



Project Summary Information

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| Project Name | İçtaş Enerji YEKA Erzin-II Hatay 100MW Solar PV Project |
| Project Number | P000796 |
| AIIB member | Türkiye |
| Sector/Subsector | Energy, Renewable Energy Generation - Solar PV |
| Alignment with AIIB's thematic priorities | Green Infrastructure; Private Capital Mobilization |
| Status of Financing | Approved |
| Objective | To support Türkiye's energy transition through the generation of solar photovoltaic (PV) electricity. |
| Project Description | <p>The Project comprises the development, construction, and operation of a solar photovoltaic (PV) plant with 100 MW of installed capacity (135.6MW_p) in the municipality of Erzin, in the province of Hatay. The Sponsor of the Project is IC İçtaş Group (the Group), a Turkish conglomerate founded in 1969. The Group owns and operates 1,450 MW of installed capacity, mainly thermal and hydropower plants, and distributes approx. 6.57 billion kWh per annum of electricity.</p> <p>The Project was awarded to IC İçtaş Enerji in June 2022 through the YEKA GES-4 reverse auction under a license period of 30 years. The auction allocated 700 MW of capacity across 12 solar PV projects under a ceiling price of up to TRYkr 95/kWh. The Project secured an inflation and foreign exchange (FX)-linked tariff of TRYkr 58.4/kWh (the Tariff) whereas tariff bids ranged between TRYkr 49-59.7 /kWh. The Project is entitled to sell up to 23 GWh per MW of capacity installed at the Tariff. The Project agreements were signed between IC İçtaş Enerji and the Ministry of Energy and Natural Resources (MENR) in August 2022.</p> |
| Expected Results | Expected results from the Project are: electricity generation from renewable sources (GWh per annum), GHG emissions avoided (tCO ₂ eq per annum), total renewable energy installed capacity (MW), and indirect private capital mobilization (PCM) (USD million). |
| Environmental and Social Category | Category B |

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| <p>Environmental and Social Information</p> | <p>Applicable Policy and Categorization. AIB's Environmental and Social Policy (ESP) including Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs) will apply to this Project. ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Involuntary Resettlement) are triggered by the Project. Key adverse environmental and social (E&S) risks and impacts relate to air, soil, water, biodiversity; presence of cultural heritage sites within the Area of Impact; civil works induced impacts; natural hazards; occupational health and safety; community health and safety due to labor influx and presence of security personnel; and associated gender-based violence and harassment (GBVH) risks to workers and communities during construction and operations phases. However, based on the Environmental and Social Impact Assessment (ESIA) study, the adverse E&S risks and impacts are small in scale, temporary and limited to the Project area, which can be avoided or mitigated by adhering to relevant ESSs and good international practices, therefore, the Project is assigned Category B.</p> <p>Environmental and Social Instruments. An ESIA Report, including the Environmental and Social Management Plan (ESMP), has been developed for the Project. In addition, a Stakeholder Engagement Plan (SEP), Land Acquisition and Resettlement Plan (LARP), Labor Management Plan (LMP), Biodiversity Action Plan (BAP), Biodiversity Monitoring Plan (BMP), Occupational Health and Safety Management Plan (OHSMP), Community Health and Safety Management Plan (CHSMP), Emergency Preparedness and Response Plan (EPRP), Waste Management Plan, Traffic Management Plan, and several other sub-management plans have been prepared in support of the project's E&S Management System.</p> <p>Environmental Aspects. The Project area is a natural habitat with status as pastureland. The Project area is not located in and around any Key Biodiversity Assessment (KBA) and protected areas. Potential environmental impacts will include noise, dust, vibration, traffic safety, construction waste and wastewater generated during project construction and operation periods but can be mitigated through ESMP implementation. The Project layout was redesigned to avoid two archaeological sites in the northeast corner. The planned access road also includes construction of a bridge to mitigate the Project impact on another culture heritage—the Issos Ancient Waterway. The Project has prepared and will implement the Cultural Heritage Management Plan (CHMP) to minimize and mitigate impacts on the existing culture heritages. During the construction phase, occupational, health and safety (OHS) risks may arise from excavation, height works, installation of cables and solar panels, backfilling, and use of heavy-duty vehicles. Such OHS risks and impacts will be managed and mitigated by the measures incorporated in the OHS Management Plan, EPRP and Traffic Management Plan prepared for the Project.</p> <p>Social and Gender Aspects. The Project will acquire approximately 200 ha of public pastureland belonging to the local municipality. There are no buildings within the Project site and around it. The ESIA survey and consultations confirmed that no economic impacts or physical displacement were expected, and no legacy issues were stated. The ESIA assessed the Borrower's capacity to manage risks related to labor and working conditions under contractor and supplier contracts,</p> |
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including Special Purpose Vehicle (SPV) suppliers and construction contractors to be engaged in the Project and confirmed its compliance with the ESP labor provisions. The Project-specific Labor Management Plan (LMP) was prepared, which includes the primary supplier management procedures. To prevent gender-based violence and harassment (GBVH) risks at the workplace and surrounding communities, the Project Company will incorporate relevant prohibitive clauses in its contracts with the Contractors. The Contractors' personnel (including security staff) will also sign the Code of Conduct and receive relevant training to prevent GBVH risks at the Project site. The Borrower has established a project-level grievance redress mechanism (GRM) for project workers.

Occupational Health and Safety (OHS), Labor and Working Conditions (LWC). During the construction phase, OHS risks may arise from excavation, height works, installation of cables and solar panels, backfilling, and use of heavy-duty vehicles. Such OHS risks and impacts will be managed and mitigated by measures incorporated in OHS Management Plan, EPRP and Traffic Management Plan prepared for the construction and operation phases. The ESIA assessed the Borrower's capacity to manage LWC risks under contractor and supplier contracts and confirmed its compliance with the ESP labor provisions. The project-specific Labor Management Plan (LMP) was prepared, which includes the primary supplier management procedures.

Stakeholder Engagement, Consultations, and Information Disclosure. The ESIA report has documented previous stakeholder engagement activities, and the Stakeholder Engagement Plan (SEP) has scheduled future engagement activities. The Non-technical Summary of the ESIA, ESMP, and SEP (in English and Turkish) have been disclosed by the Borrower¹ and will be disclosed by the Bank at its website.

Project Grievance Redress Mechanism (GRM). The Borrower will establish and operate a two-tier project specific GRM for the local communities and project-affected persons (PAPs). A Community Liaison Officer (CLO) will be assigned to arrange for filing and monitoring grievances for the local communities and PAPs and escalating the grievances to the Project Manager and Social Specialist and the Contractors' social staff. The worker GRM will be established at the contractor level and the Borrowers' Project Management Group. The information of established GRMs including the information of Bank's Project-affected People's Mechanism (PPM) will be timely disclosed in an appropriate manner.

Monitoring and Reporting Arrangements. The Company will submit semi-annual E&S performance reports to the Bank based on agreed format. The Bank will retain rights to conduct field supervision and monitoring visit during project implementation.

¹ <https://www.icenterra.com.tr/tr/gunes-santralleri/hatay-erzin-ges>

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| Cost and Financing Plan | Project Costs are estimated at USD145 million, including contingencies, VAT, and Finance costs. AIIB's loan of up to USD32.5 million is part of a financing package of USD65million to be provided by AIIB and Türkiye Sinai Kalkınma Bankası A.Ş. (TSKB). | | |
| Borrower | IC İçtaş Güneş Enerji Üretim ve Ticaret A.Ş. | | |
| Sponsor | IC İçtaş İnşaat Sanayi ve Ticaret A.Ş. | | |
| Estimated date of last disbursement | Q4 2024 | | |
| Contact Points: | AIIB | | Sponsor |
| Name | Daniel Pérez Pedraza | | Elif Gümrükçüoğlu |
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| Date of Concept Decision | November 16, 2023 | | |
| Date of Appraisal Decision | June 27, 2024 | | |
| Date of Financing Approval | August 22, 2024 | | |

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| Independent Accountability Mechanism | 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 GRM or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html . |
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