



Project Summary Information

Date of Document Preparation: August 18, 2021	
Project Name	Construction and Operation of a Waste Incineration and Energy Generation Plant ¹
Project Number	P000495
AIIB member	Republic of Turkey
Sector/Subsector	Urban / Urban Infrastructure
Status of Financing	Under Preparation
Project Description	<p>The Project involves financing the construction of a Waste Incineration and Power Generation facility, developed by Istanbul Metropolitan Municipality (IMM). The Waste-to-Energy (WtE) facility is located about 20 km north of Istanbul in the Eyüp district. It would be the largest facility in Europe with an annual capacity of 1 million tons (about 15% of Istanbul's waste), generating 630 GWh of net electricity sufficient for 400,000 households².</p> <p>The Engineering, Procurement and Construction (EPC) contract was awarded to Hitachi Zosen Inova – Makyol İnşaat Sanayi Turizm ve Ticaret A.Ş. Joint Venture (HZI-Makyol). The EPC contractor will also operate the WtE for one year before transferring to ISTAC. As of April 2021, 90%+ of construction works have been completed.</p>
Objective	To decrease the amount of Municipal Solid Waste (MSW) destined for landfill and to increase the production of renewable electricity.
Expected Results	<p>AIIB will monitor indicators that capture the project objective through:</p> <ul style="list-style-type: none"> • MSW waste treated (kton p.a.) • Renewable Energy generated (GWh p.a.) • Total Renewable Energy installed capacity (MW) • Greenhouse gas emission reduction (ton p.a.)
Environmental and Social Category	Category A ³

¹ Previously: Istanbul Waste to Energy.

² Turkish household consumes around 1,400 kWh of electricity in 2020.

³ Black Sea Trade and Development Bank (BSTDB) has categorized the E&S risks of the Project as Category "A", which is equivalent to Category A if AIIB's Environmental and Social Policy (ESP) were applicable.

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<p>Environmental and Social Information</p>	<p>Policy and Categorization. The Project is being co-financed with the BSTDB, together with the other co-financiers BNP Paribas (BNPP) and Societe Generale (SG) and Swiss Export Risk Versicherung (SERV), referred to as Lender Group. The Project's E&S risks and impacts have been assessed in accordance with IFC's E&S PSs and the Equator Principles (EPs). The application of these standards and principles, which are widely used in private sector operations, is allowed under BSTDB's ESP. BSTDB also has an Environmental and Social Exclusion List (ESEL). To ensure a harmonized approach to addressing the E&S risks and impacts of the Project, and as permitted under AIIB's ESP, IFC's PSs and the EP, as well as BSTDB's ESEL, apply to the Project in lieu of AIIB's ESP.</p> <p>AIIB has reviewed the IFC's PSs, the EP and BSTDB's ESEL and is satisfied that: (i) they are consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including AIIB's ESEL and the relevant Environmental and Social Standards; and (ii) the monitoring procedures that are in place are appropriate for the Project. BSTDB has categorized the E&S risks of the Project as Category A (which is equivalent to Category A if AIIB's ESP were applicable).</p> <p>Instruments. An Environmental Impact Assessment (EIA) was prepared in July 2012 based on applicable Turkish EIA laws and regulations. Subsequently, an Environmental and Social Due Diligence (ESDD) study, which includes a Non-Technical Summary and a Stakeholder Engagement Plan (SEP), was carried out against the national legislation and related international standards as well as the IFC PS and EP and was completed in October 2019. The associated facilities, include two substations, a switchyard, and the transmission lines. The ESDD report included recommendations for the implementation of E&S plans. An Environmental and Social Action Plan (ESAP) was prepared and is being monitored through the semi-annual E&S monitoring reports submitted by the IMM to the Lender Group. The E&S documents including Non-Technical Summary, ESDD report and SEP have been disclosed in English and in Turkish on the IMM's website⁴. The due diligence of the project includes a review of the ESAP and the E&S monitoring reports. A summary of this documentation has also been disclosed on BSTDB's website⁵ and AIIB's website will include links to the documentation on the IMM's website and BSTDB's website.</p> <p>Environmental and Social Aspects. The Project's construction stage impacts were addressed through mitigation measures as described in the ESIA, ESDD report and ES monitoring reports. The potential environmental impacts</p>
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⁴ <https://atikyonetimi.ibb.istanbul/atik-yakma-ve-enerji-uretim-tesisi/>

⁵ <https://www.bstdb.org/our-projects/project-search/project-summary?ProjectID=OP/19/0004>

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	<p>during the operation stage would include noise, gas emissions from the stack, the handling of ash and other residuals which can be deemed as hazardous wastes, water effluents, gas emissions from diesel engines and other machinery. Potential risks will be mitigated through an ESMP for operation. The Project did not require any land acquisition, as the land for the Project site and the associated facilities belong to the IMM in advance. Subsequently, no economic loss or physical displacement impacts are observed.</p> <p>Stakeholder Engagement, Consultation and Information Disclosure. The SEP defines roles and responsibilities, which the Contractor and subcontractors are expected to implement for construction and operation phases. The project includes provisions of Code of Conduct (CoC) for workers and provisions to address Gender Based Violence (GBV) and Sexual Exploitation and Abuse (SEA). Dedicated Community Liaison Officer (CLOs) conduct monthly meetings with the headmen of the affected neighborhoods. Project-related activities (noise-vibration-traffic congestion announcements, local employment and procurement, etc.) are disclosed to the local public via related mediums such as neighborhood headmen offices. Concerning COVID-19 measures, online communication channels have been designated for consultation and information dissemination. An Employment Policy is prepared and being evaluated. SEP is updated in 2021.</p> <p>Project Grievance Redress Mechanism (GRM). A CLO is assigned by the EPC Contractor for construction and one more additional year. To capture worker’s and Project Affected People’s grievances, both Platforms of the Borrower and the subcontractor is in use. The GRM established for the project has received 82 grievances since the initiation of the Project, which have been resolved.</p>
Cost and Financing Plan	<p>Total estimated project cost: EUR 437 million</p> <ul style="list-style-type: none"> • BNPP/SG loan: EUR 80 million • SERV covered BNPP/SG loan: EUR 198 million • BSTDB loan: EUR 40 million • AIIB loan: EUR 100 million • IMM equity: EUR 19 million
Borrower	Istanbul Metropolitan Municipality (IMM)

Contact Points:	AIIB	Borrower
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Date of Concept Decision	April 2021	
Estimated Date of Final Decision	September 2021	
Estimated Date of Financing Approval	Q4 2021	

Independent Accountability Mechanism	<p>AIIB's Policy on the Project-affected People's Mechanism (PPM) applies to this Project. The PPM has been established by 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 the ES policies applicable to the Project in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or the processes of AIIB's Management. For information on AIIB's PPM, please visit https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html.</p>
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