

Türkiye : Ispartakule-Cerkezkyoy Railway Project

1. Project Information

Project ID:	P000345	Instrument ID:	L0345A
Member:	Türkiye	Region:	Western Asia
Sector:	Transport	Sub-sector:	Rail transport
Instrument type:	<input checked="" type="checkbox"/> Loan:300.00 Euro million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	European Bank for Reconstruction and Development
ES category:	A	Borrowing Entity:	Ministry of Treasury and Finance, Türkiye
Implementing Entity:	Ministry of Transport and Infrastructure, Türkiye		
Project Team Leader:	Natalia Carla Sanz		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Liu Yang, Alternate Counsel; Yogesh Malla, OSD - Financial Management Specialist; Zhixi Zhu, OSD - Environment Specialist; Gabriel Giacobone, Economist; Chitambala Sikazwe, OSD - Procurement Specialist; Odil Akbarov, OSD - Social Development Specialist; Jiaming Yu, Project admin		
Completed Site Visits by AIIB:	Oct, 2022		
Planned Site Visits by AIIB:	Sep, 2023 Joint on-site visit with EBRD		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:			

2. Project Summary and Objectives

The Project objective is to increase passenger and freight capacity, safety and speed of rail transport between Türkiye and the European Union through the construction of a high-speed railway line between Ispartakule and Cerkezkyoy. The Project benefits include increased number of passengers and freight tons carried, reduced average travel time, and reduced greenhouse gas emissions.

The Project comprises high-speed railway civil works, supervision consultant, implementation support and compensation for resettlement (RAP Fund). The RAP Fund will cover livelihood restoration activities and is defined as additional payments above the compensation paid by the implementing agency for land acquisition, which is calculated according to Türkiye's regulations. Provision of the RAP Fund will enable the achievement of full replacement values in accordance with EBRD Performance Requirement 5.

The Project is part of the Halkali-Kapikule Railway Line, a strategic corridor being developed in line with the Turkish national transport strategies and the European Union's Country Strategy for Türkiye (2014–2020). It aims to establish a safe, accessible, sustainable, and inter-operable national rail transport corridor in line with EU standards

and with appropriate Trans-European Transport Network (TEN-T) connections. The Project is aligned with AIIB's thematic priority of Connectivity and Regional Cooperation, as well as with the AIIB Transport Sector Strategy priority of improving transport network capacity and connectivity.

The Project will be jointly cofinanced by EBRD and AIIB and will follow the arrangements set by the agreement between the two banks signed in April 2021. Therefore, EBRD's Environmental and Social Policy, Procurement Policies and Rules, and Independent Project Accountability Mechanism will apply in lieu of AIIB's Environmental and Social Policy, Procurement Policy, and Project-affected People's Mechanism, respectively.

3. Key Dates

Approval:	Nov. 25, 2021	Signing:	Dec. 08, 2021
Effective:	Feb. 11, 2022	Restructured (if any):	
Orig. Closing:	May. 31, 2027	Rev. Closing (if any):	

4. Disbursement Summary (EUR million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	0.98	Most recent disbursement (amount/date):	0.00/Nov. 29, 2022
Undisbursed:	299.02	Disbursement Ratio (%) ¹ :	0.33

5. Project Implementation Update

The Project became effective in February 2022, and started disbursing in April 2022.

The Civil Works contract was signed on December 2022. First disbursement expected for January 2023. Supervision Consultant tendering process is at its latest stage, expected to be signed in January 2023. The PIU Support Consultant was hired in December 2021 and is providing support services as needed. Regarding resettlement, negotiation meetings have been carried out with affected people gradually. The RAP Fund financed with AIIB proceeds is subject to the Türkiye Office of the President's Decision to prevent conflict of jurisdiction. This approval is pending and could delay implementation.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component A - Civil Works and Supervision Consultant (AIIB: \$346.7 m). Construction of 67 km of new double-track, electrified, high-speed railway from Ispartakule station, to just	Civil Works contract was signed in December 2022. Supervision Consultant contract under EBRD review.	The Lenders' ES Adviser has been working and conducted external monitoring on ES. Internal monitoring of RAP implementation has been carried out and reported to the lenders bi-monthly. ES considerations have been included in the tendering documents.	Civil Works contract was signed in December 2022. Supervision Consultant contract under EBRD review. Expected to be signed in January 2023.

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.

before Cerkezko station, as well as the construction supervision contract.			
Component B - Project Management Support (AIIB: \$1.2m). Hiring of consultants for capacity strengthening and technical assistance to the Project Implementation Unit (PIU) for project management, procurement, monitoring, contract implementation, financial management and environmental and social activities.	2022 Q3 report submitted to the satisfaction of the co-financiers.	N/A	PIU consultant hired in December 2021.
Component C - Livelihood Restoration Activities as per EBRD PR5 (RAP Fund) (AIIB: \$4.7m). AIIB only financing. Additional payments above the compensation paid by AYGM for land acquisition calculated according to Türkiye's Law No. 2942 on Expropriation, to achieve full replacement values in accordance with EBRD Performance Requirement 5 (PR	Negotiation meetings have been carried out with affected people gradually. Payments for all private land parcels (18 in total) have already been made to landowners/users. National expropriation payments have been made for land/parcels. The RAP Fund which is part of AIIB loan is subject to the President's Decision to prevent conflict of jurisdiction and is still pending, with potential delays to disbursement and implementation.	This component follows the RAP fund manual and EBRD PR5 conditions and requirements.	N/A

5)
Financial Management:

The IUFRRs have been submitted on timely basis and no quality issues noted. The project audit report shall be due on June 30, 2023. The total disbursement is about EUR 0.98 million including advance of about EUR 0.80

million. The financial progress is minimal considering some implementation delays due to civil works contract extended tendering process (signed in December 2022) and RAP fund pending presidential approval.

6. Status of the Grievance Redress Mechanism (GRM)

The GRM has been established at the AYGM level. Most of the grievances are related to expropriation-originated issues such as questions about the project background, project design, assistance to negotiation meetings, and informative letters.

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

Project results intermediate indicators are behind schedule due to delays in Civil Works tendering process (signed in Dec 2022) and RAP fund pending presidential approval.

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																			Frequency	Responsibility	Comments		
			Baseline		2019		2020		2021		2022		2023		2024		2025		2026		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year				Target	Actual
Passenger handled per annum	Portfolio	Number	2021	1000000					1000000	-	-	-	-					4400000			4400000		Project close	AYGM		
Tons of freight handled per annum	Portfolio	Ton	2021	0.5				0.5	-	-	-	-						2			2		Project close	AYGM		
Average travel time	Project	Minutes	2021	70				70	-	-	-	-						29			29		Project close	AYGM		

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																	Frequency	Responsibility	Comments
			Baseline		2021		2022		2023		2024		2025		2026		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual			
Local labor employment as a percentage of total labor employment in civil works contract	Project	Percentage	2021	0	0	0	20	0	23		25		28		28			28		Annual	AYGM	Civil Works contract signed in Dec 2022
1. Kilometers Constructed	Project	Km	2021	0	0	0	15	0	31		48		67		67			67		Annual	AYGM	Civil Works contract signed in Dec 2022
Percentage of RAP fund compensation paid in full (cumulative)	Project	Percentage	2021	0	0	0	50	0	75		100		100		100			100		Annual	AYGM	RAP Fund pending Turkiye Office of the President's approval
Percentage of female full-time staff/consultants in the Project PIU	Project	Percentage	2021	30	30	0	35	40	40		45		48		50			50		Annual	AYGM	