

Selected projects

**Official title of the project**

EU loan for small businesses

Country

Turkey

Sector

Finance, SME

Budget/EC contribution

20 million euros EU contribution

Implementation period

July 2002 – December 2008

Coordinator

Implemented By ILO

Beneficiary

Companies employing up to 50 employees, with less than \$1 million in assets

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Turkey

EU loan for small businesses

The “Small Enterprises Loan Programme” (SELP) is a European Union (EU) funded programme to provide loan facilities to small businesses in Turkey. The main objectives of the programme are to increase the competitiveness of Turkish small enterprises; improve loan facilities of the selected commercial banks with respect to loans designed for small enterprises; and enable continuous and sustainable finance for small companies.

Loans up to a maximum of €30.000 per company

The first drafting of SELP was undertaken in 2001, and German Development Bank KfW was selected in order to implement the project on behalf of the European Commission. Approximately €15 million from the total budget has been released as loans. However, the loan facilities are not limited to €15 million, because this amount is being rolled-over through repeated releases of loan paybacks. Thanks to this practice, 2975 loans were granted between September 2004 and June 2007, reaching a total value of nearly €33 million.

Turkish SMEs Benefit Little from Bank Loans

SMEs contribute considerably to the dynamism of the Turkish economy. However, the SMEs’ share in capital investment, value added, exports and bank loans is very low. OECD figures show that Turkish SMEs’ share is 38% of capital investment, 26.5% of added value added, 10% of exports and only 5% of bank loans. In this context, the EU’s “Small Enterprises Loan Programme” is particularly important as an opportunity of sustainable access to financial facilities for SMEs.

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