

Environmental Management Framework

1. Background

The proposed instrument is a US\$200 million IBRD Loan to Halkbank. Halkbank will extend sub-loans to Micro Small and Medium Enterprises (MSMEs) and Large Enterprises (LEs) involved in domestic value chains, the final beneficiaries of the project. For the purpose of this project: (i) an MSME will be defined as a firm employing fewer than 250 people, and (ii) an LE is defined as a firm employing fewer than 1,000 people. Halkbank will assume the credit risk of the sub-borrowers, who will be selected based on agreed upon selection criteria. Credit will be extended on market terms to avoid any distortion.

Halkbank was selected for its experience with MSMEs and the World Bank. Halkbank, a public sector bank with a lending portfolio of over US\$30 billion, has extensive experience in offering credit to MSMEs in all regions of Turkey, thanks to a strong branch presence and a historic focus on the MSME sector. Additional criteria for selecting Halkbank include the bank's financial soundness, performance of its credit portfolio, and its good performance as one of the Borrowers in the recently closed SME I credit line project (P082822) financed by the World Bank.

The design of the project calls for an environmental category of FI, that is, financial intermediary. The project builds on the Second Access to Finance for SMEs project (SME II) and will continue its support to small and medium enterprises. Only environmental assessment Category B and C sub-projects would be eligible, therefore, projects having large scale environmental impacts (Category A) would be excluded. Due to the planned scope of the project the only safeguard policy triggered was OP 4.01 (environmental assessment) and since the specific investments under the project will not be identified until project implementation, this environmental management framework is prepared under the scope of the Operational Manual to guide the FI bank regarding environmental review procedures.

Environmental issues of sub-borrowers and their sub-projects will be addressed through the sub-loan environmental eligibility assessments. Environmental assessments will be carried out in accordance with both Ministry of Environment and Urbanization (MoEU) Environmental Assessment Regulation and World Bank environmental assessment (OP 4.01) requirements.

The environmental impact assessment process is carried out to determine the possible positive or negative impacts of proposed sub-projects; to evaluate the precautions to be taken in order to prevent or minimize negative impacts which may damage the environment (for example by construction and mitigation measures); and for supervision and inspection of sub-project implementation.

The sub-loans to be financed under the MSME Loan will be subjected to an environmental review process as described in this environmental review framework document and Halkbank, as the FI, will be responsible for successful implementation of the project.

2. Initial Screening Step for Determining the Eligibility of the Guarantee Operation

As a first screening step, HalkBank should identify and reject the following types of sub-project proposals, as **NOT** eligible for financing under this project:

- a) if it is a Category A¹ project
- b) if the sub-project is in the Annex B list of this Operational Manual
- c) if the sub-project triggers World Bank policy on Safety of Dams (OP/BP 4.37), i.e. the project involves construction or rehabilitation of a dam, or achievement of the project's objectives is dependent upon an existing dam);
- d) if the sub-project triggers the World Bank policy on Projects on International Waterways (OP/BP 7.50) i.e. the investment can involve the use or pollution of, or otherwise affect the quality or quantity of water of an international waterway, as defined in OP/BP 7.502. The waterways identified as NOT international waterway (does not trigger OP 7.50) in Turkey are as follows: Susurluk, North Aegean, Gediz, Kuçuk Menderes, Buyuk Menderes, Western Mediterranean, Antalya, Sakarya, Western Black Sea, Yesilirmak, Kizilirmak, Konya Kapali, Eastern Mediterranean, Seyhan, Ceyhan, Eastern Black Sea, Burdur, Afyon, Orta Anadolu and Van; or
- e) if the sub-project supports any investment requiring land acquisition or associated involuntary resettlement, as defined by the World Bank's policy on Involuntary Resettlement (OP/BP 4.12)³.

It should be noted that HalkBank should be approached after the sub-project sponsors have obtained all necessary environmental permits and environmental clearance from Turkish Government. Detailed forms are annexed to this framework both for already existing installations and loans to be used for construction/expansion of new installations (please see the environmental screening forms in Annex A).

After ascertaining that all Turkish requirements have been met and clearances obtained, Halkbank should screen the project according to World Bank categorization (Category A, B or C) according to OP 4.01 (details on World Bank categorization is given in Section VI.2). Upon that screening, if the sub-project is categorized as a *Category A* according to WB criteria then it should be stated to the sub-borrower that it is not eligible for financing. Only projects falling within Category B or Category C may be considered for financing under this project.

¹ The World Bank categorization is described in Section VI.2.

² *International water body is defined as: (i) any river, canal, lake, or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states; (ii) any tributary or other body of surface water that is a component of any such waterway; and (iii) any bay, gulf, strait, or channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states—and any river flowing into such waters.*

³ *OP/BP 4.12 covers "direct economic and social impacts that both result from Bank-assisted investment projects, and are caused by (a) the involuntary taking of land resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or mean of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons."*

It is anticipated that many of the sub-project will involve extension, modernization or capacity increase of facilities which already exist and in operation. In this case the environmental screening and review procedure will focus on the new investment. According to Turkish EIA regulations, increase in capacity is treated in the same way as new investment, so that the scale of the incremental capacity will determine whether the investment falls under Annex I or Annex II. Similarly, screening to assign a World Bank EIA Category (A, B or C) will focus on the proposed new investment rather than on the existing facility/operation. However, through the use of the Screening Forms HalkBank should also ascertain that the existing facility/operation is in compliance with Turkish environmental regulations and has all required licenses and permits.

The most important issue will be the proper screening by HalkBank according to World Bank screening criteria. During the screening process Halkbank can request advice from the World Bank.

Since projects involving any type of land acquisition are not eligible for financing, HalkBank should be ensured that all civil construction works planned will be executed on existing land plots which are already in the possession of the respective factory/production buildings and/or industrial zones, and assessment of the investments will confirm that the locations are not occupied or being used for economic activities by any person.

For cultural property issues, local municipality is responsible for application of Turkish laws and regulations, including those relating to cultural heritage. Consideration of such concerns is provided in the works contracts that will include requirements that the contractor is obliged to look for chance finds and immediately stop the construction work at the contested location and alert responsible authorities in case of chance finds. Since the national regulations on the conservation of cultural properties are strict, it is not anticipated that any additional requirements would arise from the World Bank safeguard policies.

2. Environmental Assessment Procedures and Screening Categories

Turkish EIA Regulation Requirements

The investment projects that would have a potential to create significant adverse environmental impacts are subject to the preparation of EIA Reports and Project Information File (PIF) according to the Environmental Impact Assessment Regulation of the MoEU.

Project Information Files are applied to the projects which are listed in **Annex II** of the EIA Regulation and submitted to the Provincial Environmental Directorates which are located in all 81 provinces of Turkey. A decision is made by the Provincial Environmental Directorates either “EIA Necessary” or “EIA Not Necessary”. If the final decision is “EIA Necessary” the full EIA procedure which is described in the following paragraph is applied.

Full EIAs are applied to the projects which are listed in **Annex I** of the EIA Regulation and submitted to the MoEU. After scoping and evaluation phases, which are described below, a decision is made by MoEU either “EIA Positive” or “EIA Negative”.

The EIA process starts with submitting a brief report (EIA Application File), summarizing the characteristics of the project and the impact area, and the potential environmental impacts and mitigation measures to the MoEU. Then MoEU’s General Directorate of EIA, Permitting and Inspection forms a **Scoping and Assessment/Reviewing Committee** (the institutions attending to Scoping and Reviewing Committee are the same) from related governmental and non-governmental agencies, which also includes the project owner and the consultant that would prepare the EIA report. With the formation of this committee the scoping phase starts. After submitting the EIA Application File to MoEU, the Scoping and Assessment Committee consisting of relevant component authorities are established and the date of the Public Participation Meeting and the Scoping Meeting is determined.

The **Public Participation Meeting** is conducted with the necessary arrangements (detailed in Section 3 below) and after that the **Scoping Meeting** is held and a “**Special Format**” is given. While giving the Special Format any issues appeared during the public participation meeting is integrated. The EIA report is prepared according to that format and Draft Final EIA is submitted to MoEU. Then the Draft Final Report is finalized based on the comments of the Review and Assessment Committee. The final EIA Report is made public available in the related Provincial Environmental Directorate for 10 work-days. Unless a significant comment is obtained on the Report an “EIA Positive” decision is given by MoEU. Moreover, the final EIA Report is made available to the public on MoEU’s official web page.

World Bank Environmental Screening Procedures (from OP 4.01)

The Bank undertakes environmental screening of each proposed project which is proposed for World Bank financing, to determine the appropriate extent and type of environmental assessment required. The Bank classifies the proposed project into one of the following categories, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts.

(a) **Category A:** A proposed project is classified as Category A if it is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works. Environmental assessment for a Category A project examines the project's potential negative and positive environmental impacts, compares them with those of feasible alternatives (including the "without project" situation), and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. For a Category A project, the borrower is responsible for preparing a report (generally a full EIA).

(b) **Category B:** A proposed project is classified as Category B if its potential adverse environmental impacts on human populations or environmentally important areas—including wetlands, forests, grasslands, and other natural habitats—are less adverse than those of Category A projects. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigation measures can be designed more readily than for Category A projects. The scope of environmental assessment for a Category B project may vary from project to project, but it is narrower than that of Category A assessment. Like Category A, it examines the project's potential negative and positive environmental impacts and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance generally within an environmental management plan (EMP), pre-EIA, checklist, etc. For some Category B projects, an Environmental Management Plan or other instrument (e.g. environmental audit) may be sufficient.

(c) **Category C:** A proposed project is classified as Category C if it is likely to have minimal or no adverse environmental impacts. Beyond screening, no further environmental assessment action is required for a Category C project.

Steps to close the Gaps between Turkish and WB requirements

For projects which are categorized as *Category B*, OP 4.01 requires preparation of a partial EIA or an EMP, depending on the nature of the project. One of the following three situations will apply in the case of sub-projects classified as *Category B*:

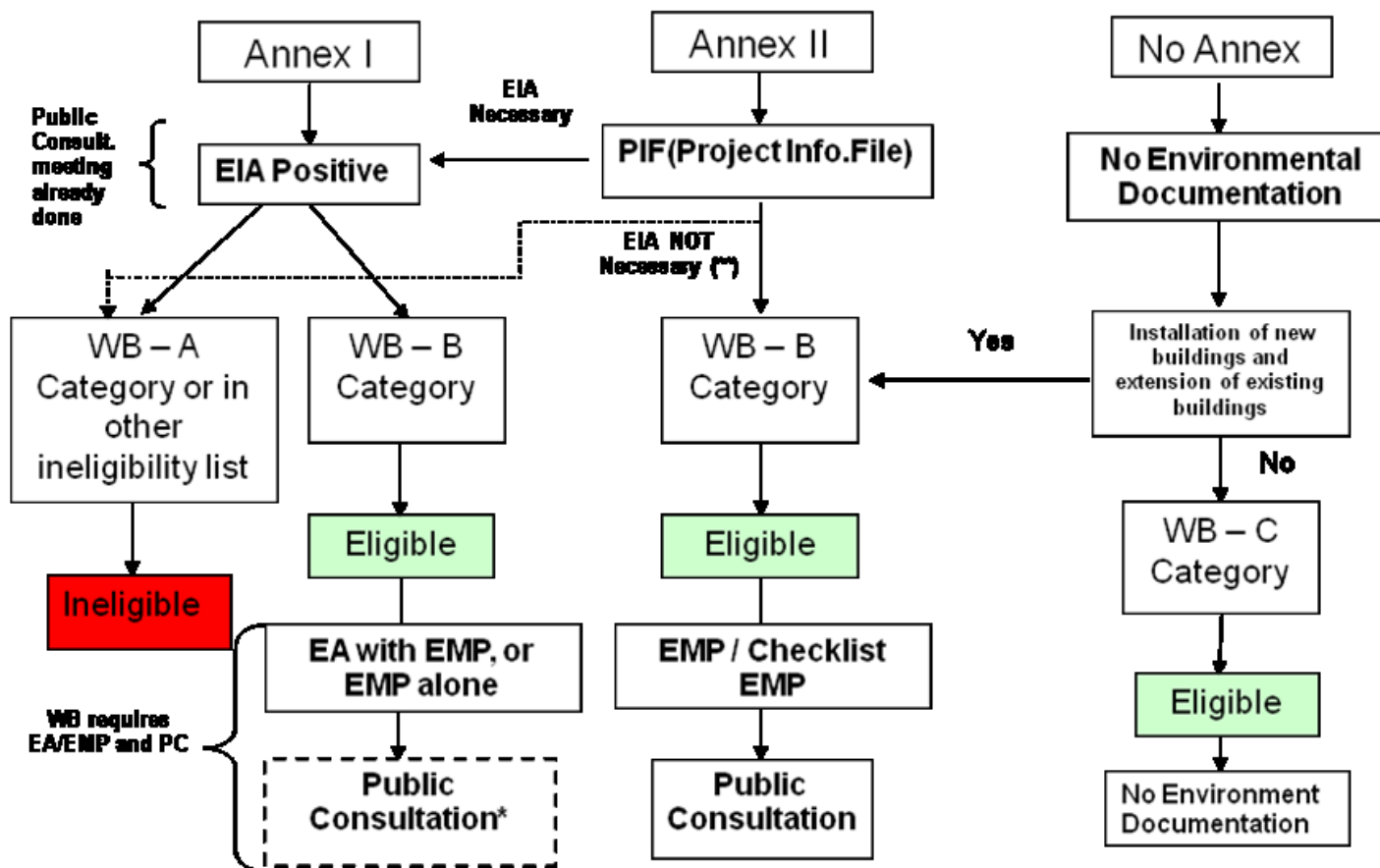
- (i) If the *Category B* sub-project falls under Annex I according to Turkish EIA Regulation then there should be a Turkish EIA report sent to MoEU for clearance. It is expected that such projects would require a partial EA under OP 4.01. HalkBank should check the existing EIA and determine whether it meets World Bank requirements in accordance with OP 4.01, or whether there are gaps which need to be filled. It can be noted here that the most likely gaps to occur would be the need for an explicit Environmental Management Plan which clearly and concretely summarizes all the required mitigation and monitoring measures, and the need for additional public consultation on the EIA document. HalkBank will advise the sub-loan applicants on the nature of these gaps if any, and what additional actions would be required to comply with World Bank requirements.
- (ii) If the *Category B* sub-project falls under Annex II according to Turkish EIA Regulation, then instead of an EIA there should be a Project Information File (PIF) sent to relevant provincial directorate MoEU for clearance. It is expected that such projects would require an EMP under OP 4.01. The Project Information File will be reviewed by HalkBank and additional requirements of World Bank will be identified. Since EMP and public consultation are not required by the MoEU for Turkish Annex II projects, it is expected that these will be identified as gaps which need to be filled by the sub-project sponsor.
- (iii) If the *Category B* sub-project does not fall under either Annex I or Annex 2 (i.e. is a “No Annex” project) according to Turkish EIA Regulation, then most probably there will not be any existing environmental documentation. Again, it will be necessary for the sub-project sponsor to prepare a simple EMP and arrange for a public consultation on it in order to meet the World Bank requirements.

If the sub-project is classified as *Category C*, it does not require any environmental documentation under the World Bank’s OP 4.01. It is expected that such projects will also be “No Annex” projects according to Turkish system, so no environmental reports will have been prepared (see the figure below). Still the environmental permits for the company in operation should be compiled for due-diligence purposes.

Sub-Project Environmental Review - Process Flow

Note: The sub-project has all permits/licenses/emission and discharge certificates

Sub-project classification according to Turkish EIA Regulation



*: If PC meetings and disclosure is properly conducted before receiving the EIA Positive decision this additional step is not necessary.

**: For the Annex II Projects having EIA NOT Necessary Decision, WB OP.4.01 should still be checked for categorization of A or B.

It should be noted that installation of new buildings and extension of existing buildings are generally treated as “No Annex” projects according to Turkish EIA system but could be classified as Category B by the World Bank. In such cases, as noted above, no environmental documentation is required under Turkish law but a simple EMP must be prepared in order to meet the requirements of OP 4.01.

For the renovation works which include only machinery/equipment replacement works are also treated as ‘No Annex’ under Turkish EIA system and could be treated as Category C under WB safeguard policies, if the production capacity, amount of wastes generated, emissions released, wastewater discharged, etc. is not changing as a result of this renovation process.

Again, it is important to conduct the environmental due-diligence studies of the existing facilities which are applying to HalkBank –even the sub-project is categorized as B or C-. According to the type (type of production, process, etc.) and scale of the MSME or LE, existence of different environmental permits should be checked by the HalkBank. If the type of the industry has air emissions which are falling under ‘Regulation on Air Pollution Control Sourced from Industry’, then there should be a valid air emission permit, if the industry in producing any type of wastewater (domestic and/or industrial) then they are subjected to Water Pollution Control Regulation and there should be a valid discharge permit (or a sewer connection permit), if there’s a hazardous waste storage in the industry then relevant permits should be in place regarding waste storage⁴, etc. HalkBank should also check the situation of the applicant according to the ‘Permits and Licenses in Accordance with the Environmental Law’ and follow if the applicant is subjected to this regulation and if they’re subjected then the timing of receiving the integrated environmental e-permit should be asked/documented.

Sub-projects, which include supply/discharge operations within the following river basins, shall be eligible for finance: Susurluk, North Aegean, Gediz, Kuçuk Menderes, Buyuk Menderes, Western Mediterranean, Antalya, Sakarya, Western Black Sea, Yesilirmak, Kizilirmak, Konya Kapali, Eastern Mediterranean, Seyhan, Ceyhan, Eastern Black Sea, Burdur, Afyon, Orta Anadolu and Van.

3. Public Consultation and Disclosure

Since the Category A projects will not be eligible for financing, the public consultation and disclosure policies of World Bank Category A projects will not be discussed in this document.

If the sub-project is a Category B and treated as Annex I according to Turkish EIA regulation, it means that during the EIA report preparation a public consultation meeting was conducted at the first stages of the EIA process. According to Turkish EIA regulation, the Public Participation Meeting is announced on the MoEU’s web page, local and national newspapers, brochures, announcements and public inquiries (minimum 10 days in advance of the meeting date). During the public participation meeting a brief and understandable presentation is made by the consultant to the public and opinions of the participants are obtained to be included during the EIA preparation process. Moreover, before the final EIA decision is given, the draft final version of the EIA report is made publicly available. Any comments received from the public are taken into consideration before giving a “EIA Positive” or “EIA Negative” and before finalizing the report. This procedure for public disclosure and consultation is considered to be sufficient to meet the World Bank’s requirements for Category B projects. Therefore, in this case there is no need for additional consultation or disclosure activities beyond what is required under Turkish law.

⁴ These are just few examples among the environmental permits defined by different regulations under the Environmental Law. It’s important that the type and scale of the services provided by the applicant is examined and all the relevant environmental permits are checked.

If the sub-project is a Category B and treated as Annex II according to Turkish EIA regulation and a PIF is prepared, then no public consultation will have been required under Turkish law and it will be necessary to conduct a public consultation meeting to comply with World Bank policies. Moreover, it is necessary that a document summarizing the impacts and mitigation activities that will be realized with the implementation of the sub-project (this document can be a draft EMP or an informative brochure providing the same information) should be made publicly available (on web page and as hard-copies, in local language) in advance (approximately 3-4 weeks before the public consultation meeting). Necessary announcements should also be made about the disclosure of this environmental documentation in whatever media are appropriate to ensure effective dissemination of this information to all likely interested parties.

If the sub-project is a Category B and treated as “No Annex” according to Turkish EIA regulation, then again it will be necessary to conduct a public consultation on the draft EMP which must be prepared to comply with OP 4.01. HalkBank together with the sub-loan applicant will decide on the appropriate form for this public consultation based on local circumstances. In some cases this will involve a public meeting while in other cases it may be decided that a procedure to make information on the project and the draft EMP available and invite comments from the public will be more appropriate and effective.

In addition, once HalkBank officially transmits the relevant environmental documentation (EMP, etc.) to the World Bank, the World Bank makes the report available through its InfoShop.

For Category C there are no specific consultation/disclosure requirements.

4. Environmental Review Process (HalkBank and World Bank)

Any sub-loan applicant will apply to a HalkBank for financing after all the necessary environmental clearance is obtained from Turkish environmental authorities (the MoEU or relevant Provincial Directorate of MoEU). Then it is the responsibility of HalkBank to make the World Bank screening to the sub-projects. In order for the World Bank to fulfill its fiduciary responsibilities, for the first five sub-sub-project applications submitted to HalkBank, they will provide information on the sub-project to the WB for “prior review”, together with its proposed classification of the sub-project (Category B or C) and the advice it proposes to give to the sub-borrower regarding additional actions needed to fulfill World Bank requirements as detailed in this Operational Manual. Following this “pilot” period, if the Halk Bank and the World Bank agree, the World Bank will change to spot checking the screening and environmental review process on a “post review” basis.

Implementation of environmental procedures as defined for Category B and C sub-projects above is the responsibility of Halk Bank as the FI.

Regarding the monitoring issues, HalkBank should monitor the sub-project implementation to assure that all conditions specified in the granting of the approvals are being followed.

The first 2 sub-projects under the loan will be subjected to WB’s environmental prior review and no-objection. After mutual agreement, for the following sub-projects the environmental evaluations and review procedures will be subject to ad-hoc post review by World Bank supervision missions. The World Bank will have the authority to review and post review all sub-projects. The review of evaluations will ensure that: screening was performed consistently and accurately, the work was of satisfactory quality, recommendations specified by the granting of the approvals were followed, all documentation was properly filed and recorded, and that the conditions of approval by the Turkish authorities and post review were met. During implementation, World Bank missions will supervise the overall screening process and implementation of environmental recommendations for selected sub-borrowers/ sub-projects.

The World Bank supervision team will also review, ad-hoc, environmental documentation. Therefore, all this documentation should be kept on file with HalkBank and forwarded to the World Bank upon request. In addition, HalkBank will provide the list of sub-projects financed to WB once in 6 months during implementation. The list should include indicators in order to select projects for environmental post review. The indicators and the template format of the list, and the reporting arrangements for the progress of the project will be discussed with Halkbank as soon as the project becomes effective.

Halkbank has worked with the World Bank projects as a FI bank for several years and has developed a good capacity regarding safeguards. Halkbank is experienced in screening and evaluating the sub-projects regarding environmental safeguards. Any shortcomings identified on the part of HalkBank will be addressed and overcome through training sessions the content of which will be prepared by WB.

Annex A: Environmental Screening Forms

The Environmental Assessment Screening Form and Environmental Due Diligence Forms (to be used for the existing facilities) are presented below respectively.

ENVIRONMENTAL ASSESSMENT SCREENING FORM			
(To be completed by PFIs)			
PFI :			
BRANCH :			
Sub-project title:			
Brief Description	Brief description of sub-project (nature of sub-project, sub-project cost, physical size [site area, production per year, etc.], existence of any property transfer, or on-going operations, plans for expansions [nature of new investment, change in type or capacity of production]or new construction, potential estimated impact on production)		
Screening Category According to MoEF Turkish Regulations	ANNEX -I	<input type="checkbox"/>	
	ANNEX-II	<input type="checkbox"/>	
	NO ANNEX	<input type="checkbox"/>	
Environmental Clearance According to Turkish Regulations	EIA POSITIVE	<input type="checkbox"/>	
	EIA NOT NECESSARY	<input type="checkbox"/>	
	NO NEED FOR OFFICIAL CLEARANCE	<input type="checkbox"/>	
Screening Category According to World Bank Safeguard Policies	INELIGIBLE IF:	CATEGORY B	CATEGORY C
	- Category A <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	- Under Annex B of this manual <input type="checkbox"/>		
	- Triggers WB policy Safety of Dams <input type="checkbox"/>		
	- Triggers WB policy Projects on International Waterways <input type="checkbox"/>		
	- Triggers WB policy (Involuntary Resettlement) <input type="checkbox"/>		
Next Steps regarding Environmental Assessment (if the sub-project is eligible)	There is an EMP <input type="checkbox"/>	There is no EMP <input type="checkbox"/>	EA Documentation is not Necessary (only for Category C projects) <input type="checkbox"/>
	EMP is satisfactory <input type="checkbox"/>	- EMP Necessary <input type="checkbox"/>	
	EMP is not satisfactory and should be revised <input type="checkbox"/>	- Environmental Checklist Necessary <input type="checkbox"/>	
Next Steps regarding Public Consultation (if the sub-project is eligible)	Public Consultation (PC) Activities and Documentation are satisfactory <input type="checkbox"/>	PC Activities and Documentation are NOT satisfactory	PC Activity is not Necessary (only for Category C projects) <input type="checkbox"/>
	<input type="checkbox"/>	- Notification of public via public consultation meeting/publishing environmental documentation, etc. is necessary <input type="checkbox"/>	
Additional Comments for Improving the EMP and PC Activities			
<u>DATE:</u>			
<u>PFI LOAN OFFICER</u> <u>ENVIRONMENTAL SCREENER</u> <u>SIGNATURES:</u>		<u>SUB-BORROWER</u> <u>SIGNATURES:</u>	

ENVIRONMENTAL DUE DILIGENCE FORM FOR THE EXISTING FACILITIES					
(To be completed by Sub-borrower)					
Sub-borrower:					
Sub-project title:					
Location	Organized Industrial Zone	<input type="checkbox"/>			
	Industrial Parcel	<input type="checkbox"/>			
	Other (please explain):	<input type="checkbox"/>			
What is the intended use of the loan?	Investment Loan	<input type="checkbox"/>			
	Please explain briefly (changing of machinery, insulataion works, etc.):				
Other (please explain):					
Will the loan support any new line of business or type of production (different from the ongoing activities)?	NO	YES	If YES, please give a brief explanation:		
	<input type="checkbox"/>	<input type="checkbox"/>			
Valid Environmental Licenses	EIA Positive or EIA Not Necessary	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	
	Emission Permit	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	EXPIRED <input type="checkbox"/>
	Wastewater Discharge	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	EXPIRED <input type="checkbox"/>
	Wastewater Connection	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	EXPIRED <input type="checkbox"/>
	Deep Sea Discharge	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	EXPIRED <input type="checkbox"/>
	Hazardous Waste Storage (temporary)	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	EXPIRED <input type="checkbox"/>
	Hazardous Waste Transportation	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	EXPIRED <input type="checkbox"/>
	Reclamation Plan for Mining Facilities	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	EXPIRED <input type="checkbox"/>
	Environmental e-Permit	YES <input type="checkbox"/>	NO <input type="checkbox"/>	N.A. <input type="checkbox"/>	APPLIED <input type="checkbox"/>
	Other (please explain):				
Are there any pending environmental penalties or ongoing court cases/investigations?	YES	NO	If YES, please explain:		
	<input type="checkbox"/>	<input type="checkbox"/>			
DATE:					
SUB-BORROWER					
SIGNATURES:					

Annex B:

Category IV Sub-borrowers/sub-projects ineligible for financing under the Project

1. Trade in wildlife and wildlife products prohibited under the CITES convention;
2. Release of genetically altered organisms into the natural environment;
3. Manufacturing, distribution and sale of banned pesticides and herbicides;
4. Drift seine netting in the marine environment;
5. Radioactive products;
6. Hazardous waste storage, treatment and disposal;
7. Manufacturing of equipment and appliances containing CFCs, halons and other substances regulated under the Montreal Protocol;
8. Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0.005 percent by weight;
9. Manufacturing of asbestos-containing products;
10. Nuclear reactors and parts thereof;
11. Tobacco, unmanufactured or manufactured; and
12. Tobacco processing machinery.