

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:	Financial Intermediaries	Sub-sector:	Banks
Financing Type:	<input checked="" type="checkbox"/> Loan <input type="checkbox"/> Guarantee	Co-financier(s):	Standalone
E&S category:	FI	Borrower:	Türkiye Sınai Kalkınma Bankası (TSKB)
Red Flags Assigned:	1	Monitoring Regime:	Regular
Implementing Agency:	Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB)		
Project Team Leader:	Francisco Fortuny, Private Sector Investment Operations Specialist		
Project Team Members:	Henri de Branche, Senior Environment Specialist (Operations), Giacomo Ottolini, Principal Procurement Specialist (Operations), Shonell Robinson, Financial Management Specialist		
Completed Site Visits by AIIB:	January 2019 February 2019 (joint project appraisal mission to Efeler Geothermal Project) January 2020 (joint E&S monitoring mission to the Efeler Geothermal Project)		
Planned Site Visits by AIIB:	Subject to travel restrictions. Tentative H2 2020.		

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:	September 28, 2018	Signing:	September 28, 2018
Effective:	November 6, 2018	Restructured (if any):	N/A
Orig. Closing:	April 1, 2022	Rev. Closing (if any):	N/A

4. Disbursement Summary (USD million)

a) Committed:	USD200.0 million	b) Cancellation (if any):	N/A
c) Disbursed:	USD 55.5 million ¹	d) Most recent disbursement: (amount /date)	USD 25 million / April 18, 2019

¹ Including capitalized front-end fee (USD 500,000.00).

e) Undisbursed:	USD 144.5 million	f) Disbursement Ratio (%):	27.75%
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5. Project Implementation Update

The loan became effective on November 6, 2018. The first disbursement (USD 30,000,000, *reimbursement*) was made on September 25, 2019 in relation to 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. The project is a co-financing with AIIB,² Türkiye İş Bankası, European Bank for Reconstruction and Development (EBRD), Black Sea Trade and development Bank (BSTDB) and ICBC Turkey.

The second and third disbursements were approved 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*) 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*).

TSKB has also submitted several proposals to support other wind, transmission, and distribution and energy efficiency projects. These applications are currently under consideration by the Bank.

Components	Physical Progress	Environmental & Social Compliance	Procurement	Financial Management
Component 1: Sustainable Energy and Infrastructure On- lending Facility (USD 200 million)	Efeler GPP: partially completed	EIA for Efe-8 unit challenged in courts.	In compliance.	In compliance.
	Mis-3: in operation since Oct 3, 2019.	In compliance		
	Karayel: under construction	In compliance		

6. Status of the Grievance Redress Mechanism (GRM)

The Client has established a GRM. No major GRM activities were occurred as of April 28, 2020.

7. Results Monitoring

Project Objective Indicators	Baseline (2018)	2019		2020		2021		2022		2023 (End Target)	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Share of renewable energy and energy efficiency projects (%)	0	N/A	28%	N/A	N/A	N/A	N/A	>60%	N/A	N/A	N/A
Installed capacity (renewable energy) (MW)	0	N/A	48	N/A	N/A	N/A	N/A	>60%	N/A	N/A	N/A
Intermediate Result Indicators	Baseline (2018)	2019		2020		2021		2022		2023 (End Target)	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
CO2 reduction (MtCO ₂)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Remarks:

² Turkey: Efeler 97.6MWE Geothermal Power Plant Expansion Project (L000260). Link: <https://www.aiib.org/en/projects/details/2019/approved/Turkey-Efeler-Geothermal-Power-Plant-Project.html>

Only completed sub-projects are included (Mis-3). All projects financed by the facility are renewable energy.
