



Project Summary Information

Date of Document Preparation/Updating: Mar 30, 2023	
Project Name	Boosting Productivity through Human Capital Development Program-Subprogram 2
Project Number	P000760
AIIB member	Indonesia
Sector/Subsector	Economic Resilience / PBF
Alignment with AIIB's thematic priorities	Covid-19 Crisis Recovery Facility (CRF)
Status of Financing	Under Preparation
Objective	The Program aims to enhance labor productivity through human capital development to support an accelerated economic recovery from the coronavirus disease (COVID-19) pandemic.
Project Description	<p>This proposed Program will provide a policy-based loan under the COVID-19 Crisis Recovery Facility of the Bank and will be co-financed with the Asian Development Bank (ADB).</p> <p>The government's Vision of Indonesia 2045 and National Medium-Term Development Plan (RPJMN) 2020-2024 focus on human capital development as a critical driver of long-run economic growth, which underpins the transition to an upper middle-income country. The RPJMN is complemented by the National Strategy to Accelerate Stunting Prevention, 2017–2021, which aims to prevent child stunting caused by malnutrition in as many as 2 million children. The proposed program is centered on the RPJMN's human capital development strategy, incorporating reforms in educational attainment, skill development, and social protection and public health systems improvement.</p> <p>The proposed Program will support three reform areas: (i) Reform Area 1 - Strengthened policies to finance and monitor the implementation of the Sustainable Development Goals (SDGs). This reform area focuses on the overall monitoring and implementation of SDGs, including at the local level, as well as health program financing (budget allocation and fiscal transfers) to meet SDG targets such as universal health coverage; (ii) Reform Area 2 - Improved educational attainment and skills development. This reform area focuses on educational and skills development outcomes; and (iii) Reform Area 3 - Enhanced social protection and public health systems. This reform area aims to improve human capital development through interventions in social protection and health.</p>

Expected Results	<p>On SDG financing and implementation</p> <ul style="list-style-type: none"> • SDG index score increased to 70.0, with improvement in indicators related to health (SDG 3) and education (SDG 4), from 65.3 in 2020 • National health insurance coverage increased to 240 million people from 223 million people in 2020 <p>On education and skills development</p> <ul style="list-style-type: none"> • Learning-adjusted years of schooling increased to 8.5 from 7.8 in 2020 • Gap between the rate of men and women who are not in employment, education, and training reduced to 7.5 percentage points from 11.2 percentage points in 2020 <p>On social protection and health</p> <ul style="list-style-type: none"> • Stunting among children under the age of 5 declined to 14% from 27.7% in 2019 • Out-of-pocket expenditure as a share of total health expenditure declined to 25% from 34% in 2020 		
Environmental and Social Category	C		
Environmental and Social Information	<p>The Program will be co-financed by ADB as the lead co-financier. ADB's Safeguard Policy Statement (SPS) is applied to the Program instead of AIIB's Environmental and Social Policy (ESP). ADB's Safeguards Policy Statement (SPS) will apply to the Program in lieu of AIIB's ESP. The Bank reviewed ADB's SPS to ensure that: (i) ADB's SPS is consistent with the Bank's Articles of Agreement and materially consistent with the provisions of the Bank's ESP; and (ii) the monitoring procedures that are in place are appropriate for the Program.</p> <p>The Program's environmental and social (E&S) risks and impacts have been assessed in accordance with the ADB's SPS. The Program is not expected to have any adverse environmental or social safeguard impacts, therefore, ADB has categorized this Program as Category C for Environment, Involuntary Resettlement, and Indigenous Peoples (equivalent to Category C if AIIB ESP were applicable).</p>		
Cost and Financing Plan	Source of Financing	Amount (USD million)	Percentage
	ADB	500.00	58.82%
	AIIB	350.00	41.18%
	Total Program Cost	850.00	100.00%
Borrower	Republic of Indonesia		
Implementing Entity	Coordinating Ministry for Economic Affairs		
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Estimated Date of Concept Decision	2023 Q3		
Estimated Date of Appraisal Decision	2023 Q3		
Estimated Date of Financing Approval	2023 Q4		
Independent Accountability Mechanism	<p>As ADB's SPS will apply to this Program, AIIB will rely on ADB's Independent Accountability Mechanism (IAM) for complaints related to ES issues that may arise under the Program, as agreed between AIIB and ADB. Therefore, according to AIIB's policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under this Program will not be eligible for consideration by the PPM. ADB's IAM addresses issues raised by those adversely affected by ADB-assisted projects and allows them to report alleged noncompliance with ADB's operational policies and procedures, including SPS. Information on ADB's IAM is available at: Accountability Mechanism Asian Development Bank (adb.org)</p>		