



### Project Summary Information

Date of Document Preparation/Updating: 08/24/23

<b>Project Name</b>	North Marmara Highway - Nakkaş-Başakşehir BOT Project
<b>Project Number</b>	P000467
<b>AIIB member</b>	Türkiye
<b>Sector/Subsector</b>	Transport / Roads
<b>Alignment with AIIB's thematic priorities</b>	Green infrastructure; Technology-enabled Infrastructure; Connectivity and Regional Cooperation; Private Capital Mobilization.
<b>Status of Financing</b>	Under Preparation
<b>Objective</b>	To improve Istanbul's connectivity and alleviate its traffic load by developing, building and operating a new toll road corridor under a build-operate-transfer (BOT) concession.
<b>Project Description</b>	<p>The North Marmara Highway (NMH) is a 438-kilometer (Km) dual carriageway toll road connecting Asia and Europe through the Yavuz Sultan Selim (YSS) Bridge that provides uninterrupted traffic flow across the Bosphorus strait. NMH was developed as an alternative route to the European Road 80 (E80) also known as Trans European Motorway (TEM). The first seven sections of the NMH, including the YSS Bridge, have been completed and are under operation.</p> <p>The Project is the eighth section of the NMH, currently under development. It comprises a new toll road linking the Nakkaş and Başakşehir junctions, and connecting the districts of Arnavutköy, Büyükçekmece and Başakşehir, on the European side of Istanbul. The 4-lane dual toll road's total length is 30.64 Km, including connecting roads, a 1,619m long cable-stayed bridge at Sazlidere, 18 overpass bridges, 18 underpasses, 10 interchanges, and 5 viaducts.</p> <p>The Project is part of the General Directorate of Highways (KGM)'s Development Program. It has a total cost of over EUR1.2 billion and a concession term of 20 years, including both the construction and operations phases. The Project's BOT Agreement contemplates a minimum guaranteed annual average daily passenger car unit volume.</p> <p>The Project was awarded on June 30, 2020, through an open tender process organized by the General Directorate of Highways (KGM) to a subsidiary of Rönesans Holding A.Ş. (Rönesans or the Sponsor), a diversified holding company with</p>

	<p>activities in construction, real estate development, energy, and healthcare. The implementation agreement was entered on April 13, 2021. A dedicated long-term investment vehicle managed by Meridiam SAS (Meridiam), a global infrastructure asset manager incorporated in France, is considering investing in the Project. The Project entity and Borrower of the loan is Nakkaş Otoyol Yatırım ve İşletme A.Ş. (the Borrower).</p> <p>Upon completion, the Project is expected to significantly enhance economic activity of the Istanbul region and contribute to its socio-economic development. As an integral part of the NMH, the Project will also contribute to enhance the east-west road connectivity of the Marmara Region with Europe, as well as with Central Anatolia and the Aegean regions, where the majority of Türkiye's industrial activity concentrates. Given its urban nature, the Project is expected to positively impact the city's road network and facilitate its decongestion. Positive effects such as higher vehicle average speeds, shorter journey times, reduced greenhouse gas (GHG) emissions, and improvement in overall road safety conditions are expected.</p> <p>The Project will also contribute to the uptake of electric vehicles (EV) through the provision of EV charging stations, apply energy efficient technologies like LED lighting and LED information panels, and implement a smart motorway management and monitoring system to support the efficient operation and maintenance of the highway.</p> <p>The Project incorporates climate change resilience and geotechnical factors in the design of the road and the cable-stayed bridge. Improved design applications, such as elevation of ground level, use of stone mastic asphalt (SMA) and increased culvert and drainage capacity will improve the climate resilience of the Project in the face of extreme heat, flood, landslide, winds, and wildfires, among other incidents. The evaluation of climate resilience aspects was done in accordance with the Joint MDB Methodology for Tracking Adaptation Finance.</p>
<b>Expected Results</b>	Observable direct results will include increased average speed and the circulation of vehicles per day over time, including heavy vehicle flow. Intermediate results will include physical and financial completion, realization of project costs, mobilization of commercial finance, and local employment during construction.
<b>Environmental and Social Category</b>	EBRD Category A, equivalent to Category A, if AIIB's Environmental and Social Policy (ESP) were applicable.
<b>Environmental and Social Information</b>	The proposed Project will be co-financed with the European Bank for Reconstruction and Development (EBRD) and other Lenders. The Project's environmental and social (E&S) risks and impacts have been assessed in accordance with EBRD's Environmental and Social Policy 2019 (EBRD's ESP) and relevant Performance Requirements (PRs). To ensure a harmonized approach to addressing E&S aspects of the Project, and as permitted by AIIB's Environmental and Social Policy

(AIIB's ESP), EBRD's ESP and relevant PRs<sup>1</sup> will apply to this Project in lieu of AIIB's ESP. The Bank has reviewed EBRD's ESP and PRs and is satisfied that (i) the EBRD ESP and PRs are consistent with the Bank's Articles of Agreement and materially consistent with the provisions of AIIB's ESP and the relevant E&S Standards (ESSs), and (ii) the monitoring procedures that are in place are appropriate for the Project.

EBRD has categorized the E&S risks of the Project as Category A, which is equivalent to Category A if AIIB's ESP were applicable. The Project has potential significant E&S impacts associated with the construction and operation of a new 4-lane dual toll road with a total length of 30.64 km (including connection roads) and the 1,619m long Cable Stayed Bridge.

The Project will entail adverse E&S risks and impacts related to significant land acquisition and involuntary resettlement; biodiversity; presence of cultural heritage sites on the Project's right of way; significant noise and vibration in certain locations due to civil works; road safety and traffic management; construction waste and wastewater management; occupational health and safety at the construction sites; community health and safety issues due to blasting works, presence of security personnel; and associated gender-based violence and harassment (GBVH) risks to workers and communities during construction and operations phases.

The total area of land to be permanently acquired by the Project is about 550ha. The Project will affect 1,523 land parcels with over 80% privately-owned, and one third being agricultural land. In addition to economic displacement, the Project will result in physical displacement of 8 households and 14 businesses. 5 businesses will be partially affected from land take although they will be able to continue their operations. A Resettlement Action Plan (RAP) has been developed to define mitigation, compensation, and livelihood restoration measures.

The Project crosses through two internationally recognized areas; (i) Küçükçekmece Basin– International Bird Area (IBA) and Key Biodiversity Area (KBA), and (ii) West Istanbul Grasslands Important Plant Area (IPA). However, the Biodiversity Impact Assessment concluded that both internationally recognized areas crossed by were heavily degraded, and no longer would support biodiversity which qualified as critical habitat (CH). Nevertheless, a Biodiversity Action Plan (BAP) has been developed, which includes specific conservation actions aimed at achieving No Let Loss / Net Gain for critical habitat. The BAP will be implemented by the Borrower as part of the Construction Environmental and Social Management Plan (CESMP). In addition, the Project incorporates climate change resilience and geotechnical factors in the design of the road and the cable-stayed bridge. Improved design applications, such as elevation of ground level, use of stone mastic asphalt (SMA) and increased culvert and drainage capacity will improve the climate change resilience and adaptive capacity of the Project.

<sup>1</sup> The applicable PRs include PR1: Assessment and Management of Environmental and Social Impacts and Issues; PR2: Labor and working conditions; PR3: Pollution prevention and abatement; PR4: Health and Safety; PR5: Land acquisition, involuntary resettlement, and economic displacement; PR6: Biodiversity conservation and sustainable management of living natural resources; PR8: Cultural heritage; and PR10: Information disclosure and stakeholder engagement.

Noise and vibration impacts have the potential to be significant in certain locations during construction. Noise impacts will be managed in line with the national and international standards and with good practice mitigation measures such as noise barriers and restriction on working times. Cultural heritage baseline and impact assessment studies identified 12 sites on the Project right of way and mitigations designed in the Cultural Heritage Management Plan (CHMP).

These adverse impacts were identified during the Environmental and Social Due Diligence (ESDD) conducted by an independent international E&S consultant assigned by the Lenders. The Borrower supported by the Sponsor has updated the ESIA and relevant E&S management plans. The updated ESIA package including the following E&S instruments is disclosed in English and Turkish by the Borrower<sup>2</sup> and EBRD<sup>3</sup> for a period of 60 days prior to the AIIB's Board approval in line with the AIIB's disclosure procedures:

- Environmental and Social Impact Assessment Report (ESIA)
- Non-Technical Summary of the ESIA
- Environmental and Social Management and Monitoring Plan (ESMMP)
- Environmental and Social Action Plan (ESAP)
- Stakeholder Engagement Plan (SEP)
- Resettlement Action Plan (RAP)

Over the ESIA disclosure period, multiple consultation sessions, including dedicated meetings for women, and affected landowners/users, business owners etc. will be conducted within the Project area. Separate meetings will be held for local authorities, NGOs, and they will be able to share written and/or verbal feedback about the Project activities and related E&S impacts. The ESIA will be updated based on stakeholder feedback (if required) at the end of 60 days disclosure period.

The Stakeholder Engagement Plan (SEP) outlines stakeholder engagement approach that will be implemented throughout the Project. A two-tier and multi-channel grievance mechanism (GM) is established to address concerns from external stakeholders. A community information brochure on GM procedures has been developed and will be widely disseminated in three languages (English, Turkish and Arabic). A separate GM will be established for project workers. Both GMs will have separate channels and specific procedures to address and report on GBVH-related grievances.

The Project will be monitored quarterly at site by independent E&S consultants of the Lenders to ensure Project's compliance with the ESAP and the Lenders' requirements.

<sup>2</sup> Project Company disclosure: <http://www.Nakkaşotoyolu.com/en/47127/> (English); <http://www.Nakkaşotoyolu.com/tr/47126> (Turkish).

<sup>3</sup> EBRD Project disclosure: <https://www.ebrd.com/work-with-us/projects/psd/52502.html>; and

EBRD ESIA disclosure: <https://www.ebrd.com/work-with-us/projects/esia/Nakkaş-Başakşehir-motorway-ppp.html>.

<b>Cost and Financing Plan</b>	The Project has a total cost over EUR1.2 billion. The Borrower is planning to finance the Project investment costs by debt and equity under a project finance structure involving several Lenders, such as international finance institutions, international commercial banks under export credit agency cover, and local banks. Proceeds from the AIIB loan will partially finance the Borrower's development, financing and related expenditures required for the completion of the Project. AIIB is considering providing up to EUR 125 million as one of the anchor Lenders, in line with other debt providers.
<b>Borrower</b>	Nakkaş Otoyol Yatırım ve İşletme A.Ş.
<b>Estimated date of last disbursement</b>	2027

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<b>Date of Concept Decision</b>	Dec. 18, 2020			
<b>Estimated Date of Appraisal Decision</b>	Q4 2024			
<b>Estimated Date of Financing Approval</b>	Q4 2023 / Q1 2024			

<b>Independent Accountability Mechanism</b>	As noted above, EBRD's ESP will apply to this project instead of AIIB's ESP. Pursuant to AIIB's framework co-financing agreement with EBRD, the Independent Project Accountability Mechanism (IPAM) will review, in accordance with the EBRD Project Accountability Policy dated April 2019, all requests regarding environmental and social issues that may arise under the Project. In accordance with AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under the project will not be eligible for consideration by the PPM. Information on EBRD's IPAM is available at <a href="https://www.ebrd.com/project-finance/independent-project-accountability-mechanism.html">https://www.ebrd.com/project-finance/independent-project-accountability-mechanism.html</a> .
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