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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 25-Jun-2024 | Report No: PIDIA00670



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Indonesia	EAST ASIA AND PACIFIC	P500764	Indonesia Supporting Health Transformation Project (I-SeHat)
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	21-Jun-2024	27-Jun-2024	Health, Nutrition & Population
Borrower(s)	Implementing Agency		
Republic of Indonesia	Directorate for Community Health Management, Ministry of Health Republic of Indonesia, Bureau of Planning and Budgeting, Ministry of Health Republic of Indonesia		

Proposed Development Objective(s)

To enable coordinated partner support to the Government of Indonesia's health system transformation agenda with a special focus on the pillars for primary healthcare and digital health

Components

Building Knowledge, Evidence, and Iterative learning for a Sustainable Health System Transformation
Effective Stewardship and Program Management and Administration

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?

Is this project Private Capital Enabling (PCE)?

SUMMARY

Total Operation Cost	41.00
Total Financing	11.50



Financing Gap	29.50
DETAILS	
Non-World Bank Group Financing	
Trust Funds	11.50
Trust Funds	11.50
Environmental And Social Risk Classification	
Low	
Decision	
The review did authorize the team to appraise and negotiate	

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Indonesia has been able to maintain strong and steady economic growth which is necessary for its commitment to reduce health disparities as one of the health sector reform objectives.** The country's economy grew at a strong rate of 5.3 percent in 2022 and 5.05 percent in 2023, as a result of the return of consumer demand and investor confidence along with an improving health situation. The country has reclaimed its upper-middle-income country position with a per capita income of US\$4,580. Prior to the pandemic, Indonesia's level of general government spending on health (1.4 percent of gross domestic product [GDP] in 2019) was about half of the average of other emerging markets, due to its low tax-to-GDP ratio (9.9%), which remained the lowest among structural peers over the past decade. The underspending for the health sector has resulted in inequal access to health and health outcomes across the country. While large parts of urban areas in Java and western islands benefit from modern infrastructure and thriving economies, many remote and rural areas continue to lack essential facilities such as transportation, clean water, and access to quality healthcare. The Government's efforts to bridge this gap have shown progress, with initiatives aimed at improving connectivity, education, and healthcare in disadvantaged regions. However, the complex geography of Indonesia, coupled with challenges in funding and coordination, makes achieving equitable growth a persistent challenge.

2. **In order to achieve the vision to reach developed country status in 2045, Indonesia needs to invest in infrastructure and nurture its human capital.** Indonesia continues to face infrastructure gaps¹ (estimated at US\$1.7

¹ Defined as the difference in per capita public capital stock between average of emerging markets and Indonesia multiplied by Indonesia's population. Emerging markets are defined in accordance with IMF definition (source: World Bank, "Indonesia Economic Prospect, June 2022: Financial Deepening for Stronger Growth and Recovery").



trillion) relative to its emerging market peers following decades of underinvestment and rapid urbanization.² Indonesia also scores low on the Human Capital Index³ and has one of the highest rates of stunting among children below 5 years in East Asia. These gaps are key constraints to productivity, service delivery, resilience, and inclusion.

Sectoral and Institutional Context

3. **Despite significant progress in improved health status for the past decades, Indonesia continues to face challenges from multiple burdens of disease due to epidemiologic and demographic transitions.** The share of burden from non-communicable diseases (NCDs) has almost doubled in the past three decades, from 40 percent in 1990 to 72 percent in 2019. This is accompanied by an increasing prevalence of NCD deaths, the probability of dying between ages 30 and 70 from cardiovascular disease, cancer, diabetes, or chronic respiratory diseases. At the same time, Indonesia continues its efforts to cope with a high prevalence of chronic undernutrition or stunting, which, despite significant recent improvements, is still high at 21.6 percent. Communicable diseases remain persistently high too, exemplified by the high incidence of TB, and the endemicity of Malaria.

4. **Geographic and income-related inequalities in access to health care services, as well as shortcomings in the services received, persist.** Although the overall service readiness of public primary health care facilities, and disparity across regions, has improved in recent years, the publicly owned community primary health care centers (*Puskesmas*), especially those in the western part of Indonesia, continue to possess a better capacity to deliver basic health services than their counterparts in the east and the private sector. This is compounded by socioeconomic inequalities, with poor households still having infant and child mortality rates that are double those of richer households. Moreover, access to care does not guarantee that patients will receive all intended services. For example, blood and urine tests—essential for the diagnosis of high-risk pregnancies—were done in only 47.6 percent and 38.7 percent of antenatal care (ANC) visits, respectively. This substantiates continued barriers for women and girls to access and receive quality health care services, not only related to maternal and child care, but also for several non-communicable diseases such as cancers that disproportionately affect women. The National Health Insurance *JKN* provider network has also been found to favor relatively wealthier regions that possess more advanced healthcare services.

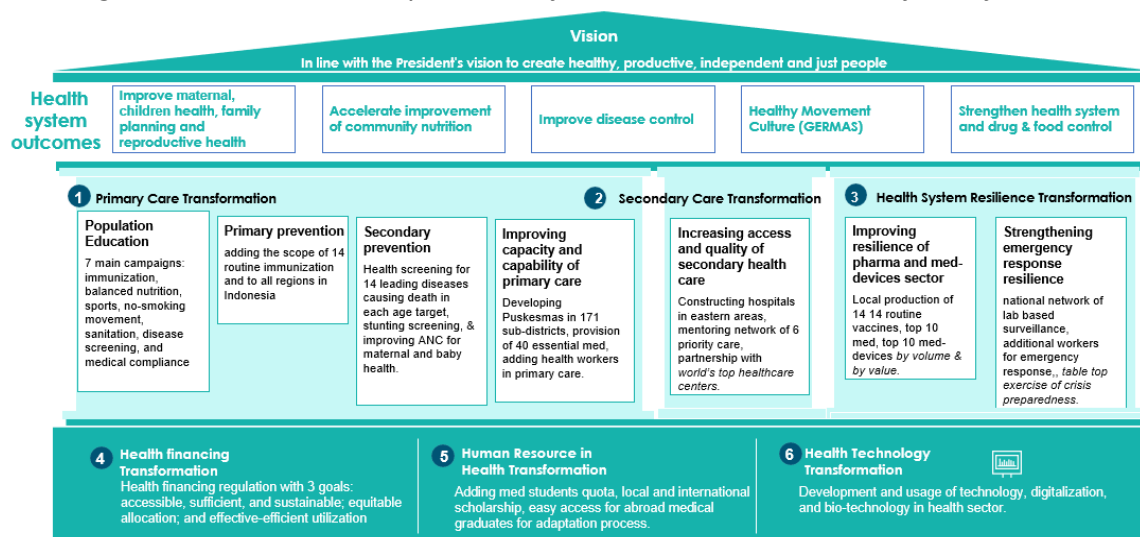
5. **Aiming to address the above challenges, MOH in 2022 launched an ambitious Health System Transformation Agenda (HSTA) with the aim of establishing a well-structured public health system that integrates and standardizes all levels of public health facilities and laboratories.** This ambitious agenda, which was launched in the wake of the devastating impact of the COVID-19 pandemic with the aim of establishing a “healthy, productive, independent, and just people”, centers around the following six pillars (figure 1): (i) primary care transformation; (ii) secondary care transformation; (iii) health resilience transformation; (iv) health financing and system transformation; (v) health workforce transformation; and (vi) health technology transformation. The focus is thus on establishing a well-structured public health system that integrates and standardizes all levels of public health facilities and laboratories. This means creating a cohesive framework where different levels of public health facilities, including primary health centers, district hospitals, and specialized hospitals, work together in a coordinated manner.

² This is also reflected in lower perceptions of its infrastructure quality in almost all areas compared to Association of Southeast Asian Nations averages. See World Bank Group, “Indonesia Systematic Country Diagnostic: Connecting the Bottom 40 Percent to the Prosperity Generation,” Indonesia Systematic Country Diagnostic (2015), World Bank, Washington, DC.

³ Indonesia scored 0.54 on the HCI in 2020. This means that, on average, a child born in Indonesia today will be 54 percent as productive when she grows up as she could be if she enjoyed complete and high-quality education and full health.



Figure 1. Indonesia Health System Transformation with its Six Pillars of Transformation



6. **Digital transformation component is fundamental to the HSTA.** At its core is the establishment of SATUSEHAT, a comprehensive interoperable platform that integrates all the available public health information systems (HIS) across Indonesia. Multiple health applications that exist in the current HIS often overburden health providers and program managers which creates inefficiencies and reduces the quality and timeliness of service delivery, and prevents development of effective policies, based on real-time evidence and data. The SATUSEHAT platform was officially launched in July 2022, and aims to integrate patient health data from hospitals, clinics, laboratories, pharmacies, and, in the future, potentially even data from the Social Security Administrator for Health (BPJS-K, or *Badan Penyelenggara Jaminan Sosial – Kesehatan*) in a standardized, electronic format. The incremental implementation targets the integration of 30,000 health facilities across Indonesia by the end of 2024.

7. **Indonesia's HSTA has been acknowledged by the global community as an ambitious but necessary endeavor to improve the population's health status.** Recognizing the importance of these efforts, development partners have been providing support that comes in various forms, such as technical assistance, in-kind technical experts, and funding. The support is not only made available for current ongoing activities but also efforts planned in the coming years to ensure the ambitious HSTA goals are achieved. The development community recognizes that the continuity of the HSTA goes beyond the period of the current Gol administration and MOH leadership, and that these interventions need to be sustained to ensure the impact of the ongoing health sector reform initiatives. Hence, some of the development partners, including the Australia Department for Foreign and Trade Affairs (DFAT), United States Agency for International Development (USAID), Global Fund and Bill and Melinda Gates Foundation (BMGF), have endorsed the aim of the grant Project, and have stated their intention to be a part of the proposed grant Project. The World Bank, which has recently commenced implementation of a complementary endeavor for the HSTA- the Indonesia Health System Strengthening Project ([link](#)), which brings together four multilateral development banks (MDBs) to finance US\$4 billion worth of health infrastructure in support of the HSTA, has been entrusted by MOH as a convening partner to support the HSTA through this Project.



C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To enable coordinated partner support for Government of Indonesia's health system transformation agenda with special focus on the pillars for primary healthcare and digital health

Key Results

- (a) A functioning mechanism that coordinates multiple development partners to support the GoI's Health System Transformation Agenda is established;
- (b) Prioritized activities in the transformation agenda related to strengthening PHC and digital transformation have received support from the Project activities;
- (c) The Project has supported integration of themes such as Gender equality, People with Disabilities, Climate Change adaptation and Geospatial equity in GoI's program design and implementation.

D. Project Description

8. **The proposed 'Indonesia Supporting Health Transformation' Project is focusing on providing technical support through capacity building, evidence generation, and knowledge management to achieve a sustainable health system transformation.** The Project will be financed by the Indonesia Health Transformation MDTF and will adopt a programmatic approach for prioritizing its activity selection. The detailed activities of the Project will be defined and agreed through an annual workplan process conducted in close consultation with the steering/partnership committee. This mechanism will ensure that the consistency of expected activities and key components of the Project with the theory of change and the overarching results framework can be maintained. The financial modalities for parent MDTF use both the recipient (GoI)-executed trust fund (RETF) and bank-executed trust fund (BETF). The RETF activities will be undertaken by this Project, and will be drawn upon and coordinated with the BETF supported activities.

The Project components include:

- (a) Component 1: Building Knowledge, Evidence, and Iterative learning for a Sustainable Health System Transformation.
- (b) Component 2: Effective Stewardship and Program Management and Administration.

Component 1: Building Knowledge, Evidence, Iterative learning for a Sustainable Health System Transformation (US\$ 5.75 million)

The grant Project, through this component, will support activities focusing on knowledge and learning, capacity building, generation of evidence and helping translate such evidence into policy, tailored to help GoI invest in the capacity and the evidence needed to achieve Indonesia's Health System Transformation Agenda. This includes:

- Analytical work contributing to the policy and research agenda to inform the health system transformation.
- Operational and analytical support to the ongoing project portfolio linked to each of the six pillars of the Health System Transformation Agenda with stronger emphasis on Primary Health Care, and Digital Transformation pillars.
- Monitoring, supervision, evaluation, and other rigorous evidence generation from ongoing activities carried out by GoI.



Ensuring considerations of gender, people with disabilities, and climate, as well as their intersectionality, are central to the knowledge creation, capacity building, and health sector reforms supported by the Project, striving to reduce barriers towards care for vulnerable groups, adopting an equity lens, and ensuring no-one is left behind.

The project activities, developed in close collaboration and coordination with development partners, are critical to ensure improved coordination between MOH and development partners including multilateral development banks (MDBs), bilateral partners, non-governmental organizations and other partners supporting MOH in shaping and implementing the HSTA. Currently, there are few formal partner coordination mechanisms active in the Indonesian health space. Under the Indonesia Health System Strengthening Project, four MDB partners (World Bank, AIIB, ADB, and IsDB) have formally linked up to support the strengthening of primary and referral facilities as well as public laboratory system across the country and align their support through coordinated action, while there is also a formal primary care consortium working with MOH to enhance frontline service delivery. Activities related to nutrition are coordinated across ministries and across levels of government through the office of the Vice President in accordance with the instructions contained in Presidential Regulation 72 of 2021. In terms of health financing, digital development, and other critical components of the HSTA, partner coordination is either absent or only informal. The proposed Project thereby offers a unique opportunity to serve as a formal partner coordination platform and interface with MOH, with some of the most prominent sources of health sector support and technical assistance having joined the MDTF, also considerably reducing fragmentation of analytical and advisory work and financing of HSTA support.

Component 2: Effective Stewardship and Program Management and Administration (US\$ 5.75 million)

These activities will be implemented by a program management unit as a set of limited and well-defined tasks and activities in agreement with the Steering/Partnership Committee and will be funded by the grant Project. The project management structure foreseen is a Project Secretariat, Project Management Unit (PMU), while additional smaller Project Implementation Units (PIUs) may be needed depending on the size of the financing received and complexity of Project activities, tasked with the following centralized roles across different projects and activities within MOH:

- Centralized capacity to undertake procurement processes required under international funding, enabling the technical units to focus on their core strengths around design and implementation; this includes supporting the drafting of procurement packages, designing bid documents and Terms of Reference; supporting bid evaluation, contracting and contract management processes, etc.
- Helping build capacity for fiduciary and operational practices that help the MOH projects adhere to guidelines and standards such as the World Bank anti-corruption and Environmental and Social Framework standards.
- Bringing in specific areas of expertise that can be utilized in a cross-cutting manner across MOH, including expertise in social and environmental issues, gender, climate change, disability, equity and inclusion the like.
- Expertise in management information systems as well as in data analytics to improve the completeness and quality of data as well as effective use of the data to generate meaningful information that informs design and implementation policy.
- Regular monitoring & evaluation of operations, including the organization of and participation in joint implementation support missions in each semester, with participation from all the partners supporting the Project.

The above will include activities such as (i) recruitment of firms or individuals with expertise in procurement and fiduciary management, and information system and digital health to provide technical advisory services and administrative support,



(ii) capacity building activities including training, and learning exchange, (iii) regular monitoring and evaluation activities including organization and participation in implementation support missions as well as other coordination meetings.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The environmental and social risk rating for the project is classified as low. The Indonesia Supporting Health Transformation Project (I-SEHAT)'s technical assistance project will support Gol's Health System Transformation Agenda (HSTA) with special focus on enabling coordinated partner support for Gol HSTA. The TA activities and outputs such as hiring staff and consultants, capacity building, financing project management, conducting analytical works for policy recommendation, supporting activities focusing on knowledge and learning, including monitoring, supervision, and evaluation to generate evidence and translate it into policy, are categorized as Type 2 and 3 of the OESRC Advisory Note on Technical Assistance and the Environmental and Social Framework (2019). The project will focus on strengthening borrower's capacity (type 3) and supporting the formulation of policies and plans (type 2). The TA activities will not have direct physical footprint as no construction of new buildings or expansion of facilities are envisaged so the project is expected not to have any direct environmental impacts and risks. The outcomes of the TA will not have negative environmental and social implications. The project will not assist the preparation for the future construction of physical infrastructure (feasibility studies, detailed technical designs, bid documents) with potentially significant physical impacts. So there will be no downstream environmental implications from the specific subsequent physical investment as per OESRC guidance in term of specificity, timing and directness. The project activities will not have direct community engagement, including with vulnerable groups are envisaged under the operation. The project's grant will be used to ensure operational practices of existing WB financed projects adhere to the World Bank Environmental and Social Framework standards, including ensuring issue on gender, people with disabilities, and climate are central to the knowledge creation, capacity building, and health sector reforms to reduce barriers towards care for vulnerable groups. Social risk may involve health and safety risks of project workers, as the project will hire small number of project workers to perform mostly office-based works and may visit health center for conducting analytical works and/or research, which is low to negligible. The health and safety risks of project workers will be addressed through relying on the existing MoH's health and safety guideline, including protocols on Infection Prevention and Control (IPC) with additional measures such as standard behavior/code of conduct on respectful behaviors covering prevention and management of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) will be provided in the Project Operation Manual (POM). The Environmental and Social Commitment Plan (ESCP) is prepared to outline project's commitment adhering the Bank's Environmental and Social Standards.



E. Implementation

Institutional and Implementation Arrangements

9. **The project executing agency is the Secretariate General of MOH (Sekretariat Jenderal, Setjen) including implementing units of the Project Component activities.** The MOH, especially the Bureau of Planning under Secretariate General, has substantially gained management and technical capacity. Its proven track record of successful implementation of several large foreign loan-financed operations includes the World Bank-financed I-SPHERE, INEY, COVID-19, JKN, and TB PforRs described earlier. Under the office of the Secretary General, a CPMU will be established to oversee overall Project implementation. The CPMU will be led by a seasoned executive secretay and supported by experts in FM, procurement, social with background in gender, social inclusivity, and M&E. The Project may have PIUs depending on the agreed activities. The PIU(s) will be responsible for the planning, budgeting, implementation, and reporting of activities that support the HSTA, for instance separate PIUs for the focus areas such as the integration of PHC and digital transformation.

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APPROVAL

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