

ILBANK Exclusion List

ILBANK Exclusion List for Projects Financed by International Financial Institutions

İller Bankası A.Ş. (ILBANK) **Exclusion List** defines the types of subproject¹ activities that shall be ineligible for ILBANK municipal lending activities financed by International Financial Institutions (IFIs).

ILBANK will not knowingly finance² subprojects involving the following:

1. Activities prohibited under the legislation of Republic of Türkiye or international legal instruments ratified by Türkiye.
2. Activities listed in the latest versions of the World Bank Group (WBG) / International Finance Corporation (IFC) Exclusion List³ for projects financed by the World Bank and⁴ the Exclusion Lists of other⁵ IFIs and bilateral development institutions ILBANK for projects financed by those institutions.
3. Activities which are known directly or indirectly to result in harmful or exploitative forms of forced labor⁶ or harmful child labor⁷, as defined by the International Labour Organization (ILO)'s Fundamental Labor Conventions.
4. Forced evictions⁸.
5. Activities not consistent with the objectives of the Paris Agreement⁹.
6. Activities not aligned with Türkiye's pathway towards low greenhouse gas emissions and climate-resilient development.

¹ ILBANK, acting as a financial intermediary (FI), executes loan agreements with the IFIs for financing of related projects and provides financing to municipalities/municipal utilities for their eligible investments. For the purposes of this document, the term "subproject" refers to those investments of the municipalities/utilities supported under respective IFI financed projects of ILBANK.

² Conditions triggering the exclusion might not be readily identifiable at the initial screening phase. ILBANK's involvement will typically not proceed if conditions triggering the exclusion are identified at a later stage of the E&S appraisal process of ILBANK.

³ <http://www.ifc.org/exclusionlist>

⁴ In case of co-finance by more than one IFIs, the most stringent exclusion condition will apply.

⁵ As referred to within the ILBANK E&S Policy (<https://www.ilbank.gov.tr/sayfa/ilbank-environmental-and-social-policy>).

⁶ "Forced or compulsory labor" refers to all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily as defined by ILO Convention No. 29.

⁷ "Child labor" is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their schooling by depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work (ILO, 2004. *Child Labour: A Textbook for University Students*; <https://www.ilo.org/ipec/facts/lang--en/index.htm>). Minimum age conditions for admission to employment are defined by ILO Convention No. 138 according to which the minimum age specified in pursuance of paragraph 1 of Article 2 of the Convention shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years.

Worst forms of child labor are defined by ILO Convention No. 182.

⁸ "Forced eviction" is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in the related WB ESS (WB, 2018. ESS).

⁹ World Bank. World Bank Paris Alignment Method for Investment Project Financing (English). Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/099710403162331265/IDU0782c88ff0c719041ed08b850a84f82eccc44>.

7. Activities involving significant degradation, conversion, or destruction of critical habitats¹⁰.
8. Activities resulting in an irreversible alteration or a significant displacement of a critical element of cultural heritage¹¹.
9. Activities which are not aligned with ILBANK's mandate and fields of activity as set out in ILBANK Establishment Law (No: 6107) and commitments to contributing to sustainable urban development, such as:
 - a. Production of or trade in ammunition and weapons including explosives and sporting weapons, as well as equipment or infrastructure dedicated to military/police use, alcoholic beverages, tobacco, radioactive materials¹².
 - b. Gambling, casinos and equivalent enterprises.
 - c. Prisons and detention centers of any form (such as correctional institutions or police stations with detention facilities).
 - d. Investments with political or religious purposes such as administrative services and facilities for political parties, trade unions, religious infrastructure facilities and services.
 - e. Tourist facilities such as ski resorts and hotels.
 - f. Commercial facilities such as restaurants, shopping malls, conference centers.
 - g. Investments based on energy trading.
 - h. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals¹³.
 - i. Investments that involve new dams or dams under construction¹⁴ (construction and/or rehabilitation of water supply infrastructure associated with the new dams or dams under construction are not excluded activities).
 - j. Production or trade in wood or other forestry products other than from sustainably managed forests.

¹⁰ "Critical habitat" is defined as areas with high biodiversity importance or value, including: (a) habitat of significant importance to Critically Endangered or Endangered species, as listed in the IUCN Red List of threatened species or equivalent national approaches; (b) habitat of significant importance to endemic or restricted-range species; (c) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; (d) highly threatened or unique ecosystems; (e) ecological functions or characteristics that are needed to maintain the viability of the biodiversity values described above in (a) to (d) (*WB, 2018. ESF*).

¹¹ "Critical cultural heritage" consists of one or both of the following types of cultural heritage: (i) the internationally recognized heritage of communities who use or have used within living memory the cultural heritage for long-standing cultural purposes; or (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation (*IFC, 2012. Guidance Note 8*).

¹² As noted by the World Bank, this does not apply to the purchase of medical equipment, quality control (measurement) equipment or any equipment where World Bank considers the radioactive source to be trivial and/or adequately shielded (*World Bank Group. Exclusion List*).

¹³ Hazardous chemicals include gasoline, kerosene, and other petroleum products.

¹⁴ As per Annex-1 of the World Bank Environmental and Social Standard 4 (applicable to ILBANK projects financed by the World Bank)

10. The production of, or trade in, any product or activity deemed illegal under national legislation or international conventions and agreements, or subject to international phase out or bans, such as:

- a. Production of, or trade in, products containing polychlorinated biphenyl (PCBs) ¹⁵ (Stockholm Convention).
- b. Production or use of or trade in persistent organic pollutants (POPs) (Stockholm Convention).
- c. Production of, or trade in, pharmaceuticals, pesticides/herbicides, and other hazardous substances subject to international phase outs or bans (Rotterdam Convention, Stockholm Convention).
- d. Production of, or trade in, ozone depleting substances subject to international phase out (Montreal Protocol).
- e. Production of, trade in, or use of asbestos fibers.
- f. Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- g. Transboundary movements of waste prohibited under international law (Basel Convention).
- h. Trade in wildlife or production of, or trade in, wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

Activities prohibited by international conventions relating to the protection of biodiversity resources, or cultural heritage such as, Bonn Convention, Ramsar Convention, World Heritage Convention and Convention on Biological Diversity.

¹⁵ PCBs are a group of highly toxic chemicals and are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985 (EBRD, 2019. *Environmental and Social Policy*).