



### Project Summary Information

Date of Document Preparation: December 21, 2021	
<b>Project Name</b>	Osmangazi Electricity Distribution Network Modernization and Expansion Project
<b>Project Number</b>	P000458
<b>AIIB member</b>	Republic of Turkey
<b>Sector/Subsector</b>	Energy / Electricity Transmission and Distribution
<b>Status of Financing</b>	Under Preparation
<b>Project Description</b>	<p>The Project involves the provision of a senior loan in Turkish lira (TRY) to support the capex program of Osmangazi Elektrik Dagitim A.S (OEDAŞ), the incumbent operator of the medium-/low-voltage network in the Osmangazi region.</p> <p>OEDAŞ operates the network in accordance with the terms and conditions set out in the Transfer of Operating Rights Agreement (TORA) signed between OEDAŞ and Turkish Electricity Distribution Company (TEDAŞ) on July 24, 2006, and the Distribution License received on September 1, 2006. Since 2017, OEDAŞ is owned by Zorlu Enerji Elektrik Uretimi A.S. (Zorlu Enerji) through Zorlu Osmangazi Enerji Sanayi ve Ticaret A.S. (Zorlu Osmangazi).</p> <p>OEDAŞ serves around 2.79 million consumers in across 191 urban centers and 1,596 villages within a 49,344 km<sup>2</sup> area located in western Anatolia that encompasses the provinces of Afyonkarahisar, Bilecik, Eskisehir, Kutahya and Usak. The company has circa 50,787 km of distribution lines and 7,855MVA of transformer capacity installed.</p> <p>The capex program covers the investments required under the Turkey's Fourth Tariff Implementation Period (TIP-4) for the years 2021-2025, as approved by the Energy Market Regulatory Authority (EMRA) and TEDAŞ and amounts to approximately USD400 million, subject to the realization of capex efficiency during the implementation.</p> <p>The Project will contribute to the expansion, rehabilitation, and improved efficiency of the Osmangazi electricity distribution network. The Project activities will include the procurement, construction, and operation of medium- and low-voltage overhead lines, underground lines, transmission connection lines and transformers.</p> <p>The Project will contribute to the reduction of theft and losses (T&amp;L), enhancement of environmental and safety standards, improve the efficiency and reliability of the network and contribute to the digitalization of the network.</p>
<b>Objective</b>	To support the upgrade, modernization, and expansion of the medium- and low-voltage electricity distribution network of

	the Osmangazi region.
<b>Expected Results</b>	The Project is expected to contribute to the expansion and digitalization of the electricity distribution network, reduce T&L and associated carbon emissions. The expected results monitoring framework will include distribution network additions (km), transformer capacity additions (MVA) distributed energy (TWh), new customers (residential/non-residential), saving in grid losses and technical loss, greenhouse gas reduction (CO <sub>2</sub> savings), smart meters (total and share of consumption). Intermediate results will include capex, and construction efficiency rate.
<b>Environmental and Social Category</b>	EBRD Category B, equivalent to Category B if AIIB's Environmental and Social Policy (ESP) were applicable.
<b>Environmental and Social Information</b>	<p>The proposed financing will be co-financed with the European Bank for Reconstruction and Development (EBRD), and the Project's environmental and social (ES) risks and impacts have been assessed in accordance with EBRD's Environmental and Social Policy 2014 (EBRD's ESP) and relevant Performance Requirements (PRs). To ensure a harmonized approach to addressing ES aspects of the Project, and as permitted by AIIB's Environmental and Social Policy (AIIB's ESP), EBRD's ESP relevant PRs<sup>1</sup> will apply to this Project in lieu of AIIB's ESP. The Bank has reviewed EBRD's ESP and PRs and is satisfied that (i) the EBRD ESP and PRs are consistent with the Bank's Articles of Agreement and materially consistent with the provisions of AIIB's ESP and the relevant ES Standards (ESS), and (ii) the monitoring procedures that are in place are appropriate for the Project. This Project has been assigned Category B in accordance with EBRD's ESP (equivalent to Category B if AIIB's ESP were applied) since the ES risks and impacts are relatively limited, reversible, localized, and will mainly occur during the construction phase.</p> <p>An Environmental and Social Assessment (ESA) was conducted, and the potential ES impacts associated with the Project and existing operations were assessed to be limited and readily addressed and managed through the implementation of the Environmental and Social Action Plan (ESAP).</p> <p>The Project will have impacts on biodiversity areas in the vicinity of the distribution lines. Other impacts include generation of waste, use of hazardous materials, disturbance to traffic, issues associated with community health and</p>

<sup>1</sup> The applicable PRs include PR1: Assessment and Management of Environmental and Social Impacts and Issues; PR2: Labor and working conditions; PR3: Pollution prevention and abatement; PR4: Health and Safety; PR5: Land acquisition, involuntary resettlement, and economic displacement; PR6: Biodiversity conservation and sustainable management of living natural resources; PR8: Cultural heritage; and PR10: Information disclosure and stakeholder engagement.

	<p>safety and occupational health and safety. These impacts will be mitigated through the implementation of the ESAP. The Project will not require any resettlement of households or businesses, and the majority of the investment plan will be carried out on public land in urban locations. Some land acquisition in rural areas may be required, and the company has committed to avoiding land take in agricultural areas. An updated Land Acquisition Policy Framework has been prepared. The lenders will support the company in developing a gender action and strengthening its HR policies to enhance career opportunities for women.</p> <p>A Stakeholder Engagement Plan has been prepared which provides details of the approach to stakeholder engagement and their planned meetings and commitments to inform stakeholders about the plans and development on an ongoing basis and to gather any complaints or feedback.</p> <p>The existing Grievance Mechanism OEDAŞ established will be applied in this Project. The information of the Grievance Mechanism has been included in the Non-technical Summary (NTS) and the Stakeholders Engagement Plan (SEP). The NTS and SEP in English and Turkish languages has been disclosed on websites of EBRD<sup>2</sup> and OEDAŞ<sup>3</sup>. The link to these websites are also provided on AIIB's website including the Summary Environment and Social Action Plan.</p>
<b>Cost and Financing Plan</b>	The Project has an estimated total cost of approximately USD 400 million-equivalent, to be financed with TRY-denominated debt of up to USD 375 million-equivalent to be provided by a club of international and local lenders, including the EBRD. AIIB has approved a loan of up to USD 75 million-equivalent and an uncommitted USD 10 million-equivalent tranche to be approved at the Bank's discretion.
<b>Borrower</b>	Osmangazi Elektrik Dağıtım A.Ş. (OEDAŞ, the Borrower)
<b>Estimated date of last disbursement</b>	To be determined, based on availability period (up to 5 years)

<sup>2</sup> [OEDAS Electricity Distribution \(ebrd.com\)](http://ebrd.com)

<sup>3</sup> Link to OEDAŞ disclosure:

- [Teknik Olmayan Özet | Osmangazi Elektrik Dağıtım AŞ \(osmangaziedas.com.tr\)](http://osmangaziedas.com.tr); and
- [Paydaş Katılım Planı | Osmangazi Elektrik Dağıtım AŞ \(osmangaziedas.com.tr\)](http://osmangaziedas.com.tr).

<b>Contact Points:</b>	<b>AIB</b>		<b>OEDAŞ (Borrower)</b>
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<b>Date of Concept Decision</b>	March 10, 2021		
<b>Date of Appraisal Decision</b>	October, 2021		
<b>Date of Financing Approval</b>	December, 2021		

<b>Independent Accountability Mechanism</b>	As noted above, EBRD's ESP will apply to this project instead of AIB's ESP. Pursuant to AIB's framework co-financing agreement with EBRD, the Independent Project Accountability Mechanism (IPAM) will review, in accordance with the EBRD Project Accountability Policy dated April 2019, all requests regarding environmental and social issues that may arise under the Project. In accordance with AIB's Policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under the project will not be eligible for consideration by the PPM. Information on EBRD's IPAM is available at <a href="https://www.ebrd.com/project-finance/independent-project-accountability-mechanism.html">https://www.ebrd.com/project-finance/independent-project-accountability-mechanism.html</a> .
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