

Annex 5. IFAD environmental and social exclusion list

IFAD will not knowingly finance, directly or indirectly, projects involving the following:

- (i) Production or activities involving harmful or exploitative forms of forced labour,¹ or practices which prevent employees from lawfully exercising their rights of association and collective bargaining;
- (ii) Production or activities involving harmful or exploitative forms of child labour;²
- (iii) Production or trade in weapons and munitions;³
- (iv) Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples;
- (v) Activities prohibited by host-country legislation or international conventions relating to the protection of biodiversity resources, cultural heritage or other legally protected areas;⁴
- (vi) The production, trade in or use of any product or activity deemed illegal under host country (i.e. national) laws or regulations, international conventions and agreements, or subject to international phase-out or bans, such as:
 - (a) Products containing polychlorinated biphenyls (PCBs);
 - (b) Pharmaceuticals, pesticides, herbicides and other hazardous substances subject to international phase-outs or bans;⁵
 - (c) Ozone-depleting substances subject to international phase-outs regulated by the Montreal Protocol;⁶
 - (d) Wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);⁷ and
 - (e) Transboundary trade in waste or waste products as defined by the Basel Convention;⁸
- (vii) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;

¹ Forced labour is work exacted under the threat of penalty and for which the worker has not offered himself or herself voluntarily. It can involve threats of dismissal or physical violence, the withholding of identity documents or wages, threats to denounce workers to immigration authorities and entangling workers in fraudulent debt.

² Child labour includes: (i) labour below the host country's minimum age of employment; and (ii) any other work that may be hazardous, may interfere with a child's education, or may be harmful to a child's health or physical, mental, spiritual, moral or social development. If national laws or regulations provide for employment of children at least 16 years (in line with ILO's 1973 Minimum Age Convention), on the condition that their health, safety and morals are fully protected, and they have received adequate instruction or vocational training in the relevant branch of activity, then child labour means employing children for work that does not comply with these laws and regulations.

³ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

⁴ Relevant international conventions include the: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; and Convention on Biological Diversity.

⁵ Relevant international conventions include the: United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; and WHO Classification of Pesticides by Hazard. A list of pesticides, herbicides and other hazardous substances subject to phase outs or bans is available at <http://www.pic.int>.

⁶ A list of the chemical compounds regulated by the Montreal Protocol, together with details of signatory countries and phase-out target dates, is available from [UNEP](http://www.unep.org).

⁷ A list of CITES species is available from the [CITES secretariat](http://www.cites.org).

⁸ See <http://www.basel.int>.

- (viii) Production or trade in wood or other forestry products other than from sustainably managed forests;
- (ix) Production or trade in alcoholic beverages (excluding beer and wine), tobacco or drugs;
- (x) Marine and coastal fishing practices such as blast fishing, large-scale pelagic drift net fishing using nets in excess of 2.5 km in length or fine mesh net fishing harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats;
- (xi) Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit;
- (xii) Production of, trade in or use of unbounded asbestos fibres;
- (xiii) All mining, mineral processing and extraction activities;
- (xiv) Production or trade in radioactive materials;⁹
- (xv) Gambling, casinos and equivalent enterprises, trade related to pornography or prostitution;
- (xvi) Contribute to money laundering, terrorism financing, tax avoidance, tax fraud and tax evasion;
- (xvii) Production and distribution, or investment in media that are racist, antidemocratic or that advocate discrimination against an individual, group or part of the population;
- (xviii) Activities prohibited by host country legislation or other legally binding agreements regarding genetically modified organisms (GMOs);
- (xix) Production of or trade in palm oil unless from growers and companies with internationally recognised certification¹⁰, or undergoing certification¹¹
- (xx) Production of soy in the Amazon region or trade in soy produced in the Amazon region, unless from growers with internationally recognised certification¹²

⁹ This does not apply to the purchase of medical or veterinary equipment, quality control (measurement) equipment and any similar equipment where the radioactive source is trivial and/or adequately shielded.

¹⁰ For example Round Table on Sustainable Palm Oil (RSPO)

¹¹ This includes growers and companies that have initiated such certification process

¹² For example Round Table on Responsible Soy Association (RTRS)