



Project on “Empowering SME Development Agencies with Innovative Financing Solutions under the OIC-SMENET Framework”

**Workshop on
“Designing Implementation Strategies for
Innovative SME Financing Support Mechanisms”**

16-17 September 2026

Ankara, Türkiye

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From Innovative SME Financing Models to Institutional Implementation

Lessons from the Training Course and Priorities for the Workshop

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Introduction: Why the SME Financing Gap Matters

Economic role of MSMEs

Micro, Small and Medium-sized Enterprises (MSMEs) are central economic actors worldwide. Their contribution is especially visible in employment, output, entrepreneurship, local value chains and economic resilience.

In OIC Member Countries, MSMEs also play an important role in productive capacity, job creation, enterprise development and inclusive growth.

Persistent financing constraint

Access to finance remains a persistent constraint for many SMEs.

The financing constraint is not only about funding availability.

It is shaped by conditions on the SME side, the capacity and risk-assessment practices of finance providers, and the wider institutional environment.

Why Does the SME Financing Gap Persist?

SME-side constraints

1. Lack of collateral and credit history
2. Limited financial literacy
3. Informal business practices
4. Vulnerability to economic shocks

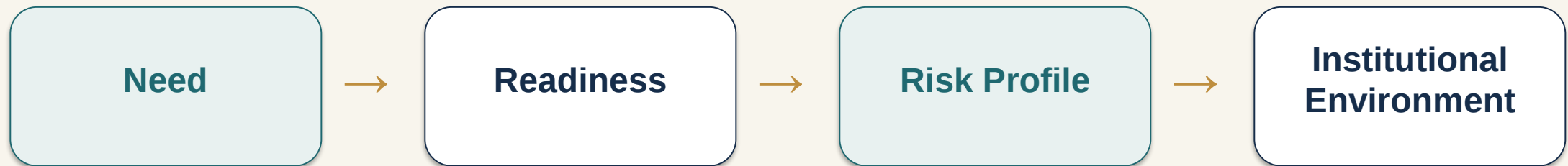
Finance-provider and institutional constraints

1. High transaction costs for small loans
2. Information asymmetry
3. Risk perception challenges
4. Institutional capacity gaps

From Financing Constraints to Financing Models

Day 1 examined why SME financing gaps persist and how selected innovative financing models can respond to different types of SME financing constraints.

For SME development agencies, the practical implication is to match the financing model to the enterprise's:



No single instrument can close the SME financing gap on its own.

Day 1 Closing Synthesis: From SME Financing Gap to Innovative Financing Models

5

Microfinance / Microcredit

Best fit / financing need

Microenterprises, very small firms and entrepreneurs with limited access to conventional finance.

Implementation requirements

Appropriate delivery model; individual, group or solidarity-based approaches.

Crowdfunding

Best fit / financing need

Different models serve different financing purposes.

Implementation requirements

Trust, disclosure, regulation and investor/lender protection.

Peer-to-Peer Lending

Best fit / financing need

Digital debt financing, particularly for smaller or short-term needs.

Implementation requirements

Credit assessment, platform governance, repayment management and regulatory oversight.

Matching Financing Models to Institutional Capacity

FinTech-Enabled Lending

BEST FIT

SMEs with usable digital, transaction, payment, invoice or open-banking data.

INSTITUTIONAL REQUIREMENTS

Data governance; model reliability; borrower protection; cybersecurity; supervisory capacity.

Islamic Finance

BEST FIT

SMEs whose needs can be matched with trade, leasing, partnership, production or construction-based contracts.

INSTITUTIONAL REQUIREMENTS

Product structuring; Shariah governance; documentation; monitoring; contract-specific risk management.

Credit Guarantees

BEST FIT

Viable SMEs constrained by collateral gaps or lender risk perceptions.

INSTITUTIONAL REQUIREMENTS

Guarantee institution; eligibility rules; coverage design; lender discipline; claims management; portfolio monitoring.

Matching Risk-Capital Models to Institutional Capacity

7

Angel Investment

BEST FIT

Early-stage SMEs/startups requiring seed capital, mentoring and investor connections.

INSTITUTIONAL REQUIREMENTS

Credible investor base; investment-readiness support; screening capacity; clear investor–entrepreneur terms.

Venture Capital

BEST FIT

Scalable SMEs/startups with growth, innovation and exit potential.

INSTITUTIONAL REQUIREMENTS

Professional fund managers; investable pipeline; investor protection; follow-on finance; exit channels.

Public-Private Co-Investment Funds

BEST FIT

Markets where private risk capital is limited, fragmented or risk-averse.

INSTITUTIONAL REQUIREMENTS

Public-private alignment; professional fund management; private-sector discipline; transparent governance; performance monitoring.

Country Feasibility: Who Are We Designing For?

Before adopting any financing model, assess whether it fits national market conditions and the target SME segment.

Which SME segment is being targeted?

Microenterprises

Startups

**Growth-oriented
SMEs**

**Technology-
oriented
firms**

**Policy-priority
segments**

Different SME segments may require different financing models, delivery arrangements and institutional support.

Risk Assessment and Country Feasibility

The same financing instrument may work effectively in one country and weakly in another if the supporting ecosystem is missing.

Risk profile

Credit risk • Delivery risk • Shariah-compliance risk • Data risk • Investment risk • Public exposure • Governance risk

Private-sector participation

Banks • Investors • Platforms • Fund managers • Co-investors

Country feasibility

Market depth • Regulatory clarity • Institutional credibility • SME readiness • Availability of private-sector partners

Implementation Roadmap: From Instrument Choice to Action

10

1

Identify the financing constraint

Collateral • Credit history • Working capital • Asset use • Production finance • Early-stage capital • Growth finance

2

Select the appropriate instrument

FinTech lending • Islamic finance • Credit guarantees • Angel investment • Venture capital • Co-investment

3

Identify the implementing institution

Banks • Islamic financial institutions • Guarantee institutions • FinTech platforms • Angel networks • Venture capital funds • Public-private fund structures

Implementation Roadmap: Capacity Gaps and Measurable Outcomes

11

The implementation sequence should begin with the financing constraint, not with the instrument name. A model is useful only if it solves a real SME finance problem and can be implemented responsibly.

Step 4 — Identify capacity gaps

Data systems
Legal clarity
Shariah governance
Investment readiness
Risk management
Monitoring and reporting

Step 5 — Define and monitor outcomes

- Access to finance
- Repayment
- Investment outcomes
- Policy / development objectives
- Additionality
- Default
- SME growth

Priorities for the Workshop

12

Moving from assessment to context-specific implementation

Regulatory conditions

Which legal and regulatory conditions enable or constrain implementation?

Institutional capacity

What capacities need to be strengthened within participating institutions?

Operational arrangements

What delivery, risk-management and coordination arrangements are required?

Institutional partnerships

Where is cooperation needed among SME development agencies, financial institutions, regulators and other partners?

Context-specific implementation

How can these elements be translated into practical approaches suited to different national and institutional contexts?

Thank you