

Türkiye : Tuz Golu Gas Storage Expansion

1. Project Information

Project ID:	P000062	Instrument ID:	L0062A
Member:	Türkiye	Region:	Western Asia
Sector:	Energy	Sub-sector:	Gas processing, storage, transportation, and distribution
Instrument type:	<input checked="" type="checkbox"/> Loan:600.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier(s):	World Bank
ES category:	A	Borrowing Entity:	Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ)
Implementing Entity:	Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ)		
Project Team Leader:	Nat Pinnoi		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Rabindra Shah, OSD - Procurement Specialist; Shonell Robinson, OSD - Financial Management Specialist; Siyang Wang, Team Member; Gulru Azamova, OSD - Environment & Social Development Specialist; Luiz Eduardo Rodrigues, Project Counsel; Christopher Damandl, Alternate Counsel; Zixuan Xing, Project admin		
Completed Site Visits by AIIB:	Sep, 2020 Missions conducted in Aug 2018, Feb 2019, Sep 2019, Mar 2020, Jun 2020 and Sep 2020. Regular calls being conducted among WB, AIIB and the borrower post suspension. Nov, 2021 Virtual missions conducted together with the World Bank in October and November 2021 Mar, 2022 Virtual mission together with the World Bank Jun, 2022 World Bank mission from June 27 to 30, 2022 May, 2023 World bank Mission May 22-25 and June 13-15, 2023. AIIB team was unable to virtually join due to connection difficulty.		
Planned Site Visits by AIIB:	Nov, 2022 Physical mission by World Bank with possible physical or virtual participation by AIIB Nov, 2023 Join World Bank supervision mission		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/10		

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 main components are

- (i) Gas storage expansion facilities comprising the entire civil, mechanical, electrical and instrumentation works including water and brine pipelines, surface facilities, sub surface facilities, electricity supply and instrumentation control
- (ii) Supervision consultancy for supervising the construction and installation of the facilities
- (iii) E&S consultancy for monitoring and compliance of ESIA and RAP

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

Gas storage facility such as this in Turkey benefits the entire population of Turkey as this will help Turkey to import gas in summer (when prices are low) and use the gas in winter season.

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)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	323.64	Most recent disbursement (amount/date):	11.95/Mar. 24, 2021
Undisbursed:	276.36	Disbursement Ratio (%) ¹ :	53.94

5. Project Implementation Update

Overall the implementation has been progressing satisfactorily. The project progress is estimated at 56 percent in May 2023. By the end of June, the project has developed the original targetted number of well sites plus a few additional well sites and completed the first phase of drilling at all of these locations. Various types of testing post drilling and additional seismic, geophysical studies and drilled slim holes have revealed that some of these sites are not suitable for cavern construction.

The World Bank has cleared all BOTAS claims and requests for change of scope in the contract, except two of them related to (i) overhead cost incurred by the contractor; and (ii) final modification of the time schedule. These two points need to be further justified and resubmitted for project procurement team approval. Following the clearances for the remaining open points, the World Bank team will proceed with a project restructuring which will start in Q4 2023.

On environment and social issues, the current commitment and support of BOTAS' senior management on managing the environmental, social and OHS issues as well as the commitment of the contractor to effectively manage these aspects have been verified.

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.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Tuz Golu gas storage expansion facilities (USD590 million)	The project progress is estimated at 56 percent in May 2023.	No major issues observed. The recent mission rated the Project's environmental and social performance as "Satisfactory."	Major procurement completed. The anticipated changes in design (under finalization now) will entail change orders which will be reviewed by the banks before finalization.
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:

Project audited report was submitted to the World Bank in July. It was acceptable to the World Bank. The entity audit report will be available shortly.

6. Status of the Grievance Redress Mechanism (GRM)

GRM has been established and is functional.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

The result of drilling has shown that some sites are not suitable for cavern construction. Additional sites have been identified and included in the project scope. The final capacity will be further determined.

Remarks: