

The Grant Agreement for the Carbon Market Development Project with the International Reconstruction and Bank for Development and International Development Association has been published

1 Feb 2024

The grant agreement ("**Grant Agreement**") concluded between the Republic of Türkiye and the International Bank for Reconstruction and Development and the International Development Association ("**Bank**"), published in the Official Gazette dated 12 December 2023 and numbered 32397, stipulates the principles and procedures for the grant provided to the Republic of Türkiye for the purpose of developing and implementing carbon pricing mechanisms and increasing expertise and capacity in this regard. The Grant Agreement was signed by the Republic of Türkiye on 18 October 2023 and the grant amount to be provided under the agreement is USD 4,950,000.

Within the scope of the project, which consists of three parts: policy analysis and roadmap for the development of carbon pricing, design and implementation carbon pricing, and cross-cutting activities, the following objectives are planned to be achieved overall:

- Assessment of existing legislation, taxes, fees and incentives supporting effectiveness of carbon pricing,
- Developing a list of subsidies, legislation, instruments, taxes, fees and incentives that could positively or negatively affect carbon pricing instruments and recommendations for their revision,
- Determining transition policies and work program,
- Determining the design of carbon pricing through a national emission trading system, carbon taxation and crediting methodologies,
- Carrying out reporting, education and research activities, including market research, introduction programs, strategy and action plan development in these matters.

Within the scope of the Grant Agreement and the Project Implementation Manual ("**PIM**") approved by the Bank; the Directorate of Climate Change, a subsidiary of the Ministry of Environment, Urbanization and Climate Change, will be responsible for implementing these objectives.

Other important headlines of the Grant Agreement are as follows:

- During the execution of the project, it is obligatory to comply with the Bank's Environmental and Social Standards ("**ESS**"), which entered into force on 1 October 2018, and it is specified that the necessary reporting and activities in this direction will be notified to the Bank by the Directorate of Climate Change. In addition, within the scope of the ESS, it is regulated that a grievance mechanism

will be established by the Directorate of Climate Change so that persons affected by the project can submit their suggestions and complaints.

- The activities and reporting to be carried out by the Directorate of Climate Change will be of utmost importance due to the Bank's authorization to disclose the records and information to the donors of the Partnership for Market Implementation Facility Multi-Donor Fund Trust.
- The grant provided by the Bank cannot be used for payments made before the signature date of the Grant Agreement and the deadline for use of grant is 31 August 2028.

Within the scope of the provisions of the Grant Agreement regarding effectiveness and termination, the agreement will enter into force on the date of dispatch of the Bank's confirmation that (i) the PIM has been prepared in the appropriate format and adopted by the Bank and (ii) the necessary authorizations for the implementation of the agreement have been ratified.

In case the Grant Agreement does not enter into force within ninety days from the date of the contract, the agreement will terminate with all its terms and conditions unless a new date is set by the Bank after consideration of the reasons for the delay.

You can access the full text of the Grant Agreement from [this link](#).

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