

# MECHANISMS TO ENHANCE THE GREEN COMPETITIVENESS IN TURKEY

## FINANCING SUSTAINABLE DEVELOPMENT PROJECTS

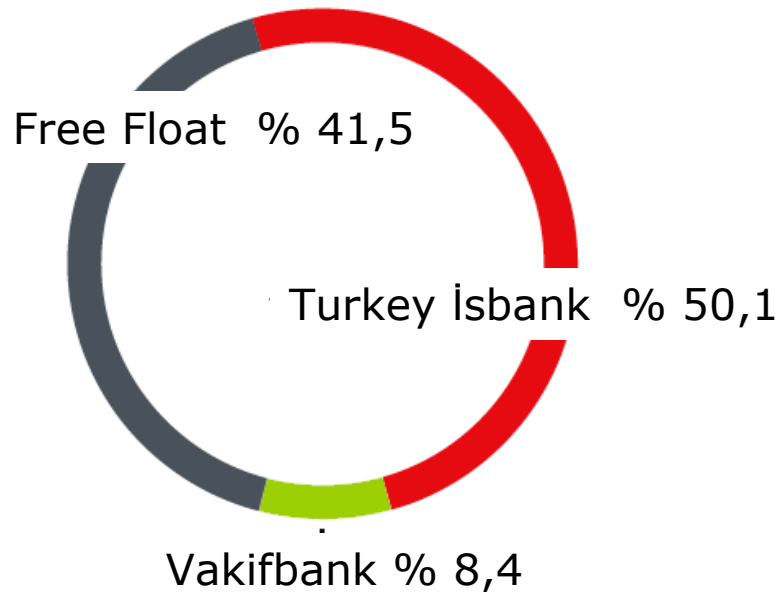
21/10/2009

HULYA KURT  
TSKB

# Company Profile

Founded in 1950 with the support of the World Bank and the Central Bank of Turkey, TSKB is Turkey's first and largest privately owned development and investment bank.

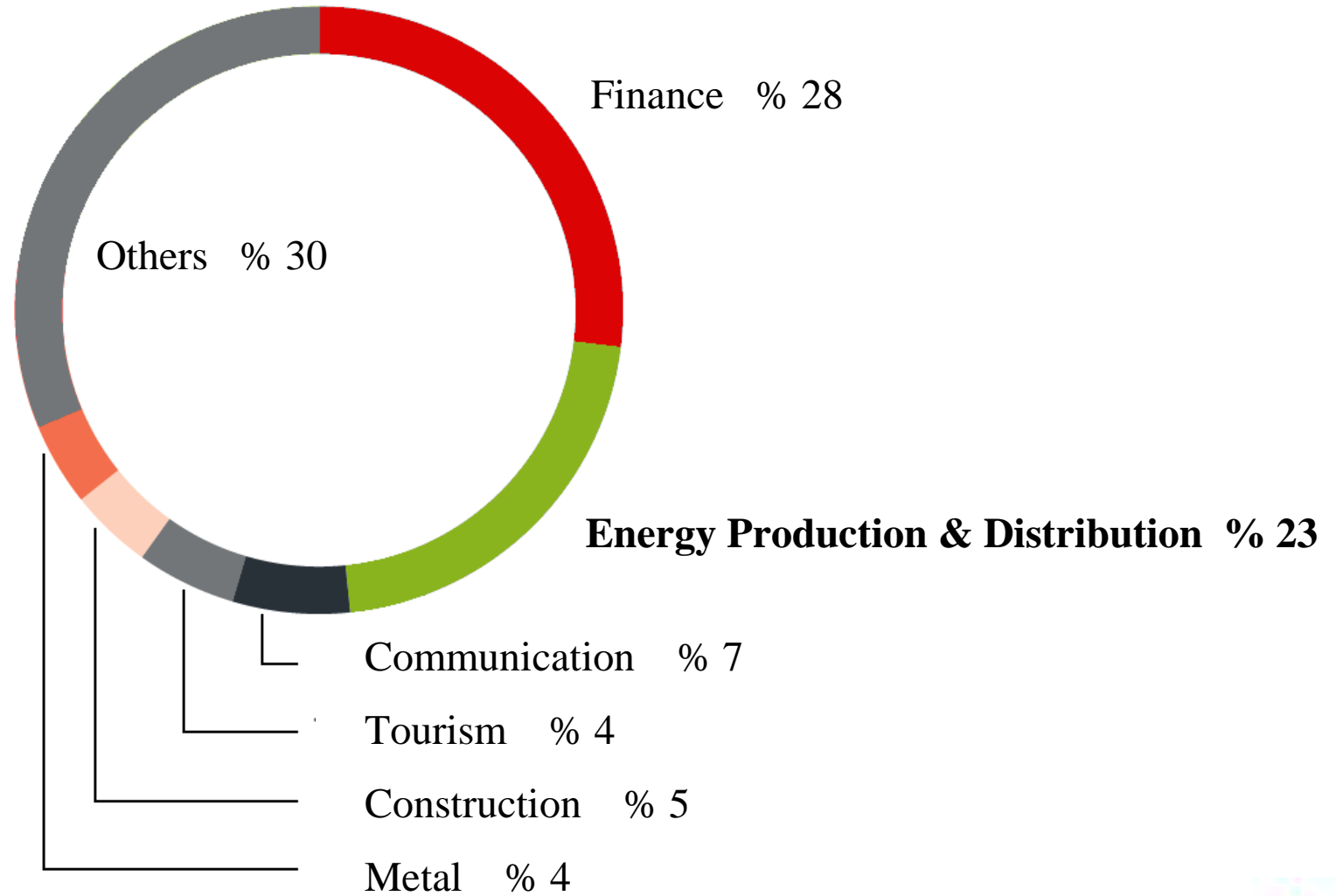
**Foundation Mission:** Provide medium to long term financing to private Turkish corporate with funds secured from international finance institutions.



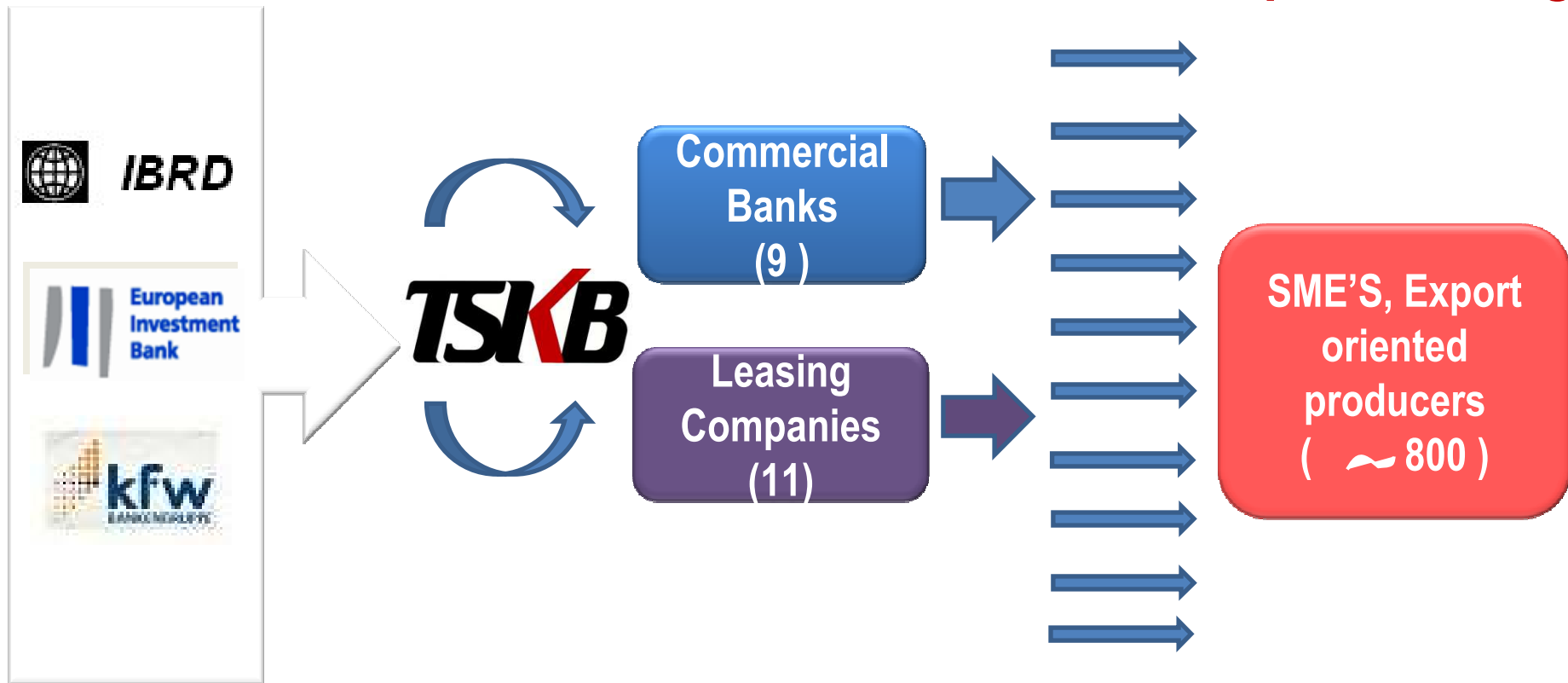
## Financial Summary (USD mn. 30/6/2009)

<b>Assets</b>	<b>4.099</b>
<b>Loans</b>	<b>2.542</b>
<b>Equity</b>	<b>587</b>
<b>Net Profit</b>	<b>59</b>
<b>Paid in Capital</b>	<b>600 mn TL</b>

## Breakdown of the Loan Portfolio 30/06/2009

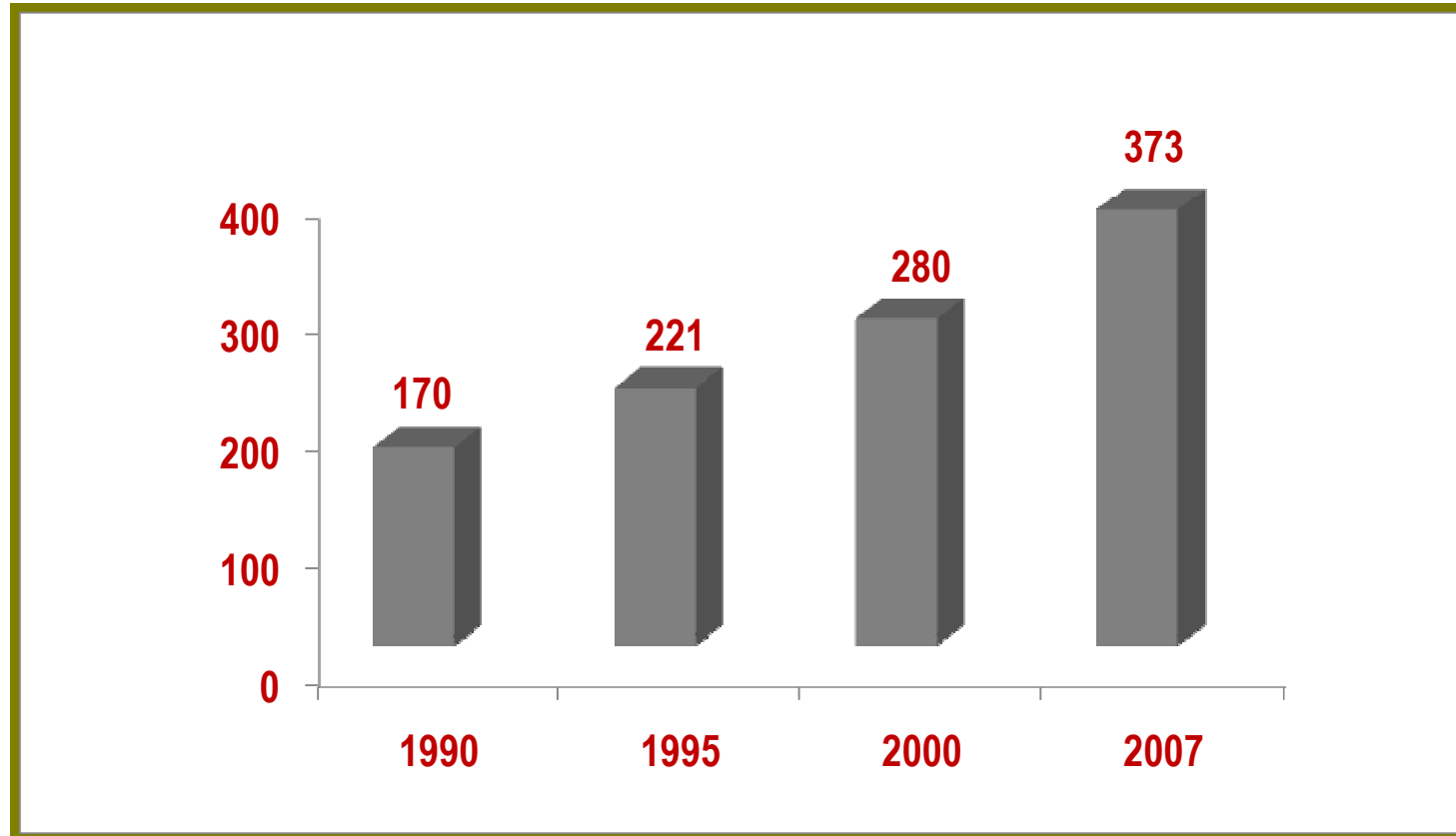


# Apex Banking



A total of USD 900 million has been disbursed to the real sector through APEX operations

# Turkey's Greenhouse Gas Emissions ( million tons CO<sub>2</sub> equivalent)



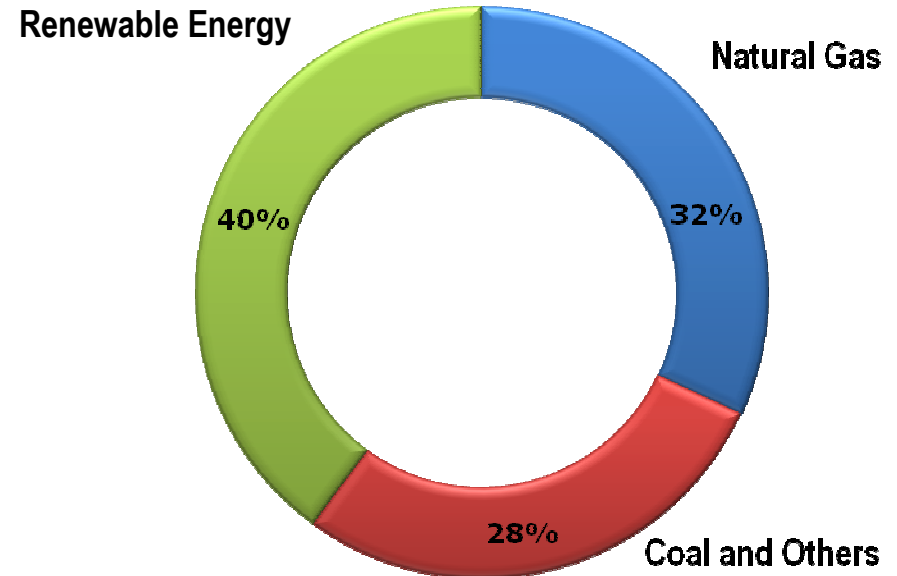
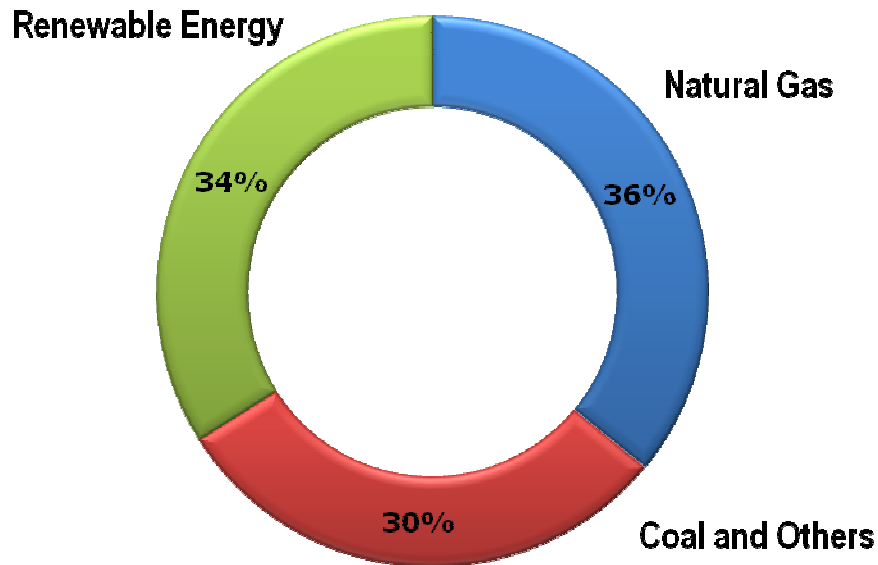
**Increase in emissions between 1990 - 2007 is 119%.  
Energy sector accounts for 83% of emissions.**

# Expectations in the Energy Sector

Installed Capacity 41.802 MW  
(2008)



Installed Capacity 61.000 MW  
(2014)



14.252 MW

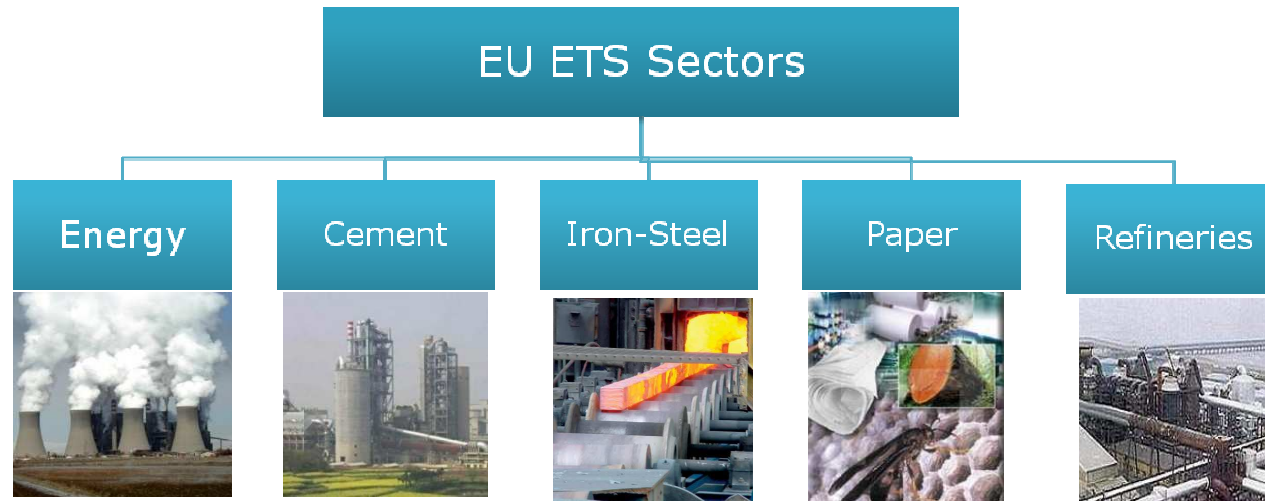


24.000 MW (expected)

- ❑ Total installed capacity is expected to increase by about 20 thousand MW (41.802MW to 61.000MW), corresponding to about 25 billion USD of investment.
- ❑ Renewable installed capacity is expected to increase by about 10 thousand MW (14.252MW to 24.000), corresponding to about 15 billion USD of investment.

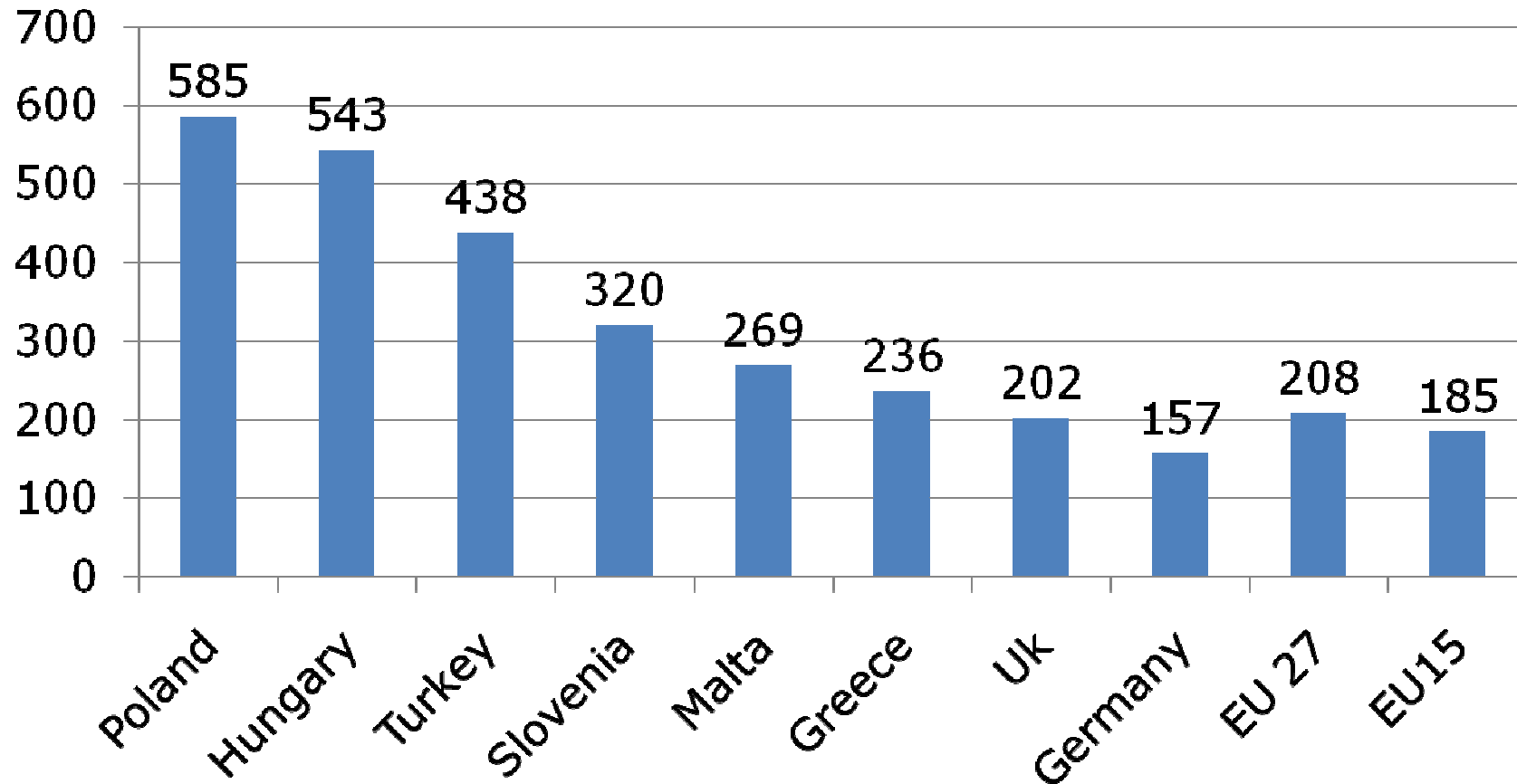
# Energy Intensive Sectors

1. Alimunium,
2. Fertilizers,
3. Iron and Steel,
4. Cement,
5. Pulp and paper,
6. Sugar,
7. Textile,
8. Chemicals,
9. Railways,
10. Transport Sector (industries and services)



## Turkey's Energy Intensity is High

### Energy Intensity of European Countries in terms of koe per 1000 Euro





# Sustainable Banking

- ❑ The integration of sustainability into the banking sector has taken two key directions:
- ❑ The pursuit of environmental and social responsibility in a bank's operations through environmental initiatives (such as recycling programs or improvements in energy efficiency) and socially responsible initiatives (such as support for events aimed at increasing environmental consciousness and cultural events, improved human resource practices);
- ❑ The integration of sustainability into a bank's core businesses through the integration of environmental and social considerations into product design, mission policy and strategies. Examples include the integration of environmental criteria into lending and investment strategy, and the development of new products that provide environmental businesses with easier access to finance.

# TSKB- Priority on Sustainable Development

- ❑ “Environmental Impact Assessment” in project appraisal is a top priority for TSKB, the Bank has included “Environmental Impact Assessment” as a part of its project appraisal since the early eighties.
- ❑ TSKB, is the First Turkish owned bank to set up an Environmental Management System and obtain ISO 14001 on the environment. TSKB has established its Environmental Policies in 2006. The bank has become the only Turkish owned institution to sign the UNEP FI Initiative in 2009. TSKB measures and assesses the impact of (i) its physical activities and (ii) the projects it finances on the environment.
- ❑ TSKB has been calculating its carbon emissions since 2006. Annual carbon emissions of the bank amount to 1249 tons CO<sub>2</sub> equivalent. As of mid 2009 TSKB has purchased carbon emission certificates from the voluntary market and has become the first Turkish owned carbon neutral bank.
- ❑ TSKB has undertaken to cut its energy consumption by 7% in 2 years.
- ❑ Starting from June 1st, 2009 TSKB has started to meet all of its power consumption from electricity produced from renewable sources.

# TSKB and Sustainable Development Finance

- ❑ Sustainable finance at TSKB;
  1. Environmental,
  2. Renewable Energy,
  3. Energy Efficiency.
- ❑ Financing of environmental projects (18 projects):
  - Wastewater treatment plants,
  - Investments aimed at reducing gas emissions of industrial plants,
  - Cleaner production investments,
  - Investments aimed at savings of energy and other production inputs.
- ❑ Financing of projects aimed at power production from “Renewable Energy Sources” therefore contributing to a reduction in consumption of fossil based fuels and a low carbon economy,
- ❑ Financing of EE project in order to decrease Turkey’s energy intensity.

# Renewable Energy Projects Financed by TSKB

79 projects with a total installed capacity of 2,218 MW are being financed by TSKB

## Projects Financed

71 HEPP	Total	2,045 MW
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4 Wind	Total	94 MW
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2 Geothermal	Total	58 MW
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2 Landfill	Total	21 MW
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- ❑ Renewable energy projects financed by TSKB account for 16% of Turkey's installed capacity in renewable as of the end of 2008.
- ❑ TSKB up to date has evaluated approximately 150 projects in renewable energy.
- ❑ TSKB is committing loans of 1,3 billion USD.
- ❑ When these plants are operational the reduction in CO2 emissions will be in the range of 4 million tons. This figure accounts for over 1% of Turkey's yearly greenhouse gas emissions.

# Sources of Funds



Avrupa Yatırım Bankası (EIB)



Dünya Bankası (IBRD)



Avrupa Konseyi Kalkınma Bankası (CEB)



Fransız Kalkınma Ajansı (AFD)



Alman Sanayileşme Fonu (KfW)



Japon Uluslararası İşbirliği Bankası (JBIC)



Uluslararası Finans Kurumu (IFC)

# Funds in Use

## **EUROPEAN INVESTMENT BANK ENVIRONMENT AND ENERGY FRAMEWORK LOAN**

**Amount** : 150,000,000 EUR

**Purpose** : Financing of private sector projects producing electricity from renewable sources. The loan can be used to finance projects with fixed costs of investment below **50 million EUR**.

## **WORLD BANK RENEWABLE ENERGY AND ENERGY EFFICIENCY LOAN**

**Amount** : 420,000,000 USD

**Purpose** : Financing of private sector projects aiming to produce electricity using renewable sources and energy efficiency projects.

## **KFW CLIMATE PROTECTION LOAN FACILITY**

**Amount** 75,000,000 USD

**Purpose** Financing of private sector projects aiming to produce electricity using renewable sources ,energy efficiency and pollution abatement. Maximum loan amount which could be allocated to a single project is **8 million USD**.

## **COUNCIL OF EUROPE DEVELOPMENT BANK SME LOAN**

**Amount** : 100,000,000 EUR

**Purpose** : Financing of investments carried out by SME's in Turkey, small scale energy and environment related investments can also be financed. Maximum loan amount which could be allocated to a single project is **5 million EUR** .

## **EUROPEAN INVESTMENT BANK SME LOAN**

**Amount** : 165,000,000 EUR

**Purpose** : Financing of investments carried out by SME's in Turkey, small scale energy and environment related investments can also be financed. Total fixed cost of the investments to be financed should be below **25 million EUR** .

## Worldbank Renewable and EE Loan

- ❑ The amount of the facility is USD 420 million equivalent including a CTF component of USD 70 million,
- ❑ The aim of the facility is to support investments of the private sector (i) to produce electricity from renewable sources and (ii) achieving energy efficiency
- ❑ Renewable technologies to benefit from the facility are wind, solar, geothermal, wave, tide, biomass, biogas, waste, hydrogen, energy and low impact hydroelectric generation (ie. plants with a reservoir area of less than 15 km<sup>2</sup>),
- ❑ EE projects will have to fulfill the criteria of either (i) at least 50% of the project benefits resulting from energy savings or (ii) comparable energy savings of at least 20%,
- ❑ Minimum maturities are 4 years for the IBRD component and 7 years for the CTF component- maturities may be extended depending on the needs of the project,
- ❑ Leasing is also possible.

# Gerçek başarı sürdürülebilir olandır!

Sürdürülebilir bir gelecek için önce çevreci bankacılık anlayışını kurum kültürümüz haline getirdik. Kurduğumuz çevre yönetim sistemiyle ISO 14001 Sertifikalı ilk Türk bankası olduk. Uzun yıllardır çevre ve yenilenebilir enerji projelerinde lideriz. Yürüttüğümüz sosyal sorumluluk projeleri ile çevresel bilinci artırmak için yeni platformlar oluşturuyoruz. Bu bilinçle karbon ayak izini silen ilk Türk bankası yine biz olduk...

"Yılın Sürdürülebilir Bankası" ödülünü ikinci kez alıyorsak sebebi çok.



TSKB's efforts towards sustainable development has been recognized by international circles. In June 2009 TSKB in recognition of the sustainable development policies pursued, was awarded for the second time in two years the "Sustainable Bank of The Year Award- Eastern Europe" jointly given by IFC and the Financial Times.





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