



Project Summary Information

Date of Document Preparation: May 28, 2025

Project Name	TKYB Climate and Digital Transition On-Lending Facility
Project Number	P000959
AIIB member	Türkiye
Sector/Subsector	Multi-sector/ Multi-subsector
Alignment with AIIB's thematic priorities	Green infrastructure, Technology-enabled Infrastructure; Private Capital Mobilization
Status of Financing	Under Preparation
Objective	To contribute to the Republic of Türkiye's climate mitigation and adaptation goals in line with the Paris Climate Agreement and advance its digital transformation.
Project Description	<p>A 15-year sovereign-backed multi-sector facility to Türkiye Kalkınma ve Yatırım Bankası A.Ş. (TKYB) (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-borrowers) to finance investments in climate mitigation, adaptation, and climate-related industries. In addition, the Facility will also contribute to the expansion of digital infrastructure projects within Türkiye's energy, infrastructure, and other productive sectors (Sub-projects).</p> <p>The Facility is thus designed to provide critical support in two key areas—Climate Change and Digital Infrastructure:</p> <p>1) Climate Change: Investments will target Climate Mitigation (CM) investments such as renewable energy generation, including wind, solar, and battery energy storage system (BESS) projects, as well as demand-side solutions that reduce energy consumption or waste in buildings, equipment, systems, and industrial processes. Additional emphasis will be placed on decarbonizing energy-intensive industries and productive sectors, including activities potentially affected by the EU's Carbon Border Adjustment Mechanism (CBAM). Funding will also support Climate Adaptation (CA) and enhance the resilience of productive processes, equipment, buildings, and infrastructure to climate impacts. The Facility will also explore nature-based solutions (NBS) like drought management, water storage, and afforestation, where feasible, as well as circular economy solutions. Support may be extended to manufacturing activities that contribute to CM and CA goals, including renewable energy equipment production, e-mobility solutions, and BESS, among others.</p> <p>2) Digital Infrastructure (DI): Focus areas include 5G deployment, optic fiber, green data centers, digitalizing industrial processes, improving internet access, and integrating smart technologies into energy efficiency and renewable energy projects.</p> <p>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.</p> <p>This Facility builds on the previous project—P000141 Renewable Energy & Energy Efficiency Facility (closing in December 2024). Through the precedent facility, AIIB has provided USD 300 million to TKYB in support of 18 sub-projects, representing USD 2 billion of total investment and USD 474 million of indirect mobilization in the form of project equity. The precedent project contributed to the construction of 2.1 GW of renewable energy installed capacity (primarily solar and wind) during the implementation period.</p>
--	--

	<p>TKYB, Development Bank of Türkiye, is a public development institution owned 99 percent by the Ministry of Treasury and Finance of Türkiye. Established in 1975 as an industrial investment bank, Devlet Sanayi ve Isci Yatirim Bankasi (DESIYAB) A.S., and converted to the Development Bank of Türkiye following the merger with Turkish Tourism Bank in 1989. Three key business segments of the bank are development banking with project financing and corporate banking services, investment banking with M&A and capital markets advisory services, and the Türkiye Development Fund that captures private equity (PE), venture capital (VC), and fund-of-funds investments. TKYB is rated BB- by Fitch with a stable outlook. TKYB presents assets of USD 4.3 billion, total loans of USD 2.6 billion, and equity of USD 571 million as of year-end 2024.</p>
Expected Results	<p>The Facility will seek to finance projects having at least one of the determined key areas for greater impact. 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), total BESS capacity installed (MW/MWh) GHG reduction or avoidance (tons of CO2 equivalent/year), primary energy saved (GWh), kilometers of electricity lines financed, amount of AIIB investments in different categories, indirect private capital mobilization, facility-level non-performing loan rates, and gender-disaggregated data collection, among others.</p>
Environmental and Social Category	FI
Environmental and Social Information	<p>Applicable Policy, Categorization, and Instruments. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs), applies to this Project. The Project is placed in Category FI, as the financing structure involves the provision of funds to TKYB, pursuant to which AIIB delegates the decision-making related to the use of the AIIB's funds insofar as the sub-projects meet the conditions of the Project Operations Manual (POM). The POM will include selection, appraisal, approval, and monitoring of sub-projects in accordance with AIIB's ESP requirements.</p> <p>Environmental and Social Management System (ESMS). TKYB's Environmental and Social Management System (ESMS) is materially aligned with AIIB's ESP and will be used as the project's environmental and social (E&S) instrument together with the Project Operations Manual (POM). In January 2020, TKYB's Environmental and Social Policy was approved by the TKYB Board of Directors, followed by the implementation of Sustainability Principles and the enforcement of the Climate Change Mitigation and Adaptation Policy in June 2020. TKYB is required under its ESMS to (i) screen the sub-project proposals against its ESEL, (ii) assign an E&S categorization, (iii) conduct E&S risk assessment, (iv) monitor E&S risks and impacts, (v) report to its management accordingly, (vi) disclose E&S information, and (vii) conduct</p>

meaningful consultation with stakeholders. Specifications for implementing AIIB E&S requirements will be defined in the POM, including the adoption of the AIIB's ESEL.

Environmental and Social Aspects. The preliminary pipeline comprises subprojects across renewable energy, energy efficiency, climate adaptation, climate-related industries, and digital infrastructure. Impacts on communities' health and safety, involuntary resettlement and land acquisition, sensitive habitats, ecosystems and their services, and labor and working conditions are potential E&S risks associated with such subprojects. Every subproject will be screened to identify the risks, and following the assessment, appropriate mitigation measures will be proposed and adopted. TKYB's E&S capacity is considered adequate for managing the subprojects anticipated under the proposed Facility. AIIB will conduct prior review and approval for all Category A subprojects, which will be capped at three by TKYB. Regarding renewable subprojects, TKYB will review potential supply chain-related labor and working conditions, require appropriate mitigating measures, and seek AIIB's advice if 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 support any of these activities, will also be excluded.

Gender Aspect. TKYB has adopted policies that promote gender balance, offer flexible working arrangements, and strengthen opportunities for women's professional development. Its Supplier Code of Conduct also includes specific provisions prohibiting discrimination, harassment, labor and working conditions violations, and encourages equal treatment across the supply chain. The TKYB has implemented a comprehensive program to institutionalize gender-responsive practices across its financing activities. This includes the development of a gender equality measurement process, incorporating the OECD Development Assistance Committee (DAC) gender scoring system, which is applied to all projects. The process involves detailed gap analyses, stakeholder engagement assessments, and policy reviews, as well as media scans to identify gender-related risks and opportunities at the sub-project level. Particular attention is given to topics such as women's participation in the workforce, management representation, access to grievance mechanisms, and gender-specific risks. Based on the outcomes of these assessments, gender-responsive actions are integrated into the ESAP and monitored throughout the sub-project lifecycle.

Information Disclosure. TKYB maintains its E&S Policy and an overview of its ESMS on its [website](#). TKYB will require authorization from its sub-borrowers to publish E&S instruments and a brief project description on its website, including a summary of E&S impacts and mitigation measures, for all AIIB-supported higher-risk transactions (category A and selected category B subprojects). TKYB will support and supervise its clients to disclose E&S information and engage

	<p>stakeholders. At the facility level under the POM, TKYB will continue and require its Sub-borrowers to disclose the E&S documentation for all higher-risk subprojects.</p> <p>Project Grievance Redress Mechanism (GRM). TKYB has the external communication 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. The ECM will be available to project-affected people (PAPs) and project-contracted workers. Under the POM, TKYB will require its Sub-borrowers to establish a suitable sub-project-level Grievances Redress Mechanism (GRM) or equivalent and inform people in the sub-project's footprint about its availability.</p> <p>Monitoring and Supervision Arrangements. TKYB will rely on information provided directly by the subprojects to conduct both E&S assessment and ongoing monitoring. TKYB will be required to maintain a comprehensive database comprising all relevant E&S information and report to AIIB semi-annually based on the agreed format, a summary of the E&S aspects, and an overview of the E&S performance of the project's portfolio. AIIB will conduct post-reviews of the selection and implementation of sub-projects as part of its regular supervision, which will include engagement with TKYB, potential site visits once conditions allow, and a detailed review of the E&S documentation of selected sub-projects.</p>	
Financing Plan	Uses: USD 200 million / Sources: USD 200 million	
Borrower	Development and Investment Bank of Türkiye (TKYB)	
Guarantor	Republic of Türkiye	
Estimated date of loan closing	June 2028	
Contact Points:	AIIB	Borrower
Name	Francisco-José Fortuny Carod	Özlem Cinemre
Title	Senior Investment Officer	Executive Vice President – Treasury and Financial Institutions
Email Address	fj.fortuny@aiib.org	ozlem.cinemre@kalkinma.com.tr
Date of Single Review Decision	May 22, 2025	
Estimated Date of Financing Approval	June 2025	

Independent Accountability Mechanism	<p>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: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html</p>
---	--