Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 01/19/2023 | Report No: ESRSA02502

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Timor-Leste	EAST ASIA AND PACIFIC	P179592	
Project Name	Timor-Leste Healthcare Action Through Rapid Infrastructure Improvements (“HARI'I”) Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Health, Nutrition & Population	Investment Project Financing	1/5/2023	3/28/2023
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Health		

Proposed Development Objective

To strengthen health infrastructure and referral system in project target areas in Timor-Leste

Financing (in USD Million)	Amount
Total Project Cost	50.00

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

Yes

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed Timor-Leste Healthcare Action through Rapid Infrastructure Improvements (“HARI’I”) Project, in the amount of IDA Credit US$50 million, will contribute to establishing a functioning health referral system in Timor-Leste through strengthening supply-side readiness from the PHC level to secondary care in three project municipalities selected by MoH based on the National Health Sector Strategic Plan (NHSSP) and up to tertiary care level in the capital, Dili. It will also support efforts to improve the overall performance and efficiency of health service delivery systems in Timor-Leste from the perspective of data management, financing, and human resources for health through (i) strengthening the current health information systems setup by establishing connectivity between the DHIS2, Sauda Na Familia/RESTL, and mSupply into the integrated national Timor-Leste Health Information System (TLHIS); (ii) providing facility management cost to improve service readiness, including operation and maintenance of health

facilities and equipment of some basic health services; and (iii) ensuring the provision of basic clinical in-service and Public Financial Management (PFM) training needed to manage and operate health care infrastructure, data, and strengthen financial accountability at municipal level in collaboration with Development Partners. The project is expected to involve small to medium-scale civil work activities and limited procurement of medical equipment as part of the Component 1. The sub-component 1.1. of the Project will finance the construction of new municipal hospital in Gleno (Ermera) and Lospalos (Lautem) and the expansion of existing Community Health Center (CHC) in Viqueque Vila (Viqueque) to become a municipal hospital as well as provide funds for the upgrading/rehabiiltating and equipping of all CHCs and Health Posts in the same three municipalities in line with the TL MOH’s Essential Service Package (ESP) for Primary Health Care facilties. The sub-component 1.2 will support limited procurement of medical equipment in two national hospitals including for expansion of the Hospital National Guido Valadares (HNGV) & new cardiac ward at Lahane Hospital. Both hospitals are already operating and will be upgraded through the national government budget. The sub-component 1.3 will support preparation of Detailed Engineering Design (DED) for the HNGV expansion and new/upgrade of municipal hospitals. The DED support will ensure the infrastructure development work to be financed under the Project will be in compliance with the WB ESF and all ESSs requirements to be met prior to the commencement of civil work activities. The project will also support the management cost of CHC and HP and the associated PFM capacity building on staff in 3 municipalities to appropriately manage funds (Component 2) and Project Management and Monitoring & Evaluation (Component 3).

Additionally, the project will also include a Contingent Emergency Response Component (CERC) to provide health-related support in the event of disasters. A CERC Operations Manual will be prepared as an annex to the Project’s Operation Manual outlining triggers for its activation and detailing fiduciary and environmental and social requirements, and any other necessary implementation arrangements.

Moreover, MoH agreed to supply the required human resources for health (HRH) and funding for hospital infrastructure and equipment operation and maintenance. This joint and coordinated efforts will be critical in building the country’s health care referral system. The multifunctional ambulances and operational vehicles procured under the World Bank’s HEPR-TF project will also enable appropriate transportation as part of creating this functional referral system. The World Bank will support the development of protocols and, if necessary, decree laws to substantiate the functioning of the referral system, underpinned by analytical and advisory work and other development partners’ contributions and achievements. The proposed Project is closely aligned with the current Country Partnership Framework (FY2020–24) and its Focus Area 2, invest in human capital and service delivery, and its associated Objective 4: strengthen human capital and promote gender equity. The low levels of access to and use of health services of rural populations stand out as a key challenge to be addressed, in light of natural hazards and climate change, affecting health, lives, and livelihoods.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Since its independence in 2002, Timor-Leste has sustained its progress towards key population health indicators. Life expectancy was 69.7 years in 2020, which is an increase by 8.7 years since 2002. Under-five mortality rate, infant mortality and maternal mortality declined over the same period. Such progress is attributed to improved health service delivery. The overall share of deliveries in a health facility has increased by 23 percent between 2009 and

2016, 58.4 percent of which were assisted by a skilled provider (DHS 2016). The ratio of nurses and midwives to population has risen from 9.12 per 10,000 population in 2013 to 17.48 in 2020, while the number of doctors has also increased from 6.17 to 7.56 per 10,000 population during the same period. However, despite the above progress, there have been large disparities in health service availability, delivery, quality, accessibility, utilization and outcomes across the urban-rural spectrum and socio-economic groups.

Rural municipalities suffer from low absolute and relative number of health care workers (HCWs), with low presence of doctors and midwives at the Community Health Center (CHC) level. Rural health facilities are also underequipped. Basic equipment such as child scales, stethoscopes and pulse oximeters is sometimes not available at the health posts. Only 2 out of 3 CHCs and health posts have access to 24-hour electricity and constant supply of clean water (World Bank & OPM 2015). Half of all villages have no health posts, and therefore rely solely on the Sistema Integradu Saude Communitaria (SISCa) and mobile clinics. The project will focus on three municipalities, including Ermera, Lautem, and Viqueque, where the above challenges persist. Ermera, located to the southwest of the capital Dili, and Lautem and Viqueque, situated to the very east and southeast of the country, have challenging geographies and socioeconomic conditions, hampering both supply-side readiness and accessibility of health services – contributing to poorer health outcomes.

Rural and poorer households thus have reduced access to quality care, driving major disparities in the overall health outcomes. Viqueque structurally performs below the national average in terms of under-five mortality, stunting, and institutionalized delivery. Based on supply-side readiness, Ermera is confronted with particularly significant health service delivery constraints. The large number of Sucos (15) without health posts in the municipality adds to the below-average availability of essential HCWs at the CHC level. Viqueque and Ermera are among the poorest-performing municipalities in terms of the relative availability of doctors and midwives at the CHC level. In- and outpatient service utilization is lower in rural municipalities since the majority of health facilities are concentrated in the central and northern municipalities. As the country is gradually transitioning its health financing from international development assistance to government budget, sustainability of health programs that have been predominantly financed by external sources may be at risk. Further, a large share of health spending has been absorbed for salaries, with a little share of goods and services at 23 percent in 2019 (which is a substantial drop from 60 percent compared to 2008).

The Law 3/2012 stipulated that the producer of medical waste, industrial waste, and waste from construction activities will be responsible for its collection, transportation, storage, processing, reduction, reutilization, and recycling. While the Law 2/2017 gives the responsibilities of municipal solid waste management to the Municipal Administrations, including to establish urban solid waste management systems in their own administrative area and overseeing the management of domestic waste, construction waste; hazardous waste; and medical waste. The overall municipal management of medical wastes, including hazardous and infectious wastes is generally weak. Only 11 out of 70 CHCs (15.7 percent) included in the 2020 Rapid Health Facility Readiness Assessment of CHCs reported having a waste management system in place, with Baucau (6 out of 9 CHCs) and Aileu (three out of four CHCs) making up the lion's share of this total (GoTL & WHO 2020). Only 17% of CHCs and 4 percent of health posts meet readiness standards published by the Ministry of Health (MoH). The medical waste is being managed independently by each health facilities. Contaminated medical waste and sharps were usually burn in an incinerator, while the non-contaminated medical consumables and incinerator ash will be dumped to landfills. To date there is no standards and technical guidelines for municipal waste management implementation and medical and construction waste, and there is no system in place for monitoring the adequacy of waste management performs by the Municipal Administration as

well as by waste producers (including from health facilities). In Lautem, the municipal wastes are collectively picked up and disposed at a landfill in the nearest town of Lautem Vila. Such wastes are often mixed, including syringes and hence, present public health and safety risks if not properly disaggregated and treated. There is currently no information on waste management practices in Ermera and Viqueque. No functional medical waste management plan is currently in place, including relevant occupational health and safety protocols for medical waste handling. While there is a national legal framework, implementation of key provisions is largely limited due to lack of equipment, operational guidelines, human resources, and municipal waste management facilities and services. Furthermore, the National Sanitation Policy mandates the MoH, through its Directorate of Community Health, the responsibility for sanitation and hygiene, including sanitary and medical waste management facilities in healthcare facilities; however, this Policy is not yet fully implemented.

COVID19 pandemic has exposed the existing weaknesses in the health system and further strained the access to basic health services, and quality, including availability of essential medication and equipment. Remote areas were disproportionately impacted due to nationwide lockdown. The country recorded a total of 23,179 confirmed COVID19 cases and 138 casualties as of September 2022. The impacts of the pandemic were compounded by flash floods in March – April 2021 due to the Typhoon Seroja. Both events led to significant disruptions in the delivery of essential health and nutrition services, including in critical maternal and child health services such as antenatal care, emergency and regular obstetric care, and immunization. Data indicates a 10 to 25% decline in the already low utilization rates. Over 50% of women missed reproductive health services during the pandemic. While impacts on COVID-19 have relieved, owing to massive vaccination campaign with at least 64.3 percent of the population having received a first dose, gaps in access to quality health services in rural and underserved areas will likely persist.

All of the proposed sites for new/upgrade of municipal hospitals are government owned and not located in a natural habitat area. Additionally, there are no reports of overlapping claims and/or informal land use conflicts in the proposed areas. Informal land use for seasonal farming (i.e. corns) was observed in the two sites being proposed by Viqueque and Ermera municipalities. Clean and clear status of each land which will be confirmed as part of land due diligence as well as environmental and social impact assessment once a decision has been made on the siting. On the basis of which, pre-existing land use will be excluded or compensated in line with the ESS5 as part of the municipal proposals for hospital construction. Some of the proposed sites for these municipal hospitals are currently not connected to public utilities (i.e. electricity, clean water) and access roads (Viqueque and Lautem) and/or located in far distances from the existing facilities, with potential implications on a supply of health personnel and their mobility. Complementary investments, potentially funded by GoTL and/or other development partners, may be envisaged. Inclusion of associated facilities will be assessed once the siting and detailed engineering designs have been determined. Some sites may be located on a hilly area and will therefore require further feasibility assessments in terms of their suitability and safety for public use. Upgrading/rehabilitation of all community health centers and health posts in Ermera, Lautem, and Viqueque municipalities is most likely in situ and hence, potential impacts are expected to be minimal.

Since Timor-Leste is highly vulnerable to natural disasters, including cyclones, earthquakes, droughts, floods, landslides, and soil erosion, relevant mitigation measures associated with climate change will need to be introduced. The country is projected to experience an increase in the frequency of extreme high temperatures and extreme rainfalls. Under such projections, any physical investments under this project need to integrate relevant measures to minimize potential climate-changed impacts, including through design and community-preparedness measures.

D. 2. Borrower’s Institutional Capacity

Ministry of Health (MoH) will be the implementing agency of the project through its Special Project Management Unit (S-PMU). MoH will lead overall coordination across project activities at both national and sub-national levels, as well as collaboration with other technical ministries including Ministry of Public Works (MoPWs), Ministry of Planning and Territory (MoPT) and Ministry of State Administration (MSA). In fulfilling their mandates, MoH has established a Special Project Management Unit (SPMU) which will be responsible as the main project implementing agency. The SPMU will be staffed by a core team of services, including monitoring and management, fiduciary, environment and social management, and other technical services, alongside municipal focal points. These services will be provided through a Project Management Consultant (PMC) where key specialists will be hired. An inter-ministerial project steering committee will be established at the Directorate General or Ministerial level to provide overall guidance on project activities and solve challenges the project may be facing during its implementation. Details of the personnel required will be reflected in the Project Operations Manual (POM).

MoH has prior engagement with the World Bank and experience in the implementation of the World Bank Environmental and Social Framework (ESF) through the on-going and previous operations (Timor-Leste COVID-19 Response and Health System Preparedness Project - P176767 and Timor-Leste COVID-19 Emergency Project – P174404). Under COVID-19 emergency response, their past environment and social performance was assessed as satisfactory. However, since this project will introduce additional activities, including investments at the sub-national level, strong project management, collaboration as well as ownership by the sub-national governments across the target municipalities are critical to ensure adequate management of potential risks and impacts and achievement of the project’s development objective. Hence, the project’s overall environmental and social management is more complex than the existing operations.

While Timor-Leste is equipped with relevant regulations for the management of potential environmental and social risks and impacts, including those embodied in the hospital standards and environmental licensing processes, MoH’s baseline capacity is likely limited given the expanded scope of their regular operations and coverage being proposed under the project. There has been historically limited capacity in key areas where potential risks are anticipated. Ensuring consistent management of environmental and social risks and impacts by MoH across government levels may likely be challenging. Capacity constraints are anticipated with regards to the preparation of relevant assessments and site-specific environmental and social management plans (ESMPs) including the medical waste management plan, as well as the quality of their implementation, oversight, and reporting.

The baseline capacity of relevant agencies varies greatly, particularly at the sub-national level including in addressing country regulations. In recent years, establishment of autonomous agencies and decentralization of selected health functions to municipalities from the central MoH has resulted in fragmentation across planning and budgeting processes. Autonomous agencies have limited budget control and municipalities struggle to spend effectively while confronted with different funding sources and reporting requirements, attributed to limited procurement capacity. There has been significant underspending primarily in remote communities and there has been lack of supply in human resources for health. For these reasons, MoH will need to take a proactive stance in consulting with the environmental and other relevant agencies to ensure that existing regulations and site-specific ESMPs are followed. Substantial investments at the sub-national level in terms of resource allocation, capacity building, technical assistance, and oversight are warranted to ensure consistent ESS application across project components.

Under the project, the S-PMU is expected to be staffed by competent and experienced experts in construction and environmental and social impact management as early as the planning stage. The composition of the evironment and social team in the S-PMU includes but not limited to i) an environmental specialist with expertise in medical waste management, ii) a social specialist with expertise in community engagement and social risk management, engagement, iii) civil engineer with Occupational Health and Safety (OHS) expertise, iv) architect with universal design and climate resilience design expertise, v) a Feedback and Grievance Redress Mechanism (FGRM) with expertise in system and database development. Maintenance of medical equipment and facilities with potential hazards to human health in the event of malfunctions will require a long-term operational plan. Hence, institutional capacity building will be critical as part of the overall investment package. However, since availability of post-manufacturing and purchase services may be limited in the country, alternative arrangements, including leasing arrangements for high-value equipment, with potential cost and resource implications may be anticipated.

With the above institutional capacity constraints, substantial handholding support from the World Bank is required, particularly during early stages of project implementation. Such support is not limited to institutional capacity building on the ESF and Good International Industry Practices (GIIPs), but also the broader technical support on key areas of concerns such as long-term facility and equipment maintenance, universal access, climate resilience, and inclusive service delivery.

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

A. Environmental and Social Risk Classification (ESRC) — Substantial

Environmental Risk Rating — Substantial

The environmental risk is assessed as Substantial. Direct investments will include procurement of medical equipment in two selected national hospitals, new construction/upgrade of three municipal hospitals (MHs), and in-situ upgrading of community health centers (CHCs) and health posts in the same municipalities. No large scale civil works are envisaged since the capacity of typical MH is expected to range between 28 – 58 bed capacity, with an area footprint between 1400 to 3000 m2 (based on Essential Service Package for Secondary and Tertiary Care for Timor-Leste). The project will also support DED preparation for upgrade of the HNGV which will anticipate downstream medium scale construction impacts. Loss of natural habitat is not foreseable since the new construction/upgrade of the MHs will be in-situ or use government-owned land with modified habitat. The scale of upgrading is yet to be determined, the civil work may be medium in scale based on the proposed financing envelope (23 million distributed across three MHs, including equipment). Potential construction risks and impacts are soil & water resources contamination and depletion, dust and reduced local air quality, noise and vibration pollution, OHS risks and community health and safety risks related to construction activities and mobilization of materials and equipment. The construction related risks are currently assessed as moderate considering the potential scale and nature of activities, ecological sensitivity of project locations and geographical coverage. The potential impacts are localized, predictable, temporary, site-specific, small to medium in scale, and not complex nor unprecedented. However, the selection of site locations will be done during project implementation, and currently information of basic infrastructure and utilities availability (access road, electricity, water supply, waste management, and other utilities) is limited. The civil works activities and the future hospital operation may resulted medium to low probability of serious adverse effects to human health and/or the environment, particularly in the location with inadequate basic infrastructure services

and when resources is not sufficient to ensure proper operational capacity and maintenance of equipment. The increased health services in the two national hospitals from procurement of medical equipment and operation of the MHs and upgraded CHCs and health posts are expected to moderately increase the volume of medical waste generated by these facilities, in comparison to the volume of waste in the country. However, the current medical waste management practices is highly varied and there is low enforcement of existing legislation; and this warrants attention during project implementation. The MOH's limited capacity to manage a more complex operations and consistent environmental risks and impacts management across government levels as per the WB ESSs requirements also contributed to the Substantial rating. The impacts of associated facilities from complementary investments potentially funded by GoTL and/or other development partners are currently not known, however, the subproject's environmental impact assessment will assess and confirm the risks and impacts any associated facilities. Potential cumulative and/or transboundary impacts will be highly dependent on project siting and existing activities in the areas, but if they exist, the potential impacts are expected to be negligible and more readily avoided and mitigated. The principles and guidelines to assess E&S risks and impacts of each project component are set in the ESMF, including to carry out appropriate environmental assessment commensurate to the risk, generic measures to avoid, reduce, mitigate, and/or offset adverse risks & impacts, and impact management & monitoring plan preparation and reporting requirements as per national regulations, ESF, and WBG EHS guidelines.

Social Risk Rating Moderate

By design, the project is envisaged to generate positive outcomes through health system strengthening and improved equity of health services, particularly at the primary and referral healthcare levels in underserved areas with siginficant number of people living in below poverty line. Despite limited capacity and experience of MoH on the ESF, the social risk rating is assessed as moderate since there are no large scale civil works and land acqusition and other activities warranting substantial environmental and social management capacity to address potential risks. This assessment is based on the proposed size of each municipal hospital to be established (i.e., 28 – 58 bed capacity within an area footprint between 1400 to 3000 square meters), and the fact that all of the proposed sites are government owned and hence, no new land acquisition is required under the project. CHC upgrading will be either in-situ or use the government existing land. Further, the host communities visited indicated strong support for the construction of municipal hospitals since such investments will improve access to healthcare and reduce costs associated with accessing such services, particularly amongst communities in rural settings. If there is prior informal use of the land (such as for planting of seasonal crops), parts of the land being occupied will be excluded and/or consensus on the development of the land will be obtained with the existing land users based on agreed terms and conditions, in line with ESS5. These include access to employment opportunities during construction and at the hospitals once they are operating, and/or mutually agreed compensations. No involuntary physical displacement is allowed under the project. On the broader social dimensions, the project is envisaged to address social exclusion which may already be entrenched in the existing health system due to accessibility, socio-economic gaps, traditional, cultural and religious norms as part of its efforts to incentivize health seeking behavior. However, at the same time, the existing tools and capacity to address such systematic issues may not be in place and hence, further understanding of how such issues can be addressed represent an essential element to support the achievement of the project's objective. Further, while the quality of services represents an essential component of access to health care, another equally important dimension is efforts to promote citizens' demand for such services, which falls outside the project's scope. There have been challenges attributed to the government's capacity to provide equitable and socio-culturally acceptable health services, particularly in communities where such services have been lagging. Beyond provisions of infrastructure and equipment, strengthening primary and referral healthcare facilities requires interface with local norms, practices, and beliefs as part of health demand generation, behavior change and trust

building. This may involve engagement with various stakeholders with vested interests, such as traditional healers, community and religious leaders, civil society organizations and the broader public whose views and perceptions will need to be understood to enable inclusive and constructive engagement. Hence, the project will need to address such complexities and dynamics on the ground to promote local ownership and sustainability of its investments.

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

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project is envisaged to generate positive outcomes through health system strengthening and improved equity of health services, particularly at the primary and referral healthcare levels in underserved areas. Direct investments with potential environmental, occupational and community health and safety risks and impacts include provisions of medical equipment in two selected national hospitals, new construction/upgrading of three municipal hospitals, and upgrading of CHCs and HPs in the same municipalities. No new land acquisition is anticipated since the upgrading will be either in-situ or use the government existing land. Loss of natural habitat is not anticipated since the location will be in modified habitat. The scale of upgrading is yet to be determined, hospital upgrading may involve medium-scale civil works based on the proposed financing envelope (23million distributed across three municipal hospitals, including equipment) and GoTL’s estimates. The capacity of typical municipal hospitals is expected to range 25–58 bed capacity, with an area footprint 1400 to 3000 m2. The project will also support DED preparation for upgrade of the HNGV which will anticipate downstream medium scale construction impacts. Potential risks associated with civil works activities for hospital upgrade are currently assessed as moderate considering the potential scale and nature of activities. The potential impacts from civil works activities are localized, predictable, temporary, site-specific, small to medium in scale, and not complex nor unprecedented. However, the civil works activities and the future hospital operation may resulted medium to low probability of serious adverse effects to human health and/or the environment, particularly in the location with inadequate basic infrastructure services and when resources is not sufficient to ensure proper operational capacity and maintenance of equipment. The increased health services resulted from project operations are expected to moderately increase the volume of medical waste generated by the health facilities supported by the project, in comparison to the volume of waste in the country. The current medical waste management practices is highly varied and there is low enforcement of existing legislation; which warrants attention during project implementation.

In line with the GoTL’s environmental licensing regulation as stipulated in the GoTL Law-Decree 05/2011 on Environmental Licensing Law (ELL) and the projected scale of the municipal hospitals, each hospital will be required to develop an Initial environmental examination (IEE) and an environmental and social management plan (ESMP) which will need to address relevant ESSs in the ESMF. A generic TOR for site-specific E&S assessments and ESMPs for municipal hospital construction has been prepared as part of the ESMF to ensure consistency of the national requirements with the applicable ESS provisions. Availability of basic infrastructure services and medical waste management measures will be included in the project design of the upgraded facilities to ensure the hospital is operating in sanitary and safe conditions in line with industry standards as per the Environmental Health and Safety Guidelines in the ESMF. Future engineering designs of facilities to be supported by the project will also incorporate universal design and climate resilience elements as required in the ESCP. Where potential risks and impacts are

assessed as low based on the ESMF screening criteria as applicable to small scale infrastructure upgrade of CHCs and health posts, Environmental and Social Codes of Practices (ESCOPs) will be used as a reference for prevention and management of construction related impacts.

Potential OHS risks associated with civil works, including the probability of COVID-19 transmission during the project implementation, will be managed through a standard OHS practice addressing ESS2 requirements on labor and working conditions which include provisions of adequate number of Personal Protective Equipment (PPEs), regular training, guidelines, and supervision, etc. The management of risks on environmental pollution due to improper management of construction waste will follow GoTL Decree-Law 2/2018 concerning on Urban Solid Waste Management, which is also applicable to future operations of the health facilities to be constructed under the project. The National Directorate of Pollution Control and Environmental Impact will be responsible for reviewing and approving environmental licenses. Potential cumulative and/or transboundary impacts will be highly dependent on project siting and existing activities in the areas, but if they exist, the potential impacts are expected to be negligible and more readily avoided and mitigated. A positive potential cumulative and/or transboundary impacts are expected through strengthening health system in rural areas based on the proposed nature, project scope and scale of the facilities being supported by the project.

Achieving desired environmental and social outcomes, including risk management, requires a robust capacity at the implementation level. Project investments will include relevant capacity building on environmental and social management across relevant activities. Fit-for-purpose E&S risk mitigation measures will be prepared with time-bound actions to be agreed in an Environmental and Social Commitment Plan (ESCP). The ESCP includes relevant actions, including preparation of environmental and social assessment and instruments prior to specific project milestones. The project is proposing the following environment and social management approaches:
Decisions on site selection and scale of construction for the new construction/upgrade of municipal hospitals will likely be made during project implementation following further feasibility assessments; therefore, a framework approach is being proposed. An Environmental and Social Management Framework (ESMF) is currently being prepared and includes application of a sequenced risk mitigation approach in compliance with the ESF and relevant WBG EHS Guidelines and in consideration of the Good International Industries Practice. Generic TORs for site-specific E&S assessments and ESMPs have been included in the ESMF. A facility-specific medical waste management plan will be developed as part of the ESMP and will be followed by incorporation of relevant E&S considerations, including impact mitigation measures and alternatives as part of the DED (including provision of basic infrastructure services and adequate medical waste treatment equipment) and regular supervision. Applicable measures concerning universal access, energy efficiency, climate resilience, community health and safety will be integrated as part of DED development for each hospital. The use of renewable energy resource (such as Solar PV) may be considered to ensure sufficient energy source. Civil work contractors will be required to develop Contractor Environment and Social Management Plan (C-ESMP) in line with the project’s ESMF prior to implementation of physical activities, including mobilization of equipment and labor.
Upgrading of CHCs and HPs and maintenance of medical equipment will be carried out with reference to the ESCOPs addressing the provisions under ESSs, including Construction Impacts Management, Occupational Health and Safety (OHS), Community Health and Safety, and Medical Waste Management. Infrastructure and equipment gap assessment will be done for each targeted CHC and HP in the three municipalities. The gap assessment enables the project to address upgrade of CHCs and HPs on a priority basis, recommends the design, and identify additional E&S aspect to be managed if not yet included in the ESCOP. The ESCOPs will be incorporated as part of training modules

and capacity building for civil works contractors and operators of medical equipment being financed by the project. The relevant E&S requirements will also be included in bidding documents of the equipment and contracts with third-party service providers for high-value equipment procured on a lease arrangement. Additionally, Medical Waste Management Plan will need to be prepared or improved, and audit of existing medical waste management will be performed.

A Stakeholder Engagement Plan (SEP) has been prepared to guide overall engagement during the project preparation and implementation, focusing on inclusive engagement with vulnerable groups. The SEP will be finalized prior to project appraisal.

Presence of associated facilities, which may be linked with complementary investments to be funded by the GoTL across the proposed upgrading of municipal hospitals, will be confirmed following decisions on the site and engineering designs. Associated facilities considered under the project include additional infrastructure investments funded by other ministries and/or municipal governments to enable the site to be viable, i.e. access roads, public utilities (water and electricity), and additional medical equipment, etc. Presence of associated facilities cannot be confirmed at this stage as the site selection and design engineering designs for the hospitals are yet to be finalized during project implementation. The ESMF provides a guidance for the identification of project’s associated facilities and the application of relevant ESS provisions across such facilities to the extent MoH has control and influence over these facilities.

The ESMF will also include Labor Management Procedure (LMP) and E&S capacity building requirements throughout project implementation. The MOH has assigned E&S focal point to develop and oversee the implementation of the environmental and risk management measures throughout project implementation. Draft ESMF will be prepared and disclosed by MoH prior to appraisal. The document will be finalized and publicly consulted prior to loan effectiveness of the project.

ESS10 Stakeholder Engagement and Information Disclosure

Inclusive engagement with key stakeholders, including the target community, lays the foundation for equitable access and trust building. Beyond provisions of infrastructure and equipment, strengthening primary and referral healthcare facilities requires interface with local norms, practices, and beliefs as part of their operations in their catchment areas and on-going trust building with the community they serve. This involves inclusive stakeholder engagement with diverse groups, including poor households, traditional and religious leaders, minority groups (i.e., LGBTQIs), people with disability, etc. In addition, the broader public views from various stakeholders with vested interests, such as traditional healers, community and religious leaders, civil society organizations will need to be understood to enable understanding of their specific needs and circumstances as well as perceptions of the project’s risks, on the basis of which relevant mitigation and engagement will need to be prepared. Hence, the project will need to address such complexities and dynamics on the ground to promote local ownership and sustainability of its investments.

A Stakeholder Engagement Plan (SEP) is currently being prepared to provide guidance to project implementers in promoting inclusive engagement and consultations across the project cycle, starting from the preparation to the implementation phase. The SEP provides information on previous engagement activities with relevant stakeholders during the project identification, including those engaged as part of the development of Timor-Leste’s National Health Sector Strategic Plan (NHSSP) 2020-2030 which serves as the backbone of the project. Previous engagement has involved Timor-Leste’s autonomous health institutions, municipal health services (incl. in Ermera, Lautem and

Viqueque) and other independent parties such as the former Minister of Health, technical and policy advisors on health policy and management, human resources, legal, quality improvement, including the senior advisor to the Vice Minister of Health and civil engineer representatives.

In addition to the above stakeholder groups, the SEP has identified relevant stakeholders consisting of individual and/or groups that are: i) directly or indirectly affected by the project. This group includes project beneficiaries including medical/health care workers and patients of the upgraded services, family and relatives of the patients and broader group such as community members of the project area and general population that may need upgraded health services supported by the project in the future; and ii) interested parties such as producers and suppliers of medical equipment and also the government stakeholders currently involved in the Project preparation, such as from the Ministry of Finance, Ministry of Public Works, National Development Agency, National Procurement Commission, Ministry of State Administration and the State Secretariat for the Environment. For the purpose of community consultations and engagement, the SEP has incorporated relevant provisions of inclusive consultations and engagement, including relevant capacity building for project personnel who will be deployed to interact with the community. This includes relevant capacity building to promote socio-culturally acceptable approaches for community engagement.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

Risks associated with labor influx, including risks of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH), are tentatively assessed as moderate since municipal hospital upgrading will be sited in and/or near the municipal capitals where there is a supply of local labor and availability of basic services. Limited number of foreign construction workers may be required as technical experts and skilled workers in a smaller number (in ratio to the overall potential workforce). There is likelihood that the project will involve primary suppy workers, particularly for the provisions of medical equipment where relevant ESS2 provisions will apply. No community workers will be engaged by the project. Requirements of Environmental, Social, Health and Safety (ESHS) will be incorporated in bidding documents and contracts for civil works. Child labor and forced labor risks are assessed as low since no project activities will likely involve provisions of labor with such risks since project workers will be hired through a formal process (including those hired by civil work contractors) and age verification will be established. For this purpose, a Labor Management Procedure (LMP)), which includes an accessible and safe Feedback and Grievance Redress Mechanism (FGRM) has been prepared as an integral component of the project’s ESMF and will guide relevant aspects pertaining to labor management under the project. Similar to the ESMF, the LMP will be finalized prior to project effectiveness.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant. The Project will include small to medium scale civil works activities for new and upgrade of municipal hospitals, CHCs, and health posts, and the construction activities may result soil & water resources contamination and depletion, dust and reduced local air quality, and noise and vibration pollution. The impacts of civil works and

future hospital operations may be worsen if the selected site has limited basic infrastructure and utilities availability. The increased health services in the two national hospitals from procurement of medical equipment as well as the operation of the new/upgraded municipal hospitals, community health centers, and health posts are expected to moderately increase the volume of medical waste generated by these health facilities, in comparison to the volume of waste in the country. However, the current medical waste management practices are highly varied and there is low enforcement of existing legislation which warranting attention during project implementation. The risk management approach and mitigation measures are described in the ESMF. For the construction of new/upgrade municipal hospitals, the ESMF includes a requirement for the preparation of site-specific environmental and social assessments and ESMPs following site selection for the municipal hospital upgrades. This will be followed by incorporation of relevant environmental and social considerations, including impact mitigation measures and alternatives, resource efficiency (i.e., water and energy resources), and pollution prevention and minimization (i.e., construction related, healthcare waste, wastewater, emissions to air, etc.) as part of the DED (including provision of basic infrastructure services and adequate medical waste treatment equipment) and regular supervision. The measures to be included as part of the ESMPs among others, general construction site management and safety; use of electricity, water, and fuel during construction activities; possible construction waste including waste materials generated during construction; hazardous wastes; sourcing of raw materials, such as sand, aggregates, timber etc. A facility-specific medical waste management plan will be developed as part of the environmental and social management plan. While the upgrade of CHCs and Health posts will follow the ESCOPs included in the ESMF, and a medical waste managemenet plan will be prepared to guide the future operations of the upgraded CHCs and Health posts. The project also includes a prohibition on the use of hazardous and toxic materials as regulated in the applicable standards.

The existence of ESMF and ESCP, as well as development of site- specific ESMPs during implementation phase, would ensure that the above risks are adequately managed, and respective mitigation measures planned and implemented. The ESMPs, to be prepared during project implementation phase as a part for the design/tender documents will, where relevant, include mitigation measures not only during the subproject-implementation phase, but also the measures to be applied during the operation and management of relevant infrastructure and/or facilities.

ESS4 Community Health and Safety

Project activities may potentially present health hazards to hospital personnel and the surrounding community if there is no proper measures in place to manage the construction-related risks and impcts and if the equipment specifications are sub-standard and/or if such facilities are poorly designed and/or maintained and hence, leads to malfunctions. Such activities include upgrading of municipal hospitals, CHCs, and health posts and procurement of certain medical equipment with radioactive materials, establishment of hospital waste treatment facilities for infectious and non-infectious wastes, including their supporting equipment (i.e., auto-claves, incinerators, etc.). Upgrading and expansion of the existing health facilities may also lead to potential disruptions of services which require contingency management to ensure continutity of services. Hence, key risk mitigation measures, such as environmental management plan for the construction activities, medical waste management plans (both during construction and operations of the health facilities), proper fencing, temporary facilities, climate, and disaster resilient designs followed by relevant institutional capacity building shall be integrated as part of the overall planning, design and operation/maintenance of relevant equipment and facilities. Further considerations on climate-

resilient design and universal access will be integrated as part of the feasibility and detailed designs of the facility upgrading. Going forward, the project will include institutional capacity strengthening for the adoption of these measures within the Ministry of Health (MoH).

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS 5 is applicable. However, its application is limited to land due diligence of the proposed sites for the municipal hospital upgrading (sub-component 1.3). No new land acquisition is required under this project since all physical investments will be built on the GoTL’s existing land plots and/or in-situ. At the current stage of project preparation, six potential sites are currently being proposed for hospital upgrading across Viqueque, Lautem and Ermera, with the first two indicating expansion of the existing community health centers. All of these sites are government owned. Decisions over the siting will be based on a feasibility assessment, covering land due-diligence, and followed by development of detailed engineering designs. These land plots are currently empty and no observable land use, with the exceptions of two sites in Viqueque and Ermera where planting of seasonal crops was observed. Community members who are currently utilizing the land expressed their expectations that they can benefit from employment opportunities that will be generated at the hospitals once established as a trade-off from giving up their use of the land. Compensations may be provided with mutual agreements to parties with existing interests and/or claims to the land in line with the entitlement matrix provided in the Land Acqusition Procedure in the ESMF. As agreed with MoH, the project will exclude land plots where risks associated with involuntary land acquisition and/or physical displacement are envisaged. Such provisions will be included in the project’s negative list.

The ESMF will establish a procedure for such due diligence, including relevant remedial measures in the event of gaps to ensure material consistency with ESS5. This will be followed by robust monitoring by the S-PMU on the adherence of the project with the procedure with regards to activities requiring land. The SEP will include requirements for meaningful community consultations and broad support as part of the site selection criteria.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The ESS6 is relevant. Loss of natural habitat or conversion of wetlands is not anticipated since such upgrading of the municipal hospitals will be either in-situ or use the government-owned land with modified habitat. The site selection for the new/upgrade of municipal hospital will only done during project implementation, therefore, the impacts to natural habitat and biodiversity will be preliminary be screened during the feasibility study and is expected to provide inputs for site selection. Additionally, the impacts on biodiversity, which most likely in a predominantly modified habitat setting, will also be assessed as part of the site-specific environmental and social assessments and ESMPs as per the ESMF. In addressing potential adverse project impacts on biodiversity, the ESMF serves as a guide for the project to consider associated factors, including existing (ambient) environmental conditions, existing and future land uses, proximity of the project to areas of importance to biodiversity and potential cumulative impacts. The project’s negative list in the ESMF prohibits project activities to be sited in critical habitats and activities with potential significant adverse impacts on natural habitats (either direct project impacts or those related to associated facilities).

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

ESS7 is applicable on account of potential presence of Indigenous Peoples and groups who meet the criteria under ESS7 in project locations, including Sucos (villages) where upgrading of community health centers and health posts is being requested. No adverse impacts warranting Free, Prior and Informed Consent (FPIC) from Indigenous Peoples are anticipated to occur based on the project design. To date, none of the proposed location for the municipal hospitals indicate overlapping claims with Indigenous Peoples. However, such screening will be revisited as part of site-selection analysis. Under this project, any activities with potential adverse impacts on Indigenous requiring Free, Prior and Informed Consent (FPIC) under the ESS7 will be excluded as established in the project's negative list. The project's Stakeholder Engagement Plan (SEP) has incorporated relevant provisions of inclusive consultations and engagement, including relevant capacity building for project personnel who will be deployed to interact with the community. As part of the community engagement, the project will respect traditional medical practices and norms, including indigenous beliefs, as part of its efforts to strengthen the referral health system.

ESS8 Cultural Heritage

Potential risks and impacts concerning tangible and intangible cultural heritage are assessed as insignificant as the proposed sites for municipal hospital construction do not indicate observable physical cultural resources (PCRs) and/or objects considered by the community to possess cultural, social and historical values. However, such an assessment will be revisited once the site of each municipal hospital has been selected. This also includes whether potential risks and impacts considered under ESS8 are envisaged for other investments considered as associated facilities under the project. Any investments, including associated facilities, with potential adverse impacts on cultural heritage will be excluded as established in the project's negative list in the ESMF. A chance finds procedure will be prepared as a precautionary measure, in addition to relevant consultation requirements with the community to confirm their understanding of the existing structures (i.e., CHCs and health posts) which may have dated back during the Portuguese era and seek their broad support prior to any alteration and/or demolition.

The project does not include interventions which may impact intangible cultural heritage, although it is acknowledged that introduction of modern medical practices may contradict traditional belief systems as well as norms and practices which will be addressed as part of the SEP implementation. The SEP will include relevant engagement with affected parties, including traditional leaders and traditional healers and the broader community and will foster partnership through persuasive health messaging and outreach as part of the overall project's efforts to promote community acceptance.

ESS9 Financial Intermediaries

Not currently relevant

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No

OP 7.60 Projects in Disputed Areas	No

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework?	No

Areas where “Use of Borrower Framework” is being considered:

Not Applicable

IV. CONTACT POINTS

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Borrower/Client/Recipient

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Implementing Agency(ies)

Implementing Agency: Ministry of Health

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VI. APPROVAL

Task Team Leader(s):	Naoko Ohno, Eko Setyo Pambudi
Practice Manager (ENR/Social)	Ann Jeannette Glauber Cleared on 18-Jan-2023 at 07:02:11 GMT-05:00

Safeguards Advisor ESSA	Nina Chee (SAESSA) Concurred on 19-Jan-2023 at 13:54:11 GMT-05:00