

**Implementation Status & Results**  
**India**  
**SME Financing & Development (P086518)**

Operation Name: SME Financing & Development (P086518)	Project Stage: Implementation	Seq.No: 15	Status: ARCHIVED	Archive Date: 02-Jan-2012
Country: India	Approval FY: 2005			
Product Line: IBRD/IDA	Region: SOUTH ASIA	Lending Instrument: Financial Intermediary Loan		
Implementing Agency(ies): Small Industries Development Bank of India				

**Key Dates**

Board Approval Date	30-Nov-2004	Original Closing Date	30-Jun-2008	Planned Mid Term Review Date	Last Archived ISR Date	02-Jan-2012
Effectiveness Date	29-Apr-2005	Revised Closing Date	30-Jun-2012	Actual Mid Term Review Date	06-May-2011	

**Project Development Objectives**

Project Development Objective (from Project Appraisal Document)

**The objective of this project is to improve SME access to finance (particularly longer term financing) and business development services, thereby fostering SME growth, competitiveness and employment creation, which are key to achieving Gol's overall objectives of economic growth and poverty reduction. The project is designed to achieve its objective through a multi-pronged approach that will that will address key bottlenecks to SME financing and development in India, by focusing on: (a) creating a more enabling policy, regulatory and institutional framework for SME financing by banks (the primary target group for this project); (b) helping banks gain better access to longer term financing for lending to the SME sector, thereby facilitating capital formation and technology up-grading; (c) mitigating banks' risks related to SME lending and reducing transactions costs of such lending while, at the same time, ensuring that banks enhance the quality of their SME loan portfolios; and (d) strengthening business development services and market linkage programs for SMEs (the secondary target group), thereby helping SMEs to improve profitability and competitiveness, and become more creditworthy.**

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

Yes     No

**Component(s)**

Component Name	Component Cost
Credit Facility	380.00
Risk Sharing Facility	18.00
TA	37.00

**Overall Ratings**

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

**Implementation Status Overview**

The implementation of the initial project by the Small Industries Development Bank of India (SIDBI) had been excellent and the objectives of expanding access to long term finance to SMEs and improving the quality of lending to SMEs were achieved under the original parent project.

Overall progress on the Additional Financing Project outcome indicators remains satisfactory. Disbursement is also broadly on track with US\$380 million out of US\$400 million having already been disbursed. Adherence to project implementation arrangements has been good -- notably the project has developed a model "good practice" Environmental and Social Safeguards Framework for lending to SMEs. While the Credit Facility has progressed well and has scaled up refinancing activities over the last year, the Risk Sharing Facility (RSF) is a concern. Despite clearance to (re)launch the RSF and good progress on market research and promotion activities, and contrary to expectations conveyed in recent months, the launch of the RSF has not yet taken place. Lack of budgeting for the component has resulted in a significant risk that this component may not be implemented in the short time that remains before project closure on June 30, 2012.

While overall project achievements are significant, and while the project has leveraged and contributed to market infrastructure development, cluster development, capacity building, and TA activities (including improving responsible lending practices) and funding (direct financing and refinancing) activities, there is lack of progress on the RSF. It is urgent that a decision on this component be taken.

**Locations**

No Location data has been entered

**Results**

**Project Development Objective Indicators**

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
30% increase in lending (including term lending) to SMEs by PFIs	<input type="checkbox"/>	Percentage	Value	0.00	156.00	30.00
			Date	31-Mar-2008	31-Mar-2011	30-Jun-2012
			Comments	(a) 15,087 (b) 19,276	(a) 38,656 (an increase of 156%) portfolio growth in participating branches (b) 43,553 (an increase of 126%) portfolio growth in PFI	
Controlled net NPL ratio on the SME loan portfolios of all PFIs	<input type="checkbox"/>	Percentage	Value	0.25	0.18	3.00
			Date	31-Mar-2008	31-Mar-2011	30-Jun-2012
			Comments			
Improved profitability of SME business in all PFIs as measured by RoA of 1% or more	<input type="checkbox"/>	Percentage	Value	1.01	1.10	1.00
			Date	31-Mar-2008	31-Mar-2011	30-Jun-2012
			Comments			
Scale-up of benefiting SME#s operations (as measured by a 15% increase in turnover)	<input type="checkbox"/>	Percentage	Value	589.00	774.00	15.00
			Date	01-Apr-2008	31-Mar-2011	30-Jun-2012
			Comments	Baseline (FY08) and end of project target (FY11) to be	Baseline (FY08) and end of project target (FY11) to be	

				established through a baseline and follow-up surveys of a sample of SMEs	established through a baseline and follow-up surveys of a sample of SMEs	
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**Intermediate Results Indicators**

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Percentage Growth in the number of SMEs that receive funds	<input type="checkbox"/>	Percentage	Value	0.00	320.00	100.00
			Date	31-Mar-2008	31-Mar-2011	30-Jun-2012
			Comments		3176 new SME loans were supported under AF	
Percentage of the Credit Facility to PFIs disbursed to eligible SMEs	<input type="checkbox"/>	Percentage	Value	0.00	97.00	100.00
			Date	31-Mar-2008	31-Mar-2012	30-Jun-2012
			Comments			
Percentage of the RSF guarantees issued	<input type="checkbox"/>	Percentage	Value	0.00	0.00	100.00
			Date	30-Jun-2009	31-Mar-2012	30-Jun-2012
			Comments			
Volume of Bank Support: Lines of Credit - SME	<input checked="" type="checkbox"/>	Amount(USD)	Value	12000000.00	50000000.00	52000000.00
			Date	31-Mar-2008	31-Mar-2012	30-Jun-2012
			Comments		Data in USD covers initial financing original parent project and additional financing (P086518 +P102767).	
Outstanding SME Loan Portfolio	<input checked="" type="checkbox"/>	Amount(USD)	Value	5.00	8.50	8.00
			Date	31-Mar-2008	31-Mar-2011	30-Jun-2012
			Comments	bn dollars	SIDBI's overall SME portfolio bn dollars	bn dollars
Percentage of project-supported institutions that are reporting on this indicator	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00	2.00	3.00
No of active loan accounts -SME	<input checked="" type="checkbox"/>	Number	Value	5548.00	30000.00	
			Date	31-Mar-2008	31-Mar-2010	30-Jun-2012
			Comments	Estimated measure of SIDBI's number of SME clientele	Approx measure of SIDBI's number of SME clientele	No target available

**Data on Financial Performance (as of 29-Mar-2012)**

**Financial Agreement(s) Key Dates**

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Project	Loan No.	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P086518	IBRD-72630	Closed	30-Nov-2004	14-Jan-2005	29-Apr-2005		30-Jun-2009
P086518	IBRD-76940	Effective	30-Apr-2009	05-Jun-2009	30-Jul-2009		30-Jun-2012

**Disbursements (in Millions)**

Project	Loan No.	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P086518	IBRD-72630	Closed	USD	120.00	120.00	0.00	120.00	0.00	100.00
P086518	IBRD-76940	Effective	USD	400.00	400.00	0.00	380.11	19.89	95.00

**Disbursement Graph**

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**Key Decisions Regarding Implementation**

It is targeted that by mid-May 2012, a decision will be communicated to the Bank about how to address the RSF component and its funding allocation.

**Restructuring History**

CD Approved on 12-May-2008

**Related Projects**

P102767-SME Financing and Development Project: Additional Financing