



Project Summary Information

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Project Name	Smart Solar Manufacturing Project
Project Number	P000691
AIIB member	Türkiye
Sector/Subsector	Other Productive Sector
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation; Private Capital Mobilization
Status of Financing	Terminated
Objective	To scale up solar module and cell manufacturing capacity in Türkiye.
Project Description	AIIB will partially finance the capital expenditure of a new 1,500 MW/year solar cell and 1,200 MW/year solar module manufacturing facility, in Izmir, Türkiye (the Aliağa Manufacturing Facility or the Project). The Project is being developed by Smart Güneş, a leading solar module manufacturing company in Türkiye. This will allow Smart Güneş to expand its module manufacturing capacity to approximately 2.2 GW/year, becoming one of the largest module manufacturers in Türkiye and achieving vertical integration through entering cell manufacturing.
Expected Results	The expected results will be monitored via the following indicators: Project Objective Indicators: <ul style="list-style-type: none"> • Solar module manufacturing capacity installed (MW / year) • Solar cell manufacturing capacity installed (MW / year) • Solar module sales (MW / year) • Solar module export (MW / year) • Number of female employees (percent total)
Environmental and Social Category	B

Environmental and Social Information	<p>The AIIB's Environmental and Social Policy (ESP), including the Environment and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), apply to the Project. ESS 1 (Environmental and Social Assessment and Management) is relevant to the Project. ESS 2 (Involuntary Resettlement) and ESS 3 (Indigenous Peoples) are not relevant to the Project. Based on the limited environmental and social (ES) risks and impacts after the mitigation measures predicted, the Project is assigned as Category B.</p> <p>An Environmental and Social Due Diligence (ESDD) was conducted to assess the ES impacts associated with both existing and new facilities in Aliaga, as well as the Borrower's capacity to manage those risks and impacts in compliance with relevant requirements of the AIIB's ESP. ESDD confirmed that the Client has established an integrated management system. The areas identified during ESDD requiring further development include occupational health and safety (OHS), labor and working conditions (LWC), traffic management, stakeholder engagement and gender-based violence and harassment (GBVH) prevention. No legacy issues were identified during the ESDD process. To address the identified gaps with the AIIB's ESP, the Borrower has prepared an Environmental and Social Action Plan (ESAP), an Environmental and Social Management Plan (ESMP) and a Stakeholder Engagement Plan (SEP).</p> <p>For the construction and operational phases, the major environmental impacts are air pollution, solid waste (including hazardous waste), and wastewater. All these impacts will be managed and mitigated by implementing the site-specific ESMP as part of the ESAP prepared for the Project. No cultural heritage impacts were stated, though a chance-finding procedure has been established to guide construction activities.</p> <p>No involuntary resettlement risks and impacts are expected, as the Project is planned within the boundaries of the Organized Industrial Zone. Additionally, no community health and safety issues are anticipated since there are no surrounding communities near the project site. Labor influx-related risks are not foreseen, as all project workers will be recruited locally and nationally. Social risks and impacts of the Project primarily relate to OHS and LWC. The ESAP includes adequate measures to update the corporate protocols related to OHS and LWC risks management, monitoring and reporting in line with regulatory requirements and international industry practices. Supply chain LWC risks will be addressed through appropriate mitigation measures incorporated in the Supply Chain Management Plan (SCMP) to be prepared for the Project.</p> <p>The Borrower is committed to establishing an equal opportunity working environment and promoting gender inclusive production. At present, women represent 45 percent of the Board of Directors. As of December 2022, 49 percent of the Company's employees were women. The GBVH risk is rated low due to the existing social norms and project site specifics. The ESAP and ESMP include relevant prevention and response measures specifically addressing GBVH risks and impacts.</p>
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	<p>During project preparation meaningful consultations and other engagement activities were conducted with key stakeholders, as part of the SEP prepared and being implemented by the Borrower. Furthermore, the English versions of the ES instruments, Non-Technical Summary (NTS) and relevant translations in Turkish will be disclosed by the client¹ and made available in the Project area. AIIB will disclose ES instruments on its website through a link with the website of the client.</p> <p>The Project Company will operationalize two Grievance Redress Mechanisms (GRMs) as project-level GRM. One is specifically designed for external stakeholders including project-affected people, while the other is dedicated to Project contracted workers. To enhance accessibility, a GRM leaflet in local understandable language will be widely disseminated on the project site. In addition, the public consultation and disclosure process will disseminate information about the project-specific GRM and the AIIB's Project-affected People's Mechanism (PPM).</p> <p>The ESMP includes the ES Monitoring Plans for Construction and Operations Phases, which require regular monitoring actions to assess and verify the ES compliance by the Company and the Contractors. The Company will submit semi-annual ES performance reports to the Bank. The Bank's monitoring and supervision mission will be carried out annually. Site visits to verify implementation of ESMP and ESAP will be carried out by AIIB based on monitoring reports on construction progress and operations.</p>	
Cost and Financing Plan	USD 30.0 million.	
Borrower	Smart Güneş Enerjisi Teknolojileri Ar-Ge Üretim Sanayi Ve Ticaret A.Ş	
Estimated Date of first disbursement (Fund)	N/A	
Contact Points:	AIIB	Borrower
Name	Dominic Richards	Sabit Aşkar
Title	Principal Investment Officer	Budget and Reporting Manager
Email Address	dominic.richards@aiib.org	sabit.askar@smartsolar.com.tr
Date of Concept Decision	07/05/23	
Date of Appraisal Decision	01/31/24	

¹ <https://smartsolar.com.tr/en/aliaga-package.html>

Date of Financing Approval/Estimated Date of Financing Approval	03/20/24
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Independent Accountability Mechanism	<p>The Bank's Policy on 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 Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanisms or AIIB Management's processes.</p> <p>Information on the PPM is available at How We Assist You - Project-Affected People's Mechanism (aiib.org)</p>
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