

Turkey: Proposed IFC Investment in Akenerji Elektrik Uretimi A. S.

June 10, 2010

U.S. Position

This IFC investment will support the development of small scale hydropower projects in the Seyhan river basin, increase power generation capacity and may fund future investments in distribution privatizations. As such, the operation will help address Turkey's shortfall in energy generation. Private sector involvement in the energy sector is currently negligible. Therefore, the United States welcomes IFC's efforts to foster a more credible and sustainable private sector in this area.

While the United States supports the aims of this project and recognizes the significant need for additional power generation in Turkey, there are weaknesses in some aspects of the environmental due diligence. For example, the environmental impact assessment documentation that is publically available does not include assessments of associated infrastructure, such as the four transmission lines needed for the project. Further, the cumulative impact assessment, which is critical given the cascade effect of the sequence of dams on the river, is not provided. Instead, IFC summarized a 2008 report from another project and has provided no indication whether the study included detailed fisheries or hydrological studies.

The United States welcomes the agreement by the company to an action plan to strengthen the environmental impact assessment. This requires conducting EIAs for the transmission lines and more detailed studies for the cumulative impact assessment. It also requires a monitoring program for cumulative impacts. However, there is no indication that these reports will be made available to the public or the Board; nor is there a discussion of mitigation measures that may be required once the potential cumulative impacts are understood, including a water release program to ensure ecological river flows. The United States requests that Management post all of these documents on its website upon receipt.

In light of the above, the United States wishes to be recorded as abstaining on this investment.