

KOSGEB – WORLD BANK
RAPID SUPPORT FOR MICRO and SMALL ENTERPRISES PROJECT

Objective:

Taking into consideration of devastating effects of Covid-19 pandemic over micro and small enterprises (MSEs); **this project aims to relieve MSEs which are in prioritized strategic sectors by means of a rapid and simple liquidity based support program.**

Turkey's economic and industrial policies are based on economic growth led by value-added and high-tech manufacturing industries. **This general strategy requires measures to enable the manufacturing sector to overcome the pandemic crisis with minimal damage.** Besides, it will be more difficult and costly to restore the production activities that stop or slow down in the manufacturing sector after the outbreak, than in the service and trade sector. Considering the position of manufacturing sector in value chains as well, it is decided that the **bounded program budget can be used more effectively by prioritizing “manufacturing sector” and its complementary sectors such as “computer programming” and “scientific R&D”.**

Model:

Since a **rapid, simple and secure** way of supporting required, **KOSGEB will execute a new program apart from other KOSGEB programs.** MSEs which meet the eligibility criteria will be able to apply over KOSGEB's web based support infrastructure called **KBS (KOSGEB SME Information System** that is linked to National E-Government Gateway, Revenue Administration, Social Security Institution, MERSIS and ESBIS national trade registry systems and some other national databases).

Unlike other KOSGEB programs, there won't be a board or committee assessment procedure. Following the application made by eligible SMEs, support disbursement progress will begin. **Payments will be made in 3 installments, in a 3 month period.** Before each payment; **it will be checked from the official records that the beneficiary SME is active and preserves its employment at a particular level.**

Support program will comprise two components:

In first component; interest free reimbursable support will be provided to **MSEs in manufacturing and scientific R&D sectors.**

In second component; interest free reimbursable support will be provided to **innovative young MSEs** established in 2017 or later and operating in manufacturing, computer programming or scientific R&D sector.

Eligibility criteria:

➤ **The following MSEs will be eligible for support:**

• **Size criterion:**

Micro or small sized enterprises (MSEs) will be able to apply.

• **Sector criterion:**

MSEs acting in the following sectors may apply to relevant component:

- Manufacturing sector (NACE Rev 2 – Section C)
- Computer programming, consultancy and related activities sector (NACE Rev 2 – Division 62)
- Scientific research and development sector (NACE Rev 2 – Division 72)

• **Viability criterion:**

MSEs that are deemed to be viable before Covid-19 will be able to apply (this will be evidenced by previous year's minimum income).

• **“Affected by pandemic” criterion:**

MSEs whose income in 2020 has not increased compared to their income in 2019 will be considered as “affected by pandemic”

Last two fiscal prerequisites will not be in effect for **innovative young enterprises.**

➤ **The following enterprises stated below will not be able to apply:**

- The enterprises in sectors which are in exclusion list of World Bank.
- Beneficiary firms of the “Credit to Continue Business” provided by three state-owned banks cannot apply for reimbursable support financing funded by this project if the credit amount is more than 250.000 TL.
- MSEs that do not declare in the application that they have no overdue tax and social security contributions above legal limits or have restructured or will restructure the debt.

Support type and amount:

Support type will be “**interest free reimbursable support**”.

Payment confirmation will be given by observing from the SGK records that the company maintains number of existing personnel in base month (March 2020). There will be no payment for months that do not meet this requirement.

Reimbursable support amounts by scale:

- Micro enterprises: $10.000 \times 3 = 30.000 \text{ TL}^*$
- Small enterprises: $25.000 \times 3 = 75.000 \text{ TL}^*$

*: These amounts indicate upper limits. Payment amounts may change due to the personnel number at payment month.