

**ORGANIZATION FOR DEVELOPMENT OF SMALL AND MEDIUM
ENTERPRISES (KOSGEB)**

KOBIGEL-SME DEVELOPMENT SUPPORT

PROGRAM SECTION ONE

Purpose, Scope, Legal Basis and Definitions

Purpose

ARTICLE 1 – (1) The purpose of this program is to support the projects to be developed by small and medium enterprises in order for increasing their shares and effectiveness in the economy, as well as improve their competitive powers and the added value they provided, in line with the national and international goals of the country.

Scope

ARTICLE 2 – (1) This program sets out the principles of SME Development Support Program to be implemented by KOSGEB for the benefit of small and medium enterprises.

Legal Basis

ARTICLE 3- (1) This program is developed based on the Regulation on KOSGEB Support Programs published on Official Journal No 27612 of 15.06.2010.

Definitions

ARTICLE 4- (1) In this program;

- a) Presidency: KOSGEB Presidency,
- b) Independent Auditor: Independent Auditors and Independent Audit Firms licensed by Public Oversight Accounting and Auditing Standards Authority to conduct independent audit,
- c) Evaluation and Certification Report: The report issued by Independent Auditor or Certified Public Accountant in line with the principles defined by KOSGEB,
- ç) Early Payment: Payment made, prior to the making relevant support payments, to the enterprises in exchange of the guarantee, as a facilitation for them to kick off the project.¹
- d) Repayable Support: Support provided under program to the small and medium enterprises against a letter of guarantee which will be repaid by them,
- e) Non-repayable Support: Support provided under the program to small and medium enterprises and operators under programs, which will not be repaid by them,
- f) Enterprise: Small and Medium Enterprises (SME) which are covered by the Regulation on the Definition, Qualifications and Classification of Small and Medium Enterprises published on Official Journal No 25997 of 18.11.2005, and operating in the industries as identified by the Decree of Council of Ministers No 2009/15431 published on Official Journal No 27353 of 18.9.2009,
- g) SME Information System (KBS): Software used to make applications, evaluation, monitoring, reporting and notifications,²
- ğ) KOSGEB: ORGANIZATION FOR DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES,
- h) KOSGEB Unit: Units contained in central and rural organization of KOSGEB,
- i) KOSGEB Database: Database where the enterprises are recorded,

¹ Definition is added, with the authority granted to Presidency for making an arrangement to make early payment in the Support Programs with the Executive Committee Decision No 2017-20 of 20.09.2017, and subsequent sub-paragraphs are renumbered.

² Definition is added with the Executive Committee Decision No 2017-08 of 20.09.2017 and APPROVAL No 3742 of 03.04.2018 and subsequent sub-paragraphs are renumbered.

- j) Board: Evaluation and Decision Board which evaluates and/or decides on the project applications,
- k) Project: A set of inter-related activities, which purpose, scope, targets, outputs, period, budget, other resources and implementers are certain,
- l) Call for Project Proposal: A publicly announced text which specify the conditions of applications, support items, limits and ratios, budget, timetable, evaluation criteria and other relevant matters in certain periods and on certain areas, as implemented by KOSGEB, l)
- Letter of Guarantee: The document, submitted to KOSGEB by enterprises which applied to benefit from program, which contain their administrative, financial and legal commitments,
- m) Certified Public Accountant: The persons, actively practicing the profession, who are registered in the professionals list of the chambers of certified public accountants pursuant to the Self-Employed Accountant and Certified Public Accountant Law No 3568 published on Official Journal No 20194 of 13/6/1989,
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SECTION TWO

Particulars of Support Program

Project areas to be supported, conditions to benefit from program, application and evaluation

ARTICLE 5 – (1) Call for Project Proposal shall be issued by Presidency by taking the goals set in the Development Plans, Government Programs and Annual Programs as well as priorities in the strategic documents into consideration.

(2) Call for Project Proposal shall be announced on the website of KOSGEB at www.kosgeb.gov.tr.

(3) Enterprises which want to benefit from program must be recorded in the KOSGEB Database.

(4) Enterprises must essentially submit project application to relevant KOSGEB Unit to benefit from the program.

(5) Projects will be evaluated and decided by the Board. Decisions given by the Board are final and conclusive.

(6) Result of evaluation will be communicated to enterprise and/or announced on the website of KOSGEB at www.kosgeb.gov.tr.

(7) A letter of guarantee shall be obtained from applicants whose projects found eligible via SME Information System. The date on which letter of guarantee is confirmed by the enterprises via SME Information System shall be considered as the starting date of the project.³

³ Paragraph is amended with the Executive Committee Decision No 2017-08 of 20.09.2017 and APPROVAL No 3742 of 03.04.2018. Before amendment: (7) A letter of guarantee will be collected from the applicant whose application is approved. The date on which letter of guarantee is recorded at the KOSGEB Units shall be considered as the starting date of the project.

Project expense to be supported

ARTICLE 6 – (1) The project expenses to be supported by the program shall be determined by Presidency in the Call for Project Proposal, and the project expenses to be supported shall be decided by the Board within the defined principles. However, no support will be given to property purchasing, building construction, furnishing, motor vehicle leasing and purchasing, personnel expenses and other costs not associated with the project, as well as taxes, duties, charges and social security premiums.

Project term, support upper limit and ratio

ARTICLE 7 – (1) Term of a project to be supported under the program is 36 months as a maximum.

(2) The upper limit of the support to be provided under the project is TRY 1,000,000 (One million) in total, which consists of TRY 300,000 (Three hundred thousand) for non-repayable part, TRY 700,000 (Seven hundred thousand) for repayable part.

(3) The support ratio of the program is 60% (sixty) for Regions 1 and 2, and 80% (eighty) for Regions 3, 4, 5 and 6.

(4)...⁴

(5) To provide the repayable support, a guarantee in the amount of the support shall be obtained from the enterprise before making the support payment.

(6) Under the repayable support, repayments will be made in 8 (eight) equal quarterly installments with a grace period of 6 (six) months following the end of the project. No interest or commission shall be charged for the repayable supports.

(7) For machinery-equipment to be procured as part of project, support ratios will be increased by 15% upon submission of the domestic goods certificate obtained in accordance with the SGM 2014/35 Numbered Domestic Goods Communiqué published by Ministry of Science, Industry and Technology on the Official Journal No 29118 of 13.09.2014. . ⁵

(8) In line with the goals set in the Development Plans, Government Programs and Annual Programs as well as priorities in the strategic documents, Presidency may set new limits and ratios, or restrict the support elements, specific to a certain implementation, but not to exceed the support upper limits and ratios defined in the program, by considering the regional, industrial and scale criteria. Such implementations may be made periodically or on the basis of call.

Support payments

ARTICLE 8 - (1) Enterprise will submit the payment documents, relating to the goods and service procurements, as found suitable by the Board, under the project, or Evaluation and Certification Report in line with the principles defined in the implementation principles of this program.

⁴ Paragraph is omitted with the Executive Committee Decision No 2018-09 of 01.03.2018 and APPROVAL No 3742 of 03.04.2018. Before amendment: (4) For the guarantees required by KOSGEB, 100% Non-Repayable Support is provided as Guarantee Expenses.

⁵ Paragraph is adopted with the Executive Committee Decision No 2016-06 of 16.03.2016 and APPROVAL No 6651 of 17.05.2016 and subsequent sub-paragraphs are renumbered.

⁶ Paragraph is amended with the Executive Committee Decision No 2017-08 of 20.09.2017 and APPROVAL No 3742 of 03.04.2018.

Before amendment: (1) Enterprise will submit to KOSGEB Unit the payment documents, relating to the goods and service procurements, as found suitable by the Board, under the project, or Evaluation and Certification Report.

(2) KOSGEB Unit reviews and evaluates the relevant documents. Support payment will be made to the bank account of the enterprise for the expenses that are found eligible as a result of evaluation. However, at the request of enterprise, support payment can also be made to the bank account of the service providers from which service and/or goods were procured.

(3) When calculating the support amount on the payment documents, Value Added Tax shall be excluded from the scope of the support.

(4) Early payment may be made as part of this support program. Early Payment Principles and Procedures of KOSGEB Support Programs shall apply to the early payment and set-off processes.⁷

Monitoring

ARTICLE 9 - (1) Monitoring and evaluation of the conformity of the reports issued by the enterprises for the project activity stages to the project accepted by the Board, as well as the results of the project shall be performed by KOSGEB personnel and/or third party service providers.⁸

SECTION THREE

Miscellaneous and Final Provisions

Miscellaneous and Final Provisions

ARTICLE 10 - (1) No more than one project of a certain enterprise may be supported simultaneously under the project. A new project may be submitted once the completion of an existing project. The upper limits defined for this Program are project-based and the support upper limit will be renewed for each project of the enterprise.

(2) The result report to be issued by the enterprise whose project was completed will be evaluated by the Board, which will decide if the project was completed successfully. Regardless of successful or unsuccessful completion of the project, no repayment will be requested for the non-repayable supports, and the repayable supports will be repaid in line with the repayment plan.

(3) In case enterprises goes takeover, merger, or combination, or type reclassification, then KOSGEB Unit will evaluate the issue and decide on termination or continuation of the project.

(4) Machinery, equipment, hardware, software and similar movables procured using the supports provided for the project will remain a property of the legal personality of the Enterprise, and in no event shall they be leased or transferred to other natural or legal persons for 3 (three) years starting by date on which letter of guarantee is confirmed by enterprise via SME Information System. Provisions of this Article may not apply to the enterprises which stopped doing business.⁹

⁷ Paragraph is added, with the authority granted to Presidency for making an arrangement to make early payment in the Support Programs with the Executive Committee Decision No 2017-20 of 20.09.2017, and subsequent sub-paragraphs are renumbered.

⁸ Paragraph is amended with the Executive Committee Decision No 2017-08 of 20.09.2017 and APPROVAL No 3742 of 03.04.2018.

Before amendment: (1) Monitoring and evaluation of the conformity of the reports issued by the enterprises for the project activity stages to the project document accepted by the Board, as well as the results of the project shall be performed by KOSGEB personnel and/or third party service providers.

⁹ Paragraph is amended with the Executive Committee Decision No 2017-08 of 20.09.2017 and APPROVAL No 3742 of 03.04.2018.

Before amendment: (4) Machinery, equipment, hardware, software and similar movables procured using the supports provided for the project will remain a property of the legal personality of the Enterprise, and in no event shall they be leased or transferred to other natural or legal persons for 3 (three) years starting by the registration date of the letter of guarantee.

(5) Support process will be terminated when enterprise is liquidated, stopped doing business during the project term, or project is terminated by the board. The grounds asserted by the enterprise whose support process was terminated will be evaluated by the Board. As a result of the evaluation, if it is decided that the termination is arisen due to death, severe accident, severe disease, imprisonment, fire, earthquake, flooding, theft, financial incapacity, or such similar causes as found acceptable by the Board, which prevent enterprise from performing its activities unless the same is caused by wilful misconduct or gross fault of the enterprise, then non-repayable supports provided until such time shall not be claimed back. Otherwise, support payments provided until such time shall be claimed, together with the legal interest to applied as of the payment due date.

(6) If prices of the goods and services procured from abroad are expressed in a foreign currency in the relevant invoice, payment will be made in Turkish Liras to be converted on the Forex buying rate published by Turkish Central Bank on the issuing date of the invoice.

(7) Under the support, enterprise may not procure goods/services from its owner and partners and their spouses, mothers, fathers, siblings, children and the enterprises owned/partnered by them. In this case, no support payment will be made.

(8) Constitution and working principles of the board shall be determined as part of the implementation principles of the programs. Entire service fees of the board members who are currently an academic member shall be paid by KOSGEB.

(9) Information and documents submitted to the persons involved in the evaluation and observation processes of the project applications made as part of program shall be treated as "trade secret" owned by applicant and may not be transferred to third parties by any means.

(10) In case of changes to or new definitions added to the regions as defined with the "Decree of Council of Ministers on the Governmental Support in Investments" published in Official Journal No 28328 of 19/06/2012, necessary adjustments shall be made by Presidency to the scope of the program.

(11) No support may be received from different organizations/authorities for funding the same expense, except for the legal liabilities such as tax, social security premiums etc. This provision shall be included in the Letter of Guarantee.

(12) All notifications and applications may be made in written as well as electronically. In addition, all documents required under the Program may be obtained electronically.¹⁰

Non-conformity

ARTICLE 11 - (1) In case of any non-conformities with KOSGEB Legislation during or after support program, all processes relating to the supports provided to the enterprise as part of Regulation on KOSGEB Support Programs shall be suspended. If such non-conformity has not been eliminated, or in case of dispute, the support in dispute, together with legal interest, shall be collected by KOSGEB.

Provisions of this Article may not apply to the enterprises which stopped doing business.⁹

¹⁰ Paragraph is added with the Executive Committee Decision No 2017-08 of 20.09.2017 and APPROVAL No 3742 of 03.04.2018.

When dispute ceases to exist and if enterprise applies, support process will be resumed.

(2) Non-conformities arising under this program shall be dealt with according to the Non-Conformity Guidelines applied by the Presidency.

Implementation Principles of Support Program

ARTICLE 12 - (1) Support Program Implementation Principles shall be prepared by Presidency for the implementation of the program and become effective with the approval of KOSGEB President.

Effectiveness

ARTICLE 13 - (1) This program comes into force with the approval of Executive Committee of KOSGEB.

Enforcement

ARTICLE 14 - (1) This Program shall be executed by President of KOSGEB.