

Loans revitalise smaller firms across Turkey

The European Union's enlargement process is not just about making sure candidate countries comply with EU rules. EU assistance helps the enlargement countries to develop in economic and social terms – as this project in the Turkish provinces demonstrates.

BOOSTING DEVELOPMENT IN THE PROVINCES

With an EU contribution of €43.5 million, the Greater Anatolia Guarantee Facility has provided 4,300 entrepreneurs with the credit they need to develop their businesses. The grant scheme leverages an overall lending volume of €900 million to support smaller companies in developing regions of Turkey. The European Investment Bank has provided half the funding for these loans, with Turkish banks providing the rest.

The Guarantee Facility channels credit to Turkish provinces, where income per capita tends to be 75% lower than the national average. From Kastamonu in the North, to Van in the East, the regions covered by the Facility are home to a quarter of the country's smaller firms, but they have received only 10% of total lending. The guarantees provided make it possible for commercial lenders to finance smaller companies under conditions that really help growth.

TEACHING UNEMPLOYED WOMEN PROFESSIONAL SKILLS

One of the beneficiaries is the Vocational Training Centre for Women in Antakya, Hatay,

which has used funds guaranteed by the Facility to launch a training course for unemployed women. Students are generally over the age of 25 and eager to begin a professional life. "Most of them have experience raising children and keeping a household, but few have ever had a career," explains Okan Özüdoğru, who teaches at the centre. With EU funds, the Vocational Training Centre for Women provides introductory classes in information technology, management, and practical skills for local industries. It offers women a chance to get out of the house and take part in the economy.

The initiative is bearing fruit. Tülay Genç, the 43-year-old mother of two children in Hatay, says that the course has transformed her life. When she started her studies at the Vocational Training Centre for Women, her family had no social security and her husband was unemployed. But on graduating, she secured a job in the textile industry and became a craft worker in silk embroidery. "I now work as both



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a craftsman and a sales assistant,” she says. “My salary is putting our daughter through university.” The Vocational Training Centre for Women also encourages its students to start their own business with evening courses in company administration and finance. Some of the centre’s students have also obtained direct access to credit. On completing her course, Gülhan Yolcu worked in several firms until she decided to start her own.

Smaller firms generate the largest proportion of employment in Europe, and are key to a healthy job market. By providing them with better access to financing, the Guarantee Facility is boosting innovation, regional development, growth and employment in some of the poorest regions in Turkey, and the results are helping to bridge the development gap across the country.

PROJECT DETAILS –

The Greater Anatolia Guarantee Facility

Partners:

Ministry of Industry, Science and Technology, Turkey
European Investment Fund
European Investment Bank
Credit Guarantee Fund of Turkey (KGF)
Local partner banks: Finansbank, Şekerbank, Türkiye İş Bankası,
Garanti Bankası, Denizbank

Total cost in €:

51.1 million

EU Contribution in €:

43.5 million (85%)

Start date:

October 2010

End date:

December 2017

Results:

4,300 SMEs received €345 million in loans from the facility;
310 micro-enterprises benefited from a KGF guarantee for loans
worth €5.3 million

Techniques:

Loan provision through partner banks; providing guarantees for
SMEs and micro-enterprises; technical assistance and
institutional building activities for partners

