



Project Summary Information

Date of Document Preparation/Updating: 06/30/25	
Project Name	VakifBank Climate Transition and Reconstruction Facility
Project Number	P000962
AIIB member	Türkiye
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization
Status of Financing	Under Preparation
Objective	To support Türkiye's resilient recovery and climate transition through financing for green and inclusive post-earthquake housing and climate-aligned small and medium enterprise investments, delivered via a sovereign-backed facility implemented by VakifBank.
Project Description	<p>A sovereign-backed multi-sector on-lending facility of up to USD300 million to Türkiye Vakıflar Bankası T.A.O. (VakifBank) (the Facility) with two components: (i) Component A: Post-earthquake reconstruction, Affordable Housing and Social Infrastructure, and (ii) Component B: Climate Finance.</p> <p>Component A consists of a loan of up to USD200 million to support Türkiye's post-earthquake reconstruction efforts through the financing of affordable residential housing and social infrastructure facilities in 11 regions affected by the 2023 disaster. Affordable housing will benefit low-income families and households and in compliance with standards for earthquake resilience and structural integrity set by the Housing Development Administration of Türkiye (Toplu Konut İdaresi Başkanlığı, or TOKİ). Residential buildings financed from the proceeds of the facility will conform to the standards of green affordable housing under the relevant energy performance certifications. The loan will also support the construction of social infrastructure such as educational facilities and healthcare facilities, with emphasis on low-income areas and underserved groups. The buildings conform to standards of earthquake and climate resilience and energy efficiency and promote the introduction of digitalization to the health and educational services.</p>

	<p>Component B consists of a loan of up to USD 100 million to support climate mitigation and adaptation investments by the private sector, specifically small and medium enterprises (SMEs), according to a definition to be agreed between the Borrower and the Bank. Eligible investments may include renewable energy generation, battery energy storage systems (BESS), as well as demand-side solutions that reduce the consumption and waste of energy in buildings. Adaptation investments will enhance the resilience and resource efficiency of production processes, equipment, buildings and infrastructure. The facility will include investments that promote environmental sustainability and mitigate impacts.</p> <p>VakifBank is a prominent Turkish bank established in 1954 with the mission of utilizing the foundation (<i>vakıf</i>)’s assets to contribute to Türkiye's economic development. The bank's ownership structure includes 74.79% held by the Türkiye Wealth Fund (Group D), 14.75% by the Republic of Türkiye Ministry of Treasury and Finance (Group A and B), 4.06% by the VakifBank Pension Fund (Group C), and the remaining 6.35% as free float (Group D). Headquartered in Istanbul, VakifBank operates a network of branches across Türkiye, providing a comprehensive range of services including corporate, commercial, and retail banking, as well as investment and private banking services. The bank also has international branches in New York, Bahrain, Erbil, and Qatar, extending its services globally. As of March 31, 2025, VakifBank reported total assets of approximately TL 4.2 trillion (around USD 260 billion), total loans of TL 3 trillion (USD 186 billion), and net income of TL 20.03 billion (USD 1.24 billion) for the first quarter. VakifBank is Türkiye’s second-largest bank by total assets and continues to play a central role in supporting the country’s economic development and sustainability goals</p>
Expected Results	Results could include the number or size (m2) of newly constructed affordable housing units, healthcare and educational facilities, migration of families without adequate shelter to affordable housing, and other relevant indicators for social infrastructure. Additional indicators could track reductions in greenhouse gas emissions (tCO ₂ eq), energy savings (GWh), total financing extended for housing, social infrastructure, and SME climate initiatives, and the share of buildings meeting green certification standards. The framework will also monitor targeted lending to women-led and gender-inclusive businesses and enterprises in earthquake-affected regions. Facility-level non-performing loan ratios will be monitored.
Environmental and Social Category	FI
Environmental and Social Information	Applicable Policy and Categorization: AIIB’s Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESS), apply to this Project. The Project is placed in Category FI, as the financing structure involves the provision of funds to VakifBank pursuant to which AIIB delegates the decision-making related to the use of the AIIB’s funds insofar as the subprojects meet the conditions of the Project

	<p>Operations Manual (POM). This will include the selection, appraisal, approval, and monitoring of subprojects in accordance with AIIB's ESP requirements. Category A as well as Higher Risk activities are excluded from the proposed subproject.</p> <p>Environmental and Social Instruments: VakifBank's Environmental and Social Management System (ESMS) is materially aligned with AIIB's ESP and will be used as the project's Environmental and Social (E&S) instrument together with the POM. VakifBank has significantly enhanced its ESMS through the launch of a dedicated ES Risk Management System in December 2022. VakifBank's ESMS mandates to (i) screen the subproject proposals against its ESEL, (ii) assign an E&S categorization, (iii) conduct E&S risk assessment, (iv) monitor E&S risks and impacts, (v) report to its management accordingly, (vi) disclose E&S information, and (vii) conduct meaningful consultation with stakeholders. Specifications for implementing AIIB E&S requirements will be defined in the POM, including the adoption of the AIIB's ESEL.</p> <p>Environmental and Social Aspects: The Project will deliver positive E&S impacts by supporting climate-aligned investments, particularly in post-earthquake reconstruction and SME climate finance. Component A may involve risks such as waste generation, air and noise pollution, occupational and community health and safety, land use impacts, and potential involuntary resettlement due to reconstruction activities. Component B risks include energy and water consumption, emissions, waste management, and labor-related issues. AIIB will retain the right to review selected subprojects and will routinely assess VakifBank's risk categorization to ensure consistency with ESP requirements. Activities listed in the ESEL will not be eligible for financing. While the Project is expected to generate significant social benefits, Component A may also involve land acquisition and resettlement. These impacts could affect livelihoods or access to resources and will require careful management. The extent of potential displacement is not yet defined, and it will be further assessed during appraisal phase. In case any of the sub-project cause land acquisition, the POM will outline clear procedures for addressing land-related risks and ensuring sub-borrowers prepare resettlement plans, when necessary, in compliance with AIIB's ESS 2: Land Acquisition and Involuntary Resettlement.</p> <p>Gender Aspect. VakifBank has institutionalized a strong commitment to gender equality through a comprehensive Gender Equality Policy that promotes inclusive practices across its operations and subprojects. The Bank supports its clients in identifying gender gaps and developing action plans to address issues such as recruitment equity, workplace conditions, and gender pay disparities. Under the Project, VakifBank will require subprojects to adopt gender-responsive measures, including Codes of Conduct to mitigate risks related to Gender-Based Violence (GBV) and Sexual Exploitation, Abuse, and Harassment (SEAH), and will report gender-disaggregated data to ensure transparency and accountability.</p>
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	<p>Occupational Health and Safety, Labor and Working Conditions. AIIB has assessed VakifBank's ESMS with respect to labor conditions and worker protection. The subproject contractors and suppliers must comply with ESMS requirements, including labor and working conditions and health and safety matters. These obligations will be embedded into sub-loan agreements and procurement documents. Measures include managing occupational health and safety risks and upholding fair labor practices. The subprojects will also apply VakifBank's ESMS to its suppliers and contractors. Representations and warranties on labor and working conditions to be provided by suppliers and contractors to the subprojects will be incorporated into sub-loan agreements and contracts.</p> <p>Stakeholder Engagement, Consultation, and Information Disclosure. VakifBank publishes its ESMS and discloses E&S documentation in both Turkish and English. Higher-risk subprojects will have E&S documents disclosed at the facility level. Corporate-level transparency is maintained through VakifBank's integrated sustainability reports, aligned with GRI, PRB, and TCFD requirements.</p> <p>Project Grievance Redress Mechanism (GRM). The Project includes a multi-tiered grievance mechanism. VakifBank operates an External Communications Mechanism (ECM), as the Project GRM at the corporate level, to receive and address E&S concerns, including issues raised by project-affected people (PAPs) and the project contracted workers. Sub-borrowers will be required to establish subproject-level GRMs and inform local stakeholders of their availability, including AIIB's Project-affected People's Mechanism (PPM).</p> <p>Monitoring and Supervision Arrangements. VakifBank will be responsible for the implementation of the Project through the selection, analysis, and monitoring of all subprojects, as regulated in the POM, based on data collected directly from subprojects. It will maintain a centralized E&S database and provide semi-annual reports to AIIB based on agreed format. AIIB will conduct annual site visits to ensure that E&S risks are appropriately managed and mitigated.</p>
Cost and Financing Plan	<p>Sources: USD 300 million / Uses: USD 300 million</p> <ul style="list-style-type: none"> - Component A: USD 200 million, Post-earthquake reconstruction, Affordable Housing and Social Infrastructure - Component B: USD 100 million, Climate Finance
Borrower	Türkiye Vakıflar Bankası T.A.O. (VakifBank)
Guarantor	Ministry of Treasury and Finance, Türkiye

Estimated date of loan closing (SBF)	December 2028
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Date of Concept Decision	June 3, 2025	
Estimated Date of Appraisal Decision	October 2025	
Estimated Date of Financing Approval	November 2025	

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 ESP 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/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html
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