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Report Number: ICRR0021943

1. Project Data

Project ID P147183	**Project Name** Innovative Access to Finance	
Country Turkey	**Practice Area(Lead)** Finance, Competitiveness and Innovation	
L/C/TF Number(s) IBRD-84090	**Closing Date (Original)** 31-Dec-2018	**Total Project Cost (USD)** 238,194,371.85
Bank Approval Date 22-Jul-2014	**Closing Date (Actual)** 31-Dec-2018	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	250,000,000.00	0.00
Revised Commitment	250,000,000.00	0.00
Actual	238,194,371.85	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

"The Project Development Objective (PDO) is to improve access to longer term Islamic finance and to factoring for small and medium enterprises and export oriented enterprises" Loan agreement (LA), p.5. The statement of the project objective in the Project Appraisal Document (PAD) on p.5 is identical, and remained unchanged throughout the period of project implementation.

Islamic finance is a financial system that operates according to the Islamic law. The concept of Islamic finance is based on core tenets of Islam concerning property rights, social and economic justice, wealth distribution, and governance. One of the key features of the system is the prohibition of interest and ambiguous contracts or deals. However, just like conventional financial systems, Islamic finance features banks, capital markets, fund managers, investment firms, and insurance companies (PAD, p. 26).

Factoring helps small and medium enterprises (SMEs) in the financing of their production cycle, overcoming challenges raised by long payment delays imposed by buyers. Factoring allows SMEs to overcome constraints related to collateral and limited credit history, presenting an important alternative to traditional bank loans. Factoring is also particularly important for exporting enterprises, helping overcome challenges related to international trade.

The credit line, guaranteed by the Government, was to be intermediated by Turkiye Sinai Kalkinma Bankasi A.$**. (**TSKB) that on-lent/financed factoring company Participating Financial Institutions (PFIs). TSKB selected PFIs pursuant to criteria agreed between TSKB and the World Bank, and subject to no objection by the World Bank. Subsidiary Financing Agreements were signed between TSKB and factoring company PFIs, and the PFIs in turn sub-financed private SMEs and EOEs, the final beneficiaries of the credit line (PAD, p. 25&32).

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The Project Single Component: A credit line to Turkiye Sinai Kalkinma Bankasi A.$. (TSKB) to on-lend and finance intermediation through participation banks and factoring Participating Financial Institutions (PFIs) to Small and Medium Enterprises (SMEs) and Export Oriented Enterprises (EOEs). (Cost at appraisal of US$250,0 million, actual cost of US$238.2 million).

This single-component project focused on Islamic finance (a tranche estimated at US$160 million) and on factoring (a tranche estimated at US$90 million). The choice of a single component provides re-allocation flexibility against a limited number of Participation banks and increased financial markets uncertainty. The credit line, guaranteed by the Turkish government, was to be intermediated by TSKB, which was the Borrower and implementing agency for this project. TSKB was in turn to on-lend/finance PFIs, which can be participation banks and factoring companies. TSKB was to select PFIs pursuant to criteria agreed between TSKB and the World Bank, and subject to no objection by the World Bank. The selected PFIs were in turn to finance private small and medium enterprises (SMEs) and export-oriented enterprises (EOEs), the final beneficiaries of the credit line. The PFIs intended to assume the risk of the sub-beneficiaries who were to be selected based on agreed upon selection criteria. TSKB was to have exposure only to the selected PFIs and to assume the risk for on-lending/financing PFIs. At least 15 percent of the loan amount used for SME sub-financing was to be utilized for SME sub-projects in underserved priority regions. The main business lines were corporate finance and project investment with a small percentage of the TSKB operation focusing on advisory services, ranging from strategic financial consultancy, real estate appraisals to sustainability and environmental consulting.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Cost: The cost amount totaled the equivalent US$238.2 million. The final disbursed amount was lower than the approved amount, because the loan was disbursed in two currencies (Euro and US$) which fluctuated during the period of project implementation. For instance, an appreciation of the Euro or the US$ against the Turkish Lira (TL) would result in the disbursement of a lower amount in US$ or in Euros.

Financing: The operation was financed by an IBRD loan in the amount of US$250,0 million equivalent. Disbursed amount was only US$238.2 million, reflecting the impact of the exchange rate fluctuations between the US$, the Euro, and the Turkish Lira.

Borrower Contribution: There was no borrower contribution, but the loan amount was guaranteed by the Republic of Turkey.

Dates: The project was approved on July 22, 2014, made effective on December 04, 2014, and closed on schedule on December 31, 2018

3. Relevance of Objectives

Rationale

The objective of the current World Bank's Country Partnership Framework (CPF) for the period of FY18-FY21 is to help Turkey achieve more sustainable and inclusive growth. The focus areas of engagement of the new CPF reflects the priorities identified in the Systematic Country Diagnostic (SCD), which are i) growth, ii) inclusion and iii) sustainability. The project under review falls under the first group of growth, under interventions that aim to improve access to finance for underserved markets.

The CPF identified the underserved segment of the economy as composed of people, and micro, small and medium enterprises (MSMEs) and exporters reached with financial services. The CPF stressed that the World Bank will continue to work with state banks, development banks and other financial institutions to support their countercyclical and market-gap-filling functions, especially through providing long-term financial sources. This included diversification of financial sector products and instruments, including leasing, factoring, Islamic finance and other. The project targeted SMEs and exporter beneficiaries, supported the development of factoring and Islamic finance, and set provision of longer-term funding to the target beneficiary groups as the development objective. The PDO therefore aligned well with the objectives of the current CPF.

This operation builds on the positive results generated by 12 previous credit lines provided by the World Bank to Turkey, and this relationship with the Borrower is a testimony that the project scope was appropriate, and everything was in place to help the project achieve its identified outcomes and objective. However, the scope of the project in comparison to the country's needs in access to finance in this area was rather limited. Based on the congruence between this project and the CPF, and building on previous World Bank successful credit lines in Turkey, the relevance of objective is rated as substantial, reflecting the limited scope of the beneficiaries compared to the enormity of the country's needs.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve access to longer term Islamic finance and to factoring for small and medium enterprises and export-oriented enterprises.

Rationale

Theory of change:

The PAD did not have an explicit theory of change, but the ICR constructed one (p.6-7) whose features are as follows:

i. The project's results chain was articulated on the assumption that providing longer-term funding to a number of participating banks, and factoring companies at maturities these financial intermediaries can’t get on their own would encourage the PFIs to increase longer term financing to SMEs and expand factoring against export receivables;

ii. The key inputs were as follows: (a) an IBRD loan was provided to an apex bank (TSKB), the latter being responsible to on-lend the loan proceeds to eligible participating financial intermediaries (PFIs) composed of participation banks and factoring companies, and (b) a reflow of the IBRD funding by TSKB at the same terms and conditions as the IBRD loan;

iii. Expected outcomes included (a) an increased average maturity of participation banks' sub-financing portfolios, and (b) an increased average maturity of factoring companies' portfolios under the project.

While the theory of change constructed by the ICR was sound in terms of its linkages between inputs and outcomes, it would have been more robust if it had clearly identified expected outputs and intermediate outcomes.

This review summarizes below the performance of results indicators provided in the ICR at project completion in terms of outputs, outcomes, and impact:

Outputs

- With the project's support, TSKB staff were trained about the features of the Islamic banking and the transactions with factoring companies. This exposure helped TSKB to gain knowledge needed to reach out to more diversified real sector borrowers;
- Seven PFIs were involved in transactions in the Islamic banking and with factoring companies, exceeding by 17 percent the target of 6 PFIs identified at appraisal;
- The number of new active export finance accounts (not cumulative) was 639 at completion, while the number of active SME finance accounts (not cumulative) reached the level of 47,876. The volume of outstanding export finance portfolio, and that of outstanding SME finance portfolio amounted respectively to US$710 million and US$3,702 million respectively, but there was no baseline and no target for these indicators;
- The portfolio quality improved as portfolio at risk decreased from a baseline of 0.4 percent to 0.2 percent at completion, but there was no target;
- While the volume of World Bank's loan was almost fully utilized (US$238.2 million was disbursed, against a target of US$250,0 million), the target of World Bank's support in terms of lines of credit extended to SMEs was only US$71.40 million, missing the target of US$150,0 million;
- The financial sustainability was mixed as return on assets fell from 2.8 percent at end-2013 to 2.3 percent at end-June 2018, while return on equity increased from 17.9 at end-2013 to 18.4 percent at end-June 2018. On the contrary, compliance with prudential regulation improved and the target of SME sub-finance financing SME sub-projects in priority regions was exceeded, reaching 29 percent against a target of 15 percent.

Outcomes

- The ratio of the average maturity of Islamic sub-financing under the project was over three times that of the average maturity of the Islamic finance PFI's portfolio not financed under the project (a ratio of 3.5 against an original target of >1). This illustrates that the project enabled longer term funding to Islamic financing new customers in comparison to existing customers.

- The ratio of export factoring sub-financing in the factoring portfolio financed under the project, over the export factoring finance in the factoring portfolio not financed under the project reached 13.4 against the original target of >1. Factoring PFIs were bank subsidiaries and used to get very short-term funding from their parent companies, and in Turkey there was no factoring against export receivables. The project provided these companies with steady and longer-term funding, enabling them to better manage their cash flows and expand their customer base in the export-oriented enterprise sector (ICR, p.12).

Impact

- The number of export-oriented enterprises (EOE) financed by PFIs under the project increased significantly, reaching 127 against an original target of 30. The involved PFIs improved their capabilities as they gained exposure to international practices in financial evaluation and credit risk assessment of borrowers and investment projects, and this sent a positive signal about the factoring PFIs to the market.

- The target of the number of SME beneficiaries financed by PFIs under the project was missed, as the project reported a number of 203 SME beneficiaries financed, against a target of 300 SMEs by project closure. However, there was no systematic data on the business-level impact both during project implementation, and this important aspect of project impact might have been overlooked, making it difficult to verify and validate the reported impact. The following paragraph provides some information on business-level impact, but it is neither systematic nor quantitative.

- The project team reported in the ICR under review (ICR, para 25) that the project enabled the above-mentioned SMEs and EOEs to achieve the following business-level impacts: increased sales, diversified business, expanded production capacity, upgraded technologies, and/or improved financial status. Moreover, the above enterprises added 488 new jobs, and the aggregate net sales of the 330 beneficiaries was Turkish Liras (TL) 13.6 billion, while the aggregate exports of these companies reached TL5.9 billion.

Rating
Substantial

OVERALL EFFICACY

Rationale
The project enabled longer term funding to Islamic financing new customers in comparison to existing customers. Moreover, the project provided factoring companies with steady and longer-term funding, enabling them to better manage their cash flows and expand their customer base in the export-oriented enterprise sector. While the number of export-oriented enterprises (EOEs) financed by PFIs under the project increased significantly, the target of the number of SME beneficiaries financed by PFIs under the project was missed. Finally, the project reportedly enabled the above SMEs and EOEs to achieve increased sales, diversified business, expanded production capacity, upgraded technologies, and/or improved financial status.

Overall Efficacy Rating

Substantial

5. Efficiency

There were no ex-ante cost-benefit or EIRR/FIRR analyses for the line of credit operation and these analyses were not prepared at the ICR phase either. Instead, the ICR provided some qualitative and aggragated information related to the impact of the loan and the reflows of the PFIs' principal repayments and to the priority regions supported. However, the above information was appropriate to the project's efficacy, externalities and impact rather than to the project's efficiency.

Administrative and implementation efficiency was rather satisfactory as the total project amount was fully disbursed, and no restructuring was conducted during the period of project implementation. This reflects the experience and knowledge acquired by World Bank teams, because over the previous 10 years, the Bank provided 12 credit lines to Turkey, with the TSKB being the key partner. In most cases, the key objective of the projects was to provide medium and long term finance focusing on SMEs and exporters, and performance of those operations was overall satisfactory. The World Bank teams have developed a good mastery of this financial instrument, and the dialogue with the borrower related to the financial product of credit lines has been sustained over a decade.

While implementation efficiency was under control, the overall project's efficiency is rated as modest, because of the limited effort by the implementing agencies to assess the project's economic and financial costs and benefits generated by the project on the final beneficiaries.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Overall outcome achievement of the operation was moderately satisfactory. The relevance of the objective was substantial, based on the congruence between this project and the CPF, and as the project drew from the experience of multiple identical credit lines. Efficacy was substantial, as the IBRD loan was fully disbursed, and on-lent to PFIs, and then to banks, and the latter provided loans to SMEs and EOEs, which benefited from increased average of the maturity of the loans they received from the intermediary banks. The project enabled more than 203 SMEs and 127 EOEs to benefit from longer term loans in order to expand production or improve product quality, which resulted in increased sales or diversified business lines. Project's efficiency was modest, because of the absence of a methodology to better capture economic and financial costs and benefits generated by the project in favor of beneficiary SMEs and EOEs.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

Macroeconomic risks: The ICR reported that the main risk to the sustainability of the outcomes might be the significantly increased volatility of the economy but this is outside the control of the Bank and the team. Because of the economic volatility and the heightened political stress, there were already signs of lower desire to invest in capital goods and weakened demand for foreign-currency denominated loans (ICR. para 75). The main negative factor was the macroeconomic fluctuations (high current account deficit, high inflation, overheating economy) and the consequent heightened market volatility during the second part of the project implementation period. Domestic economic imbalances coupled with a challenging external environment led to a dent in investor confidence in Turkish financial assets and a sharp slowdown in capital flows to Turkey in 2018. Although market volatility in Turkey subsided in August 2018, the economic situation remained fragile. The turbulences dampened SME capital investment and weakened the demand for USD denominated funding. (ICR para. 52)

Financial risks: The financial risk of the project outcome was reduced because of the quality of the project design. The ICR indicated (para 78) that the line of credit’s eligibility criteria of PFIs, sub-borrowers and sub-projects, as well as the terms and conditions of subsidiary and sub-loans were based on financial and commercial viability presented in the projects submitted by the SMEs and EOEs.

Overall, the risk to development outcome is assessed as moderate, as risks outside the borrower control are balanced by the rigor exerted in establishing the eligibility criteria to accessing the resources of the credit line.

8. Assessment of Bank Performance

a. Quality-at-Entry

Ahead of project approval, studies were carried out on the role of Islamic banking and factoring in the development of the SMEs sector and growth of exports. Moreover, lessons were filtered from the Bank’s previous lines of credit operations, especially with regard to PFIs, sub-borrower and sub-project eligibility criteria and single-borrower exposure limits, and this helped in the design of a simple and flexible project. Based on the above studies and lessons, the Bank decided to expand the longer-term funding support to islamic banking and factoring. The inclusion of the reflow requirement in the legal covenants aimed to increase sustainability by injecting longer-term funding into the targeted markets.

Because of ground experience derived from past involvement in similar operations, implementation arrangements were adequate and included: (i) the apex financial institution (TSKB), which was responsible for project implementation and was selected based on its experience in on-lending structures and with the World Bank, (ii) the Project Implementation Unit (PIU) in TSKB was staffed with qualified personnel, and (iii) the PFIs were to be selected by TSKB based on their financial health, their capacity to extend sub-financing, and the World bank's no objection. Finally, while overall risk to the project performance was rated moderate, most of the identified risks were found to be of low category, including the project design and Implementing Agency risks.

The following weaknesses were identified at appraisal, but could not be mitigated: (i) there was no planning for achieving and evaluating the development impact of credit line operations, such as what could be realistically achieved and how to define and monitor them, (ii) there was limited effort spent on strengthening the design of the results chain in order to better monitor, evaluate and assess the implementation progress and the final results, and (iii) there were no efforts made to quantify economic and financial flows arising from the project in terms of gains by key project stakeholders and beneficiaries.

Overall, quality-at-entry is rated Moderately Satisfactory, as the impact of studies, lessons and experience in project design was reduced by weaknesses in identifying appropriate yardsticks to adequately capture results, impact and efficiency of the lines of credit.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

During the second part of the project implementation period, macroeconomic fluctuations and challenging external environment affected the investor confidence in Turkish assets and there was a sharp slowdown in capital flows to Turkey. Although market volatility subsided by the end of 2018, the economic situation remained fragile. These economic turbulences and political tensions dampened the SME capital investment and affected the demand for US$-denominated funding. (ICR para. 52).

While there were three TTLs in the four years of project implementation, a core team member was located permanently in the country office and maintained regular contact with all stakeholders, and this helped smoothen out the negative impact of TTLs reshuffle. In the first two years of project implementation, the Bank task team regularly reviewed the PFIs' financials, the PFIs' compliance with the project's legal covenants, and the problems affecting the demand for sub-loans. Finally, the ICR reported that the Bank team always assisted TSKB as needed, and the Bank colleagues supported promptly the country-based staff (ICR, para 68).

ISRs were regularly prepared and updated the status of the results framework. However, the 2016 ISR indicated that the number of SME borrowers was short of the original estimate by a large margin owing to problems in signing in SME sub-borrowers, but no restructuring was undertaken to address the problem to facilitate the achievement of the relevant PDO indicator. Moreover, the Bank team identified additional deficiencies of the results framework and the dual currency structure of the IBRD loan, but did not request a more comprehensive restructuring once economic conditions improved during project implementation.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The M&E framework was better described in the PAD than in the ICR, and the ICR's constructed theory of change had weaknesses. In particular, the columns of the theory of change table showing outputs and intermediate outcomes (ICR, p.7) did not reflect what is described under the efficacy section of this review. The PAD identified in Annex 1 the PDO and intermediate indicators, which included SME finance core indicators for Bank-wide monitoring, and were to be monitored by the TSKB's PIU. The four PDO outcome indicators were relevant benchmarks for monitoring and assessing the progress towards the PDOs. The identified PDO and intermediate indicators were adequate to assess project performance, as they primarily targeted the maturity of loans extended using the project resources, and the number of beneficiary SMEs and EOEs. These indicators were measurable and achievable. The M&E data and information were to be supplied by the TSKB’s internal reports and from reports provided by the PFIs on a quarterly, semiannual and yearly basis.

b. M&E Implementation

Progress toward the PDO was monitored through the ISRs and the aide-memoires prepared after each supervision mission, including the December 2016 Medium-term Review (MTR mission). Several aide-memoires were prepared after key supervision missions and eight ISRs were duly filed. Data on the results indicators were regularly updated in the ISRs.

However, the 2016 ISR indicated that there were problems in signing in SME sub-borrowers while the number of EOE sub-borrowers exceeded the original target by a large margin. There were no reported actions undertaken to facilitate the achievement of the relevant PDO indicator. A project restructuring could have modified the results framework design and facilitate the pursuit of realistic indicators toward the achievement of the project outcome and objective.

c. M&E Utilization

The ICR reported that the findings presented in the ISRs were not acted upon timely and conclusively. While all ISRs contained updated data on the progress towards achieving the results, there were indicators that were off-track. The ICR indicated that ISRs did not "describe in more detail why there was little progress under one indicator or why some indicator was exceeded. If better prepared, the ISRs would have been a more useful tool to provide key management information on the status, the pending issues and the proposed actions" (ICR, p. 59). Overall, M&E reports could have been better used to improve the project performance toward expected outcomes.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

At appraisal, the project was classified as a Financial Intermediary (FI) category, as this was a case of investments of World Bank funds through a financial intermediary, in subprojects that may result in adverse environmental or social impacts. However, two safeguards policies were triggered for precautionary reasons as follows: (i) Environmental Assessment (OP 4.01), and (ii) Physical Cultural Resources (OP/BP 4.11)

Environmental issues of sub-borrowers and their sub-projects were to be addressed through the sub-finance environmental eligibility assessments, which were carried out in accordance with both the Government of Turkey Environmental Assessment Regulation and the World Bank operational policies. While Turkish environmental safeguards requirements were relatively stringent, they differed from those of the World Bank, particularly for physical expansion, as Turkish legislation does not mandate the preparation of an environmental management plan. Under the project, this “discrepancy” required the preparation of an Environmental Review Framework for the purpose of clarification and the provision of guidance to TSKB, PFIs and sub-borrowers.

The ICR's assessment of environmental issues was thorough (ICR, para 62). The project funded working capital or investment finance applications, which included machinery purchase and replacement or small-scale construction works. The environmental review framework also included evaluation forms for assessing the environmental due-diligence of the existing facilities (SMEs), which applied for working capital or investment loans. The environmental review framework was successfully implemented throughout the project implementation, and no major construction works were financed during the project implementation as the project mainly financed the purchase of machinery for existing facilities.

Overall, safeguards compliance was satisfactory, as no social or environmental issues were pending at project closure.

b. Fiduciary Compliance

Procurement: The ICR was rather spare in assessing project performance in the procurement management of the project (ICR para. 63). The PIU had the necessary technical capacity to ensure compliance with Bank procurement guidelines and to provide guidance as needed throughout project implementation. The Procurement Performance Rating & Summary prepared in mid-2018 rated procurement as satisfactory and in compliance with the procurement procedures set out in the legal agreement.

Financial management: The project's FM performance was rated as highly satisfactory in January 2016 and throughout the end of the project, as the project fully complied with the FM covenants, and TSKB had satisfactory systems in place for its apex management from application, to verification of documents and all the internal controls in between. The project audit reports were timely, and the auditors always issued unqualified opinions,consistent with Bank policyes and procedures.

Overall, fiduciary compliance was satisfactory, mainly because the IBRD resources were managed by financial institutions staffed by experts and equipped with systems experienced in handling the flow of financial resources.

c. Unintended impacts (Positive or Negative)

The ICR did not identify any unintended impacts

d. Other

The ICR did not identify any other issue of interest.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	

12. Lessons

This review agrees with the following three lessons identified in the ICR and rephrased below regarding the design and supervision of a line of credit operation:

- **To warrant long term sustainability of the line of credit's outcome, commercial and financial viability needs to be at the core of the criteria of allocating loans to final beneficiaries.** Using the line of credit's eligibility criteria of PFIs, sub-borrowers and sub-projects, as well as the terms and conditions of subsidiary and sub-loans, allocation of credits to final project beneficiaries were based on financial and commercial viability of their undertakings. The project's legal covenants helped to ensure sustained application of the criteria and the terms and conditions throughout project implementation.

- **Toward capturing the development impact of the Bank's line of credit operation, there is a need to incorporate in the operation design a better approach of assessing the economic and financial efficiency of the operation.** The assessment on development grounds of a line of credit should not stop at pumping longer-term funding into apex banks and PFIs, it should ensure that there is a rigorous assessment of the economic and financial costs and benefits accruing to the key involved stakeholders. Previous similar projects and this one have overlooked this aspect, and this has led to the weakening of the project's results chain and its efficiency assessment.

- **For a credit line to respond to the borrower's needs, its supervision must incorporate a regular monitoring system of the developments affecting the country's and international financial markets.** Both national and international financial markets tend to be continuously volatile. The supervision of a line of credit needs to monitor market developments, the financial health and eligibility of PFIs, and the quality of Bank-funded portfolios and the resulting impact on end-borrowers, in order to take timely responses when needed. This requires follow-up meetings with PFIs and field visits of end borrowers, as well as timely reporting of the main issues found and their resolutions for better management information.

13. Assessment Recommended?

Yes

Please Explain

This is the 13th IBRD credit line to Turkey during the last 10 years. A PPAR aimed at assessing the impact of these operations on the Turkish financial sector in general, and the SMEs in particular is more than warranted.

14. Comments on Quality of ICR

The ICR provides a fair and concise picture of the operation's design and implementation. The ICR also provides factual evidence of the project's efficacy, which is articulated around (i) the theory of change constructed by the ICR, and (ii) the achieved targets of the PDO and intermediate indicators. Both the theory of change and the achievements of the results framework indicators are the key elements illustrating the use of IBRD loans to achieve outcomes in terms of loans maturity and access. The identified lessons are sound and were derived from the experience of project implementation. The ICR under review drew from the Borrower's ICR, whose a summary was included in Annex 5, which highlighted (i) the PIU work completed in the areas of data collection and consolidation, (ii) the TSKB organization, and (iii) the assessment of the borrower's performance.

The ICR had the following weaknesses: (i) the constructed theory of change could have been improved by harmonizing the identified outputs and intermediate outcomes with those identified under the efficacy section of this review (Section 4), (ii) Annex 1 on the results on intermediate outcome targets lacked the needed comments and comparison between the achieved results and the targets, and (iii) the Annex 3 on the project cost by component was not updated. Upon request by IEG, the two annexes were updated and finalized by the ICR team and shared with IEG.

a. Quality of ICR Rating

Substantial