

Host Country	Türkiye
Name of Insured Party	Meridiam Eurasia 2
Foreign Enterprise	Nakkaş Otoyol Yatırım ve İşletme A.Ş.
Private Insurer Participation	Private Reinsurers
Project Description	The development of a 31 kilometer greenfield motorway project, connecting the Nakkaş district to the Başakşehir district in Istanbul, Türkiye.
Investment Amount	Up to €166,000,000
Investment Type	Equity
Proposed Insurance Amount	Up to \$350 million
All Source Funding	Up to €1,332,000,000
Policy Review	
Developmental Objectives	<p>Türkiye has experienced rapid economic growth in recent decades, leading to a heightened demand for road transportation to support increased commercial activities and integration with global trade networks. While the increased mobility of goods and services has fueled economic development, the heightened road congestion has significantly hampered the ease of transportation for both passengers and commercial activities. Furthermore, Türkiye grapples with infrastructure resilience challenges, as evidenced by the slow and inadequate relief response to the devastation of the 2023 earthquake.</p> <p>In response to these challenges, the Project is expected to have a positive development impact in Türkiye by enhancing transportation infrastructure, thereby reducing transit times, stimulating economic activity, and fortifying Türkiye’s road network resilience. More specifically, the construction of the motorway will alleviate road congestion, enhance the reliability of road transportation, and facilitate more efficient travel along trade routes. This improvement in resilience extends to better preparedness for natural disasters, a need illuminated by the devastation brought on by the 2023 earthquake. Furthermore, the road will connect lower-income districts to the capital, improving residents’ access to employment opportunities, hospitals, and other critical services. Given the Project’s characteristics, it is categorized as Impactful per DFC’s Impact Quotient (IQ).</p>
Environment and Social Assessment	SCREENING: The Project has been reviewed against DFC’s 2020 Environmental and Social Policy Procedures (ESPP) and determined to be categorically eligible. Projects involving the construction of motorways or express roads or the construction of new roads with four

or more lanes where such new road, would be 10 km or more in continuous length are screened as Category A projects under DFC's environmental and social guidelines because they have significant adverse environmental and/or social impacts that are irreversible, sensitive, diverse, or unprecedented in the absence of adequate mitigation measures.

APPLICABLE STANDARDS: Under DFC's ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance. DFC's environmental due diligence indicates that the investment will have impacts that must be managed in a manner consistent with the following International Finance Corporation's (IFC) 2012 Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety, and Security
- PS 5: Land Acquisition and Involuntary Resettlement
- PS 6: Biodiversity
- PS 8: Cultural Heritage

In addition to the above standards, the Project will also be required to meet applicable provisions of the IFC's Environmental, Health, and Safety (EHS) General Guidelines (2007), IFC EHS Guidelines for Toll Roads (April 30, 2007); and IFC EHS Guidelines for Construction Materials Extraction (April 30, 2007). Under DFC's ESPP, the Project is required to comply with applicable national laws and regulations related to environmental and social performance.

Environmental and Social Risks and Mitigation Measures:

The primary environmental and social risks identified for the Project are those associated with: expropriation of land and the associated displacement; gender-based violence and harassment (GBVH) in the communities hosting the worker camps during the construction phase; identified and potential impact to cultural heritage sites located along the Project corridor; noise and vibration; occupational health and safety of workers; soil erosion management; impacts to biodiversity (flora and fauna); impacts to community health and safety; and the need for an overall environmental and social management system.

An internationally compliant Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plans were developed for the Project. The existing management plans and systems including the Resettlement Action Plan, Gender Action Plan,

Cultural Heritage Management Plan and Local Recruitment Plan must be updated and evidence of their appropriate implementation, including training must be provided. DFC will also require the client to supervise and monitor the appropriate implementation of all management plans and systems including OHS, Human Resources, and CSR plans by the EPC and all other contractors and their workers. DFC will require bi-annual E&S reports, as well as quarterly construction reports, and quarterly RAP reports containing data on both physical and economic displacement. DFC will require evidence that all Corrective Measures for Past Land Acquisition and Valuation Methodology Assessment identified during due diligence are closed prior to financial close, and appropriately implemented for the lifetime of the Project.

Construction of roads requires appropriate spoils management and mitigation measures for soil erosion. The Project will be required to develop a spoils management and soil erosion control plan as part of its Environmental and Social Management Plans.

Impacts to air quality associated with the construction and operational phases have been assessed using dispersion modelling and software, which indicate that impacts are not expected to be significant. DFC will require that the Project develop and implement an Air Quality Monitoring and Mitigation Plan for the operational phase based on passive monitoring techniques (e.g. diffusion tubes), including dust emissions and focusing on areas of potential exposure alongside the route. The Plan will identify mitigation measures to reduce impacts if there is a risk of exceeding air quality standards.

During construction, noise and vibration impacts have the potential to be significant in certain locations but will be managed in line with the national and international standards using good practice mitigation measures such as noise barriers and restriction of working times. During operations, noise and vibration impacts are able to be mitigated in accordance with IFC and Turkish standards through installation of noise barriers and through specific track design measures; however, where noise and vibration impacts are not able to be mitigated to meet IFC thresholds and are predicted to be significant, households will be offered the opportunity to relocate at the cost of the Project.

The Project crosses through two internationally recognised areas; i) Kucukcekmece Basin - International Bird Area (IBA) and Key Biodiversity Area (KBA) and ii) West Istanbul Grasslands Important Plant Area (IPA). The ESIA concluded that both of these areas are heavily degraded, and it is considered that they no longer support biodiversity which qualifies as critical habitat (CH). Therefore, any potential impacts during construction would not result in the loss of

	<p>viability or function of the qualifying habitat of the IBA/KBA once the mitigation hierarchy is applied. However, there could be impacts on biodiversity and habitat from the operational phase of the Project; therefore, a Biodiversity Action Plan (BAP) has been developed for the Project and DFC will be require that implementation of the BAP be reported to DFC as part of the annual E&S reporting requirement.</p> <p>A specific risk assessment was conducted with respect to collision of birds with the cable stayed bridge. Based on the assessment, it was concluded that there will still be sufficient room for birds to fly around, over or under the bridge structure and the bridge length will be sufficient to provide for effective bird movement beneath the structure over a relatively broad area. The assessment also included mitigation measures to be undertaken during the design of the bridge which DFC will require the Project to implement.</p> <p>The Project's ESIA was posted on DFC's website on February 13, 2024, through April 15, 2024.</p>
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