

SBF Project Implementation Monitoring Report

Turkey: TSKB Infrastructure On-lending Facility

1. Project Information

Project ID:	000132	Investment Number:	L0132A
Member:	Turkey	Region:	Western Asia
Sector:	Finance	Sub-sector:	Intermediary Financing
AIIB Financing Type:	Loan: 200 USD million	Co-financier(s):	Stand-alone
E&S category:	FI	Borrower:	Turkiye Sinai Kalkinma Bankasi (TSKB)
Red Flags Assigned:	1	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Turkiye Sinai Kalkinma Bankasi (TSKB)		
Project Team Leader:	Francisco-José Fortuny Carod		
Project Team Members:	Chee Wee Tan, Senior Environmental and Social Specialist (Private Sector) Giacomo Ottolini, Procurement Consultant Shonell Robinson, Financial Management Specialist Komron Rajabiyon, Investment Associate		
Completed Site Visits by AIIB:	Jan, 2019 Monitoring visit Feb, 2019 Joint project appraisal mission to the Geothermal Power Plant Project Jan, 2020 Joint E&S monitoring mission to the Geothermal Power Plant Project		
Planned Site Visits by AIIB:	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 AIIB 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, 2022	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) was made on September 25, 2019, to support the expansion of a 97W Geothermal Power Plant expansion in the province of Aydin in western 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 a 48MW Geothermal Power Plant project in the province of Manisa (USD 9,917,626,) and the development of a 75MW Wind Power Plant in the province of Kirklareli (USD 15,082,374).

On September 2, 2020, the Borrower received fourth and fifth disbursements in the amounts of USD 4,825,544.25 and USD 20,174,455.75, 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 the construction of a 140MW Wind Farm project in western Turkey (USD 15,000,000);
- support a producer of brass, wedges, and ingots, currently undertaking energy efficiency investments at its production facility (USD 2,250,000); and
- provide an additional disbursement to support the abovementioned Wind Power Project in the province of Kirklareli (USD 7,750,000).

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Sustainable Energy and Infrastructure On-lending Facility (USD 200 million)	The portfolio presents projects which are under construction as well as projects already in operations.	In compliance, subject to individual sub-project assessment and monitoring	In compliance, subject to individual sub-project assessments.

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. The Borrower has established an External Communication Mechanism (ECM), a GRM equivalent at FI level, and required sub-borrowers to establish a GRM at the sub-project level. The Borrower indicates that GRMs have been adequately established and grievances received at Sub-project level. These are generally addressed and closed within determined timelines. Reportedly, no complain regarding the AIIB supported sub-projects was filed with TSKB.

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
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CO2 reduction (MtCO2)	Jun. 30, 2020	N/A	N/A	
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Remarks: