



Project Summary Information

Project Name	Modernization of the Health System
Project Number	P000787
AIIB member	Indonesia
Sector/Subsector	Health Infrastructure / NA
Alignment with AIIB's thematic priorities	Green Infrastructure; Technology-enabled Infrastructure
Status of Financing	Approved
Objective	To increase the availability of functional equipment in public health facilities and improve the utilization of public health services across Indonesia.
Project Description	The Project comprises three components to close the medical equipment gaps nationwide: (i) a primary care component at the three levels of primary care facilities in Indonesia; (ii) a referral network component at the three levels of hospital care in Indonesia; and (iii) a public health laboratory component in Indonesia.
Expected Results	The Project will accelerate the transformation of the public healthcare system to a modern health system with upgraded medical and laboratory equipment to deliver precision healthcare and laboratory services nationwide equitably and reduce the gaps of access in the vast archipelago. The nationwide focus, with particular attention to rural and remote areas, also ensures that persisting geographic gaps in health service quality and health outcomes can be closed, in line with the Health Transformation Agenda (2021-2024) objective to provide equitable and high-quality medical care.
Environmental and Social Category	The World Bank's Category is Moderate, which is equivalent to AIIB's Category B if AIIB's Environment and Social Policy were applicable.
Environmental and Social Information	Environmental and Social Policy and Categorization. The loan is co-financed with the World Bank (WB) and the Project's environmental and social (ES) risks and impacts have been assessed in accordance with WB's Environmental and Social Framework (ESF). To provide for a harmonized approach to addressing ES aspects of the Project, and as permitted by AIIB's Environment and Social Policy (ESP), WB's ESF will apply to the Project. AIIB has reviewed WB's ESF and is satisfied with (i) WB's ESF is consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP including the Environmental and Social Exclusion List, and (ii) the monitoring procedures in place are appropriate for the Project. WB has categorized the Project's ES risk rating as 'moderate', which is equivalent to Category B under AIIB's ESP.

Environmental and Social Instruments. The Environmental and Social Management Framework (ESMF) has been prepared based on the ES assessment of the Project and is aligned with the WB's ESF, as well as Indonesian legal requirements for ES risk management. The ESMF will serve as an ES instrument and operational tool during project implementation to avoid, minimize, reduce, and mitigate the ES impacts and risks, and enhance potential development outcomes of the Project. In addition to the ESMF, a Stakeholder Engagement Plan (SEP) has been prepared to define a program for stakeholder engagement, including public information disclosure and meaningful consultation throughout the entire project cycle. An Environmental and Social Commitment Plan (ESCP) has been prepared to provide for the timely implementation of mitigation measures, monitoring and reporting, and capacity enhancement of the implementing agency. The ESMP includes a timeline for implementing required instruments such as the SEP and ESMF including the Environmental and Social Code of Practice, Waste Management Procedure, Social Impact Assessment, Code of Conduct for contractor and worker, Grievance Redress Mechanism (GRM), etc.

Environmental Aspects. While the Project is anticipated to bring mostly positive outcomes, there are low-magnitude, reversible, and site-specific environmental risks that might arise during the installation and operation of medical equipment, leading to hazardous and non-hazardous waste generation, and occupational safety concerns for healthcare workers and the community. The Project interventions are expected to increase the volume of medical and other types of waste, energy consumption, quantities of chemical and hazardous substances to be managed, and occupational health and safety risks, such as chemical exposure, noise, electrical safety, and infection control. The ESMF includes an Environmental and Social Management Process with a set of mitigation measures to address the impacts caused by the investments proposed under the Project. It lists ineligible activities for Project funding to avoid activities with significant, complex, irreversible, and/or unprecedented adverse environmental or social impacts. Each Project Management Unit will perform eligibility screening for the project activities under their respective components.

Climate Change. Indonesia is extremely vulnerable to the impacts of climate change, with significant impacts on the economy, lives, and livelihoods of its population, and in particular vulnerable communities in rural, remote parts of the country. The equipment will be installed at the facilities with robust resilience in the face of climate shocks or natural hazards. On climate mitigation, the relevant Energy Star efficiency standards and the International Electrotechnical Commission energy efficiency standards for medical equipment will be applied and included in the equipment specifications.

Social Aspects. Overall, the Project has no adverse social impact or significant risk. The Project focuses on the procurement and installation of equipment within existing public health facilities and does not involve the construction of new premises, thus land acquisition is not expected. For the construction of new laboratories funded by the Government budget, the Project will require the Ministry of Health (MoH) to conduct land due diligence per the ESMF and confirm: (i) the availability of land certificate or other recognized land ownership evidence designated for healthcare facilities or laboratories; and (ii) land plot ready to be built (clean and clear).

	<p>Indigenous Peoples. No groups or communities qualifying as Indigenous Peoples under the ESF will be adversely affected by the Project, as the Project activities focus on provisions of new medical equipment.</p> <p>Gender Aspects. The Project represents a sizeable contribution to gender equality by: (i) improving women’s endowments through investment in health, education, and social protection, and (ii) ensuring the availability and operation of essential health equipment nationwide including closing remaining gaps in maternal mortality and improving women’s access to health services.</p> <p>Stakeholder Engagement, Consultation and Information Disclosure. A SEP has been prepared by the MoH to provide guidance and to build and maintain, over time, an inclusive process with the Project’s stakeholders, in particular, the local beneficiaries and other interested parties across the Project cycle. The SEP includes requirements to engage with stakeholders throughout the Project life cycle and as early as possible in the Project development process and in a timeframe that enables meaningful consultations on Project design, in which the nature, scope, and frequency of stakeholder engagement are proportionate to the nature and scale of the Project and its potential risks and impacts. The SEP outlines general principles, information on previous engagement activities with relevant stakeholders during the Project identification and preparation, stakeholder identification including vulnerable communities, and a collaborative strategy as well as the engagement process.</p> <p>The SEP, ESCP, and ESMF have been reviewed with key stakeholders as part of the consultations during the Project preparation process, with the recommendations incorporated in the ES documents. The documents have been disclosed on both MoH¹ and AIIB² websites. In addition, the MoH will be responsible for the overall coordination, supervision, and monitoring of the Project’s ES aspects. AIIB staff will monitor the implementation of ES documentation and conduct regular site visits as part of the joint review missions.</p> <p>Project Grievance Redress Mechanism. A GRM, as part of the SEP, has been established by the Project to enable stakeholders to lodge grievances or feedback on the Project. The GRM will be proportionate to the risks and potential impacts of the Project and will be accessible and inclusive. GRM specific to contracted workers involved directly or indirectly in Project activities will be provided to address grievances related to labor and working conditions. The information of established GRM and the WB’s independent accountability mechanism both in English and local language will need to be disclosed in a timely and appropriate manner.</p>
<p>Cost and Financing Plan</p>	<p>Project Cost: EUR3,731 million</p> <p>Financing Plan:</p>

¹ [.: Konsultasi Publik SIHREN, SOPHI, InPULS | s.Link Kemenkes RI .: \(kemkes.go.id\)](https://www.kemkes.go.id)

² [Indonesia Modernization of the Health System - Projects - AIIB](#)

	AIIB: EUR936 million WB (Lead Co-financier): EUR1,392 million IsDB (Parallel Co-financier): EUR793 million ADB: EUR610 million			
Borrower	Republic of Indonesia			
Implementing Entity	MoH			
Estimated date of loan closing	June 30, 2029			
Contact Points:	AIIB	WB	Borrower	Implementing Entity
Name	Zhaojing Mu	Somil Nagpal	Suminto	Kunta Nugraha
Title	Senior Operations Management Officer	Lead Health Specialist	Director General of Budget Financing and Risk Management, Ministry of Finance	Secretary General, Ministry of Health
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Date of Concept Decision	July 12, 2023			
Date of Appraisal Decision/Estimated Date of Appraisal Decision	Oct. 19, 2023			
Estimated Date of Financing Approval	Dec. 14, 2023			
Independent Accountability Mechanism	As noted above, the WB's ESF will apply to this Project. The WB's independent accountability mechanism, the Inspection Panel, which reviews WB's compliance with its policies and procedures, will handle complaints relating to WB's compliance with its ESF under the Project. In accordance with AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions made to the PPM regarding such complaints under the Project will not be eligible for consideration by the PPM. Information on the WB's Inspection Panel is available at http://www.inspectionpanel.org .			