

## SBF Project Implementation Monitoring Report

### Turkey: Turkey Gas Storage Expansion Project

#### 1. Project Information

Project ID:	000062	Investment Number:	L0062A
Member:	Turkey	Region:	Western asia
Sector:	Energy	Sub-sector:	Oil and gas transmission and distribution
AIB Financing Type:	Loan: 600 USD million	Co-financier(s):	WB-led
E&S category:	A	Borrower:	Boru Hattari Ile Petrol Tasima A.S. (BOTAS)
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Boru Hattari Ile Petrol Tasima (BOTAS)		
Project Team Leader:	Hari Bhaskar		
Project Team Members:	Henri de Branche, Senior Environmental Specialist Giacomo Ottolini, Procurement Consultant Shonell Robinson, Financial Management Specialist		
Completed Site Visits by AIB:	Aug, 2020 Mission by lead co-financier World Bank		
Planned Site Visits by AIB:	Jan, 2021 Planned virtual mission		

#### 2. Project Summary and Objectives

The project objective is to increase the reliability and security of Turkey's gas supply by expanding underground gas storage capacity.

The project is co-financed with IBRD with AIB and IBRD financing USD 600 million each. IBRD has already financed the original gas storage project in the same location (current project is an expansion project).

#### 3. Key Dates

Approval:	Jun. 24, 2018	Signing:	Jun. 27, 2018
Effective:	Jul. 17, 2018	Restructured (if any):	
Orig. Closing:	Oct. 31, 2024	Rev. Closing (if any):	

#### 4. Disbursement Summary (USD million)

a) Committed:	600	b) Cancellation (if any):	
c) Disbursed:	191.6	d) Most recent disbursement: (amount / date)	10, Oct. 8, 2020
e) Undisbursed:	408.4	f) Disbursement Ratio(%) <sup>1</sup> :	31.9

<sup>1</sup> 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

All the key procurement contracts awarded (Design, supply and installation contract, supervision consultancy and ESIA and RAP monitoring consultancy).

Contractors are fully mobilized at site. However, the progress in the last two quarters are affected by the pandemic. Selection and award of contracts to key sub-contractors and suppliers are ongoing.

Construction works related to top hole drilling, fresh water pipeline, brine discharge pipeline and energy transmission line earth works are ongoing but at a much reduced pace as compared to pre-Covid times.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Tuz Golu gas storage	Top hole drilling, fresh and brine discharge pipelines, and energy transmission works	Some non-compliance with the E&S covenants is still observed. Subsequent to the recent mission, World Bank is planning a	Major procurement

expansion facilities (USD590 million)	ongoing. Approximately 18% of the works are completed.	management level discussion with BOTAS and the Treasury (Ministry of Finance) to address the key E&S issues.	completed.
Component 2: Supervision consultancy (USD8 million)	Contract awarded and the consulting firm is on board.	N/A	Completed
Component 3: ESIA and RAP monitoring consultancy (USD2 million)	Contract awarded and the consulting firm is on board.	N/A - this consultant is monitoring E&S compliance of works at the project site but has no E&S compliance issues themselves.	Completed

#### Financial Management:

Audit reports for FY 2019 received in September 2020, after a few follow-ups. World Bank's FM team is reviewing the report and is expected to request clarifications soon, in consultation with us.

#### 6. Status of the Grievance Redress Mechanism (GRM)

About 30 grievances are open. BOTAS in the process of attending to them. Some of the open grievances relate to additional demands / requests from the landowners on land acquisition and employment opportunities.

#### 7. Results Monitoring

Actual results of end 2020 are to be measured in Q1 2021. Some of the indicators are likely to be achieved later than projected due to the pandemic related delays.

Baseline Year: Jun. 24, 2018 End Target Year: Oct. 31, 2024

Project Objective Indicators	Year	Target	Actual	Others, if any
Reduction of gas supply curtailments (billion cubic meter)	Dec. 31, 2020	1.5	Achieved 1.5 in end 2019. Actual number for 2020 to be measured in Q1 2021.	
Reduction of spot LNG purchases (%)	Dec. 31, 2020	0	0	Actual reduction is estimated to happen from 2022, as per the original project design
Increase in gas storage capacity (billion cubic meter)	Dec. 31, 2020	0	0	with first reservoir expected to be commissioned in 2022, storage capacity will start coming into play from 2022 and not earlier.

Intermediate Result Indicators	Year	Target	Actual	Others, if any
Turkish consumers benefitting from gas supply (million)	Dec. 31, 2020	15	15 million achieved until end 2019. Actuals for 2020 to be measured in Q1 2021.	
Implementing RAP to compensate project affected persons (%)	Dec. 31, 2020	100	2020 actuals to be measured in Q1 2021	
Registered grievances addressed within the stipulated time frame (%)	Dec. 31, 2020	60	2020 actuals to be measured in Q1 2021	

Indicator #4: Registered grievances submitted by women addressed within the stipulated time frame (%)	Dec. 31, 2020	60	2020 actuals to be measured in Q1 2021	
Number of community consultations held for women in proportion to the total number of consultations held (Ratio)	Dec. 31, 2020	25	2020 actuals to be measured in Q1 2021	

**Remarks:** There is a probability that achieving some of the intermediate results indicators target numbers could be delayed due to lack of progress attributable to the pandemic. Actual situation will be known while measuring the 2020 achievements in Q1 2021.