

## Turkey Updates Treasury Support Scheme to Encourage Access to Finance

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Turkey has updated procedures and principles for the Undersecretariat of Treasury's ("**Treasury**") activities to support financial lease companies and banks which are shareholders of credit guarantee institutions. Amendments aim to improve access to finance for SMEs and non-SME beneficiaries. The changes include tradesman, craftsmen and self-employed persons, agricultural enterprises and farmers, provided they are deemed to be SMEs.

The Council of Ministers Decree on Treasury Support Provided to Credit Guarantee Institutions numbered 2016/9538 ("**Decree**") was published in Official Gazette number 29896 on 22 November 2016, entering into effect on the same date.

Under the Decree, the Treasury's support continues to be provided through Kredi Garanti Fonu A.Ş. ("**Institution**"), subject to an agreement with the Treasury.

Key changes introduced by the Decree include:

- Special provisions have been removed regarding Small and Medium Size Enterprises, Women Entrepreneurs, Manufacturing Industry Investments, Shipbuilding Industry and Travel Agencies (first included in February 2015).
- The Decree removes sector-specific upper limits for guarantees. Accordingly, the 2 billion TL upper limit on guarantee of shipbuilding industry credits has been lifted.
- The total amount of guarantee provided by the Authority within the scope of the Decree increases from 10 billion TL to 20 billion TL. The amount which can be transferred from the Undersecretariat to the Authority has increased from 1 billion TL to 2 billion TL.
- Post-default debt enforcements processes will now be carried out by creditors. Post-default enforcement processes of exporter loans with 100% guarantee through Eximbank will be carried out by the Authority. Prior legislation was silent as to who should undertake enforcement processes.
- A Portfolio Guarantee System is introduced, whereby the Undersecretariat will indemnify credit transactions up to certain caps set by the Authority.

Please see this [link](#) for the full text of the Resolution (only available in Turkish).

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