

# Evaluation Summary

*Credit line to the Industrial Development Bank of Turkey (TSKB)*

Country: Turkey

Sector: Climate

Evaluator: Mavi Consultant  
Date of the evaluation: May 2015

## Key data on AFD's support

**Project numbers:** CTR 1000

**Amount:** €50 million non-sovereign loan

**Disbursement rate:** 100%

**Signature of financing agreement:** October 2009

**Completion date:** August 2011

**Total duration:** 2 years



## Context

The growth of the developing Turkish economy needs to be sustained by **limiting the negative environmental impacts** and considering stakeholders' needs.

## Actors and operating method

The **contracting authority** was the Industrial Development Bank of Turkey (TSKB)

The **funds were disbursed** to beneficiaries from the renewable energy and energy efficiency sectors.

## Objectives

1. **To facilitate financing** of energy saving projects and renewable energy production projects
2. **To raise awareness and improve training and support** of the financial intermediaries, businesses, and developers in order to achieve projects

## Expected outputs

- A minimum of **16 projects funded**
- **More awareness and further training** for bank teams and potential final beneficiaries

## Performance assessment

### Relevance

The needs of the final beneficiaries and of TSKB are **fully integrated** in the design of the credit facility.

The relevance to the AFD country strategy and national development plan for Turkey were **adequately considered** during the appraisal phase.

Some parts of the TA program lost their relevance during implementation phase.

### Effectiveness

**The funds have been extended to 16 companies to finance 18 renewable energy and energy efficiency projects throughout Turkey.** Out of these 18 projects, 10 were for energy efficiency and 8 were for renewable energy (wind and hydro), fulfilling the project number objectives of the facility. The funds have been used to finance investments totaling more than €361 million, corresponding to 14% contribution on average.

The eligibility conditions are applied effectively to all applicants. **Overall, achieved project outcomes are in accordance with the intended results.** The projects and industries financed under the credit line fall into the predefined framework, criteria and objectives of the credit facility.

**The projects have led to direct and indirect benefits** (e.g. jobs, climate change mitigation, energy security etc.).

### Efficiency

**The credit line was fully disbursed to final beneficiaries within the targeted timeline.** The resources spent for the technical assistance program were in line with the planned budget, though a detailed analysis could not be carried out. **The benefits brought by this program are in accordance with the expectations.**

### Impact

**The credit line contributed to the avoidance of fossil fuels and combating climate change.** The total avoided carbon emissions per year by the financed projects are approximately 811kt CO<sub>2</sub>.

Clients are successfully supported in originating and developing new projects. Moreover, the credit facility helped TSKB foster its **environmental vision** and further develop its internal project evaluation practices.

### Sustainability

The credit facility has moderate external (at final beneficiary and national level) and high internal (at TSKB level) **sustainability impacts.**

**TSKB significantly increased its presence in the energy efficiency market and preserved its recognized position in the renewable energy sector.**

### Added value of AFD's contribution

The feature of "secure loan without state guarantee for specific purpose" is perceived as a clear strength of the credit line.

The joint technical assistance activities performed with other international financial institutions allowed the **creation of synergy.**

The credit facility fueled the established position of AFD's credit lines, its dialogue with local actors and its position in the development of financial markets.

## Conclusions and lessons learnt

The credit facility is considered **highly successful.** This is a result of AFD's accumulated experience in Turkey and in the renewable energy market, together with the collaboration with TSKB. The latter's long-lasting presence, experience and recognition in the market benefited the program.

These framework conditions, combined with national priorities, policies and ongoing interest by investors in such projects have fostered the success of the credit line. **Many of the benefits are still sustained.**

Changes in the logical framework for technical assistance due to rapid failure of global carbon markets are considered a positive adjustment overall, although the revised frameworks did not reach the high quality of the original framework.

Clients applied to the partner bank at a late stage, when their project designs were more or less finalized. Future facilities can also target less penetrated RE/EE technologies, so that clients benefit more from the technical expertise of the partner banks for improved project designs.

A third recommendation is to **take a snapshot of the status of partner banks' internal capacity and know-how at the very beginning**, so that the success of TA activities can be **better assessed** after funds are exhausted. A final recommendation is to **develop or implement tools to better monitor the efficiency** of TA activities.