Exclusion List

The National Development Institution (NDI) of Ukraine Exclusion List defines the types of business activities of beneficiary enterprises that are ineligible for NDI financing through the Participating Financial Institutions (PFIs).

NDI will not finance projects and/or beneficiaries or support PFIs to finance any transactions involving the following:

Activities prohibited under the national legislation of Ukraine or international legal instruments ratified by Ukraine.

2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans or phase-out, such as pharmaceuticals, pesticides, herbicides, and other toxic substances (under the Rotterdam Convention, Stockholm Convention and World Health Organization (WHO) "Pharmaceuticals: Restrictions in Use and Availability"), ozone depleting substances (under Montreal Protocol), PCB's, protected wildlife or products regulated under CITES, prohibited transboundary trade in waste (under the Basel Convention).

3. Production or trade in weapons and munitions[1] including controversial weapons or critical components thereof (nuclear weapons and radioactive ammunition, biological and chemical weapons of mass destruction, cluster bombs, antipersonnel mines, enriched uranium).

4. Production or trade in alcoholic beverages (excluding beer and wine)[2] .

5. Production or trade in tobacco[2] .

6. Gambling, casinos and equivalent enterprises.

7. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.

8. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

9. Destructive fishing methods and drift net fishing in the marine environment using nets in excess of 2.5 km in length.

10. Production or activities involving harmful or exploitative forms of forced labor[3]/ harmful child labor[4] .

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[1] 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 in terms of share in total revenues of Beneficiary Enterprise.
[2] Micro, small and medium-sized enterprises (MSMEs) that employ less than 250 persons and have an annual income up to 50 million EUR.
[3] Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty
[4] Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

11. Commercial logging operations for use in primary tropical moist forest.

12. Production or trade in wood or other forestry products other than from sustainably managed forests.

13. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products[5] .

14. Investments which could be associated with the destruction[6] or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).

15. Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.

16. Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines[7].

17. Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands

18. In selected sectors, financial commitment for concrete new projects will be tied to the following qualitative conditions:

a. Large dam and hydropower projects use the recommendations of the World Commission on Dams (WCD) as orientation[8].

b. Projects for non-conventional prospection, exploration and extraction of gas will disclose in accordance with international standards, that no material groundwater drawdown or contamination is to be expected, that measures for resource protection (in particular water) and recycling are taken, that suitable technology is used for safe drilling, which includes integrated bore piping and pressure testing.

A reasonableness test will be applied when the business activities of the enterprises would have a significant development impact, but circumstances of Ukraine require adjustment to the NDI Exclusion List.

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[5] *These items will be applied in case of investing in microfinance activities*

[6] *"Destruction" means (i) the destruction or severe deterioration of the integrity of an area caused by a major and prolonged change in the use of land or water, or (ii) the alteration of a habitat which leads to the inability of the affected area to perform its function.*

[7] *Investments in power transmission grids with significant coal-based power feed-in will only be pursued in countries and regions with an ambitious national climate protection policy or strategy (NDC), or where the investments are targeted at reducing the share of coal-based power in the relevant grid. In developing countries, heating stations and cogeneration facilities (CHP) essentially fired with coal can be co-financed in individual cases based on a rigid assessment, if there is a particularly high sustainability contribution, major environmental hazards are reduced, and if there demonstrably is no more climate-friendly alternative.*

[8] *Dams with a height of at least 15 meters measured from the foundation or dams with a height between 5 and 15 meters with a reservoir volume of more than 3 million cubic meters.*