



# Appraisal Environmental and Social Review Summary

## Appraisal Stage

### **(ESRS Appraisal Stage)**

Date Prepared/Updated: 10/11/2023 | Report No: ESRSA03036



**I. BASIC INFORMATION**

**A. Basic Operation Data**

|                                |   |                          |                                |
|--------------------------------|---|--------------------------|--------------------------------|
| Operation ID                   | Product   | Operation Acronym        | Approval Fiscal Year           |
| P180811                        | Investment Project Financing (IPF)                  | ID HSS Project           | 2024                           |
| Operation Name                 | Indonesia Health Systems Strengthening Project      |                          |                                |
| Country/Region Code            | Beneficiary country/countries (borrower, recipient) | Region                   | Practice Area (Lead)           |
| Indonesia                      | Indonesia   | EAST ASIA AND PACIFIC    | Health, Nutrition & Population |
| Borrower(s)                    | Implementing Agency(ies)                            | Estimated Appraisal Date | Estimated Board Date           |
| The Republic of Indonesia      | Ministry of Health                                  | 03-Oct-2023              | 07-Dec-2023                    |
| Estimated Decision Review Date | Total Project Cost                                  |                          |                                |
| 26-Sep-2023                    | 3,982,712,500.00                                    |                          |                                |

**Proposed Development Objective**

To increase the availability of functional equipment in public health facilities and improve the utilization of public health services across Indonesia

**B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project Activities**

Spanning 5,100 km from west to east and with a population of over 273 million people, Indonesia is the largest archipelagic nation in the world. It is also a vastly diverse nation, with nearly 1,300 ethnic groups spread across 17,500 islands, speaking about 700 different languages. Against this backdrop, it has been difficult for the Government of Indonesia (GoI) to achieve economic growth equitably across the nation. Indonesia has achieved significant gains in health outcomes but continues to lag behind regional and economic peers. However, there are regional disparities in healthcare access and quality leading to widely varied health outcomes across the nation. Insufficient access to referral-level health services also exists across Indonesia, contributing to low health outcomes and high healthcare costs. There



is widespread lack of access to referral-level hospital services, especially in remote and rural areas of Indonesia. Currently, the facilities with the capability to deliver standardized services for critical non-communicable diseases are still concentrated on the island of Java. Further, the COVID-19 pandemic exposed and exacerbated significant shortcomings and spatial and socioeconomic inequities in Indonesia’s public health system, which need to be urgently, comprehensively, and concertedly addressed. These shortcomings emerged both in terms of the capacity of primary and referral-level care to provide high-quality and equitable health services to all Indonesians, especially when confronted with public health shocks and peak demand, as well as in the coverage and surveillance capacity of its public laboratory system to detect, monitor, and report on known and newly emerging public health threats. MoH, based on the mandate of President Joko Widodo, has initiated a Health Transformation Agenda (2021 to 2024) in the wake of the COVID-19 pandemic. This comprehensive transformation of the country’s health system comes in response to the pressing gaps in the Indonesian public health and surveillance system that, although previously in existence, were highlighted by the pandemic. Given the pressing equipment needs of Indonesian public health facilities, the proposed Project seeks to contribute to the provision of equipment to all public health facilities across Indonesia to ensure the filling the critical service delivery gaps identified through the MoH gap assessment, aligned with both the Indonesian Health System Transformation Agenda led by MoH and the directions and policies of the health development strategy in the GOI’s National Medium Term Development Plan (RPJMN) for 2020-2024. The gap assessment demonstrated that the total public health system facility equipment needs total US\$3.979 billion. Of this, the primary care facility needs total US\$1.59 billion, the hospital care facility needs total US\$1.80 billion, and the laboratory facility needs total US\$590 million. Under the leadership of MoH, Bappenas, and MoF, the decision was made to close the equipment gaps through a single-phased, comprehensive investment, without phasing over time or geographic slicing, with all procurement to be completed by the end of the first project year at the end of 2024. MoH has opted for a partnership of four MDBs to deliver on this project with the World Bank as coordinator. The partnership of MDBs includes the World Bank (WB), Asian Infrastructure Investment Bank (AIIB), Asian Development Bank (ADB), and Islamic Development Bank (IsDB), will jointly support the Government to deliver on this transformative operation. MoH and the MDBs have agreed on (i) a joint co-financing between WB, AIIB, and ADB for the primary care component, (ii) a joint co-financing between WB and ADB for the laboratory component, and (iii) a joint co-financing between WB and AIIB, as well as parallel co-financing from IsDB, for the referral hospital component. As guided by MoH, all MDBs that form part of the joint co-financing arrangement have agreed to use World Bank procurement regulations. The financing share of the World Bank is at US\$1.485 billion. The proposed Project is also closely aligned with the World Bank Group’s Indonesia Country Partnership Framework (CPF) for Fiscal Year (FY) 2021-2025. Its development objective, which seeks to strengthen health and laboratory facilities’ service readiness and improve access of all Indonesians to integrated, quality health services in the country, resonates strongly with the CPF Objective 3.2 on strengthening the quality and equity in nutrition and health. This is part of Engagement Area 3, ‘Nurture Human Capital’. The Project sets out to contribute to addressing the critical health sector challenges identified in the CPF. The proposed Project will have the following key components and activities: (a) Component 1: Procurement, installation, operation, and maintenance of equipment to primary care facilities across Indonesia “Strengthening of Primary Healthcare in Indonesia’ or SOPHI component. This component seeks to contribute to the procurement of equipment for all Posyandu, Pustu, and Puskesmas, as well as Tier 1 public health laboratories across Indonesia. The types and numbers of equipment, as well as the facility location where these pieces of equipment will be delivered will be based on the updated gap assessment from MoH, supported by the World Bank, during project preparation. (b) Component 2: Procurement, installation, operation, and maintenance of equipment to referral hospital facilities across Indonesia “Strengthening Indonesia’s Healthcare Referral Network” or SIHREN component. This component seeks to contribute to the procurement of equipment for all Madya, Utama, and Paripurna-level hospitals across Indonesia. (c) Component 3: Procurement, installation, operation, and maintenance of equipment to tier 2, 3, 4, and 5 public health laboratory facilities across Indonesia “Indonesia – Public



Laboratory System Strengthening” or InPULS component. This component seeks to contribute to the procurement of equipment for all tier 2, 3, 4, and 5 public health laboratories across Indonesia. (d) Component 4: Project Management, Digitization and Training across the SOPHI, SIHREN, and InPULS components. The centralized, single-phased procurement at the central Government level and economies of scale also allow to tackle challenges around the maintenance and operation of the equipment, which traditionally poses barriers to sustained health service delivery due to equipment downtime because of faulty equipment or incorrect operation. The large volumes of procured equipment, packaged, and bundled into lots whereby a single equipment type and lot is sourced from a single vendor, allows to commit vendors to its maintenance over a period of 4 years while ensuring the transfer of operational skills training to health workers. The cost of maintenance and operational skills transfer by the vendor to health workers upon installation of the equipment at the facility will be enclosed in the bidding documents and be part and parcel of the contract.

## D. Environmental and Social Overview

### D.1 Overview of Environmental and Social Project Settings

The COVID-19 pandemic has impacted Indonesia on human health, livelihoods and economy. The impacts to health have exposed and exacerbated the nation considerable gaps in the health care system and pandemic preparedness and response. With the recession and crisis that this pandemic caused and its dire impact on lives and livelihoods, MoH has initiated a comprehensive transformation of the country’s health system with the aim of strengthening its ability to effectively detect, monitor, and respond to public health threats in a timely manner.

Indonesia, as the largest archipelago nation in the world, is a vastly diverse nation with population of over 273 million people, and nearly 1,300 ethnic groups spread across 17,500 islands speaking about 700 different languages. However, country development and people wealth heavily centralized in the west portion of Indonesia. While over 99.6 percent of Indonesians in 2022 have access to electricity, many Eastern provinces have much lower access: less than 93% of Indonesians in East Nusa Tenggara, Maluku and North Maluku have electricity. In terms of Health Access and Quality (HAQ) index, the east show significantly lower HAQ values compared to those in the west. Eastern Indonesia also has the lowest percentage of puskesmas, very lowest tier of health facilities, with a complete health workforce, with easternmost provinces Papua, West Papua, Maluku and North Maluku having less than 20 percent of their puskesmas fully staffed. Low access to quality primary care is particularly concerning for the double burden of disease that Indonesia faces. The disparity in access to quality care contribute to widely varied life expectancies across provinces. In 2019, the difference in life expectancy for males between the highest-ranked (Bali) and lowest-ranked (Papua) provinces was 9.9 years. For females, the difference in life expectancy between the highest-ranked (North Kalimantan) and lowest-ranked (North Maluku) provinces was 13.7 years.

Indonesia needs a comprehensive health system reform to strengthen its capacity to provide equitable, high-quality care, and cope with emerging health shocks that require surge capacity and a performant referral system. To further optimize the Health System Transformation Agenda (HSTA) and ensure an equitable improvement in health service delivery across Indonesia, an in-depth needs analysis was conducted by MOH that identified two core gaps preventing the Indonesian health system from delivering quality services: there is insufficient availability of health equipment to carry out necessary services, and a shortage of human resource for health (HRH) that are fully trained to deliver standardized, quality care and operate necessary equipment.



The project is designed to be nationwide in scope and is expected to support procurement, installation, operation, and maintenance of equipment to primary care facilities, referral hospital facilities, and public health laboratory facilities across Indonesia. The specific facility location where the equipment will be set up will be based on the updated gap assessment from the Ministry of Health (MoH) in 2022 relying on 2019 Health Facility Research (Riset Fasilitas Kesehatan or Rifaskes) data. These cover facility-level data in all 514 district/city health offices in Indonesia including 532 hospitals, 9,821 Puskesmas, 419 pharmacies, 411 doctor practices, 402 midwife practices, 403 independent laboratories and 417 clinics.

The project has prepared a set of facility readiness criteria for the equipment rollout at the health care facilities and laboratories. A fourfold set of criteria will be used: a) Equipment needs of each public health and laboratory facility; b) Human resource capacity to ensure adequate number of trained and skilled personnel for the operation and maintenance of medical equipment; c) Infrastructure and utility access, to ensure infrastructure in place to accommodate and operate the equipment, and has access to reliable utilities to support its operation; and d) Adherence to national and local regulations concerning the safe management and disposal of medical waste.

## **D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts**

A Central Project Management Office (CPMU) will be established under the leadership of the Secretary General of MoH to oversee three Project Management Offices (PMUs) for the three Project Components. The PMU for SIHREN will be led by Directorate General of Health Services (Pelayanan Kesehatan or Yankes), while the PMUs for SOPHI and InPULS will be led by at Directorate General of Public Health (Kesehatan Masyarakat or Kesmas). The PMU will be responsible for the day-to-day coordination and implementation of project activities.

The MoH has prior experience in implementing Bank financed projects. MoH is currently implementing five World Bank-funded projects in the health sector through Program for Result (PforR) mechanism: (i) Indonesia - Supporting Primary Health Care Reform (I-SPHERE), aiming to strengthen the performance, quality, and spending of Indonesia's primary health care nationally with additional focus on mostly rural Eastern Indonesia; (ii) Investing in Nutrition in Early Years, aiming to increase the utilization of priority health- and nutrition-specific interventions at the primary care level in Posyandu, Pustu, and Puskesmas, with particular attention to 1,000-day households and in priority districts with high stunting rates; (iii) COVID-19 Strategic Preparedness and Response Program, an emergency operation aiming to prevent, detect, and respond to the threat posed by COVID-19, and to strengthen national systems for public health preparedness; (iv) Jaminan Kesehatan Nasional (JKN, Indonesian national health insurance system) Reforms and Results Program, aiming to strengthen the quality and efficiency of JKN, and (v) Strengthening National Tuberculosis Response. Recently and as a supplemental to this project, the MoH will prepare a new project, Indonesia Health System Strengthening (IHST) Multi-Donor Trust Fund (MDTF) using Investment Project Financing (IPF) modality that will support Gol's HSTA with TA activities such as strengthening MoH's capacity and supporting analytical works.

Based on the E&S specialist assessment and compared with other clients, the capacity of MOH staff in term of E&S aspect especially with regards to medical waste management and grievance mechanism is satisfactory. However, the project implementation is expected to be challenging due to its involvement in complex logistics, resource management, large geographical scope, and coordination efforts. Additionally, it requires ensuring the readiness of end users to receive the equipment. The project has set four core readiness criteria, a) Equipment needs of each public health and laboratory facility; b) Human resource capacity to ensure adequate number of trained and skilled personnel for the operation and maintenance of medical equipment; c) Infrastructure and utility access, to ensure infrastructure in place to accommodate and operate the equipment, and has access to reliable utilities to support its operation; and d)



Adherence to national and local regulations concerning the safe management and disposal of medical waste. As part of the readiness criteria, the government will be responsible for hiring staff and providing general occupational health and safety (OHS) training. To enhance the workforce's abilities in safe and proper operation of specialized equipment and conducting maintenance, the Project will offer support through supplier extended liability agreements under the vendor contract. These agreements will facilitate the development of specific competencies, providing training and technical assistance to the staff.

To support the MoH's capacity building to manage the environmental and social implications will be done during project implementation and a capacity building plan has been included in the Environmental and Social Management Framework (ESMF) and ESCP. A dedicated project team, consisting of personnel with expertise in environmental and social risk management of the project will be hired to be responsible for the coordination of implementation of the ES instruments and overall environmental and social management oversight during project implementation and to support day-to-day management of the project when project is effective, as outlined in the ESCP. It is planned MoH will recruit at least one E&S specialist in each PMU and one senior E&S specialist in CPMU. MoH will also appoint ES Focal Point(s) within MoH staffs to work with the hired ES specialists as part of capacity building efforts. MoH through its ES specialists and focal point(s) will provide a monitoring report of the environmental and social performance to ensure application of the national Environmental and Social regulations and relevant ESSs.

## II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

### A. Environmental and Social Risk Classification (ESRC)

Moderate

#### A.1 Environmental Risk Rating

Moderate

The overall potential environmental risk associated with this IPF operation is assessed as moderate. However, it is important to note that the moderate environmental risk does not stem necessarily from intrinsic environmental impacts, as they are considered temporary and easily mitigated, neither significant or irreversible. Instead, the risks primarily arise from the pressure on the healthcare sector related to the procurement of equipment from four MDBs and the capacity of the health sector to effectively manage occupational health issues, waste management, chemicals, hazardous substances, and other related aspects. When evaluating the risk, it is crucial to consider the joint support of the four MDBs, which have a combined value of over 4 billion USD as the procurement process is jointly executed among the four MDBs and determined by a predetermined percentage. The key environmental concern is associated with the procurement, installation, operation, and maintenance of equipment in primary care facilities (Posyandu, Pustu, and Puskesmas), referral hospital facilities (Madya, Utama, and Paripurna-level hospitals), and public health laboratory facilities across Indonesia. This expansion is expected to increase the volume of medical and other types of waste (including e-waste) from consumables and end-of-life hardwares, 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. To effectively address these risks, extensive training and competency development among healthcare workers will be crucial. Insufficient training can lead to errors during equipment operation, maintenance, or troubleshooting, potentially compromising worker safety. The project has set four core facilities readiness criteria for equipment roll out, The project has set four core criteria, include a) Equipment needs of each public health and laboratory facility; b) Human resource capacity to ensure adequate number of trained and skilled personnel for the operation and maintenance of medical equipment; c) Infrastructure and utility access, to ensure infrastructure in place to accommodate and operate the equipment, and has access to

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reliable utilities to support its operation; and d) Adherence to national and local regulations concerning the safe management and disposal of medical waste. The activities that will be conducted in meeting the facility readiness criteria will not be financed by the project, including any reconstruction or adaptation of facilities for equipment installation to meet the facility readiness, as this responsibility lies with the government via Special Physical Allocation Fund for the Health Sector. Ionizing equipment, radiological equipment, and incinerators will not be supported through the Bank financing. To address these risks effectively, the project's ESMF has been prepared by MoH. The ESMF guides the readiness criteria especially on waste management, explore various avenues for continuous training, capacity building, and maintenance, including providing good international practices on permitting, OHS and construction waste management in the ESCOP (Environmental and Social Code of Practice) for civil works supported by the government for the facilities that require equipment fitting and adaptations. Additionally, extended supplier liability will be integrated to vendor contract to ensure the proper management and maintenance of the equipment.

## A.2 Social Risk Rating

Moderate

By design, the project is envisaged to generate positive outcomes through health system strengthening and improved equity of health services, through addressing issues on unequal distribution, poor maintenance of medical equipment, and low capacity of health workers to operate the equipment. These will be major contributors to lifting the constrained capacity of Indonesia's health public system to deliver health services to the country, especially to rural and remote communities. The social risk rating is Moderate by considering that the project type and nature itself constitutes a low social risk, associated with providing funding for logistic on procurement, installation, operation and maintenance of medical equipment to primary care facilities, referral hospital facilities and public health laboratory facilities across Indonesia. The fact that activities will be undertaken nationwide, in a significant number of health centers and laboratories, increases the potential risks. The project will give benefit to the country through enhancing access to integrated health quality in Indonesia particularly in underserved areas. Overall no adverse social impacts are expected regarding the project activity. Social risks are minor 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. HRH, patient) due to potential operation failure of the new medical equipment. Risks of social exclusion issue are not envisaged, as the project design and its goal focus on expanding access to essential health services, including to underserved areas. The project has acknowledged that many health facilities, especially those in remote/rural areas, lack the human resource capacity and utilities (stable internet and electricity connection) to correctly operate and maintain the delivered equipment. Addressing lack of utilities may be beyond project's scope, but to ensure the entire health facilities in Indonesia will equally benefit from the project, the project design envisions has ensured through a rapid procurement process during the first year of project implementation covering the needs of the entire recipient candidates. To ensure a meaningful consultation and inclusive engagement of the project, a Stakeholder Engagement Plan (SEP) has been prepared by MoH, proportionate to the nature and scale of the project and its potential risks and impacts, for an effective stakeholder engagement and contribute to the project design and its implementation. Given the scope of the a provision of goods-types project, the SEP also includes elements on procurement transparency and public disclosure of the purchase of medical equipment.

## B. Environment and Social Standards (ESS) that Apply to the Activities Being Considered

### B.1 Relevance of Environmental and Social Standards





ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

ESS1 is relevant. Environmental and social risks and impacts related to project activities are anticipated to be moderate. The project supports procurement, installation, operation, and maintenance of equipment to primary care facilities, referral hospital facilities, and public health laboratory facilities across Indonesia. The project will not finance any civil works onsite. However, the Government will finance all readiness and adaptation of facilities needed for the equipment installation using Special Physical Allocation Fund for the Health Sector (Dana Alokasi Khusus Fisik Bidang Kesehatan or DAK Fisik). While these upgrades and constructions are closely related to the Project, they are funded by subnational governments, and not considered essential for all the Project's viability. The Project helps to accelerate the procurement of medical equipment to meet the objective of the Project to address the gap of equipment availability at health facility level. Certain equipment, such as automated external defibrillators (AED 1), wheelchairs, headlamps, infusion stands, pediatric scales, dental sets, thermometers, etc., falls under the category of tools and small equipment and does not necessitate facility upgrades. Most of the equipment to be delivered to the most peripheral facilities, particularly the Pustu level, belong in this category which is not receiving any equipment that require facility upgrades. Some larger equipment, predominantly being delivered at the hospital level, may require infrastructure adjustments. Upgrades to the laboratories by MoH include the establishment of Bio-Safety Level (BSL) 2 facilities. The procurement of radiotherapy machines will be solely financed by IsDB as continuation of their Oncology project. Support to medical waste incinerator is not envisaged. The project has prepared a set of facility readiness criteria for the equipment rollout at the health care facilities and laboratories and finalized during project preparation. A fourfold set of criteria will be used: a) Equipment needs of each public health and laboratory facility; b) Human resource capacity to ensure adequate number of trained and skilled personnel for the operation and maintenance of medical equipment; c) Infrastructure and utility access, to ensure infrastructure in place to accommodate and operate the equipment, and has access to reliable utilities to support its operation; and d) Adherence to national and local regulations concerning the safe management and disposal of medical waste. The key environmental concern associated with the project relates to the procurement, installation, operation, and maintenance of equipment in primary care facilities, referral hospital facilities, and public health laboratory facilities across Indonesia, where the expansion of services is 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. To effectively address these risks, it will be crucial to provide extensive training and competency development for healthcare workers. This will be supported in parallel by both the Government and the project. The Government will support the hiring and general training related to OHS and maintenance, while the project will support operation and maintenance training for specialized equipment through supplier extended liability contracts. To ensure the effective management of the aforementioned risks, the project's ESMF has been prepared by MoH. The ESMF guides readiness criteria on waste management and ensure their consistency with ESS and good international practice, explore various avenues for continuous training, capacity building, and maintenance, of including providing good international practices on OHS and construction waste management in the ESCOP for civil works supported by the government. The ESMF also guides the preparation of supplier contracts, ensuring their alignment with ESS, particularly with regard to operation and maintenance activities. The ESMF examines the relevant elements of the national system that the project can rely upon, including those related to facility readiness supported by the government. Key national regulations are already in place to manage the environmental impacts of the project. The national regulations related to waste management and OHS in the health care system are harmonized with GIIP, which includes provisions on waste identification, reduction, segregation, storage, transport, disposal, and occupational health and safety for waste handlers, and the management system in hospitals, including risk management, OHS practices, fire prevention, mandatory immunization for workers,

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mandatory training, and availability of PPE. Valid permits/licenses from relevant agencies are required for all activities related to managing medical (hazardous) waste. The Ministry of Health has made it mandatory for all hospitals to obtain accreditation every three years. The primary healthcare accreditation, which includes medical waste management and OHS, is also required for all Puskesmas and clinics. Additionally, waste management in the healthcare system has been successfully implemented in the Covid-19 project by the MoH. The government has also sets specific requirements for the laboratories to be designed to meet the international BSL-2 requirements. Social risk may involve health and safety issue to project beneficiaries due to operation failure of new medical equipment. To manage the issue, the project design has already considered this through inclusion in the contract with equipment suppliers on their responsibility to provide capacity building or training to HRH in operations and maintenance of new equipment. Risk on exclusion of areas where vulnerable groups may be concentrated from receiving the benefits is not envisaged, as the project is mitigating the risk by including health centers favor areas that are traditionally underserved as project beneficiaries to expand access to health services. The project has designed a readiness criteria for the rollout of the delivery of the equipment that will be conducted in staggered based on the readiness of each facility to receive the equipment. The project has acknowledged many health facilities, especially those in remote/rural areas, lack the human resource capacity and utilities (stable internet and electricity connection) to correctly operate and maintain the delivered equipment. Addressing lack of utilities may beyond project's scope, but to ensure the entire health facilities in Indonesia will equally benefit from the project, the project design envisions a rapid procurement process to be completed by the end of 2024 covering the needs of the entire recipient candidates of Indonesia. This will minimize time lag between the well-off and worse off regions of Indonesia. In addition, contracts of suppliers will include providing capacity building to HRH. Based on the discussion with MDB's safeguards specialists, it was agreed that the Co-financiers agree to use each Co-financier's safeguards policy and to cooperate with each other to achieve objectives materially consistent with each Co-financier's safeguards policy in the coordination, implementation, monitoring and disclosure of the safeguards documents.

**ESS10 - Stakeholder Engagement and Information Disclosure**

Relevant

ESS10 is relevant. A Stakeholder Engagement Plan (SEP) has been prepared by the MoH during project preparation to provide guidance and to build and maintain, over time, an inclusive process with project's stakeholders, in particular, the local beneficiaries and others interested parties across the project cycle. Although the environment and social risk and impacts of the project are moderate, effective stakeholder engagement is considered important as part of the project design to improve the environmental and social sustainability of the project, enhance project acceptance, and contribute to successful project implementation. The SEP includes requirements outlined under ESS10 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. The nature, scope and frequency of stakeholder engagement are proportionate to the nature and scale of the project and its potential risks and impacts. Beyond provisions of equipment, strengthening primary, referral healthcare facilities and laboratory facilities requires inclusive stakeholder engagement with diverse groups, such as health personnel/practitioners, producers and suppliers of medical equipment /vendors, non-governmental organization, civil society organizations, government agency, private hospital, academics, donor agencies, community including the poor and vulnerable peoples, and broader public stakeholders. 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 engagement process in accordance with ESS10. Given the scope of the a provision of goods-types project, the SEP also includes elements on procurement transparency and public disclosure of the purchase of medical equipment. The project's beneficiaries are expected to be nationwide. The SEP

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also includes strategies to engage with Indigenous Peoples to promote effective engagement. The SEP identified and analyzed its stakeholders covering various individual or groups who are: i) directly or indirectly affected or likely to be affected (if any), such as vendors and their workers, contractor workers, and communities in remote areas, and ii) other interested parties such as Non Governmental Organizations, mass media, and broader local governments, explains the opportunities for public consultations and grievance redress mechanism, and outlines commitments to periodically disclose information. A Grievance Redress Mechanism (GRM) is included in the SEP and will be applied during project implementation by the project to let stakeholders lodge grievance or feedback for the project that will be proportionate to the potential risks and impacts of the project. To engage project stakeholders early in project preparation, a public consultation was conducted prior to closing of appraisal on October 6, 2023 to gather initial views on the project proposal and inform project design, as well as encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts, including the draft documents of SEP and the ESMF. The result of the public consultation will be documented in the SEP and ESMF document. Prior to the public consultation, the draft SEP, ESCP, and ESMF documents were disclosed on the MOH website (<https://link.kemkes.go.id/multi/Links/lists/konsultasipublikHSS>), and will be redisclosed on the MoH's website after the documents have incorporated the result of the public consultation. The SEP will be implemented and updated throughout the project life cycle. This requirement is outlined in the ESCP.

**ESS2 - Labor and Working Conditions**

Relevant

ESS2 is relevant. Assessment of the types of workers as categorized by ESS2 has been conducted that includes: i) direct workers (CPMU staffs together with consultants hired directly by each PMU and CPMU; and ii) primary supply workers (from the medical equipment suppliers/vendors). As the Project only involves procurement, installation, operation and maintenance of new medical equipment, the project activities only involve minor labor risk. Labor risks may include OHS issue at low level of the primary supply workers in distribution, installation, operation and maintenance of the new medical equipment. OHS issues are key risks associated with the project. Risks are related to chemical exposure, noise, electrical safety, and infection control, among other. Each healthcare facility will need to prioritize occupational health and safety measures, including training, risk assessments, and adherence to regulations and guidelines. To effectively address these risks, it will be crucial to provide extensive training and competency development for healthcare workers. This will be supported in parallel by both the Government and the Project. The Government will support the hiring and general training related to OHS and maintenance, while the project will support operation and maintenance training for specialized equipment through supplier extended liability contracts. ESMF examines various avenues to support capacity building in OHS area. The project does not involve any infrastructure activities and only providing funding for goods, including installation, operation, and their maintenance, risks associated with labor influx, forced labor and child labor is not envisaged. Risk on Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) is considered low as project activity will include procurement, operation, and maintenance of equipment activities that will be conducted in public space, will not engage female workers in close proximity to male workers with limited supervisions. Given the scope of the provision of goods-types project with minor and negligible of labor risk in project, applying the principle of proportionality, a separate Labor Management Procedure (LMP) is not prepared, but requirements under ESS2 regarding provision of worker's grievance mechanism and requirement to the relevant primary suppliers to introduce procedures and mitigation measures to address safety issues on distribution, installation, operation, and maintenance of the newly medical equipment and prohibition to use child and forced labors will be incorporated in the bidding document and vendor/supplier contracts and is outlined in the ESCP. Such procedures and mitigation measures will be reviewed periodically to ascertain their effectiveness. This also include possibility to shift the project's primary suppliers to suppliers that can demonstrate the

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capacity to meet the relevant requirements under this ESS, where a remedy is not possible within the reasonable period. To address SEA/SH risk, based on the Human Development SEA/SH Good Practice Note, the bidding document will also incorporate requirements of the potential bidders to provide existing behavioral standard that includes general prohibitions against misconduct, harassments and criminal actions related to SEA/SH. If there are no behavioral standard, or if strengthening of the behavioral standards is not possible, project actors will need to agree to project specific code of conduct (CoC) that is included in the ESMF. This requirement is included in the ESCP.

**ESS3 - Resource Efficiency and Pollution Prevention and Management**

Relevant

This ESS is relevant. The project will support procurement, installation, operation, and maintenance of equipment to primary care facilities, referral hospital facilities, and public health laboratory facilities across Indonesia, and its likely that this increased use will lead to increase in energy consumption. There will also be increased generation of medical waste from the medical consumables and well of increase of chemical and hazardous substances that need to be managed. Waste management has been included in the facility readiness criteria for the equipment rollout. The ESMF has been prepared as a guide to build capacity of facilities for handling of different types of waste, including infectious and hazardous waste.

**ESS4 - Community Health and Safety**

Relevant

ESS4 is relevant. This is mainly concerning medical waste management at public health facilities located in remote areas or with limited access to medical waste treatment/disposal facilities. While the national regulations are already in place to manage medical waste, in remote areas such requirements are however not completely implementable. Facility readiness which includes established waste management systems will be part of the readiness criteria. ESMF has been prepared to guide the preparation of readiness criteria especially on waste management and ensure their consistency with ESS. To enhance the workforce's abilities in safe and proper operation of specialized equipment and conducting maintenance, the Project will require vendors to provide training for operation and maintenance of the equipment for a minimum period of 4 years with vendors be penalized in case inconformity, payment will be withheld in absence or inadequacy of equipment maintenance, training etc, and the terms will be included in the vendor contract. The competency development among healthcare workers will contribute to preventing or minimizing risks of chemical exposure, noise, electrical safety, and infection to project beneficiaries (e.g., HRH, patient, medical/hospital personnel, devices operators, etc.) due to operational failure.

**ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Not Currently Relevant

This standard is not relevant. The Project will not include any activities which require land acquisition, physical and/or economic displacement, as well as restriction on land use and involuntary resettlement. For the civic works that are funded by the Physical Special Allocation Funds (DAK Fisik), during the preparation mission, MDBs advised MoH to only consider providing equipment under the Project to those facilities where land ownership has already been confirmed and validated. A land due diligence protocol has been included in the ESMF to assist the MoH ensuring lands will be used are clean and clear. This is inline with the DAK's technical guideline that the requirements of healthcare facilities or laboratories construction funded by the Government's budget through DAK Fisik are (1) to have a land certificate or other recognized land ownership evidence designated for healthcare facilities or laboratories; as well as (2) land ready to be built (clean and clear).



**ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Not Currently Relevant

ESS6 is not relevant. The activities that shall be carried out under the program are intended to take place in existing premises or established primary care facilities (Posyandu, Pustu, and Puskesmas), referral hospital facilities (Madya, Utama, and Paripurna-level hospitals), and public health laboratory facilities. The project will not have direct physical footprint, as it does not involve acquiring new areas. Therefore, ESS6 is currently considered not relevant given that the program does not involve any activities that would affect natural habitats of biodiversity importance or depend on biodiversity to achieve the program objectives. The program will be undertaken in modified habitats.

**ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

Relevant

ESS7 is relevant. The project activities focus on provisions of goods and are not expected to impact way of life, livelihoods, land or assets of indigenous communities, however, since the project will work at national level and ethnic groups (Indigenous Peoples) possessing the four characteristics listed in para 8 of ESS7 are present in the country, it is expected that the project will benefit IP communities. Strategies to engage with Indigenous Peoples are included in the SEP such as using local language, outreach by involving local health cadres. This will contribute to an effective stakeholder engagement, enhance project acceptance, and contribute to successful project design and implementation.

**ESS8 - Cultural Heritage**

Not Currently Relevant

This standard is considered not relevant. The project will not support any construction or rehabilitation activities that would involve earth works (thereby potentially having an impact on tangible cultural heritage), or other activities that could have an impact on tangible and / or intangible cultural heritage.

**ESS9 - Financial Intermediaries**

Not Currently Relevant

This standard is considered not relevant for the planned project components as all activities will be implemented by MoH.

**B.2 Legal Operational Policies that Apply**

**OP 7.50 Operations on International Waterways**

No

**OP 7.60 Operations in Disputed Areas**

No

**B.3 Other Salient Features**

**Use of Borrower Framework**

No

None

**Use of Common Approach**

No

Public Disclosure



The partnership of MDBs co-financing the project activities includes the World Bank Group (WBG), Asian Infrastructure Investment Bank (AIIB), Asian Development Bank (ADB), and Islamic Development Bank (IsDB). These MDBs will jointly support the MoH to deliver on this project. MoH and the MDBs have agreed on a joint co-financing approach between WBG, AIIB, and ADB for the SOPHI and InPULS components, and a joint co-financing approach between WBG and AIIB, as well as parallel financing from IsDB, for the SIHREN component. Common approach is not fully adopted. AIIB agreed on the common approach which is governed by the AIIB-IBRD/IDA Co-financing Framework Agreement, co-signed on May 15, 2021. ADB has not opted for common approach as defined in ESF, and assigned low environmental and social rating to the project, therefore no specific requirements to prepare ES instruments. Despite these policy differences and the absence of a common approach as defined in the ESF, Cofinanciers agreed to cooperate with each other to achieve objectives materially consistent with each Cofinancier’s safeguards policy in the coordination, implementation, monitoring and disclosure of the safeguards documents, Handling of the ES risk management aspects of the Project will be done in a collaborative manner among MDBs through sharing information, promptly informing and discussing with each other, resolve E&S issues and complaints received to the satisfaction of MDBs to achieve material consistencies in the ES management of activities under the Project.

**C. Overview of Required Environmental and Social Risk Management Activities**

**C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by implementation?**

Environmental and Social Management Framework (ESMF) has been prepared to guide the preparation of readiness criteria, explore various avenues for continuous training, capacity building, and maintenance, and including good international practices in the ESCOP (Environmental and Social Code of Practice) for civil works financed by the government’s budget. The ESCOP is a guiding documents that will be used to inform verification protocol for the readiness criteria.

Stakeholder Engagement Plan (SEP) to guide and to build and maintain, over time, an inclusive process with project’s stakeholders, in particular, the local beneficiaries and others interested parties across the project cycle, including the establishment of Grievance Redress Mechanism (GRM).

Public Disclosure

**III. CONTACT POINT**

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#### **V. APPROVAL**

|                               |  |
|-------------------------------|--|
| Task Team Leader(s):          | Somil Nagpal, Lander Sonia M Bosch, Naoko Ohno         |
| Practice Manager (ENR/Social) | Janamejay Singh Cleared on 11-Oct-2023 at 04:06:29 EDT |
| ADM Environmental Specialist: | Hani Maisarah Binti Mohamad                            |
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