Report Number: ICRR0023908

1. Project Data

Project ID P163225	**Project Name** Inclusive Access to Finance	
Country Turkiye	**Practice Area(Lead)** Finance, Competitiveness and Innovation	
L/C/TF Number(s) IBRD-88600	**Closing Date (Original)** 30-Jun-2023	**Total Project Cost (USD)** 400,000,000.00
Bank Approval Date 22-May-2018	**Closing Date (Actual)** 30-Jun-2023	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	400,000,000.00	0.00
Revised Commitment	400,000,000.00	0.00
Actual	400,000,000.00	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

As per the Loan Agreement (LA) on page 5, the Project Development Objective (PDO) was "to improve access to longer-term finance for (i) women inclusive enterprises and (ii) enterprises in less developed sub-regions affected by the Syrians under Temporary Protection (SuTP) influx." The PDO statement in the Project Appraisal Document (PAD) on page 18 was identical and was unchanged throughout the period of project implementation.

Applying the OPCS guideline related to compounded PDOs (December 2021), the PDO will be unbundled in two specific PDOs as follows:

- PDO-1: To improve access to longer-term finance for women inclusive enterprises.
- PDO-2: To improve access to longer-term finance for enterprises in less developed sub-regions affected by the Syrians under Temporary Protection (SuTP) influx.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

Component 1: *Wholesale Lending*-An International Bank for Reconstruction and Development (IBRD) credit line, guaranteed by the Turkey Government, was used by Türkiye Sinai Kalkinma Bankasi A.Ş. (TSKB) to on-lend funds through qualified Participating Financial Institutions (PFIs) to eligible beneficiary small and medium enterprises (SMEs). Cost at approval and actual cost were identical and amounted to US$200 million equivalent.

- Under this component, the TSKB will select banks and leasing companies (PFIs), which will, in turn, provide sub-finance for investment and working capital purposes to eligible beneficiary enterprises. The maximum of US$40 million can be disbursed through a single PFI, which will assume the credit risk of the sub-beneficiaries that will be selected based on agreed upon eligibility criteria.
- Beneficiary enterprises will be selected by PFIs based on clearly defined eligibility criteria and include: (i) women-inclusive enterprises, and (ii) enterprises in less-developed sub-regions affected by the SuTP influx.
- The Project will also support the development of technical capacity of PFIs to lend to women-inclusive enterprises.

Component 2: *Direct Lending by TSKB*-An IBRD credit line, guaranteed by the Turkey Government, was used by Türkiye Sinai Kalkinma Bankasi A.Ş. (TSKB) to on-lend funds directly to eligible beneficiary SMEs and Large Enterprises (LEs). Cost at approval and actual cost were identical and amounted to US$200 million equivalent.

- Under this component, TSKB intended to provide investment sub-finance to beneficiary enterprises (mostly LEs), while working capital sub-finance extended by TSKB was not to exceed 20 percent of total disbursements.
- The minimum maturity investment sub-finance and working capital sub-finance extended directly by TSKB was expected to be four and two years, respectively.

- Beneficiary enterprises will be selected by TSKB based on clearly defined eligibility criteria and include: (i) women-inclusive enterprises, and (ii) enterprises in less-developed sub-regions affected by the SuTP influx.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

- **Project Cost:** The actual project cost and the cost at appraisal were identical and amounted to US$400,0 million.
- **Financing:** The project financing came from an IBRD credit line in the amount of US$400.0 million guaranteed by the Turkey Government.
- **Borrower Contribution:** At appraisal, no Borrower contribution was identified, and there was none during implementation.
- **Dates:** The project was approved on May 22, 2018, made effective on December 21, 2018, and closed on schedule on June 30, 2023. An MTR was not necessary as the project performed well throughout.

3. Relevance of Objectives

Rationale

The assessment of the relevance of the PDO is based on the material presented in the ICR on pages 11-12, which is summarized below:

(i) Inclusive access to finance was a policy instrument identified by the Turkish Government to address exclusion situations in the country. Key areas of exclusion identified by the Government included: (i) the Syrian refugee population that reached a peak of 3.7 million in 2021, (ii) the earthquakes' region was home to 14 million Turkish citizens and was severely impacted, and (iii) the gap between women's and men's overall labor force participation remained large with 35.1 percent for women against 71.4 percent for men in 2022. This project aimed to address the sources of exclusion by providing financial resources to be on-lent to SMEs and LEs supporting the above categories of social communities impacted by exclusion. The project was also aligned with Government of Turkey's Medium-Term Program 2018-2020 and SME Strategy and Action Plan 2015-2018.

(ii) Financial inclusion was a key tenet of the Bank strategies in Turkey. The draft 2023 SCD pleaded for a more diversified and inclusive financial sector through the adoption of policies that facilitate an increase in female labor force participation and employment and introducing mechanisms for formalizing employment of Syrian refugees. Moreover, the project was fully consistent with the FY18–FY21 CPF, specifically aligned in two strategic objectives: (i) enhanced access to finance to underserved segments; and (ii) increased labor force participation of women and vulnerable groups.

The World Bank and the Borrower have been working together using access to finance to address exclusion in Turkey, The Government of Turkey has been taking steps to improve women's employment and access to finance opportunities, in some instances with the support of the World Bank. Using IBRD resources, the WB has been supporting the National Development Plan which set forth commitment toward supporting entrepreneurship and SMEs focus on innovation, productivity and employment, growth, and collaboration, prioritizing women, youth, and social entrepreneurship (PAD, pages 14-15). The project builds on the previous experience and was pitched at an appropriate level of ambition.

Overall, the project objectives were highly relevant when the project closed at the end of 2023 and pitched at an appropriate level of ambition.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

PDO-1: To improve access to longer-term finance for women inclusive enterprises.

Rationale

Theory of change

Because there was no theory of change in the PAD, the ICR team developed a theory of change (page 8 of the ICR) which is summarized below:

The key activity was the wholesale lending by which TSKB, through PFIs, extended loans to women inclusive enterprises. The major outputs included: (i) the cumulative number of women-inclusive beneficiary enterprises financed under the project, and (ii) the cumulative number of enterprises assessed through the Project Gender Toolkit. The key expected outcome was the cumulative percentage point difference between female employment growth in beneficiary enterprises and female employment growth in the respective sectors.

Overall, there was a logical causal chain linking the project key activity to expected outputs and outcomes, which were directly derived from the project's intervention. However, the reconstructed theory of change did not discuss neither the assumptions that had to be met for the theory of change to be effective nor the outcome attribution. In relation to outcome attribution for instance, achieved outcomes reflected also the contribution of other financing provided by other lenders and financiers.

Key achievements toward the PDO-1 includes the outputs and outcomes summarized below:

Outputs

- The target for the cumulative number of enterprises assessed through the Project Gender Toolkit was largely exceeded, reaching the number of 122, against a target of 50, and a baseline of nil.

- The target for the cumulative number of beneficiary enterprises that completed implementation of a gender action plan was also exceeded, reaching the number of 17, against a target of 15, and a baseline of nil.
- The target for the cumulative number of PFIs under the project was exceeded, reaching the number of 7 against a target of 5, and a baseline of nil.
- The gender toolkit assessed the firm's commitment to gender equality using several standard indicators such as female representation, management, employment, policies, procedures, and so on. A total of 122 enterprises were assessed through the project gender toolkit while 17 enterprises completed the implementation of a gender action plan.
- TSKB rolled out the gender toolkit in lending using its own funds and sharing its experience with this instrument with other PFIs.
- The target for the cumulative number of SME beneficiaries financed under the project was exceeded, reaching 485 against a target of 240, and a baseline of nil. The exceeded target arose from market factors, with the demand and supply of loans pushing in the same direction.
- The target for the cumulative volume of Bank support was fully achieved reaching US$400.00 million against a baseline of nil.
- The target for the cumulative number of women-inclusive beneficiary enterprises financed under the project was largely exceeded, reaching 200 against a target of 70, and a baseline of nil.

Outcome

- The target for the cumulative percentage point difference between female employment growth in beneficiary enterprises and female employment growth in the respective sectors was exceeded, reaching the level of 1.03, which is superior to 0.
- Even though there was no specific indicator or target for improving access to longer-term finance (i.e., longer than otherwise available in the market) for women, the ICR noted that the average maturity for women-inclusive enterprises financed under the project was 4.28 years for the target beneficiaries.

Overall, since most targets were met or exceeded, the efficacy of this objective is rated as Substantial.

Rating
Substantial

OBJECTIVE 2
Objective
PDO-2: To improve access to longer-term finance for
enterprises in less developed sub-regions affected by the Syrians under Temporary Protection (SuTP) influx.

Rationale
Theory of change

Similarly, because there was no theory of change in the PAD indicating the results chain toward the PDO-2, the ICR team developed a theory of change (page 8 of the ICR) which is summarized below.

The key activity was the direct lending by which TSKB extended direct lending to enterprises in less developed sub-regions affected by the SuTP influx. The two expected outputs were: (i) the cumulative number of SME beneficiaries financed under the project, and (ii) the number of LE beneficiaries financed under the project. The expected outcomes included an increase (i) in the cumulative percentage of sub finance financing beneficiary enterprise subprojects in the least developed subregions, (ii) in the average maturity of SME sub financing under the project, over the average maturity of the PFIs SME portfolio not financed under the project, (iii) in the ratio of the average maturity of LE sub financing under the project, (iv) in the cumulative percentage point difference between employment growth in beneficiary enterprises located in less developed regions and employment growth in the respective sectors.

Similarly, there was a logical causal chain linking the project activities to expected outputs and outcomes, which were directly derived from the project's intervention. The reconstructed theory of change did not discuss neither the assumptions that had to be met for the theory of change to be effective nor the outcome attribution. In relation to outcome attribution, achieved outcomes reflected, not only the impact of this project, but also the contribution of other financing provided by other lenders and financiers.

Key achievements toward the PDO-2 include the outputs and outcomes as summarized below:

Outputs

- The target for the cumulative volume of Bank support was fully achieved, reaching US$400.00 million against a baseline of nil.
- The target for the cumulative number of PFIs under the project was exceeded, reaching the number of 7 against a target of 5, and a baseline of nil.
- The target for the cumulative number of SME beneficiaries financed under the project was exceeded, reaching 485 against a target of 240, and a baseline of nil.
- The target for the number of LE beneficiaries financed under the project was partially achieved, reaching only 29 for a target of 40, and a baseline of nil.

Outcome

- The target for the cumulative percentage of sub finance financing beneficiary enterprise subprojects in the least developed subregions was exceeded reaching 29 percent, against a target of 7.5 percent, and a baseline of nil.
- The target for the average maturity of SME sub financing under the project, over the average maturity of the PFIs SME portfolio not financed under the project, was exceeded reaching 1.8 months, which is superior to 1, and a baseline of nil.
- The target for the ratio of the average maturity of LE sub financing under the project, over the average maturity of the borrower's LE portfolio not financed under the project was exceeded, reaching 1.05, which is superior to 1, and a baseline of nil.
- The target for the cumulative percentage point difference between the total employment growth in beneficiary enterprises under the project and employment growth in the respective sectors was fully achieved, reaching 1.14 percent, which is superior to nil, and against a baseline of nil.
- The target for the cumulative percentage point difference between employment growth in beneficiary enterprises located in less developed regions and employment growth in the respective sectors was exceeded, reaching 1.17, which is superior to nil, and against a baseline of nil.

- The average maturity for enterprises financed for less developed sub regions under the project was 39 months compared to 22 months without the project
- For LEs, the average maturity for enterprises financed was 42 months, compared to 40 months without the project

While the project exceeded most of the outcome targets, the targets for the number of LE beneficiaries financed under the project was partially achieved. The efficacy of this objective is rated as Substantial.

Rating
Substantial

OVERALL EFFICACY

Rationale
Toward improving access to longer-term finance for women inclusive enterprises (PDO-1), the targets for total lending for women-inclusive enterprises, and that for female employment growth in beneficiary enterprises were largely exceeded.

Toward improving access to longer-term finance for enterprises in less developed sub-regions affected by the Syrians under Temporary Protection (SuTP) influx (PDO-2), performance was exceeded as regards to (i) the average maturity of SME sub financing under the project, over the average maturity of the PFIs SME portfolio not financed under the project, (ii) the ratio of the average maturity of LE sub financing under the project, over the average maturity of the borrower's LE portfolio not financed under the project, and (ii) the ratio of the cumulative percentage point difference between employment growth in beneficiary enterprises located in less developed regions and employment growth in the respective sectors. Performance for the cumulative percentage point difference between the total employment growth in beneficiary enterprises under the project and employment growth in the respective sectors was fully achieved. However, the target for the number of LE beneficiaries financed under the project was partially achieved.

On balance, project efficacy is rated as Substantial

Overall Efficacy Rating

Substantial

5. Efficiency

The assessment of project efficiency is based on the material presented in the ICR on page 16, which is summarized below.

Because sub-projects to be funded were not pre-identified and project costs were not defined, the traditional economic and financial analysis was not conducted at appraisal. Similarly, at project closing, there was no expected reasonable return from computing the economic efficiency of all sub-projects funded through wholesale and direct lending.

- **Economic efficiency**

The ICR reported the following economic and financial features and gains of the project funding: (i) the cost of on-lending subsidiary financing through PFIs included, at a minimum, the cost of IBRD funds to TSKB plus an on-lending margin reflecting TSKB's administrative costs, a credit risk margin associated with the PFI, and fees for the guarantee provision, (ii) the ultimate cost of credit for the beneficiary enterprise included, at a minimum, the PFI's administrative costs and a credit risk margin, (iii) the project increased the availability and tenors of financing offered by participating banks and leasing companies, (iv) the maturity of loans agreed in the Project Operations Manual, from TSKB to PFIs was at least six years for banks and five for leasing companies, (v) through the project financing, the beneficiary enterprises accessed to better financial resources with longer maturity, and (vi) the project contributed to building capacities at the PFI level to develop new business lines focusing on products for women-inclusive enterprises and less developed regions affected by SuTPs.

- **Operational efficiency**

The project was implemented during a challenging period in terms of macroeconomic pressures, the COVID pandemic and refugee influx. Despite these challenges, the project disbursed according to the planned schedule. The consultations conducted by the Bank team and TSKB with the PFIs during the preparation stage to trigger interest in project participation contributed to the smooth implementation process after effectiveness. An MTR was not necessary as the project performed well throughout. The project was completed per the original plan on June 30, 2023, and all the funding was disbursed as intended. No major delays were reported during project implementation.

Even though the ICR did not include a traditional economic analysis, it did report on the economic and financial features and gains of the project funding. There were no implementation delays. The overall efficiency is rated as Substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)

Appraisal	0	0 ☐ Not Applicable
ICR Estimate	0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives is rated high because of the congruence between the Bank's strategies in Turkiye and the country's priorities at project closing, as well as adequate level of project's ambition. Efficacy was overall Substantial, because of satisfactory achievements toward improved access to longer-term finance for women inclusive enterprises, and to longer-term finance for enterprises in less developed sub-regions affected by the Syrians under Temporary Protection (SuTP) influx.The number of LE beneficiaries financed under the project was partially achieved. Efficiency was substantial, resulting in an overall Satisfactory rating of the project outcome.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

Assessment of the risk to development is based on the material presented in the ICR on page 23, which is summarized below. The risk to achieved development outcome is assessed as low. Due to the achieved institutional strengthening, knowledge built, and development of these credit lines, TSKB and the PFIs will continue extending lines of credit to the thematic areas covered under the project. Under the assumption that inclusive access to finance remains a major government policy, there will be availability funding supply from the country's financial sector for the thematic areas covered, building on achieved experience under this project.

8. Assessment of Bank Performance

a. Quality-at-Entry

Assessment of the quality at entry is based on the material presented in the ICR on page 18-19 and 22, which is summarized below:

As described under Section 3 related to the relevance of objectives, the project was strategically relevant as it was in congruence with the FY18–FY21 CPF and the priorities of the Government. The project was strategically designed to ensure that all relevant stakeholders had well-defined roles and responsibilities.

Compared to previous IBRD financial intermediation operations in Türkiye, this project used a more targeted design.

The project design was informed by a strong body of analytical studies related to low female labor force participation and access to finance, including in the less developed regions, and on the findings of World Bank Enterprise Surveys and the Regional Investment Climate Assessments reports. The project design also reflected the lessons learned from gender-targeted IBRD credit lines in other regions such as Africa, and from gender-focused credit lines by IFC and EBRD in Türkiye. The project built on previous gender-focused lines of credit at TSKB by AFD and IFC, which experienced no significant difficulties with disbursements. However, the design could have avoided overlap between wholesale and direct lending and more emphasis on strengthening the M&E frameworks at the borrower level.

Implementation and M&E arrangements were straightforward, because the fiduciary operations were handled by financial institutions active in credit business distribution. TSKB ran the PIU for project implementation composed by its internal staff. While subsidiary agreements at the PFI level defined the amount of financing from a single PFI and total outstanding financing at the SME level to avoid over indebtedness, provisions to manage direct competition by wholesale and direct lending were unclear.

Quality-at-Entry Rating
Satisfactory

b. Quality of supervision

Assessment of quality of supervision drew from the material presented in the ICR on pages 22-23, which is summarized below:

The Bank team presence remained highly engaged throughout, providing daily operational support as required. The project implementation progress was supervised by periodic missions and data gathering on the PFI and firm level. The Bank team collaborated closely with TSKB to enhance their M&E framework and provided the technical knowledge related to the gender bias survey, gender toolkit, and gender training curricula for PFIs. From the outset, the Bank team supervision efforts aimed to ensuring the successful signing of the PFI agreements, establishing the framework for monitoring the results, and ensuring compliance with the legal requirements.

Before the final selection of the PFIs in Component 1, TSKB submitted to the World Bank the evaluation reports, including financials of the proposed PFIs, together with a request to include the PFIs in the project. The World Bank team reviewed and cleared TSKB’s assessments by conveying no objection for each PFI’s participation for the requested amount. TSKB submitted the financials of the PFIs to the World Bank every year, within the first six months of each calendar year, to ensure that the selected PFIs continued to meet the required criteria until full repayment of the sub financing.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The performance of the M&E implementation draws from the material presented in the ICR on page 20, which is summarized below:

The Bank team developed the results framework in line with the context and project objective for women inclusive enterprises and enterprises in less developed regions impacted by SuTP. The intermediate results indicators provided more granular information aligned to the PDO and complemented the less disaggregated PDO indicators. PDO and intermediate indicators were specific and measurable and had baselines. They were aggregated from data provided by the financial institutions devoted to the mission of providing credit to the different categories of beneficiaries.

However, the selected PDO indicators were indirect. Instead of directly targeting the levels of loans maturities of the social categories identified in the PDO, the results framework utilized higher level indicators (ratios). None of the PDO indicators capture gender-disaggregated data on the provision of funds with a longer maturity. Moreover, one indicator was unfit as a PDO indicator: the volume of World Bank credit line of US$400 million was an input and not an outcome indicator.

TSKB was the right choice as the implementing entity staffed with high-capacity professionals. Data were collected through the TSKB's PIU, which was responsible for selecting, monitoring, and on-lending to PFIs. All PFIs complied with IBRD loan covenants and banking and factoring regulations as required. The Bank team reviewed the financial statements periodically, which confirmed that all PFIs complied with the Subsidiary Financing Agreement (SFA) covenants and prudential regulations. Legal covenants were included in the Loan Agreement to ensure the disbursement and utilization of the financing for underserved segments.

b. M&E Implementation

The performance of M&E implementation draws from the material presented in the ICR on pages 20, which is summarized below:

Although the Bank team did not have a dedicated M&E specialist, the task team provided the necessary support in defining the M&E framework and the required data gathering for reporting requirements. The Bank team worked closely with TSKB to develop the M&E system that supported efficient assessment of the achievement of project objectives. During project implementation, the PDO indicators and intermediate results indicators remained unchanged.

There were eight implementation supervision reports (ISRs) filed during project implementation. Detailed data were gathered at the TSKB, PFI, and loan levels. The Bank team worked with TSKB in defining the data collection methodology for the first two indicators as TSKB did not collect this data before. Also, data collection from PFIs was reviewed and strengthened to allow for timely reporting of project results. The definition of some indicators was updated to only compare the maturity of the LE loans extended under the project to those LE loans that TSKB financed outside of the project during the same time period. An MTR was not necessary as the project performed well throughout.

As part of supervision missions, the Bank undertook transactions reviews by using sample transactions. During implementation of the project, it came to light that there were sub-loans that were not properly documented. As a result, it was collectively decided to exclude these loans from the financing provided by the World Bank. TSKB has designed training curricula and is currently in the process of planning training sessions to be conducted by end of 2023. These efforts permitted TSKB's adherence to the initial part of the covenant, ensuring compliance by the end of the year. TSKB proactively contracted a survey firm to carry out the required survey, which was successfully completed.

c. M&E Utilization

The M&E played a critical role in refining the definition for the PDO indicator measuring maturity for the LE portfolio financed under the project, compared to the TSKB portfolio not financed under the project. This adjustment facilitated meaningful comparisons between the LE portfolio funded under the project and the TSKB portfolio that did not receive project financing. M&E data were collected in each ISR and played a key role in informing the project's direction.

Overall, the chosen indicators were relevant, specific and measurable, except one indicator which was an input. Moreover, none of the PDO indicators capture gender-disaggregated data on the provision of funds with a longer maturity. During implementation, the Bank team worked on finetuning the indicators and was able to provide evidence in the ICR that confirm achievement of the PDO. Update of the results framework in the ISR informed the project stakeholders for improved oversight. Overall, M&E is rated as Substantial.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

- **Environmental and Social Compliance**

The project was classified as an environmental assessment category Financial Intermediary project at appraisal and triggered the following safeguard policies: (i) OP 4.01 Environmental Assessment, and (ii) OP/BP 4.11 Physical Cultural Resources. The project was expected to have minor or no environmental impacts since the subprojects were mostly working capital loans and/or small-scale construction works. Category A projects were not eligible for financing and most of the subprojects were Category C or low B in nature. TSKB implemented the ESMF satisfactorily and the overall environmental and social performance was rated as Satisfactory. TSKB had a grievance mechanism for any affected parties to report concerns and complaints, and the mechanism was utilized. There were no specific project-related complaints and no compliance issues raised during project implementation. Environmental safeguards were rated as Satisfactory in the last ISR.

b. Fiduciary Compliance

- **Financial Management**

The FM monitoring was done through desk-top review of IFRs and audit reports in the interim. The FM rating was satisfactory throughout the Project. TSKB submitted two sets of audit reports annually: (i) the entity financial statements prepared in accordance with the International Financial Reporting Standards and (ii) the project financial statements. The latest audit report of the project was prepared for the year-ended 2022 and submitted through the WB Client Connection system in September 2023. The final audit report is still being prepared.

- **Procurement**

TSKB acted as the financial intermediary and on-lent funds directly to eligible beneficiary SMEs and LEs, and the World Bank's Procurement Regulations were not to apply to the Project.

c. Unintended impacts (Positive or Negative)

The project's targeted design and dual-lending modality aimed at maximizing the impact regarding additionality and outreach. Placing an emphasis on SMEs and, to a certain extent, on LEs as final beneficiaries, the project spurred investments and generated employment by enhancing access to longer-term finance for underserved segments that might not have secured loans with similar conditions in the absence of the project. Focus on beneficiaries of different sizes (SMEs and LEs) and on different themes (women-inclusive enterprises and enterprises in less developed subregions impacted by the SuTP influx) calls for a variety of intermediary institutions and models that complement each other. Therefore, the project's two equal-sized direct lending and wholesale lending components facilitated the outreach to all targeted segments and achievement of the operation's PDO. More so, employment growth in beneficiary enterprises under the project has been higher than employment growth in the respective sectors. The same holds for female employment growth in beneficiary enterprises and employment growth in beneficiary enterprises located in less developed regions.

TSKB's ability to reuse the funds for the second cycle and to successfully secure co-financing showcases its commitment to maximizing the project's impact. TSKB on-lent the reflows to PFIs within one year to be used for purposes consistent with the PDOs. Similarly, TSKB used the repayments under the direct lending component for new loans to women-inclusive firms and firms in less developed subregions for at least one financing cycle. At the end of 2022, repayments under the direct lending component amounted to $90 million and reflows from the PFIs under the wholesale component amounted to $21 million. During 2023, TSKB utilized $90 million of the amount returned from the direct lending side to enterprises with the same objective in accordance with the project requirements. It should be noted that with the reflow amounts utilized, the project's impact realized is much higher than the first financing cycle of $400 million. As of November 2023, repayments under the direct lending component amounted to $133 million and reflows from the PFIs under the wholesale component amounted to $53 million for the first cycle of financing. TSKB will continue to utilize the reflows in the following years accordingly. TSKB also mobilized funds from other development financial institutions (DFIs) to finance some of the sub loans under the direct lending component. The total amount of co-financing under the direct lending was about $54 million

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR provided relevant lessons and recommendations on pages 23-24. This review agrees with the two lessons redrafted below:

Utilization of reflows and parallel financing to this project contributes to maximizing impact. The project enabled the reuse of financial flows in 2022 and 2023, leading to a substantial increase of the positive outcomes for the targeted beneficiaries in line with the project's objective. These reflows were allocated both for Component 1 and Component 2. Furthermore, the project facilitated TSKB to obtain supplementary financing from other DFIs, which was utilized to finance some sub loans under the direct lending. The project was a good extension from previous credit line engagements in the country that had helped build high implementation capacity. The project motivated TSKB and PFIs to target the underserved segments of the economy and work with PFIs more to maximize the expected outcome from this project.

Implementing lines of credit combining wholesale and direct lending allows for a larger outreach through maximizing implementation channels and financial services. The dual implementation structure enabled capacity strengthening at the PFI and final beneficiary levels, particularly with a focus on specific themes of financing. To generate interest at the market entry stage, wholesale lending can be targeted to a select number of PFIs based on agreed eligibility criteria. As the market develops, the financing can be offered to a wider number of PFIs on first come first serve basis. This approach encourages competition among the PFIs, including non-banks, and motivates them to strengthen their selection process for identifying the most suitable beneficiaries. This competition ultimately leads to better implementation quality, as the PFIs strive to improve their practices and choose beneficiaries who will benefit the most from the lines of credit. Furthermore, projects can also choose to focus on specific geographical regions or the size of the enterprise as a way to differentiate target groups for the direct lender and the PFIs.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is comprehensive and focused on identifying and presenting the relevant evidence for achieved outcome. The theory of change presented in the ICR provides a logical results chain between the project activities, their outputs and expected outcomes. The ICR is concise, internally consistent and in congruence with the revised OPCS guidelines that applies to ICRs (December 2021). The ICR is results oriented, clearly assessing the results achieved against the targets set at design, and drew lessons based on analysis of evidence from project implementation. Minor shortcomings include the missing assessment of the fiduciary performance of project implementation and the operational efficiency, which were provided upon request. The quality of the ICR is rated as Substantial.

a. Quality of ICR Rating
Substantial