



Project Summary Information

Date of Document Preparation: July 12, 2023	
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; Connectivity and Regional Cooperation
Status of Financing	Under Preparation
Objective	Through closing the medical equipment gaps across the country, the Project will attain higher operational functionality and efficiency of the healthcare service, with the aim to modernize Indonesia's primary healthcare, referral, and laboratory systems and to improve the accessibility, equity, and quality of healthcare.
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 proposed 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 Health Transformation Agenda (2021-2024) objective to provide equitable and high-quality medical care.
Environmental and Social Category	The World Bank (WB)'s Category is Moderate, which is equivalent to AIIB's Category B if AIIB's Environment and Social Policy (ESP) were applicable.
Environmental and Social Information	The proposed loan will be co-financed with WB and the Project's environmental and social (E&S) risks and impacts will be assessed in accordance with WB's Environmental and Social Framework (ESF). To ensure a harmonized approach to addressing E&S aspects of the Project, and as permitted by AIIB's ESP, WB's ESF will apply to the Project in lieu of AIIB's ESP. 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 the relevant E&S Standards, and (ii) the monitoring procedures in place are appropriate for the Project. WB has categorized the Project's E&S risk rating as 'moderate', which is similar to Category B if AIIB's ESP were applicable.

The key environmental impacts include the anticipated increase in 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. Further assessment of the Ministry of Health (MoH)'s capacity to manage the E&S impacts will be done by appraisal and a capacity-building plan will be included in the Environmental and Social Management Framework (ESMF) and Environmental and Social Commitment Plan (ESCP).

Social risks are insignificant and may involve health and safety risks to primary supply workers during the distribution, installations, and maintenance of the equipment that will be conducted nationwide, and to Project beneficiaries (e.g., health worker and patient) due to potential operation failure of the new medical equipment. Risks of social exclusion issues are not envisaged, as the Project design and its goal focus on expanding access to essential health services, including to underserved areas. In addition, 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.

A draft Stakeholder Engagement Plan (SEP) is being prepared by the MoH. The SEP will outline 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. In addition, detailed E&S monitoring and reporting arrangements will be determined during the appraisal. The SEP and other E&S instruments including ESMF and ESCP both in English and local language will be disclosed on the MoH website and consulted with key stakeholders as early as possible during the project preparation process. AIIB will provide links to those E&S instruments on its website.

A Grievance Redress Mechanism (GRM), as part of the SEP, will be established by the Project as a project-level GRM to let stakeholders lodge grievances or feedback for the Project that will be proportionate to the potential risks and 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 use and working condition and requirements to the borrower to the relevant primary suppliers to introduce procedures and mitigation measures to address safety issues on distribution,

	installation, operation, and maintenance of the new medical equipment. The information of the established GRM and the WB's independent accountability mechanism (IAM) in the local language will be disclosed in an appropriate and timely manner.			
Cost and Financing Plan	Project Cost: USD3,980 million <u>Financing Plan:</u> AIIB: USD1,000 million WB (Lead Co-financier): USD1,485 million IsDB (Parallel Co-financier): USD845 million ADB: USD650 million			
Borrower	Republic of Indonesia			
Implementing Entity	MoH			
Estimated date of loan closing	June 30, 2028			
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
Email Address	zhaojing.mu@aiib.org	snagpal@worldbank.org	suminto@kemenkeu.go.id	kuntanugraha@kemkes.go.id
Date of Concept Decision	July 12, 2023			
Date of Appraisal Decision/Estimated Date of Appraisal Decision	October 2023			
Estimated Date of Financing Approval	January 2024			

Independent Accountability Mechanism (IAM)	The proposed Project will be co-financed with WB. The Bank has agreed that the WB's ESF will apply to this project instead of AIIB's ESP. The WB's IAM the Inspection Panel, which reviews the WB's compliance with its policies and procedures, will handle complaints relating to the WB's compliance with its ESF with respect to 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 WB's Inspection Panel is available at http://www.inspectionpanel.org .
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