



Turkey SME Energy Efficiency Project (P122178)

EUROPE AND CENTRAL ASIA | Turkey | Energy & Extractives Global Practice |
IBRD/IDA | Investment Project Financing | FY 2013 | Seq No: 10 | ARCHIVED on 22-Jun-2018 | ISR33144 |

Implementing Agencies: Vakif Bank, Ziraat Bank, Ministry of Energy and Natural Resources (MENR), Halk Bank

Key Dates

Key Project Dates

Bank Approval Date:27-Mar-2013

Effectiveness Date:22-Jul-2013

Planned Mid Term Review Date:29-Feb-2016

Actual Mid-Term Review Date:04-Mar-2016

Original Closing Date:28-Sep-2018

Revised Closing Date:30-Sep-2019

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to improve the efficiency of energy use in small and medium enterprises, by scaling-up commercial bank lending for energy efficiency investments. The global environmental objective is to reduce Greenhouse Gas (GHG) emissions through the removal of barriers to energy efficiency financing in the small and medium enterprises (SMEs) sector.

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

No

Global Environmental Objective (from Project Appraisal Document)

The global environmental objective is to reduce Greenhouse Gas (GHG) emissions through the removal of barriers to energy efficiency financing in the small and medium enterprises (SMEs) sector.

Has the Global Environmental Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Component 1: Energy efficiency investments in SMEs:(Cost \$294.28 M)

Component 2: Policy support and TA to GDRE:(Cost \$10.94 M)



Overall Ratings

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

Implementation Status and Key Decisions

Since the last implementation support mission in November 2017, significant implementation progress has been made by all three Financial Intermediaries (FIs). The FIs' drawdowns to their Designated Accounts have increased from US\$123.9 million to US\$157.5 million, number of completed subprojects from 144 to 215, and committed sub-loans from US\$90.2 million to US\$146 million (a US\$55.85 million or 62% increase over the last 6 months). All three banking partners have made significant progress: Halkbank committed an additional US\$18 million and has now utilized 95% of its credit line; VakifBank committed another US\$15.84 million, bringing their committed sub-loans to 68% of the credit line; and Ziraat Bank has more than doubled its commitments by adding US\$22 million, bringing their committed sub-loans to 54% of the credit line. If progress continues at a similar pace, the remaining US\$55 million could be committed by the end of 2018, well ahead of the Project's recently extended Closing Date of September 30, 2019.

An important positive development has been the good progress with ESCO subprojects and other alternative business models, which now total 55. GEF sub-grants have been allocated by two FIs to 13 ESCO subprojects through technology vendors and energy efficiency consulting firms (or "EVDs") using energy performance contracts. Furthermore, sub-loans for 18 vendor subprojects and 24 subprojects financed through equipment leasing have also been committed to date.

Total GEF commitments have increased to 64%. While MENR has committed almost all of its GEF funds, with three contracts completed and fully paid, GEF utilization by the FIs needs to accelerate and the FIs agreed to make every effort to fully commit the remaining GEF balance (both for TA and ESCO subgrants) by November 2018.

Risks

Systematic Operations Risk-rating Tool

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



Results

Project Development Objective Indicators

► Associated GHG reductions from project investments (Tones/year, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	135,662.00	329,175.00	220,000.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

Comments

The PDO indicator targets – projected lifetime energy savings (in MWh) and associated greenhouse gas (GHG) reductions (in tons of CO₂/year) – have already been met due to a few subprojects with very high energy savings.

Based on a preliminary review of a sample of subprojects, the Bank noticed several discrepancies in the indicator values reported by the FIs, leading to high or low energy savings and GHG reductions. During the next mission, the Bank will conduct a post-review of a sample of subprojects to verify their technical eligibility and reported indicator values. Therefore, the Bank requested all three FIs to instruct their consultants to carefully review and, if required, correct the reported indicator values for each subproject under the loan.

► Projected lifetime energy savings (Megawatt hour(MWh), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	5,381,999.00	8,124,829.00	7,500,000.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

Overall Comments

Global Environmental Objective Indicators



► Number of loans given using alternative business models (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	42.00	55.00	60.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

► Policy and institutional amendments to improve EE programming (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	n/a	Set of recommendations completed	Most recommendations have been incorporated into MENR/GDRE programming (done)	Final set of amendments submitted for approval/adoption
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

► Number of SME personnel attending awareness raising activities (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	50.00	790.00	750.00
Date	28-Mar-2013	04-Mar-2016	25-May-2018	30-Sep-2019

Overall Comments

Intermediate Results Indicators



► Volume of bank funding: lines of credit - SME (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	66,435.00	117,030,000.00	106,000,000.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

► Total value of EE investments (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	113,074.00	189,320,000.00	230,000,000.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

► Number of EE loans given (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	144.00	215.00	200.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

► No of active loan accounts -SME (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	97.00	189.00	160.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019



▾ Percentage of project-supported institutions that are reporting on this indicator (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	100.00	100.00	100.00

▶ Percentage of active loans to women-owned businesses (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	0.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

▶ EE investments using the EE screening tool (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	11.46	16,150,000.00	12,000,000.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

▶ Portfolio at risk - SME Halkbank (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	2.00
Date	28-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019



► Portfolio at Risk - SME VakifBank (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	1.00	2.00
Date	27-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

► Portfolio at Risk - SME Ziraat Bank (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	2.00
Date	27-Mar-2013	14-Nov-2017	25-May-2018	30-Sep-2019

Overall Comments

Data on Financial Performance

Disbursements (by loan)

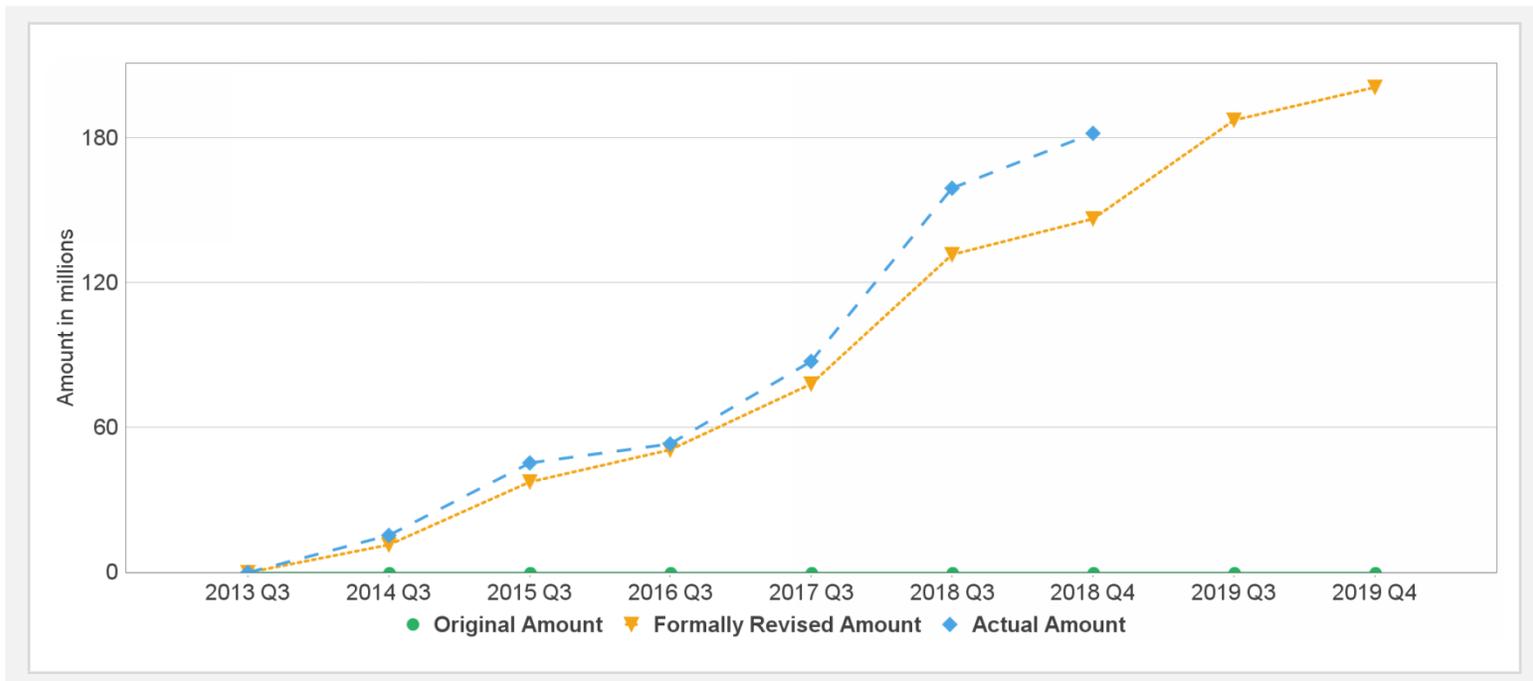
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P122178	IBRD-82420	Effective	USD	67.00	67.00	0.00	67.00	0.00	 100%
P122178	IBRD-82430	Effective	USD	67.00	67.00	0.00	62.07	4.93	 93%
P122178	IBRD-82440	Effective	USD	67.00	67.00	0.00	51.29	15.71	 77%
P132189	TF-14579	Effective	USD	0.94	0.94	0.00	0.94	0.00	 100%
P132189	TF-14580	Effective	USD	0.90	0.90	0.00	0.20	0.70	 22%
P132189	TF-14581	Effective	USD	0.90	0.90	0.00	0.12	0.78	 13%
P132189	TF-14582	Effective	USD	0.90	0.90	0.00	0.40	0.50	 44%

Key Dates (by loan)



Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P122178	IBRD-82420	Effective	27-Mar-2013	06-May-2013	22-Jul-2013	28-Sep-2018	30-Sep-2019
P122178	IBRD-82430	Effective	27-Mar-2013	06-May-2013	22-Jul-2013	28-Sep-2018	30-Sep-2019
P122178	IBRD-82440	Effective	27-Mar-2013	06-May-2013	22-Jul-2013	28-Sep-2018	30-Sep-2019
P132189	TF-14579	Effective	06-May-2013	06-May-2013	22-Jul-2013	28-Sep-2018	28-Sep-2018
P132189	TF-14580	Effective	06-May-2013	06-May-2013	22-Jul-2013	28-Sep-2018	30-Sep-2019
P132189	TF-14581	Effective	06-May-2013	06-May-2013	22-Jul-2013	28-Sep-2018	30-Sep-2019
P132189	TF-14582	Effective	06-May-2013	06-May-2013	22-Jul-2013	28-Sep-2018	30-Sep-2019

Cumulative Disbursements



Restructuring History

Level 2 Approved on 21-Jul-2015 ,Level 2 Approved on 26-Jul-2016 ,Level 2 Approved on 14-Mar-2018

Related Project(s)

P132189-Turkey SME Energy Efficiency Project