



### Project Summary Information

Date of Document Preparation: 03/06/25	
<b>Project Name</b>	TSKB Sustainable Energy and Infrastructure Facility, Phase 3
<b>Project Number</b>	P000958
<b>AIIB member</b>	Türkiye
<b>Sector/Subsector</b>	Multi-sector / Multi-subsector
<b>Alignment with AIIB's thematic priorities</b>	Green infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization
<b>Status of Financing</b>	Approved
<b>Objective</b>	To contribute to the Republic of Türkiye's climate mitigation and adaptation goals in line with the Paris Climate Agreement (PCA) by financing private sector investments in renewable energy, energy efficiency, climate adaptation, climate-related industries, digital infrastructure, and strengthening private capital mobilization.
<b>Project Description</b>	<p>A 15-year sovereign-backed multi-sector facility to Türkiye Sınai Kalkınma Bankası A.Ş. (TSKB) (the Project) has been proposed to support Türkiye's climate mitigation and adaptation commitments under the Paris Climate Agreement (ratified in October 2021) while advancing the integration of climate and digital agendas as a strategic pathway for sustainable and resilient development. The approach highlights Türkiye's drive to achieve green growth and digital innovation, establishing a model for emerging economies.</p> <p>Aligned with its updated Nationally Determined Contributions (NDCs), Türkiye has set ambitious goals to reduce greenhouse gas emissions and embrace digital transformation across sectors. The digital transition plays a critical role in enhancing energy supply and demand through smart technology applications in industries, energy systems, and processes while also fostering innovation in green finance and sustainable practices. Investments in advanced technologies, such as artificial intelligence (AI), data acquisition, storage, and analytics, strengthen climate resilience by optimizing resource management and improving demand forecasting. Türkiye's robust digital infrastructure initiatives, such as 5G deployment and smart energy solutions, serve to accelerate decarbonization and bolster the country's global economic competitiveness.</p> <p>Proceeds from the facility will be on-lent as Sub-loans to continue supporting eligible private sector entities (Sub-</p>

borrowers) to finance investments (Sub-projects) in climate mitigation, adaptation, and climate-related industries. In addition, the Project also aims to contribute to the initiation of TSKB's lending to digital infrastructure.

The Facility is thus designed to provide critical support in several key areas:

(1) Climate Mitigation (CM): Investments will target renewable energy generation, such as wind and solar projects, battery energy storage systems (BESS), as well as demand-side solutions that reduce energy consumption or waste in buildings, equipment, systems, and industrial processes. Sub-projects under this category may support the decarbonization of energy-intensive industries and productive sectors potentially affected by the EU's Carbon Border Adjustment Mechanism (CBAM).

(2) Climate Adaptation (CA): Funding will enhance the resilience of industrial processes, equipment, buildings, and infrastructure to climate impacts. The facility may also explore nature-based solutions (NBS) like drought management, water storage, and afforestation, where feasible, as well as circular economy solutions.

(3) Climate-related Industries (CI): Support will extend to manufacturing activities that contribute to the CM and CA goals of the member, including renewable energy equipment production, e-mobility solutions, and BESS technologies.

(4) Digital Infrastructure (DI): Focus areas include 5G deployment, optic fiber, green data centers, as well as digitalization of industrial processes, improving internet access, and integrating smart technologies into energy efficiency and renewable energy projects. Some of these investments may be classified as climate finance, subject to the Bank's criteria.

Direct and indirect beneficiaries include: (i) Electricity consumers gaining cleaner energy access; (ii) Electricity producers benefiting from long-term capital and liquidity; (iii) Private industrial enterprises improving energy efficiency and competitiveness; (iv) Enterprises enhancing climate resilience and reducing operational risks through adaptation projects; (v) Manufacturers and service providers in the CI sector expanding operations to meet growing demand for climate-related products and services; (vi) Businesses leveraging DI projects to accelerate digital transformation and innovation.

This Facility builds on two previous projects—P000132 TSKB Sustainable Energy and Infrastructure On-lending Facility (Phase 1, closed April 2022) and P000546 TSKB Sustainable Energy and Infrastructure On-lending Facility (Phase 2).

<b>Expected Results</b>	The project's multi-sector focus will contribute to AIIB's Results Monitoring Framework through specific, measurable indicators, which may include total renewable energy generation capacity installed (MW), GHG reduction or avoidance (tons of CO2 equivalent/year), primary energy saved (GWh), kilometers of electricity lines financed, amount of AIIB investments in CM, CA, CI and DI, private capital mobilization, facility non-performing loan rates, and gender-disaggregated data collection.
<b>Environmental and Social Category</b>	FI
<b>Environmental and Social Information</b>	<p><b>Applicable Policy, Categorization and Instruments.</b> AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs) apply to this Project. The Project is placed in Category FI, as the financing structure involves the provision of funds to TSKB pursuant to which AIIB delegates the decision-making related to the use of the AIIB's funds insofar the sub-projects meet the conditions of the Operations Manual. This will include the selection, appraisal, approval, and monitoring of sub-projects in accordance with AIIB's ESP requirements.</p> <p><b>Environmental and Social Management System (ESMS).</b> Since 2012, TSKB's E&amp;S policies, processes and tools have been integrated into a Sustainability Management System. TSKB's Environmental and Social Management System (ESMS), together with the Project Operations Manual (POM), is materially aligned with AIIB's ESP and will be used as the project's environmental and social (E&amp;S) instrument. TSKB is required under its ESMS to (i) screen the sub-projects proposals against its E&amp;S exclusion list, (ii) assign an E&amp;S categorization, (iii) conduct E&amp;S risk assessment, (iv) monitor E&amp;S risks and impacts, (v) report to its management accordingly, (vi) disclose E&amp;S information, and (vii) conduct meaningful consultation with stakeholders. Specifications for implementing ESP requirements are defined in the POM, including the adoption of the AIIB's ESEL.</p> <p><b>Environmental and Social Aspects.</b> The preliminary pipeline comprises subprojects across renewables, energy efficiency, climate adaptation, climate industries, and, potentially, digital infrastructure. Impacts on communities' health and safety, involuntary resettlement and land acquisition, sensitive habitats, ecosystems and their services, and employment working conditions are potential ES risks associated with such subprojects. Every subproject will be screened to identify the risks, and following the assessment, appropriate mitigation measures will be adopted. AIIB will conduct prior review and approval for all Category A subprojects, which will be capped at three by TSKB. Regarding renewable subprojects, TSKB will review labor and working conditions, require appropriate mitigating measures, and seek AIIB's advice if</p>

required. Activities in AIIB's ESEL will not be eligible for financing. Coal mining, coal transportation, or coal-fired power plants, as well as infrastructure exclusively dedicated to supporting any of these activities, will also be excluded.

**Gender Aspect.** At the corporate level, TSKB has established a gender equality policy and is committed to promoting gender equality in the workplace, through its activities and all banking operations and human resource practices, including those of its subsidiaries, and aims to create opportunities to increase awareness on gender equality for all its stakeholders. TSKB will require subprojects to adopt or apply equivalent (i) Code of Conduct for Contractor's Workers to be included in bidding documents and (ii) Code of Conduct for E&S Consultants to be included in terms of reference on the E&S assessment of sub-projects, with an emphasis on gender aspects, including preventing gender-based violence (GBV), where applicable.

**Information Disclosure.** TSKB maintains and publishes its ESMS in both Turkish and English. At the facility level, TSKB will continue to disclose the E&S documentation timely for all higher risk Sub-projects (category A and selected category B subprojects). At the corporate level, TSKB will continue to disclose its integrated report which includes Principles for Responsible Banking (PRB) and Global Reporting Initiative (GRI). In addition, TSKB will disclose timely an overview of its E&S instruments for the Project in an appropriate manner. AIIB will provide links to those E&S instruments timely at its website.

**Project Grievance Redress Mechanism (GRM).** TSKB has an [External Communications Mechanism \(ECM\)](#), including contacts and processes to receive and handle complaints related to E&S matters, and its information, including the Project-affected People's Mechanism (PPM) of AIIB, is disclosed in both Turkish and English in its website. The ECM will be available to project-affected people (PAPs) and project-contracted workers. Under the POM, TSKB will require its Sub-borrowers to establish a suitable subproject-level GRM or equivalent and inform people in the subproject's footprint about its availability in an appropriate manner. The GRM will receive and facilitate the resolution of the concerns and complaints of people who believe they have been adversely affected by the project's E&S impacts.

**Monitoring and Supervision Arrangements.** TSKB will rely on information provided directly by the subprojects to conduct both E&S assessment and ongoing monitoring. TSKB will be required to maintain a comprehensive database comprising all relevant E&S information and report to AIIB semi-annually or at a frequency agreed by the Bank, based on agreed format, a summary of the E&S aspects and overview of the E&S performance of the project's portfolio. AIIB will conduct post-reviews of the selection and implementation of subprojects as part of its regular supervision, comprising engagement with TSKB, as well as potential site visits to selected subprojects.

<b>Cost and Financing Plan</b>	Uses: USD 200 million Sources: USD 200 million	
<b>Borrower</b>	Industrial Development Bank of Türkiye (Türkiye Sınai Kalkınma Bankası A.Ş. – TSKB)	
<b>Guarantor</b>	Republic of Türkiye (Ministry of Treasury and Finance of Türkiye)	
<b>Date of loan closing</b>	June 2028	
<b>Contact Points:</b>	<b>AIIB</b>	<b>Borrower</b>
<b>Name</b>	Francisco Fortuny	Meral Murathan
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<b>Date of Single Review Decision</b>	April 28, 2025	
<b>Date of Financing Approval</b>	May 27, 2025	

<b>Independent Accountability Mechanism</b>	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRM or AIIB Management's processes. For information on how to make submissions to the PPM, please visit: <a href="https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html">https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html</a>
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