

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 04/21/2009

Report No.: 48289

1. Basic Project Data

Country: Turkey	Project ID: P112578	
Project Name: Private Sector Renewable Energy and Energy Efficiency Project		
Task Team Leader: Sameer Shukla		
Estimated Appraisal Date: February 2, 2009	Estimated Board Date: May 28, 2009	
Managing Unit: ECSSD	Lending Instrument: Specific Investment Loan	
Sector: Renewable energy (100%)		
Theme: Climate change (P);Other economic management (S)		
IBRD Amount (US\$m.):	500.00	
IDA Amount (US\$m.):	0.00	
GEF Amount (US\$m.):	0.00	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
Borrower	550.00	
<u>Clean Technology Fund</u>	<u>100.00</u>	
	650.00	
Environmental Category: F - Financial Intermediary Assessment		
Simplified Processing	Simple <input checked="" type="checkbox"/>	Repeater <input checked="" type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

2. Project Objectives

The project's development objective is to help increase privately owned and operated energy production from indigenous renewable sources within the market-based framework of the Turkish Electricity Market Law, and enhance demand-side energy efficiency in the industrial sector, thereby helping to reduce greenhouse gas emissions.

3. Project Description

The proposed Project will closely follow the project design of the existing Renewable Energy project. The proposed loan will help increase privately owned and operated energy production from indigenous renewable sources within the market-based framework of the Turkish Electricity Market Law, enhance energy efficiency, and thereby help reduce greenhouse gas emissions. The proposed Project will consist of two IBRD credit lines, one each to TSKB and TKB, and two CTF credit lines to each FI. Aggregate CTF financing will be limited to 20% of the total project costs of sub-projects. The FIs will allocate 10% of the IBRD loan towards energy efficiency, with the remaining focused on renewable. The Project will be complemented by a parallel technical assistance program financed by other donors (KfW and UNDP at this stage),

through ongoing and planned activities. The TA will focus on capacity building for financial intermediaries and industries for energy efficiency investments. Other donors such as JICA and AfD also may consider providing additional TA as necessary.

Renewable Energy: all renewable energy sources for electricity production are eligible for financing including hydro, wind, geothermal, biomass, and solar energy, as well as renewable resources (such as geothermal) for heating and cooling.

Energy efficiency: The new project proposes to cover also energy efficiency investments in industries. Some of the subsectors likely to be borrowers include iron and steel, cement, ceramics, chemicals and textiles.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

Project locations not known yet.

5. Environmental and Social Safeguards Specialists

Mr Norval Stanley Peabody (QAG)

Mr Bernard Baratz (OPCQC)

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Physical Cultural Resources (OP/BP 4.11)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)	X	
Safety of Dams (OP/BP 4.37)	X	
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: The project involves investments that may trigger World Bank safeguard policies on Environmental Assessment (OP 4.01), Involuntary Resettlement (OP 4.12) and Dam Safety (OP 4.37). Since the project is an FI operation, individual subprojects are not known a priori. Consequently, the Environment Policy Framework and Resettlement Policy Framework utilized under the first operation were revised by the PFIs based upon both lessons learned in the first operation and recent changes made to the Turkish regulation on environment assessment. The revised environmental and resettlement policy frameworks were reviewed by the World bank. English language versions of the revised Environmental Management Framework and Social Safeguard Framework were

disclosed in the Infoshop prior to appraisal. Turkish language versions of the revised Environmental Management Framework and Resettlement Policy Framework were disclosed at TSKB and TKB websites on January 28, 2009 and January 26, 2009. Both environment and resettlement safeguard framework documents are included in the Operational Manual, which will govern the manner in which PFIs will be required to implement the project. The operation manual including the environmental and resettlement procedures were completed prior to completion of Project Appraisal.

The dam safety framework used under the ongoing RE Project will be used for the proposed Project. This framework will be included in the operations manual as well.

It was agreed under the ongoing Project that hydro power projects would be financed on a specified list of domestic basins. This was reflected in the legal agreements for the ongoing project in the form of a list of the river basins where hydro subprojects could be located. The same approach will be continued under the proposed Project.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project is likely to have significant positive environmental benefits through reduced GHG emissions, which will have benefits both nationally and globally. The use of CTF resources will enable the project to finance hitherto underutilized or new renewable technologies such as biomass, geothermal and solar, in addition to energy efficiency, all of which will have very significant positive environmental benefits.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Hydro projects locations are based on feasibility assessments by sponsors of sites identified by DSI. The assessments include environmental aspects, and also alternative uses of water such as irrigation needs. The Government provides water use rights after a careful assessment of the alternative needs, such as for irrigation. After implementation, projects are operated taking into account downstream water needs, including a minimum flow requirement to satisfy ecological needs.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. Both borrowers, TSKB and TKB, have sound environmental and social safeguards assessment capacity. TSKB is a bit more advanced, because of its wider exposure to World Bank policies and to a greater number and variety of projects in the past.

In July 2008, the Government of Turkey updated its environmental assessment regulation (No. 26939). The chief difference is that the threshold criteria for projects requiring an EIA (Annex I - similar to Category A) and projects that require further evaluation (preparation of a Project Introduction File-PIF: Annex II) have been made stricter. As a result, under the second Renewable Energy Project, a greater number of subprojects are likely to require EA documentation under the new legislation.

With the assistance of German (KfW) aid, TSKB has developed a screening system for evaluating environmental risk. The scheme is similar to the World Bank system in that it results in ratings of “A”, “B” and “C” as does the World Bank system. TSKB utilizes this scheme for all their projects in addition to the Annex I/Annex II system required by the Turkish EA legislation. This system is a structured evaluation of environmental risk, and considers both the project related environmental risk elements as well as the environmental risk elements of the project sponsor.

TSKB has had a full-time environmental specialist familiar with World Bank safeguard policies on its staff for many years. The specialist has worked closely with TSKB engineers in assuring World Bank safeguard requirements have been followed. TKB has recently reassigned a staff member to assure safeguard requirements as detailed in the Operations Manual are fully implemented.

The environmental specialist also oversees land acquisition issues related to the investments. The hydropower subprojects in the first operation were located in remote mountainous areas with steep, narrow valleys and the reservoirs are deep and wide, covering limited horizontal space in the valleys. Consequently they require little land acquisition in total and much of the land belongs to the Forestry Department, rather than private owners. The subprojects in the second operation are expected to be similar. Seven subprojects in the first operation acquired between 2 and 6 ha total of private land, and three others involved much less. No households were relocated in the first operation and none are anticipated in the second. Energy investments are eligible for Public Benefit Declarations, which entitle the investor to expropriate land, if necessary, thus triggering OP 4.12, even if no expropriation occurs. In practice, however, the investors negotiate essentially all private land purchases and have generated no local opposition. Only one plot was expropriated in the first operation. Informal land use is rare, and the instances in the first operation consisted of seasonal cropping in river beds, for which operators were compensated like owners. Neither TKB nor TSKB are involved directly in the land acquisition process, but they monitor the issue carefully as part of their own due diligence procedures. Turkish expropriation laws and procedures are consistent with OP 4.12, thus adhering to the project Operations Manual (revised in 2006 to include resettlement) was relatively straightforward in the first operation and is expected to continue to be so in the second operation. OP 4.12 will apply to private transactions, to the extent that there is informal third-party use. The framework covers this aspect.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. Key stakeholders include the local populations where individual subprojects are to be located, NGOs, Ministry of Environment and Forests and their provincial counterparts. For individual subprojects, the environment and resettlement policy frameworks describe requirements and procedures for public consultation to be conducted during the EA process as part of any EA document preparation as well as EA regulation allows subproject sponsors to carry out further consultations if deemed necessary. The environment framework and the resettlement policy framework were publicly disclosed prior to appraisal as indicated above, and revised frameworks after the ISDS review will

be disclosed again. Individual subproject EA documents will be regularly disclosed in the PFI websites, in local MoEF offices and in municipal buildings with public access and ENglish language versions will be sent to the World Bank by the PFIs for disclosure in the Infoshop.

Category A projects will be reviewed by the Bank prior to the FI taking the financing decision. Public consultation requirements under the Turkish environmental regulation (one consultation meeting at scoping stage, followed by public consultations at the draft EIA stage inviting written comments) are considered acceptable. The FI will assess the efficacy of the consultations for any proposed subproject, and if required may request an additional consultation meeting.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	01/28/2009
Date of "in-country" disclosure	01/28/2009
Date of submission to InfoShop	01/29/2009
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

Resettlement Action Plan/Framework/Policy Process:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	01/27/2009
Date of "in-country" disclosure	01/27/2009
Date of submission to InfoShop	01/29/2009

Indigenous Peoples Plan/Planning Framework:

Was the document disclosed prior to appraisal?	
Date of receipt by the Bank	
Date of "in-country" disclosure	
Date of submission to InfoShop	

Pest Management Plan:

Was the document disclosed prior to appraisal?	
Date of receipt by the Bank	
Date of "in-country" disclosure	
Date of submission to InfoShop	

*** If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

This is an "FI" operation so EA documents are not available since individual subprojects have not yet been identified. Subprojects EAs will be disclosed in country and in Infoshop as and when they are received. The environmental and resettlement policy frameworks were disclosed prior to appraisal, and will be disclosed again after they are revised.

Once subprojects are identified during project implementation, for subprojects which fall under the dam safety policy, the sponsor will prepare emergency preparedness and operations and maintenance plans, and make necessary arrangements for public awareness and training.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes

OP/BP 4.37 - Safety of Dams

Have dam safety plans been prepared?	Yes
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	No

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

D. Approvals

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Mr Sameer Shukla	02/20/2009
Environmental Specialist:	Mr Bernard Baratz	02/24/2009
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):	Mr Norval Stanley Peabody	02/24/2009
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Ms Agnes I. Kiss	02/24/2009
Comments:		
Sector Manager:	Mr Ranjit J. Lamech	02/26/2009
Comments:		