

**Indonesia Inclusive Livelihoods for Poor Rural Communities in Eastern Indonesia Project
P174902**

Exclusion List

Project Activities

This project development objective (PDO) aims to increase access to livelihoods opportunities for target vulnerable and female community members in target villages in Maluku and East Nusa Tenggara provinces in Eastern Indonesia. It seeks to achieve the PDO through inclusive development planning, paired with strengthening local linkages to support community-led livelihoods initiatives. The project defines livelihoods as a broad range of activities and assets people utilize to support themselves. In target villages, communities rely heavily on a limited set of livelihoods options focused on food and commodity production from natural resources. Improving livelihoods in these areas require support to local food systems, access to and management of natural resources, and increases in social capital of the poorest. Working with BaKTI (an established NGO in Eastern Indonesia) as an implementing agency, and their partnerships with district and village governments, the project will design and implement a model for poorly connected and marginal areas that takes an inclusive, whole-of-community approach to strengthening village economies and food systems. The project will (i) support villages to develop livelihoods plans and directly support community groups and the poorest households, and (ii) strengthen institutional linkages between community groups and village government, district government and other local actors, to provide sustained, local support to livelihoods initiatives and sustainable landscape management practices, including through the village fund.

The project has three components. Component 1 of the project will: (i) pilot tailored participatory mapping and planning at the village-level, with a focus on identifying social (e.g. increased cooperation between poor households) and economic (e.g. methods to increase food production) livelihoods opportunities suited to poorly connected and marginal areas; (ii) support community groups to undertake livelihoods enhancing interventions in line with livelihoods plans; and (iii) identify linkages with technical support and service providers to support livelihoods plans. On the supply side, Component 2 will: (i) build the capacity of village governments to leverage village funds to support viable livelihoods enhancing initiatives; (ii) support inter-village learning and exchange; and (iii) undertake socialization and outreach to sub-district and district governments to build linkages in support of village livelihoods interventions. Component 3 will provide project management and administration for all implemented activities, monitor the progress against the set indicators and generate policy and program-relevant learning, and knowledge dissemination to share lessons learned with policy makers and promote visibility.

Purpose of The Exclusion List

Under component 1, the project will provide support to approximately 200 community groups, where needed, to launch and implement the proposed livelihoods initiatives. The support may include (i) sourcing and financing technical experts on the specific area of proposed interventions (if government support is not already provided through the relevant departments); (ii) facilitating village-to-village exchange; and (iii) provision of small non-capital expenditures for community-groups to develop livelihoods initiatives (not to exceed US\$ 750 or around IDR 10 million per village).

The provision of small non-capital expenditures will limit its usage to small-scale works, such as procurement of stationaries, handcarts and storage vehicles for small businesses, or development of a demonstration plot for a community-managed vegetable garden with focus on community foods system and the village level's economic development. For this purpose, the project develops a negative list as reference in determining the activities that can be supported by the small non-capital funding for village level activities.

List of Activities Excluded from Project Funding

The following activities are ineligible for financing under the Project:

- (1) Production and/or trading of tobacco or any products containing tobacco and alcoholic beverages;
- (2) Gambling, casinos and equivalent enterprises;
- (3) Production and/or trading in weapons and munitions;
- (4) Using asbestos as construction material;
- (5) Using raw material and/or hazardous & toxic (*Bahan Berbahaya dan Beracun/B3*) wastes in large quantities. The project cannot finance activities which uses, produces, stores or transports raw material and hazardous & toxic waste such as toxic substance, material which may cause fire or explosion and any other materials categorized as B3 under Indonesian law;
- (6) Siting and/or actions which could potentially destroy protected and biodiversity sensitive areas, natural habitat and/or critical natural habitat. The Project cannot finance activities that is located within, adjacent to or traversing protected areas and biodiversity sensitive areas such as natural conservation areas, protected forests etc. or any activity which may alter the function or effectiveness of protected and sensitive areas, cause adverse impact to biodiversity and habitats. Further on protection of biodiversity and habitats, especially vulnerable and endangered species listed in the criteria and categories of the International Union Conservation of Nature (IUCN) Red List and Annex 1 and 2 of the Convention on International Trade Endangered Species (CITES). Additionally, the Project cannot finance any sub-project or activity which causes significant conversion and/or degradation of the natural habitat or any critical natural habitat environment including those of terrestrial, coastal and marine ecosystems that have High Conservation Value, essential ecosystem areas, significant biodiversity and / or protected conservation zones;
- (7) Siting and/or actions which could potentially destroy cultural conservation areas. The Project must not finance any project which degrades or destroys cultural value of a cultural conservation area, not only limited to artefact and cultural structure, but also locations considered sacred or having high spiritual value for local people. In the contract agreement with the contractor, there must be provisions and guideline concerning what measures must be taken if these artefacts and structures are found within the project site;
- (8) Siting and/or actions which could potentially result in land acquisition or involuntary resettlement under eminent domain principle. The project cannot finance activities that result in the forced evictions or physical or economic displacement of the affected communities, including indigenous and tribal peoples, and activities that may constrain or terminate access of local communities to land or resources that they traditionally use;
- (9) Using excessive timber, water and energy. The project cannot finance activities that utilize the excessive use of natural resources with large civil works;
- (10) Using timber from illegal logging. The Project must not finance infrastructure related to or support illegal logging;

- (11) Employment of child labor and forced labor and against national labor law and local labor regulation. The Project cannot finance activities involving any forms of child labor¹. Related to forced labor, the project cannot finance activities involving any forms of forced labor, and also trafficked persons, includes the practice of the bonded /indentured labor, excessive limitations of freedom of movement, excessive notice periods, physical punishment, use of security or other personnel to force or extract work from project workers, or other restrictions that compel a project worker to work in a non-voluntary basis. The Project also cannot finance activities involving work without formal contractual agreements that comply with Gol regulations, including with donors, intermediary and / or channelling agencies, and beneficiaries
- (12) Production and/or trading in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the International Finance Corporation (IFC) considers the radioactive source to be trivial and/or adequately shielded;
- (13) Production and/or trading in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES;
- (14) Involving traditional mining practice which uses the prohibited substances, e.g. mercury, other radioactive substances;
- (15) Utilization of stone / minerals from illegal mining (unable to show a copy of the mining permit issued by the relevant agency);
- (16) Drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- (17) Involving activities that relates to infrastructure development located in international water area, disputed area, and/or on land that cannot prove clean and clear status; and
- (18) Involving activities related to local political parties. The project will not finance any activities that support political activities such as political candidate's campaign;
- (19) Large civil works;
- (20) Procurement of hazardous substances in large quantities;
- (21) Land acquisition and resettlements;
- (22) Non financing activities that may have adverse impacts on indigenous people; and
- (23) Other activities involving higher risks (e.g., traditional mining, industrial-based livelihood, large scale commercial plantation or excessive use of resources)

¹ Based on the national Law on Labour No.13/2003, that employers are not allowed to employ children under 18 years old and any hazardous work is prohibited to any persons under 18 years old. Exemption on the minimum age may be made for the employment of children between 15 and 18 years old who can be employed but must not be exploited to perform the worst forms of works.