

Azerbaijan and Turkey

Trans-Anatolian Natural Gas Pipeline Project (TANAP)

December 20, 2016

Chair Summary*

The Executive Directors approved a loan in the amount of US\$400 million to the Southern Gas Corridor Closed Joint Stock Company (SGC) and a loan in the amount of US\$400 million for Boru Hatları İle Petrol Taşıma Anonim Şirketi (BOTAŞ) for the Trans-Anatolian Natural Gas Pipeline Project (TANAP) (R2016-0235) on the payment terms and conditions set out in the President's Memorandum, including the requested waivers. The Executive Directors also approved MIGA guarantees to financial institutions yet to be identified, for Non-Shareholder Loans to Southern Gas Corridor CJSC in the Republic of Azerbaijan. Ms. Mueller and Mr. McGuire wished to be recorded as abstaining.

Directors supported the project's development objectives, notably, to diversify Azerbaijan's gas export markets and improve the security of Turkey's and South Eastern Europe's energy supply. They noted the strategic regional dimension of the project which supports economic growth and shared prosperity in Azerbaijan, Turkey and South East Europe.

Directors acknowledged the due diligence work carried out by staff on the project and the mobilization of other sources of public and private financing. Directors noted the application of international safeguards for this loan, and urged implementation capacity support and monitoring to ensure its success. They also stressed the need to ensure applicable procurement standards are followed.

Directors noted the importance of sustained commitment towards strengthening capacity and transparency in public resource management and the need for continued dialogue with Azerbaijan on the Extractives Industries Transparency Initiative and ensuring that efforts are made towards restoration of its membership status. Directors emphasized the need to ensure the long term sustainability of project benefits.

Directors were pleased to note the collaboration among IBRD and MIGA during the project preparation and the World Bank Group partnerships with other development partners including the Asian Infrastructure Investment Bank, the European Investment Bank and European Bank for Reconstruction and Development. They also underlined the importance of the Bank's value added in crowding in financing and leveraging resources for such large-scale infrastructure projects.

*This summary is not an approved record.