

<b>PROJECT NAME:</b>	<b>ACCESS TO FINANCE FOR SMES PROJECT</b>
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**LOAN AMOUNT:** Euro 160 Million and US\$ 48 million  
**DURATION:** 2007-2011

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**Counterpart Agency Contact:** Turkish Treasury (Guarantor);  
Turkiye Sinai Kalkinma Bankasi (TSKB) and  
Turkiye Halk Bankasi (Halkbank) (Borrowers)

**PROJECT OBJECTIVE:** The project's main development objective is to increase Turkish small and medium enterprises' (SMEs) access to medium term finance.

**PROJECT DESCRIPTION:** The project is financing two Euro 100 million equivalent credit lines targeting SMEs. TSKB and Halkbank are the Borrowers in the project and each received a Euro 100 million equivalent credit lines to be intermediated to SMEs, and the Turkish Treasury issued a guarantee to the World Bank for the Borrowers' repayment. Halkbank has committed to disbursing at least Euro \$25 million worth of sub-loans to SMEs in the central and eastern part of Turkey, where credit is less well developed. The lending instrument is a Financial Intermediary Loan (FIL), using IBRD funds. It is a Fixed Spread Loan (FSL) in Euro with 15 years maturity and 5 years grace period, with an embedded conversion option for swapping into TRY.

**IMPLEMENTING AND MONITORING:** The implementation agencies for the proposed project are TSKB (Component 1) and Halkbank (Component 2). Each bank has established a Project Implementation Unit (PIU), which will be fully funded and staffed and will operate under the overall supervision of an Executive Vice President.

The WB will evaluate project progress through regular reporting by TSKB and Halkbank and through supervision missions. TSKB and Halkbank have agreed to submit yearly reports including output and outcome indicators and semi-annually financial management reports to the WB.

**BENEFITS:** Increase access to credit for Turkish SMEs throughout the country, including in the east.

**PROJECT STATUS:** After re-negotiations in April 2007 and board approval in May 2007, the loan was declared effective on July 26, 2007. During the month of August, the borrowers met the conditions for disbursement and at the end August they had approved Euro 40 million worth of sub-loans to SME.

**RESULTS ON THE GROUND:** It is premature to assess results on the ground.