

SBF Project Implementation Monitoring Report

Turkey: TSKB Sustainable Energy and Infrastructure On-lending Facility

1. Project Information

Project ID:	000132	Investment Number:	L0132A
Member:	Turkey	Region:	Western asia
Sector:	Finance	Sub-sector:	Intermediary financing
AIB Financing Type:	Loan: 200 USD million	Co-financier(s):	Stand-alone
E&S category:	FI	Borrower:	Türkiye Sınai Kalkınma Bankası (TSKB)
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Türkiye Sınai Kalkınma Bankası (TSKB)		
Project Team Leader:	Francisco-José Fortuny Carod		
Project Team Members:	Henri de Branche, Senior Environmental Specialist Giacomo Ottolini, Procurement Specialist (Consultant) Shonell Robinson, Financial Management Specialist		
Completed Site Visits by AIB:	Jan, 2019 Monitoring visit Feb, 2019 Joint project appraisal mission to Efeler Geothermal Project Jan, 2020 Joint E&S monitoring mission to the Efeler Geothermal Project		
Planned Site Visits by AIB:	Feb, 2020 Subject to travel restrictions caused by COVID-19. Tentative Q1 2021.		

2. Project Summary and Objectives

To advance Turkey's infrastructure primarily in the field of renewable energy and energy efficiency, but also in sectors of transport, power transmission, water management, and treatment and telecommunications by providing AIB loan to TSKB to finance the eligible subprojects in Turkey.

3. Key Dates

Approval:	Sep. 28, 2018	Signing:	Sep. 28, 2018
Effective:	Nov. 6, 2018	Restructured (if any):	
Orig. Closing:	Apr. 1, 2021	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

a) Committed:	200	b) Cancellation (if any):	
c) Disbursed:	80.5	d) Most recent disbursement: (amount / date)	25, Sep. 2, 2020
e) Undisbursed:	119.5	f) Disbursement Ratio(%) ¹ :	40.3

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

The loan became effective on November 6, 2018. The first disbursement (USD 30,000,000, under reimbursement method) was made on September 25, 2019, to support TSKB's senior loan to Gurmat Elektrik A.Ş., a subsidiary of Güris Holding A.Ş. and Mogan Enerji A.Ş., for the 97.6MW expansion of the Efeler Geothermal Power Plant, in the province of Aydin (western Turkey). The project is a co-financing with AIB, Türkiye İş Bankası (İş Bank), European Bank for Reconstruction and Development (EBRD), Black Sea Trade and Development Bank (BSTDB) and ICBC Turkey. The second and third disbursements were carried out simultaneously on December 18, 2020, for a combined amount of USD 25,000,000. TSKB used the funds to support with senior loans the development of the MIS-3 Geothermal Power Plant project in the province of Manisa by Mis Enerji Üretim A.Ş. (USD 9,917,626, reimbursement method) and the development of the 75MWe Vize-2 Wind Power Plant in the province of Kırklareli by Karayel Elektrik Üretim A.Ş. (USD 15,082,374, advance method). On September 2, 2020, the Borrower received a fourth

and fifth disbursement in the amounts of USD 4,825,544.25 and USD 20,174,455.75 (reimbursement and advance method), for a combined total of USD 25,000,000, bringing the total utilization of the facility to USD 80,500,000 (40.25 percent). The proceeds from the fourth and fifth disbursements were used to support loan from TSKB three sub-borrowers and sub-projects: Boylam Enerji A.Ş. (USD 15,000,000, reimbursement), a subsidiary of Borusan Enerji A.Ş., received a loan to support the construction of the Saros 140MW Wind Farm project, in western Turkey; Sarbak Metal (USD 2,250,000, advance and reimbursement), a producer of brass, wedges, and ingots, currently undertaking energy efficiency investments at its production facility; and Karayel Elektrik Üretim A.Ş. (USD 7,750,000 advance and reimbursement), received an additional disbursement to support its Vize-2 Wind Power Project, mentioned above.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Sustainable Energy and Infrastructure On-lending Facility (USD 200 million)	Efeler Geothermal: Partially completed (>60%)	Efe-8 unit EIA court process has been resolved.	In compliance.
Component 1: Sustainable Energy and Infrastructure On-lending Facility	Mis-3 Geothermal: In operations since Oct 3, 2019	In compliance	In compliance
Component 1: Sustainable Energy and Infrastructure On-lending Facility	Karayel Vize-2 Wind: Under construction.	In compliance	In compliance
Component 1: Sustainable Energy and Infrastructure On-lending Facility	Boylam Saros Wind: Under construction	In compliance	In compliance
Component 1: Sustainable Energy and Infrastructure On-lending Facility	Sarbak Metal Energy Efficiency: Under construction	In compliance	In compliance

Financial Management:

In compliance. The last Project Audit report as of Dec. 31, 2019, was submitted on Aug. 1, 2020, and presented an unmodified opinion.

6. Status of the Grievance Redress Mechanism (GRM)

The Client has established a GRM. No major GRM activities were occurred as of October 14, 2020.

7. Results Monitoring

The specific benchmarks and targets are determined as the project advances.

Baseline Year: Nov. 6, 2018 End Target Year: Jan. 1, 2023

Project Objective Indicators	Year	Target	Actual	Others, if any
Share of renewable energy and energy efficiency projects (%)	Jun. 30, 2020	N/A	40.3%	
Installed capacity (renewable energy) (MW)	Jun. 30, 2020	N/A	48	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
CO2 reduction (MtCO2)	Jun. 30, 2020	N/A	N/A	

Remarks: Only completed sub-projects are included (Mis-3) in the computation of installed capacity.