowdfunding is put into force in October 2019. In this context, “MKK Crowdfunding System (CFS)” has been prepared, in which crowdfunding platforms, trustees, entrepreneurs or entrepreneurship companies and investors who will be funded as members of the platforms will participate and perform their transactions in crowdfunding processes.<http://www.tgmp.net/en/anasayfa><https://www.kedv.org.tr/> |
|  | If yes  | How are microfinance facilities funded (mainly donor-funded, self-sufficient (e.g., through deposits), etc.)? | Crowdfunding is a new investment system created to collect the financial resources needed by venture companies and business ideas that plan to produce high value added and competitive technological products and services in our country. It is based on reward, investment, ventures and support systems.  |  |
| Are microfinance institutions allowed to raise deposits? | No |  |
| Are microfinance institutions regulated by a government body? | Yes, Crowdfunding System is regulated by Capital Markets Board of Turkey. |  |
| Does the government regulate interest rates charged by microfinance institutions (e.g., through interest rate caps)? | No |  |
| Is information about microfinance volumes, performance of microfinance institutions etc. collected? | Yes |  |
| Is there a website/portal that provides information or services on microfinance for SMEs? | An example for a certified platform: <https://www.fonbulucu.com/> |  |
| **Thematic block 2. Leasing**  |
| 3.2.1 | **Since the last assessment (January 2019), have there been any changes in the legislation on regulating leasing activities exist in the economy? If so, please specify.**  | **[x] Yes:** [ ] No | In 2019: The article has been added that the receivables deducted from the record will be deemed bad receivables due to the fact that there is no possibility of collection after the specific provision has been made.In 2020: Some clauses have been added to the clauses stating that contracts can be made using remote communication tools |
|  | Please specify if there are:  |  clear definitions of lessor and lessee set out, including rights and duties of both parties to a leasing agreement? | **[x] Yes** [ ] No | The related articles of Financial Leasing, Factoring, Financing and Savings and Financing Companies Law No. 6361 (Law No. 6361) identify lessor and lessee and set out rights and duties of both parties of a leasing agreement.<https://www.mevzuat.gov.tr/MevzuatMetin/1.5.6361.pdf><https://www.bddk.org.tr/Mevzuat/DokumanGetir/960><https://www.fkb.org.tr/Sites/1/upload/files/kanun-eng-20200706-1928.pdf> |
| rules on repossession clearly defined, specifically setting out: a. how the process is instigated? b. the steps of the process? c. guidance on any required involvement of third parties? | **[x ] Yes**/ [ ] No**[x ] Yes**/ [ ] No[ ] Yes: / **[x ] No** | a) Articles 30-35 of the Law No. 6361 set out how repossession process will be initiated and how the process will be carried out.b) Articles 30-35 of the Law No. 6361 clarify the steps of the process.<https://www.mevzuat.gov.tr/MevzuatMetin/1.5.6361.pdf><https://www.bddk.org.tr/Mevzuat/DokumanGetir/960><https://www.fkb.org.tr/Sites/1/upload/files/kanun-eng-20200706-1928.pdf> |
| Does the legislation ensure clarity on the lessor's right to transfer their rights and duties of a leasing contract, and the associated legal ownership of the leased asset to another party? | **[X] Yes** [ ] No | Articles 27 of the Law No. 6361 regulates the lessor's right to transfer their rights and duties of a leasing contract, and the associated legal ownership of the leased asset to another party.<https://www.mevzuat.gov.tr/MevzuatMetin/1.5.6361.pdf><https://www.bddk.org.tr/Mevzuat/DokumanGetir/960><https://www.fkb.org.tr/Sites/1/upload/files/kanun-eng-20200706-1928.pdf> |
| 3.2.2 | **Does a central institution (e.g. regulator) oversee all leasing activities within the economy?** | **[x] Yes** [ ] No | Banking Regulation and Supervision Agency (BRSA) regulates and supervises leasing companies and their leasing activities within the economy. Leasing companies regulated by BRSA are defined as financial institutions under the Law No. 6361 and, these companies carry out major leasing activities within the economy.However, there are some activities in the economy that can be called operational leasing, which are carried out by car rental and fleet rental companies, and these companies are under the supervision of the Ministry of Commerce. These commercial companies do not qualify as financial institution.<https://www.mevzuat.gov.tr/MevzuatMetin/1.5.6361.pdf><https://www.bddk.org.tr/Mevzuat/DokumanGetir/960><https://www.fkb.org.tr/Sites/1/upload/files/kanun-eng-20200706-1928.pdf> |
| 3.2.3 | **Is leasing of equipment (rather than vehicles) offered in the economy?** | **[x] Yes** [ ] No |  Most of the leasing transactions in Turkey are composed of investment goods such as machinery and equipment rather than vehicles.<https://www.fkb.org.tr/Sites/1/upload/files/31122020_FinansalKiralama_Sektor_Raporu-1993.pdf> |
| **Thematic block 3. Factoring**  |
| 3.3.1 | **Have there been any changes in a legal framework regulating factoring activities? If yes, please specify.**  | **[x] Yes:** [ ] No | In 2019: The article has been added that the receivables deducted from the record will be deemed bad receivables due to the fact that there is no possibility of collection after the specific provision has been made.In 2020: Some clauses have been added to the clauses stating that contracts can be made using remote communication tools |
|  | Please specify if:  | the factoring agreement is defined as a contract of its own kind. | **[x] Yes** [ ] No | Article 38 of the Law No. 6361 clearly defines the factoring contract.<https://www.mevzuat.gov.tr/MevzuatMetin/1.5.6361.pdf><https://www.bddk.org.tr/Mevzuat/DokumanGetir/960><https://www.fkb.org.tr/Sites/1/upload/files/kanun-eng-20200706-1928.pdf> |
| a clear definition of the different types of factoring is provided. | [ ] Yes **[x] No** |  |
| a legal framework allows for simple and clear assignments of present and future accounts receivable. | **[x] Yes**  [ ] No | Article 38/1 of the Law No. 6361 and the Regulation on the Procedures and Principles to be Applied in Factoring Transactions forms a legal framework allows for simple and clear assignments of present and future accounts receivable.<https://www.mevzuat.gov.tr/MevzuatMetin/1.5.6361.pdf><https://www.bddk.org.tr/Mevzuat/DokumanGetir/960><https://www.fkb.org.tr/Sites/1/upload/files/kanun-eng-20200706-1928.pdf><https://www.mevzuat.gov.tr/mevzuat?MevzuatNo=20506&MevzuatTur=7&MevzuatTertip=5> |
| factoring by electronic means is legal.  | **[x] Yes**  [ ] No | With the 2nd paragraph of article 38 of the law amended on 18.6.2020, a legal infrastructure has been established to enable factoring transactions to be carried out electronically. Sub-regulation studies carried out by BRSA on the subject continue. After the completion of the process, it is expected that electronic factoring transactions will become widespread in the sector.<https://www.mevzuat.gov.tr/MevzuatMetin/1.5.6361.pdf><https://www.bddk.org.tr/Mevzuat/DokumanGetir/960><https://www.fkb.org.tr/Sites/1/upload/files/kanun-eng-20200706-1928.pdf> |
| *Optional - Please provide any further information on* ***Non-bank financing*** *sub-dimension in your economy that you deem relevant for the assessment* |  |  |

|  |  |
| --- | --- |
| **Question** | **Response** |
| Self-assessed level (1 through 5, whole and half numbers) | 4 |
| Brief justification |  |
| Brief justification | Turkey is strong in various non banking financial instruments, and in some others there is more need for development.  |
| Assessor name and institution | N. Pınar IşınDirector of EU Coordination UnitKOSGEBBeyza KurişSME ExpertEU Corodination Directorate KOSGEBAbdullah AktepeSME ExpertEU Corodination Directorate KOSGEB |

## Sub-dimension 4: Venture capital system

*[To access the responses of the previous SME Policy Index 2019 questionnaire click* [*here*](https://oecd-my.sharepoint.com/personal/marijana_petrovic_oecd_org/Documents/SME%20PI%202022%20Assessment/Turkey/Dimension%206/2019%20Turkey%20-%20SBA%20Questionnaire%20filled%20out%20.xlsx) *(ctrl+left click)]*

|  |  |  |
| --- | --- | --- |
| **Question** | **Response *[expand box as necessary]*** | **Source/evidence/links** |
| **Thematic block 1. Legal Framework** |
| 4.1.1 | **Since the last assessment (January 2019) has there been any change in a regulatory framework specifically targeting start-ups or VC activities? If so, please specify.**  | [X ] Yes:

|  |
| --- |
|  Amendment to Communiqué On Principles of Venture Capital Investment Funds published on 20/09/2020  |

[X ] Yes **Please refer to the explanation below.** | <https://www.resmigazete.gov.tr/eskiler/2020/10/20201009-16.htm> (Available in Turkish)<https://www.cmb.gov.tr/Sayfa/Dosya/137>  |
| 4.1.2 | **Has the government carried out a review of the regulatory framework to address the needs of the private venture capital funds operating in the economy?** *If such a review has already been done in the previous assessment cycle, please indicate it.* | [X ] **Yes: As a subset of venture capital investment activities, venture capital investment funds and venture capital investment companies, operate under the regulation and supervision of the CMB. Venture capital investment funds are established and managed by portfolio management companies or venture capital portfolio management companies. The funds collect money from qualified investors to establish a portfolio which is channelled into venture capital investments. Venture capital investment companies are publicly held companies, the main business activity of which is VC/PE investments. The secondary regulation on VC investment funds (Communiqué III-52.4) was amended by the CMB in 2020 in order to facilitate venture capital investments, in response especially to comments from VC investment fund managers on areas where regulation was causing undue difficulties in the operation of the funds. Among other issues, this amendment expands the definition of “venture company”, in which venture capital investment funds invest.**[ ] No[x ] Yes  | <https://www.cmb.gov.tr/Sayfa/Index/1/7>  |
| 4.1.3 | **Are there restrictions for institutional investors (pension funds, insurance companies) to invest in VC funds?** | [X ] **Yes: Under Article 21(1)(ç) of the Pension Funds Regulation, pension funds may invest up to 20% of their portfolios into units of VC investment funds or shares of VC investment companies. Up to 5% of the portfolio may be invested in the units of a single VC investment fund.****Under Article 18 of Communiqué on Principles of Investment Funds, maximum 20% of the fund net assets may be invested in other funds and according to Guideline for Investment Funds (page 24), total assets invested in one single fund may not exceed 4% of the fund net asset value.**[ ] No | <https://www.cmb.gov.tr/Sayfa/Dosya/140> <https://www.cmb.gov.tr/Sayfa/Dosya/135> <https://www.spk.gov.tr/Sayfa/Dosya/1087> (available in Turkish) |
| 4.1.4 | **To exit from venture capital/private equity funds, is the stock exchange with clear opportunities for initial public offerings (IPOs) an available option?** | [X ] **Yes** **According to the fund rules standards, which is determined and announced by the CMB, board of directors of the founder, which is a portfolio management company, can apply to Borsa Istanbul to sell fund units in qualified investors market under the BIST. As fund units are structured to trade in the market, investors can freely liquidate their investments through the BIST among qualified investors unless specific conditions are stipulated by the founder.**[x ] Yes [ ] No | <https://www.spk.gov.tr/Sayfa/AltSayfa/1044> (available in Turkish) |
| **Thematic block 2. Design and implementation of Government activities**  |
| 4.2.1 | **Is there a government programme to stimulate venture capital through financial or other incentives?** | [X] Yes

|  |
| --- |
| Turkish Investment Initiative (TII) Entrepreneurs in Turkey have great difficulty in obtaining the financial resources they require for putting their business ideas into practice. Apart from financing the companies in which they invest, venture capital funds offer managerial and strategic support, which in turn makes a significant contribution to each company’s growth prospects. For this purpose Turkish Investment Initiative (TII) founded in 2007. Besides EIF, Turkish Treasury and KOSGEB are among the big investors of TII from the Government side. TII is Turkey’s first and only dedicated Fund of Funds PLATFORM brings together a selected group of investors to capitalise on the Turkish risk capital opportunity by providing access to finance to; • First Time, • Established and • Experienced Funds. TII has 2 sub funds ; • İstanbul Venture Capital Investment Trust Inc.Co (iVCi)(Sub Fund A) • Turkish Growth and Innovation Fund (TGIF) (Sub Fund B)  |

[ ] No[x ] Yes  | https://www.eif.org/what\_we\_do/resources/IVCi/index.htm https://www.eif.org/what\_we\_do/resources/tgif/index.htm https://www.kosgeb.gov.tr/site/tr/genel/detay/347/istiraklerimiz Technology and Innovation Fund (teknolojiinovasyonfonu.com.tr) (STB) |
| 4.2.2 | **Has a review been carried out of the existing venture capital activities in the economy?** | [x ] Yes  [ ] No |  |
| 4.2.3 | **Does the government provide tax relief on investments in new venture capital corporations?** | [X ] Yes Corporate Tax Law 5520 - Item 5(1)-a-3 and 5(1)-d-3 defines exemption and Item 10(1)-g defines dicount [x ] Yes [ ] No | https://www.mevzuat.gov.tr/MevzuatMetin/1.5.5520.pdf PT |
| 4.2.4 | **Is there a regulatory framework on crowdfunding activities in place? If yes, please indicate which type of crowdfunding it regulates (e.g. peer-to-peer lending; equity crowdfunding; rewards-based crowdfunding; donation-based crowdfunding; profit-sharing / revenue-sharing; debt-securities crowdfunding)** | [X] Yes: **Equity-based crowdfunding has been regulated by the CMB. Communiqué on Equity-Based Crowdfunding (III-35/A.1) was published in the Official Gazette edition 30907 on 03.10.2019. The Regulation on debt-securities crowdfunding is planned to be published in the near future.**[ ] No[x ] Yes  | <https://www.cmb.gov.tr/Sayfa/Dosya/146>Equity based crowdfunding platform is in place and regulated by the Capital Markets Board of Turkey. |
|  |  | a) How many crowdfunding platforms operate in your country? | Integration processes with 10 platforms is completed since April 2021, when the system was launched. |  |
| 4.2.5 | **Does an active business angel network exist in your economy?** | [x ] Yes  [ ] No[x ] Yes  | Borsa İstanbul provides a private market, which brings companies and investors (angel investors, qualified investors, private capital funds) together in order to buy and sell shares without going public. Private Market is a marketplace offering companies the opportunity to find shareholders and thereby finances without going public. It allows shareholders to sell their existing shares and by doing so have access to liquidity. It also provides investors with the opportunity of finding buyers so as to liquidate their investments. In Private market, companies can completely control their shareholder structure. They are able to choose their new shareholders. |
|  | If yes  | Is the government promoting business angel networks and activities to potential investors? | [x ] Yes [ ] No |  |
| Are there financial incentives for business angel activities? | [ x] Yes [ ] No |  |
| Are public funds used to enlarge the seed capital pool of business angel networks? | [x ] Yes [ ] No |  |
| 4.2.6 | **Are venture capital funds required to disclose aspects of their operations?** | [ ] Yes [ X] No**Venture capital investment funds are only required to periodically disclose financial statements.**x ] No |  |
| 4.2.7 | **Is protection for minority shareholders provided in legislation?** | [x ] Yes  [ ] No[x ] Yes  | Turkey has a strong regulatory framework for corporate governance overseen by the Capital Markets Board of Turkey. The implementation of certain corporate governance principles is mandatory for listed companies, whereas other principles are implemented on a comply or explain basis. Information on all corporate governance practices are disclosed on an annual basis as well as upon the occurrence of changes. International standards for accounting and auditing are in place. For more info on Corporate Governance Communique: <https://www.cmb.gov.tr/Sayfa/Dosya/161>[[SPK1]](file:///C%3A%5CUsers%5Cmeryem.sivgin%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CTemporary%20Internet%20Files%5CContent.Outlook%5CVYYHTEU5%5CDimension%206_commented%20questionnaire_Turkey.docx#_msocom_1) The corporate governance regulations made by the Capital Markets Board cover only publicly traded companies and companies whose capital market instruments are traded on the stock exchange. In addition, within the framework of the Corporate Governance Communiqué, public disclosure is obligatory for all corporate governance practices, but some of the principles are required to be implemented. Other principles are applied on the basis of “comply or explain”. How these principles are applied if they are applied, why they are not applied if they are not applied and the plans for their implementation are explained within the scope of the reports made by the companies. The writing proposal to explain this situation more clearly is shown on the text. In addition, it is considered appropriate to provide the link for the English translation of the Corporate Governance Communiqué to the address https://www.cmb.gov.tr/Sayfa/Dosya/161 containing the current text. |
| **Thematic block 3. Monitoring and evaluation**  |
| 4.3.1 | **Are the stimulation measures for venture capital activities provided by the government being regularly monitored?** | [ X] Yes 1-Monitoring Turkish Investment Initiative (TII); through Board of Directors, Advisory Board and Investment Committee 2-Investment of KOSGEB in Turkish Investment Initiative (TII) is audited regularly by Turkish Court of Accounts [x ] Yes [ ] No |  |
| 4.3.2 | **Are stimulation measures for venture capital activities provided by the government evaluated?** | [ X] Yes 1-Monitoring Turkish Investment Initiative (TII); through Board of Directors, Advisory Board and Investment Committee 2-Investment of KOSGEB in Turkish Investment Initiative (TII) is audited regularly by Turkish Court of Accounts [ ] No[x ] Yes  |  |
| 4.3.3 | **Do such evaluations lead to an adaptation of stimulation measures?** | [ X] Yes [x ] Yes [ ] No |  |
| 4.3.4 | **If there is a government programme to stimulate venture capital through financial or other incentives, what is the budget of such a programme (in Euro)?** | (I)The Technology and Innovation Fund with a size of 35 million Euro will make indirect investments through venture capital funds within the framework of its co-investment strategy in technology-focused new generation start-ups that have reached certain milestones. A commitment of 60 million Euros has been made within the Funds of funds and a transfer of 25.2 million Euros has been made so far. In this context, 12.8 million Euros has been allocated from this year's budget. For the funds, there is a legal basis of 200 million Euros to be used until the end of December 2023. 2.7 million Euros have been transferred by this time. Within this framework, 23.6 million Euros has been allocated from this year's budget. (ii) Turkish Investment Initiative (TII) -Sub Fund A (iVCi)- Fund size 160 MEUR (KOSGEB- 50 MEUR) -Sub Fund B (TGIF)- Fund size 200 MEUR – (KOSGEB -60 MEUR)  | (ii)[Teknoloji ve İnovasyon Fonu (teknolojiinovasyonfonu.com.tr)](https://teknolojiinovasyonfonu.com.tr/) |
| *Optional - Please provide any further information on* ***Venture capital system*** *sub-dimension in your economy that you deem relevant for the assessment* |  |  |

|  |  |
| --- | --- |
| **Question** | **Response** |
| Self-assessed level (1 through 5, whole and half numbers) | 4 |
| Brief justification | There are important initiatives in VC system in Turkey, but there is still much room for improvement. |
| Assessor name and institution | N. Pınar IşınDirector of EU Coordination UnitKOSGEBBeyza KurişSME ExpertEU Corodination Directorate KOSGEBAbdullah AktepeSME ExpertEU Corodination Directorate KOSGEB |

## Sub-dimension 5: Financial literacy

*[To access the responses of the previous SME Policy Index 2019 questionnaire click* [*here*](https://oecd-my.sharepoint.com/personal/marijana_petrovic_oecd_org/Documents/SME%20PI%202022%20Assessment/Turkey/Dimension%206/2019%20Turkey%20-%20SBA%20Questionnaire%20filled%20out%20.xlsx) *(ctrl+left click)]*

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| --- | --- | --- |
| **Question** | **Response *[expand box as necessary]*** | **Source/evidence/links** |
| **Thematic block 1. Planning, design and implementation**  |
| 5.1.1 | **Since the last assessment (January 2019) did the government assess the SME population's level of financial literacy? If so, please specify.**  | [ ] Yes: [x ] NoX] No |  |
| 5.1.2 | **Does the government have a communication plan on financial literacy?** | [X] Yes 11TH Development Plan-item 228.1 [X ] **Yes. Objectives for financial literacy are defined under the Eleventh Development Program and activities to be conducted are specified in the Medium-Term and Annual Programs. Under the Eleventh Development Plan, the main objectives are defined as follows;*** **Financial literacy will be increased especially for SMEs in order to increase corporate savings.**
* **Financial training activities carried out by public institutions, especially the CMB, will be expanded and educational support will be provided to households on basic finance concepts.**
* **Financial literacy education will be expanded in the primary, secondary and higher education institutions and this education will be provided to adults within the scope of non-formal education.**

[ ] No | <https://www.sbb.gov.tr/wp-content/uploads/2020/03/On_BirinciPLan_ingilizce_SonBaski.pdf>   |
| 5.1.3 | **Are there any financial literacy trainings targeting entrepreneurs organised by the government in place?** | [ X] Yes Within the context of **KOSGEB e-Akademi**, free online trainings containing financial modules, have been organised for SMEs since 2019 by KOSGEB [ ] No | https://lms.kosgeb.gov.tr/  |
|  | If yes  | Do they include modules on accounting and/or business planning? | [X] Yes [ X] Yes [ ] No | https://lms.kosgeb.gov.tr/  |
| Do they provide SMEs with access to information on types of financing available for them? | [X] Yes [ X] Yes [ ] No | Yes, there is. Please refer to the link below:https://lms.kosgeb.gov.tr/  |
| Do they provide SMEs with access to information on equity financing? | [X ] Yes [ X] Yes [ ] No | Yes, there is. Please refer to the link below: |
| 5.1.4 | **How is information on financial literacy programmes available (please indicate all relevant sources)?** |  |  |
|  |  | Directly upon request from SMEs | [ ] Yes [ ] No |  |
| Via printed information material | [ ] Yes [ ] No |  |
| Online (website, information portal) | [X ] Yes [ X] Yes [ ] No | https://lms.kosgeb.gov.tr/  |
| Other (please specify): |  |  |
| 5.1.5 | **Have additional information resources been made available about financial support during Covid-19? If yes, please specify what those were.** | **[x] Yes:** [ ] No | Financial support and other majors taken declared to the public via media.  |
| 5.1.6 | **Is financial education included into the secondary school curriculum?** | [x ] Yes **[ ] No** | Borsa İstanbul  financial literacy training videos, which we created for high school students with the General Directorate ofSecondary Education of the Ministry of National Education, were streamed on Eba TV during the 2020-2021 school year |
|  | If yes  | Is it mandatory for all students (general and vocational track)? | [ ] Yes [X ] No | The content is informative. |
| Are professional training courses available for teachers delivering financial education in secondary schools? | [ ] Yes [ ] No |  |
| 5.1.7 | **Are there standards for private providers of financial literacy education?** | [ ] Yes [x] No |  |
| **Thematic block 2. Monitoring and evaluation**  |
| 5.2.1 | **Are the programmes under the financial literacy government schemes regularly evaluated?**  | [ ] Yes [ x] No |  |
|  | If yes  | Have any adjustments been made based on the evaluation results? Please specify. | [ ] Yes: [ ] No |  |
| 5.2.2 | **How many entrepreneurs participate in the financial literacy programmes (annually)?** |  |  |
| 5.2.3 | **Which programmes under the financial literacy government schemes are the most used?** |  |  |
| 5.2.4 | **Are there minimal levels of turnover for requiring specific financial reporting standards (e.g. IFRS)? Please specify.**  | [ ] Yes: **[x] No** |  |
| *Optional - Please provide any further information on* ***Financial literacy sub-dimension*** *in your economy that you deem relevant for the assessment* |  |  |

|  |  |
| --- | --- |
| **Question** | **Response** |
| Self-assessed level (1 through 5, whole and half numbers) | 4 |
| Brief justification | There are important initiatives in financial literacy in Turkey, but there is still much room for improvement. |
| Assessor name and institution | N. Pınar IşınDirector of EU Coordination UnitKOSGEBBeyza KurişSME ExpertEU Corodination Directorate KOSGEBAbdullah AktepeSME ExpertEU Corodination Directorate KOSGEB |

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| **Self-assessed level (1 through 5, whole and half numbers) for the overall dimension – Access to finance for SMEs:**  | 4.5Overall Turkey has a comprehensive legal framework for access to finance. Someimprovements have been made since the previous assessment, The Basel core principles have been fully implemented, including Basel III requirements. |

1. Inclusive business is a form of business that aims at facilitating and fostering economically vulnerable people's participation in economic life – by easing access to a stable and sufficient source of income, to essential goods and services, or to valuable credits and loans ([HEC, Paris](https://www.hec.edu/en/faculty-research/centers/society-organizations-institute/think/so-institute-executive-factsheets/what-inclusive-business)). [↑](#footnote-ref-2)