R&D AND INNOVATIVE ENTREPRENEURSHIP GRANT PROGRAMS IN TURKEY

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Industry & Technology Assistant Expert

24 November 2011
Outline

• R&D in Turkey

• R&D and Innovative Entrepreneurship Funding Programs of the Ministry

  - Technology Development Zones
  - **Industrial Thesis Programs**
  - R&D Centers
  - Pre-Competition Cooperation Projects
  - Techno-Entrepreneurship Capital Support Program
In the framework of agreements Turkey made within EU process,

The target:
the share of R&D expenditures in GDP: 2%
(at least 1% of this share contributed by private sector).
R&D Funds in Turkey has increased significantly since 2003.

Over the period 2000-2009, the Gross Domestic Expenditure on R&D (GERD) in Turkey experienced an average annual real growth rate of 10.1%, which is the fourth highest growth rate in Europe.

Between 2008 and 2009, Turkey has raised public expenditure on R&D by 26.2%.

Between 2008 and 2009, Business R&D expenditure in Turkey has increased by 6.1%.

**Source:** European Commision Innovation Union Competitiveness report 2011 edition.
To attain more competitive industry,
Supporting and Promoting R&D, Innovation and Entrepreneurship is the most important part of the strategic aims of the ministry.
R&D Funding Programs of the Ministry

- Technology Development Zones
- Industrial Thesis Program
- Patent, Investment, Advertising & Marketing Programs
- Pre-Competition Cooperation Projects
- R&D Centers
- Techno-Entrepreneurship Capital Support Program
Law No 4691
«Technology Development Zones»
- Managing Companies
- Start-up firms
- Academicians

Law No 5593
«Industrial Thesis Program»
- R&D projects conducted by university-industry collaboration

Law No 5746
«R&D Laws»
- R&D Centers
- Pre-Competition Cooperation Projects
- R&D and Innovation Projects
  - Techno-Entrepreneurship Capital Support Program
43 Technology Parks have been established in Turkey since 2001 (the implementation of Law No.4691)
Industrial Thesis Program

This program has been conducted under Law No. 5593 since 2007.
Industrial Thesis Program

Aim of the program

- To support R&D and Innovation projects conducted by university-industry collaboration
Goals of Industrial Thesis Program

- To institutionalize of university-industry collaboration
- To commercialize academic research,
- To increase R&D personnel for industry,
- To foster new and innovative firms
- To increase competitiveness of the country,
Regardless of their size, all firms can apply the program for R&D and Innovation Projects conducted with universities.
Funding of Industrial Thesis Projects

- **Ministry**: 75% of project’s budget as grant
- **Firm**: 25% of project’s budget in cash
- **University**: Contribution in kind (laboratory etc.)
Owner of the rights is determined by Sharing Protocol between firm and project coordinator.
Period and Budget of the Projects

- The maximum duration of the project is 36 months and additional 6 months can be given.
- No upper limit in project’s budget.
Payments of Industrial Thesis Projects over the period 2006-2011

<table>
<thead>
<tr>
<th>Contribution of Ministry</th>
<th>30 Million $,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution of Firms</td>
<td>10 Million $</td>
</tr>
</tbody>
</table>
Project Applications From 2006 to 2011

* Number of supported projects in 2011 consists of only 1st semester. Evaluation of 2nd semester has not been completed yet.
Tax Incentives, Allowance and Exemptions Under The Framework of Law No. 5746

- R&D tax allowance
- Income tax withholding incentive
- Insurance premium support
- Stamp duty exemption
R&D Centers

Under the Law No. 5746, 106 firms were certified as R&D center.
Pre-Competition Cooperation Projects

Firms can benefit from tax incentives in Law No. 5746 for their R&D and innovation projects conducted collectively.
Under the Law No. 5746,

For technology and innovation oriented business ideas,

An unsecured and non-repayable grant program
To support entrepreneurs who will transform their research into innovative, technology based and high value-added products.
Innovative Business Ideas

Those ideas should lead to scientific and technological development.

It could be

• New product or software design
• New process
• New system
• New application
The program lasts until 2023.

**Annual budget of the program:**
- **2009-2010** 5.5 million $
- **2011-2023** 27.5 million $
Conditions For Application

- fourth-year undergraduate students,

- master or doctorate students,

- persons graduated from one of these programs in universities at most 5 years ago.
For those who meet the conditions,

- only once,

- unsecured and non-repayable,

- maximum 55,000 $ for one year.
Procedure

Procedures of Application and Contract

- Business Plan
- Examination by Ministry
- Evaluation Commission
- Successful Entrepreneurs
- Setting up a firm
- Contract
- Start of the project

Elimination
Procedure

1st Term

1. Submission of report
2. On-site Examination by Ministry
3. 1st Payment

2nd Term

4. Submission of report
5. On-site Examination by Ministry
6. 2nd Payment

3rd Term

7. Submission of report
8. On-site Examination by Ministry
9. 3rd Payment
10. Submission of final report
11. 11th
12. 12th
## Technology Fields of Supported Projects

<table>
<thead>
<tr>
<th>Technology Fields</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT</td>
<td>34</td>
<td>42</td>
<td>122</td>
<td>198</td>
</tr>
<tr>
<td>Electrics – Electromechanics</td>
<td>12</td>
<td>18</td>
<td>54</td>
<td>84</td>
</tr>
<tr>
<td>Machinery</td>
<td>12</td>
<td>17</td>
<td>42</td>
<td>71</td>
</tr>
<tr>
<td>Materials</td>
<td>12</td>
<td>9</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>8</td>
<td>8</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Chemistry</td>
<td>-</td>
<td>7</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Automotive</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Medical Technology</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>78</td>
<td>102</td>
<td>272</td>
<td>452</td>
</tr>
</tbody>
</table>

## Analysis of years 2009-2010-2011

### APPLICATIONS

<table>
<thead>
<tr>
<th>Year of Application</th>
<th>Number of Applications</th>
<th>Number of Supported Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>159</td>
<td>78</td>
</tr>
<tr>
<td>2010</td>
<td>724</td>
<td>102</td>
</tr>
<tr>
<td>2011</td>
<td>859</td>
<td>272</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1742</strong></td>
<td><strong>452</strong></td>
</tr>
</tbody>
</table>
## Analysis of years 2009-2010-2011

### Statistics about sales of supported entrepreneurs

<table>
<thead>
<tr>
<th></th>
<th>Number of supported entrepreneurs</th>
<th>Total amount of grant ($)</th>
<th>Number of Entrepreneurs who sold their product</th>
<th>Commercialization rate</th>
<th>Gross Sales up to date ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurs of year 2009</td>
<td>78</td>
<td>4.2 million</td>
<td>36</td>
<td>46 %</td>
<td>2.6 million</td>
</tr>
<tr>
<td>Entrepreneurs of year 2010</td>
<td>102</td>
<td>5.5 million</td>
<td>33</td>
<td>32 %</td>
<td>2 million</td>
</tr>
<tr>
<td>Entrepreneurs of year 2011</td>
<td>272</td>
<td>14.5 million</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>TOTAL</td>
<td>452</td>
<td>24.2 million</td>
<td>69</td>
<td></td>
<td>4.6 million</td>
</tr>
</tbody>
</table>

* No sales in supported entrepreneurs of year 2011 because the project period has not finished yet.
THANK YOU

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