Early Warning System

IFC-36772

Akfen Energy

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Quick Facts

Countries	Turkiye
Financial Institutions	European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-05-18
Borrower	AKFEN YENILENEBILIR ENERJI A.S.
Sectors	Energy
Investment Type(s)	Equity
Investment Amount (USD)	$ 100.00 million
Project Cost (USD)	$ 200.00 million

Project Description

IFC has approved an equity investment of USD100 for an up to 20 % equity stake of Akfen Holding A.S.' ("Akfen Holding" or "Akfen Group" or the "sponsor") energy platform company, Akfen Yenilenebilir Enerji A.S. ("Akfen", "Akfen Energy" or the "company") through which Akfen Holding will develop, construct, and operate power assets in Turkey (the "project"). According to bank documents, EBRD is working in parallel for a similar investment and IFC's Asset Management Company could also consider co-investing along with IFC. The proceeds of EBRD and IFC's investment will be used to develop new projects that would expand Akfen's generation capacity, diversify its generation portfolio and make it an integrated energy player in Turkey.

Specfically, IFC's investment proceeds will be used to finance: (i) completion of under construction projects of the Company; and (ii) acquisition of multi-stage renewable power projects in Turkey. Through this investment, IFC will be supporting an existing client and a strategic partner which has demonstrated strong operational and management capacity in diverse sectors including ports, airports and hotels that IFC has provided financing for.

Site locations for renewable energy projects are spread throughout Turkey, with clusters in the south western and northeast parts of the country. An overview of the existing portfolio and pipeline projects that are covered by Akfen Energy is attached in the documents.

Investment Description

- European Bank for Reconstruction and Development (EBRD)
- International Finance Corporation (IFC)

According to bank documents:

The project sponsor is Akfen Holding. Majority owned by the Akin family, Akfen Holding is one of the leading Turkish conglomerates with experience in ownership and management of diverse infrastructure assets, including airports, energy, construction, ports, real estate development and ferries.

Akfen Holding delisted from Borsa Istanbul Stock Exchange as of May 12nd, 2016.

Akfen Energy is a joint stock company registered in Turkey owned 100 percent by Akfen Holding. In December 2015, Akfen Holding and EBRD signed agreements for an equity investment of US$100 million by EBRD for a 20 percent shareholding in the Company. Following IFC's investment EBRD's shareholding will be 16.7%

Akfen Holding invests in, manages and coordinates its subsidiaries and affiliates in a variety of sectors such as airport management and operations, construction, port operations, marine transport, water distribution and waste water services, energy and real estate. IFC has partnered with the Akfen Group in a number of high profile projects, including (i) Mersin International Port Eurobond issue (disclosed as project #33943); (ii) TAV Tunisia (project # 26913) and TAV Georgia airport financings (disclosed as project #24628). Ongoing supervision of these existing investments indicates that group's environmental and social performance is generally satisfactory.

Akfen Holding established a new company, Akfen Energy, where all its energy related operational and pipeline assets are transferred. This entity serves as the growth platform in which IFC and EBRD will invest. Akfen Energy's pipeline and portfolio of assets includes small to medium capacity hydroelectric power plants ("HEPP"s), small (maximum 10 MW) solar power projects ("SPP"s) and a pipeline of potential wind power projects ("WPP"s). The company plans to increase its installed capacity from 204 MW to 238 MW for HEPPs, from 7.3 MW to 146.4 MW for SPP and from 0 to 150 MW for WPP by 2020. Potential future pipeline prospects range in capacity from 7 MW to 17 MW for HEPPs, 0.5 MW to 10.4 MW for SPPs and 17 MW to 250 MW for WPPs. Akfen Energy may also consider future investments in geothermal power. Akfen's existing and planned thermal power plants will be developed by another Akfen Holding subsidiary, not Akfen Energy.

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- Annex 1 Akfen Energy Portfolio and pipeline.pdf
- Annex 2 Akfen Energy Turkey ESDD.pdf
- Project Summary