

PROJECT NAME:	THIRD EXPORT FINANCE INTERMEDIARY LOAN (EFIL III)
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LOAN AMOUNT: US\$ 201.05 million and Euro 80.41 million
LOAN DURATION: 2005-2010 (Five years)

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PROJECT OBJECTIVE: The utilization success on the EFIL II created an urgent demand and rationale for a repeater EFIL III operation in 2005 in order to maintain the momentum of assistance to exporters. EFIL III's **main objective** is to follow through on the achievement of the predecessor EFIL II project and continue to serve as a catalyst to support export and real sector growth in Turkey during the EFIL III implementation period (2005-2010), and beyond, through EFIL III reflows. In addition to this, EFIL III is including new banks and leasing companies as PFIs (compared to the EFIL II) and thereby diversifying across the financial industry in Turkey.

PROJECT DESCRIPTION: EFIL III substantially maintains the design of its predecessor EFIL II project which was recently completed. The loan funds are provided to the Borrower on standard Bank terms with 16 year maturity (including a 6 year grace period). This extends the maturity available to the financial intermediaries and borrowing companies and appropriately responds to the increasing stability of the Turkish economy and lengthening of the investment planning horizons in the enterprise sector.

The EFIL III has a single component in the form of a credit line for exporters, and is providing medium and long-term funds to exporters through two distinct channels:

- i) US\$88 million and €20 million through commercial banks in the form of investment or working capital loans, and
- ii) US\$112 million and €60 million through leasing companies in the form of lease finance for acquisition of productive assets (such as vehicles, machinery and or equipment).

IMPLEMENTING AND MONITORING: TSKB, a privately owned Turkish investment and development bank, is the borrower and implementing agency. TSKB has proven through EFIL II and other previous projects that it is well suited as the Borrower of the Bank loan and for wholesaling it to financial intermediaries.

BENEFITS: The main benefits of the project are faster private sector growth and job creation, supported by a healthier and more developed financial system. In the longer run, export growth supported by the proposed operation is expected to have an overall positive impact on poverty alleviation and private sector growth in Turkey.

PROJECT STATUS: As of August 2007:

The project is progressing ahead of schedule. 128 sub-loans worth US\$213 million have been committed and US\$200 million has been disbursed to exporters in Turkey. Through the leasing channel 6 leasing firms have disbursed US\$66 million and Euro 39 million worth of leases to exporters in Turkey. Through the sub-loan channel 3 banks have disbursed US\$68 million and Euro 10 million worth of sub-loans to exporters in Turkey.

RESULTS ON THE GROUND: Participating exporters are growing both their employment and their exports. Participating exporting firms initially provided 30,199 jobs and generated on a net basis 2,671 jobs since they received a loan or lease under the project. Similarly, export performance by sub-borrowers has been strong with 40 percent growth between 2005 and 2006.