

Project Implementation Monitoring Report (#12)

Reporting Period From 2023/07 To 2023/12

Türkiye : Tuz Golu Gas Storage Expansion

1. Project Information

Project ID:	P000062	Instrument ID:	L0062A
Member:	Türkiye	Region:	Western Asia
Sector:	Energy	Sub-sector:	Gas processing, storage, transportation, and distribution
Instrument type:	<input checked="" type="checkbox"/> Loan:600.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	A	Borrowing Entity:	Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ)
Implementing Entity:	Boru Hatları ile Petrol Taşıma A.Ş. (BOTAŞ)		
Project Team Leader:	Nat Pinnoi		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Shonell Robinson, OSD - Financial Management Specialist; Chitambala Sikazwe, OSD - Procurement Specialist; Siyang Wang, Team Member; Gulru Azamova, OSD - Environment & Social Development Specialist; Luiz Eduardo Rodrigues, Project Counsel; Christopher Damandl, Alternate Counsel; Zixuan Xing, Project admin		
Completed Site Visits by AIIB:	Sep, 2020 Missions conducted in Aug 2018, Feb 2019, Sep 2019, Mar 2020, Jun 2020 and Sep 2020. Regular calls being conducted among WB, AIIB and the borrower post suspension. Nov, 2021 Virtual missions conducted together with the World Bank in October and November 2021 Mar, 2022 Virtual mission together with the World Bank Jun, 2022 World Bank mission from June 27 to 30, 2022 May, 2023 World bank Mission May 22-25 and June 13-15, 2023. AIIB team was unable to virtually join due to connection difficulty.		
Planned Site Visits by AIIB:	Nov, 2022 Physical mission by World Bank with possible physical or virtual participation by AIIB Nov, 2023 Join World Bank supervision mission		
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

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The project objective is to increase the reliability and security of Türkiye's gas supply by expanding underground gas storage capacity. The main components are

(i) Gas storage expansion facilities comprising the entire civil, mechanical, electrical and instrumentation works including water and brine pipelines, surface facilities, sub surface facilities, electricity supply and instrumentation control

(ii) Supervision consultancy for supervising the construction and installation of the facilities

(iii) E&S consultancy for monitoring and compliance of ESIA and RAP

The project is co-financed with IBRD. AIB and IBRD financing USD 600 million respectively. IBRD has already financed the original gas storage project in the same location (current project is an expansion project).

Gas storage facility such as this in Türkiye benefits the entire population of Türkiye as this will help Türkiye to import gas in summer (when prices are low) and use the gas in winter season.

3. Key Dates

Approval:	Jun. 24, 2018	Signing:	Jun. 27, 2018
Effective:	Jul. 17, 2018	Restructured (if any):	
Orig. Closing:	Oct. 31, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	348.52	Latest disbursement (amount/date):	5.00/Feb. 05, 2024
Undisbursed:	251.48	Disbursement Ratio (%) ¹ :	58.09

5. Project Implementation Update

Overall the implementation has been progressing satisfactorily. The project progress is estimated at 60 percent by Nov. 2023. By the end of Nov., the project has conducted assessment and evaluation of target capacity against actual progress on the exploration side. The final figure would be determined as more information became available. The World Bank has already started to prepare a restructuring paper to be completed within Q2 2024. This restructuring will include the extension of the project closing date and the change in project quantitative target.

The World Bank has cleared all BOTAS claims and requests for change of scope in the contract, except two of them related to (i) overhead cost incurred by the contractor; and (ii) final modification of the time schedule. These two points need to be further justified and resubmitted for project procurement team approval.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Tuz Golu gas storage expansion facilities	The project progress is estimated at 56 percent in May 2023.	No major issues observed. The recent mission rated the Project's environmental and social performance as "Satisfactory."	Major procurement completed. The anticipated changes in design (under finalization now) will entail

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

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(USD590 million)			change orders which will be reviewed by the banks before finalization.
Component 2: Supervision consultancy (USD8 million)	Contract awarded and the consulting firm is on board.	N/A	Completed
Component 3: ESIA and RAP monitoring consultancy (USD2 million)	Contract awarded and the consulting firm is on board.	N/A - this consultant is monitoring E&S compliance of works at the project site but has no E&S compliance issues themselves.	Completed

Financial Management:

BOTAS's entity and GSEP project financial statements for the year ended December 31, 2022, were received after the June 30, 2023, deadline: September 17, 2023 and July 27, 2023 respectively. The auditors have issued a clean audit opinion on the Project financial statements. Both reports are acceptable to the Bank. Overall, minor inconsistencies like the differences between excel worksheets kept for project reporting purposes and Interim Unaudited Financial Reports (IFRs) and designated account records were noted. Assistance was provided by WB in reconciling this difference. Continued compliance of BOTAS with this record keeping practice will be monitored by the Bank(s).

6. Status of the Grievance Redress Mechanism (GRM)

GRM has been established and is functional.

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

The result of drilling has shown that some sites are not suitable for cavern construction. Additional sites have been identified and included in the project scope. The final capacity and costs are being assessed.

Remarks: