

Türkiye: Eximbank COVID-19 Credit Line Project

1. Project Information

Project ID:	P000447	Instrument ID:	L0447A
Member:	Türkiye	Region:	Western Asia
Sector:	CRF-Finance/Liquidity	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:250.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	
ES category:	FI	Borrowing Entity:	Export Credit Bank of Türkiye
Implementing Entity:	Export Credit Bank of Türkiye		
Project Team Leader:	Dominic Richards		
Responsible DG:	Najeeb Haider		
Responsible Department:	BNK2		
Project Team Members:	Ruoyu Qian, Team Member; Yang Shuai, OSD - Environment & Social Development Specialist; Liu Yang, Project Counsel; Bernardita Saez, Alternate Counsel; Shonell Robinson, OSD - Financial Management Specialist; Yunlong Liu, OSD - Procurement Specialist; Changyu Sun, Back-up PTL; Ruoyu Qian, Project admin		
Completed Site Visits by AIIB:			
Planned Site Visits by AIIB:	The project team will conduct a virtual monitoring mission in 2022 given the restrictions on travel caused by the pandemic. The project team may plan for physical site visits should travel restrictions get lifted.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2021/09		

2. Project Summary and Objectives

Project Summary:

Eximbank COVID-19 Credit Line Project provides a sovereign-backed credit line (Credit Line) to Türkiye İhracat Kredi Bankası A.Ş. (Export Credit Bank of Türkiye Eximbank). Eximbank then on-lends the proceeds from the Credit Line to sub-borrowers operating in the export sector in Türkiye, providing working capital support to alleviate the liquidity constraints caused by the COVID-19 pandemic. This project is processed under AIIB's COVID-19 Crisis Recovery Facility.

The facility will be on-lent in the form of sub-loans to provide liquidity, and it will not support capex financing. Eligible sub-borrowers are private entities registered and operating primarily in Türkiye, with its main activity being an eligible sector aligned with AIIB's strategy. Eligible sectors are clearly detailed in the Operational

Manual (OM) and include industries like transportation, telecommunications, and manufacturing, among others.

Objectives:

To increase access to finance of firms in Türkiye's export sector that face liquidity constraints caused by the coronavirus disease (COVID-19) pandemic.

3. Key Dates

Approval:	May. 20, 2021	Signing:	May. 26, 2021
Effective:	Jul. 15, 2021	Restructured (if any):	
Orig. Closing:	Sep. 30, 2022	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	250.00	Most recent disbursement (amount/date):	250.00/Jul. 23, 2021
Undisbursed:	0.00	Disbursement Ratio (%): ¹ :	100.00

5. Project Implementation Update

The Loan was announced effective on July 15, 2021.
Front-end fee of USD0.625 million has been capitalized.
The Loan was fully disbursed on July 23, 2021.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Direct lending to Turk Eximbank clients	One disbursement (USD249.375 million) has been made through advance method.	The borrower has established an Environmental and Social Management System (ESMS) and E&S processes in accordance with the requirements stated in the Operational Manual (OM).	In compliance.

Financial Management:

The loan is fully disbursed, and submission of annual report and compliance certificate of the Borrower is following the schedule. Türkiye Eximbank is compliant with CAR at 18.02% > minimum level of 12% (as stipulated in the compliance certificate reported by the client dated end 2021), and is compliant with tangible net worth at TRY 14.5 billion > 5 billion (as required under the loan agreement). In the audited annual report, the auditor (EY) expressed that the financial statements fairly represent the financial position of Eximbank.

6. Status of the Grievance Redress Mechanism (GRM)

No Category A subloan was made and there is no grievance received. The External Communication Mechanism (ECM) is established and disclosed on their corporate website. We have reviewed the submitted annual E&S performance monitoring report and noted all 38 loans were working capital in nature and carries low E&S risk. No

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

further action is proposed.

The ECM can be found on Turk Eximbank's website: <https://www.eximbank.gov.tr/en/contact-us> in both English and Turkish.

7. Results Monitoring

Realizations as of 31st December, 2021: (1) Number of sub-borrowers: 33; (2) % value of loans provided to woman-inclusive enterprises: 20.63%; (3) Non-performing loans in the sub-portfolio: None; (4) Utilization rate of the credit line provided by AIIB: 29.87%; (5) Percentage of loan value in Group 1 and 2 sectors : 74.17%; (6) Number of employees retained by sub-borrowers: 18,656; (7) Export volumes undertaken by sub-borrowers: \$67.83m for Dec 2021 volume only.

As of 20th June 2022, Eximbank doesn't foresee any issues arising amongst the sub-borrowers of the loan due to the current geopolitical tensions in the Euro area.

Project Objective Indicators #1

Number of sub-borrowers:

Year	Target	Actual	Comments, if any
Sep. 30, 2021	N/A	N/A	Target value is set on an annual basis.
Dec. 31, 2021	25	33	Meets expectation

Project Objective Indicators #2

Percent value of loans provided to women-inclusive enterprises

Year	Target	Actual	Comments, if any
Sep. 30, 2021	N/A	N/A	Target value is set on an annual basis.
Dec. 31, 2021	5%	20.63%	Meets expectation

Project Objective Indicators #3

Nonperforming loans (NPL) in the sub-portfolio

Year	Target	Actual	Comments, if any
Sep. 30, 2021	N/A	N/A	Target value is set on an annual basis.
Dec. 31, 2021	<4%	0	Meets expectation

Project Objective Indicators #4

Utilization rate of the credit line provided by AIIB (Amount disbursed by AIIB as % of total size)

Year	Target	Actual	Comments, if any
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Sep. 30, 2021	N/A	N/A	Target value is set on an annual basis.
Dec. 31, 2021	70%	29.87%	This resulted from execution constraints at Eximbank side – including having to translate the POM into Turkish and adhere to the E&S requirements. Eximbank has hired additional staff to accelerate the sub-loan approval process. These were subsequently rectified and the utilization level to be 65% (USD162m) as of 22nd June 2022.

Project Objective Indicators #5

Number of employees retained by sub-borrowers

Year	Target	Actual	Comments, if any
Sep. 30, 2021	N/A	N/A	Target value is set on an annual basis.
Dec. 31, 2021	5000	18656	Meets expectation

Project Objective Indicators #6

Export volumes undertaken by sub-borrowers

Year	Target	Actual	Comments, if any
Sep. 30, 2021	N/A	N/A	Target value is set on an annual basis.
Dec. 31, 2021	50	67.83	67.83 is Dec 2021 volume only

Intermediate Result Indicators #1

NA

Year	Target	Actual	Comments, if any
Dec. 31, 2021	NA	NA	
Dec. 31, 2021	NA	NA	

Remarks: