



MicroSmall&Medium Enterprise and Large Enterprise Supply Chain Finance (P157691)

EUROPE AND CENTRAL ASIA | Turkey | Finance & Markets Global Practice |
IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 4 | ARCHIVED on 14-Nov-2017 | ISR30039 |

Implementing Agencies: Türkiye Halk Bankası A.Ş. (Halkbank), Türkiye Halk Bankası A.Ş. (Halkbank), Türkiye Halk Bankası A.Ş. (Halkbank)

Key Dates

Key Project Dates

Bank Approval Date:22-Dec-2015

Effectiveness Date:21-Jan-2016

Planned Mid Term Review Date:15-Mar-2018

Actual Mid-Term Review Date:--

Original Closing Date:01-Jul-2019

Revised Closing Date:01-Jul-2019

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

<p>The Project Development Objective (PDO) is to improve access to finance for micro, small and medium enterprises, and longer term finance to large enterprises involved in domestic supply chains.</p>

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

The establishment and operation of a credit facility for the provision of Sub-loans to MSMEs and LEs to finance the carrying out of Sub-projects.:(Cost \$200.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Unsatisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Unsatisfactory	● Moderately Satisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions



Halk Bank achieved a significant progress in disbursements since June 2017. Disbursement from World Bank increased by US\$ 70 million to US \$ 110 million by October 2017. World Bank disbursements to Halk Bank and Halk Bank disbursement to final beneficiary SMEs and Large Enterprises stand at 55 percent. In addition, there is a strong pipeline and disbursement is expected to continue strongly. Halk Bank has also fulfilled its commitment already in October to disburse at least half of the loan amount until the end of 2017.

Overall, Turkish economy's strong growth performance in 2017 is supportive for the MSME/LESCF project implementation, with exports picking up and expansionary fiscal policy supporting consumption, investment and employment. The Turkish economy registered a GDP growth of 5.1 percent in Q2 2017 (yoy) and high frequency indicators point to a continuation of recovery in the remaining quarters. Loan growth in the banking sector, especially in the SME segment, accelerated sharply following the newest Credit Guarantee Fund scheme introduced in early 2017. Known for its expertise in SME banking, Halkbank continued to increase its loan portfolio in 2017. Halkbank's market share in loans and receivables in Turkey's total banking sector surpassed 9 percent in Q2 2017, up from 8 percent in Q2 2015.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Low	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Low	● Low	● Low
Institutional Capacity for Implementation and Sustainability	● Low	● Low	● Low
Fiduciary	● Low	● Low	● Low
Environment and Social	● Low	● Low	● Low
Stakeholders	● Low	● Low	● Low
Other	--	--	--
Overall	● Moderate	● Moderate	● Moderate

Results

Project Development Objective Indicators

► Ratio of the average portfolio maturity of MSME sub-loans under the project, over the average portfolio maturity of Halkbank's MSME portfolio not financed under the project. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	--	2.30	>1
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019



► Ratio of the average portfolio maturity of LE sub-loans under the project, over the average portfolio maturity of Halkbank's LE portfolio not financed under the project. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	--	n.a.	>1
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019

► Number of MSME beneficiaries financed under the project (cumulative). (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	24.00	240.00
Date	25-Jan-2016	--	01-Mar-2017	25-Jan-2019

► Number of LE beneficiaries financed under the project (cumulative). (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	20.00
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019

► Volume of support (cumulative, USD million). (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	10.43	10.40	200.00
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019

Overall Comments

Intermediate Results Indicators



► Volume of support to MSMEs (cumulative, USD million). (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	10.43	10.40	120.00
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019

► Based on Core Indicator: Outstanding MSME finance portfolio (USD million). (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	n/a	--	16,788.8	n/a
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019

► Based on Core Indicator: Number of active MSME finance accounts (not cumulative). (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	n/a	--	586.66	n/a
Date	25-Jan-2016	--	01-Mar-2017	25-Jan-2019

► Based on Core Indicator: Portfolio Quality: Portfolio at risk (%). (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.60	--	3.20	n/a
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019



► Based on Core Indicator: Financial Sustainability: Return on Assets (%) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.50	--	2.10	n/a
Date	25-Jan-2016	--	01-Mar-2017	25-Jan-2019

► Based on Core Indicator: Financial Sustainability: Return on Equity (%) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	14.40	--	22.40	n/a
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019

► Percent of MSME sub-loans financing sub-projects in priority regions. (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.24	0.24	15.00
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019

► Compliance with prudential regulation. (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Y	Y	Y	Y
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019




► Citizen Engagement: MSMEs and LEs that feel project sub-loans reflected their needs (percentage) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	n.a.	n/a
Date	25-Jan-2016	01-Mar-2017	01-Mar-2017	25-Jan-2019

Overall Comments

Data on Financial Performance

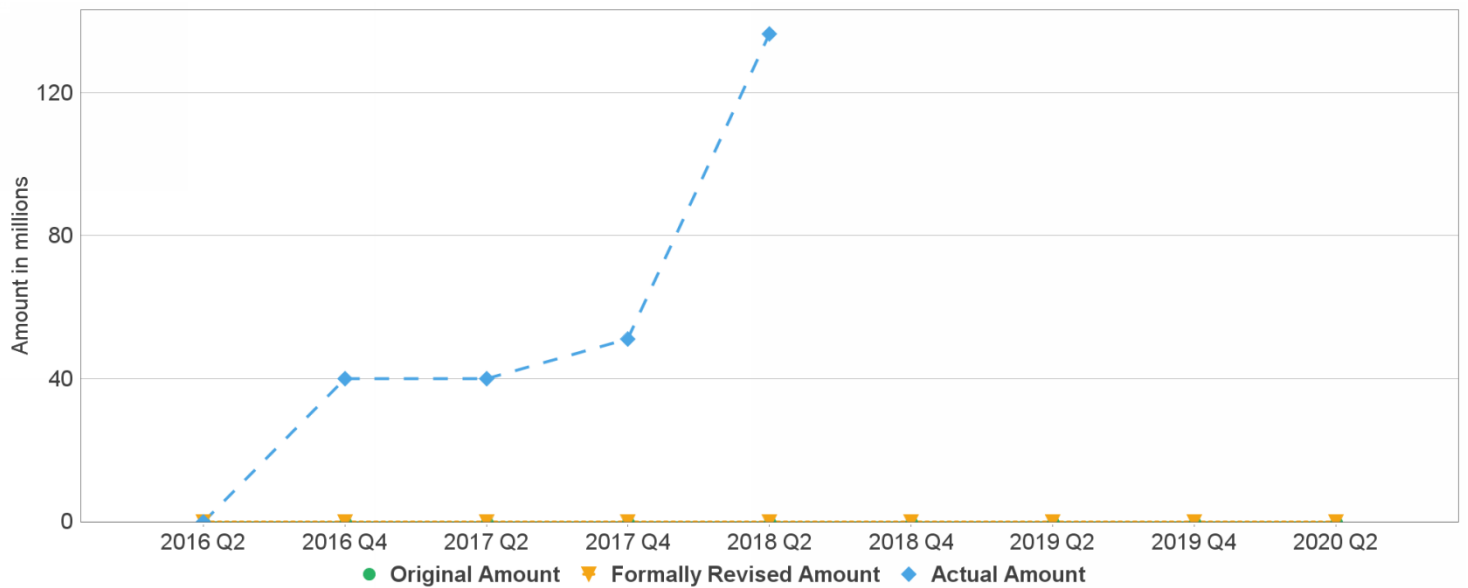
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P157691	IBRD-85690	Effective	USD	200.00	200.00	0.00	136.50	63.50	 68%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P157691	IBRD-85690	Effective	22-Dec-2015	28-Dec-2015	21-Jan-2016	01-Jul-2019	01-Jul-2019

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.