

## Türkiye : TSKB Sustainable Energy and Infrastructure On-lending Facility, Phase 2

### 1. Project Information

Project ID:	P000546	Instrument ID:	L0546A
Member:	Türkiye	Region:	Western Asia
Sector:	Multi-sector	Sub-sector:	Multi-subsector
Instrument type:	<input checked="" type="checkbox"/> Loan:200.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	
ES category:	FI	Borrowing Entity:	Industrial Development Bank of Türkiye
Implementing Entity:	Industrial Development Bank of Türkiye		
Project Team Leader:	Francisco-José Fortuny Carod		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Liu Yang, Project Counsel; Daniel Perez Pedraza, Team Member; Komron Rajabiyon, Team Member; Rui Xiang, OSD - Financial Management Specialist; Jingrong He, OSD - Procurement Specialist; Parthapriya Ghosh, OSD - Environment Specialist; Ercan Ozbulut, OSD - Social Development Specialist; Komron Rajabiyon, Back-up PTL		
Completed Site Visits by AIIB:	Nov, 2022 In-person visit to TSKB headquarters in Istanbul to finalized the negotiations before signing. Sep, 2023 The Project Team visited TSKB headquarters and one of the selected sub-projects to review the Environmental and Social (E&S) compliance		
Planned Site Visits by AIIB:	Feb, 2024 A visit of PTL and the new Environmental Specialist to TSKB headquarters is planned in February 2024.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/06		

### 2. Project Summary and Objectives

The Project's objective is to boost Türkiye's renewable energy and energy efficiency plans by providing long-term financing (Sub-loans) through TSKB to privately-owned companies (Sub-borrowers) investing and developing projects (Sub-projects) that meet:

(i) Climate mitigation: Renewable Energy projects, including onshore and offshore wind power plants, utility-scale and decentralized solar photovoltaic plants, biogas or landfill gas, and associated technology solutions such as battery energy storage systems. Likewise, Energy Efficiency projects promote investments in buildings, equipment,

systems, processes, and networks that reduce the consumption or loss of primary energy or final electricity in eligible industries.

(ii) Climate adaptation: investing in climate resilience of processes, equipment, buildings reinforcement, disaster protection, and structures in eligible industries to mitigate the negative impacts or take advantage of the positive impacts of climate change in line with the country's adaptation strategies. Sub-projects are expected to benefit water-intensive eligible industries by promoting resource preservation and recycling or adopting and integrating climate resilience measures into their processes.

(iii) Climate industries: within eligible manufacturing activities that contribute to the supply of goods and services include, among others, e-mobility (e.g., electric vehicle charging infrastructure and manufacturing), RES technology (e.g., solar panels, inverters, trackers, wind turbines, BESS), grid technologies (e.g., smart meters, smart grids) or clean hydrogen.

The Project's key results are related to the expansion of the installed capacity of RES generation and improving the EE performance of existing production assets, buildings, and networks in Türkiye, among others, total renewable energy capacity installed (MW), battery energy storage systems capacity installed (MW), GHG avoidance (CO<sub>2</sub>), primary energy consumption saved (GWh).

### 3. Key Dates

Approval:	Nov. 23, 2022	Signing:	Dec. 01, 2022
Effective:	Mar. 29, 2023	Restructured (if any):	
Orig. Closing:	Dec. 01, 2022	Rev. Closing (if any):	Dec. 31, 2025

### 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	100.77	Latest disbursement (amount/date):	45.97/Dec. 21, 2023
Undisbursed:	99.23	Disbursement Ratio (%) <sup>1</sup> :	50.39

### 5. Project Implementation Update

The loan facility (L0546A) was declared effective on March 29, 2023.

Two disbursements amounting to USD 70.2 million were carried out during the reporting period: USD 24.3 million on July 28, 2023 and USD 45.9 million on December 15, 2023. The disbursements were used by the Borrower to support three (3) approved sub-projects and four (4) pipeline projects under consideration by TSKB.

Three approved sub-projects include: one hybrid solar power plant, one climate adaptation project and one wind power plant. Four sub-projects in the pipeline include two renewable projects, one climate adaptation/energy efficiency project, and one climate adaptation project.

The Borrower disbursed USD 86.2 million out of USD 100.2 million it has committed to the combined Sub-projects. The Borrower is on track to deploy the funds before the closing of the loan on December 31, 2025.

<sup>1</sup> 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
Sub-loans for Sub-projects	Out of three approved projects, one project reached 70% of physical progress, second - 90%, third - 20%.	In compliance.	In compliance.

**Financial Management:**

As confirmed during the appraisal of the project, TSKB continues to have in place adequate Financial Management arrangements which are deemed to be well functioning. No significant internal control deficiencies were noted.

The Interim Financial Report for the period ended June 30, 2023 was submitted on January 5, 2024. The next Interim Financial Report is for the period ended December 31, 2023.

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

The Borrower has established an External Communication Mechanism (ECM), which is a GRM equivalent for financial intermediaries, providing a link to AIIB Policy on the Project-Affected People's Mechanism (PPM) for the sub-projects that TSKB will finance under this loan agreement. Stakeholders of these projects can contact TSKB if they have environmental and social (E&S) concerns and in cases of misconduct, or to submit to AIIB through the notification web page indicated. Likewise, sub-borrowers are required to establish a GRM at the sub-project level.

Link to the ECM:

<https://www.tskb.com.tr/en/services/corporate-banking/our-global-resources/environmental-social-and-other-procedures>

The Project has not received any grievance so far.

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

**Remarks:**

Project Objectives Indicators	Indicator level	Unit Measure of	Cumulative Target Values															Frequency	Responsibility	Comments	
			Baseline		2022		2023		2024		2025		2026		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual				
Total generation capacity installed (renewable)	Portfolio	MW	2022				130										300		Annual	Borrower	
Greenhouse gas emission reduction	Portfolio	Ton of CO2 equivalent	2022				154,178										750,000		Annual	Borrower	
Amount of bank investments in energy efficiency	Portfolio	USD million	2022				0										40		Annual	Borrower	
Amount of Bank investments in energy access	Portfolio	USD million	2022				0										120		Annual	Borrower	
AIIB Investments in Climate Adaptation	Project	USD mio.	2022				16.3										≥10		Annual	Borrower	
AIIB investment in Climate Industries	Project	USD mio.	2022				0										≥10		Annual	Borrower	
BESS capacity installed	Project	MW	2022				0										-		Annual	Borrower	

Project Intermediate Indicators	Indicator level	Unit Measure of	Cumulative Target Values															Frequency	Responsibility	Comments	
			Baseline		2022		2023		2024		2025		2026		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual				
Amount of private capital mobilized	Portfolio	USD million	2022				41.9										75		Annual	Borrower	
Technology-enabled investments	Project	USD mio.	2022				16.3										20		Annual	Borrower	
Primary energy consumption saved	Project	GWh/year	2022				0										-		Annual	Borrower	
Natural disaster resilience projects	Project	# projects	2022				0										-		Annual	Borrower	
Total T&D lines financed	Project	km	2022				0										-		Annual	Borrower	

AIIB co-financing amount	Project	USD million	2022				0									50		Annual	Borrower	
Non-performing loans (facility)	Project	%	2022				0									<5.0%		Annual	Borrower	
Gender-disaggregated data	Project	%	2022				-									TBD		Annual	Borrower	