



Project Summary Information

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| Date of Document Preparation: July 12, 2022 | |
| Project Name | Türkiye COVID-19 Credit Line Project |
| Document Code | 000381 |
| Country | Republic of Türkiye |
| Sector/Subsector | Finance / Financial Intermediary |
| Status of Financing | Approved |
| Project Description | The proposed Türkiye COVID-19 Credit Line Project will provide sovereign-backed short-term credit lines to two of Türkiye's development banks and existing AIIB Clients, Türkiye Sınai Kalkınma Bankası (TSKB) and Türkiye Kalkınma ve Yatırım Bankası (TKYB) (jointly, the Borrowers) to alleviate liquidity constraints faced by infrastructure-related companies, mid-caps and small-medium enterprises (SMEs) serving the transport, energy, water, sustainable cities (including healthcare), information and communications technology (ICT), and eligible other productive sectors. This project will be processed under the AIIB's COVID-19 Recovery Facility (CRF), a framework designed to assist members in responding to the COVID-19 pandemic. These credit lines will not be used for infrastructure project finance, already covered in AIIB Projects TSKB Sustainable Energy and Infrastructure On-lending Facility (2018) and TKYB Renewable Energy and Energy Efficiency On-Lending Facility (2019). |
| Objective | To reduce liquidity constraints caused by the COVID-19 crisis and increase access to finance to corporates and small and medium-sized enterprises (SMEs) operating in eligible infrastructure and other productive sectors (OPS) in Türkiye. ¹ |
| Expected Results | The project expects to dampen the potential financial shock stemming from the COVID-19 pandemic and preserve market infrastructure by supporting the flow of credit to corporates and SMEs operating in the infrastructure and other eligible productive sectors in Türkiye. The expected results may be measured by the quantum of financing made available to final beneficiaries. |
| Environmental & Social Category | FI |

¹ "SMEs" are defined by the European Commission as enterprises presenting the following characteristics: (a) fewer than 250 employees; and either (b) an annual turnover below or equal to EUR50 million or (c) an annual balance sheet total below or equal to EUR43 million.

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| Environmental and Social Information | <p>AIIB's Environmental and Social Policy (ESP) is applicable to this Project. Under the proposed Project, the Borrowers will be required under their Environmental and Social Management Systems (ESMSs) to: (a) screen the proposed use of funds by sub-borrowers (which may include other financial intermediaries) and ultimate beneficiaries against the Environmental and Social Exclusion List (ESEL); (b) assign an environmental and social (E&S) risk rating; (c) conduct an E&S assessment; and (d) contractually bind sub-borrowers and ultimate beneficiaries: (i) to comply with applicable E&S regulatory requirements; and (ii) for higher E&S risks sub-borrowers assessed to require additional mitigating factors in accordance with the Borrowers' ESMS to comply with specific corrective or enhancing measures within an agreed timeframe as defined in an Environmental and Social Action Plan (ESAP). ESAP commitments will include: (a) preparation of required E&S documentation proportionate to the E&S risks and impacts associated with the use of AIIB funds; and (b) necessary E&S disclosure and stakeholder engagement. AIIB retains the right to review funding proposals by the Borrowers and the discretion to delay or decline disbursement to any sub-borrower based on these commitments.</p> <p>The structure described above builds on the ESMSs of both Borrowers, each of which AIIB has reviewed in connection with the above mentioned already-approved projects and determined to be materially consistent with the provisions of the AIIB ESP. Due to the short-term nature of working capital loans, the use of AIIB funds is generally expected to induce a limited number of potentially adverse impacts that are not unprecedented and can be successfully managed using good practice in an operational setting. Specific provisions to allow working capital lending and efficiently manage ES risks in the Project's portfolio of sub-loans will be included in both ESMSs.</p> <p>The Borrowers will be required to: (a) build a database allowing the tracking of the use of AIIB funds and E&S risk rating of the beneficiaries; (b) monitor the sub-borrowers' progress in fulfilling their ES commitments; and (c) report to AIIB regularly. AIIB will review selected higher E&S risk sub-loans in the scope of its regular supervision of the Project.</p> |
| Cost and Financing Plan | AIIB Loan: USD 500 million |
| Borrowers | Türkiye Sınai Kalkınma Bankası (TSKB) and Türkiye Kalkınma ve Yatırım Bankası (TKYB) |
| Guarantor | Republic of Türkiye |
| Estimated date of loan closing | December 2022 |

| Contact Points: | AIIB | | TSKB | TKYB |
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| Date of Appraisal Decision | April 28, 2020 | | | |
| Date of Financing Approval | June 30, 2020 | | | |

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| 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 Grievance Redress Mechanisms or AIIB Management's processes.</p> <p>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</p> |
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