

Project Implementation Monitoring Report (#1)

Reporting Period From 2024/02 To 2024/05

Indonesia : Modernization of the Health System

1. Project Information

Project ID:	P000787	Instrument ID:	L0787A
Member:	Indonesia	Region:	South-Eastern Asia
Sector:	Health Infrastructure	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:936.60 Euro million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Finance, Indonesia
Implementing Entity:	Ministry of Health, Indonesia		
Project Team Leader:	Deni Fauzi		
Responsible DG:	Hun Kim		
Responsible Department:	SID		
Project Team Members:	Kezia Paladina, Project Counsel; Christopher Damandl, Alternate Counsel; Rizal Rivai, OSD - Procurement Specialist; Nurul Mutmainnah, OSD - Financial Management Specialist; Odil Akbarov, OSD - Environment & Social Development Specialist; Askar Mulkubayev, Team Member; David Hartcher, CTL; Yannan Jia, Project admin		
Completed Site Visits by AIIB:			
Planned Site Visits by AIIB:	May, 2024 Joint implementation mission by AIIB, WB, ADB and IsDB in mid-May 2024		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	N/A		
Previous Red Flags Assigned Date:	N/A		

2. Project Summary and Objectives

The Project aims to strengthen Indonesia's primary healthcare, referral system and laboratory system through a sufficient distribution of medical equipment across the country.

Health has been set as a priority in Indonesia's national development agenda. The Government is committed to implementing the health system transformation program under the medium-term development plan RPJMN IV (2020-2025) in line with the vision to create healthy, productive, independent people.

Indonesia adopts a three-level healthcare system, namely primary, secondary, and tertiary, which also provides referral health services across different tiers. As a result of the Government's efforts to improve the health infrastructure, the primary healthcare networks have been expanded to around 10,000 community healthcare centers (Puskesmas). The number of hospitals is more than 3,000. The growing number of hospitals and other health centers in Indonesia has led to rising demand for medical equipment. The health system needs to be

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improved by adding more types of medical equipment for essential care in Puskesmas and more sophisticated medical equipment for high-quality services in the referral system.

Based on a comprehensive gap assessment conducted by the Ministry of Health (MoH) in 2022 which covers all 514 district/city health offices including 532 hospitals, 9,821 Puskesmas, 419 pharmacies, 411 doctor practices, 402 midwife practices, 403 independent laboratories and 417 clinics, the healthcare system needs an investment estimated at USD4 billion to provide an adequate level of service to people. For instance, community healthcare centers will be equipped with inpatient facilities and better equipment to expand and improve the services throughout all 267 million population in 34 provinces. So far, the progress has been slower than expected, due to the decentralized health system, and underfinancing. Total health expenditure is relatively low at around three percent of GDP.

The proposed Project is designed with three components to close the equipment gaps, comprising: (i) a primary care component seeking to close equipment gaps at the three levels of primary care facilities in Indonesia: Posyandu, Pustu, and Puskesmas, including the Tier-1 public health laboratories in the Puskesmas; (ii) a referral network component at the three levels of hospital care in Indonesia: Madya, Utama, and Paripurna-level hospitals; and (iii) a public health laboratory component at Tiers 2, 3, 4, and 5 laboratory facilities in Indonesia.

The unprecedented one-time investment of USD4 billion has the potential to bring a once-in-a-lifetime transformation of Indonesia's entire public healthcare system which will ensure that the country can deliver essential health and laboratory services sustainably and adequately. The nationwide focus, with particular attention to rural and remote areas, also ensures that persisting geographic gaps in health service quality and health outcomes can be closed.

3. Key Dates

Approval:	Dec. 14, 2023	Signing:	Dec. 29, 2023
Effective:	Feb. 06, 2024	Restructured (if any):	
Orig. Closing:	Jun. 30, 2029	Rev. Closing (if any):	

4. Disbursement Summary (EUR million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	0.00	Latest disbursement (amount/date):	0.00
Undisbursed:	936.60	Disbursement Ratio (%) ¹ :	0.00

5. Project Implementation Update

The report presents an overview of the collaborative financing and implementation efforts for projects aimed at strengthening Indonesia's healthcare system, notably through the "Strengthening of Primary Healthcare in Indonesia" (SOPHI), "Strengthening Indonesia's Healthcare Referral Network" (SIHREN), and the "Indonesia – Public Laboratory System Strengthening" (InPULS). These initiatives are supported by four Multilateral Development Banks (MDBs): the Asian Infrastructure Investment Bank (AIIB), the World Bank (WB), the Asian Development Bank (ADB), and the Islamic Development Bank (IsDB).

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

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The World Bank is leading the financing and implementation of the SIHREN with AIIB as co-financier and SOPHI with AIIB and ADB as co-financier, indicating a close collaboration between the AIIB, ADB, and the World Bank. For SIHREN, IsDB acts as a parallel financier, while the ADB co-finances the InPULS with the World Bank.

Project Component	Project Cost (EUR million)	Financing (EUR million)			
		AIIB	WB	IsDB (parallel)	ADB
Component A SOPHI (PHC)	1,488	487	667	0	334
Component B SIHREN (Hospitals)	1,691	449	449	793	0
Component C InPULS (Lab)	552	0	276	0	276
Grand Total	3,731	936	1,392	793	610

The World Bank's board approved the Project on December 8, 2023, with the Government of Indonesia signing the loan agreement on December 31, 2023, thereby making the projects effective immediately. The AIIB's board approval followed on December 14, 2023, with the Project becoming effective on February 6, 2024. ADB and IsDB granted their approvals on December 11 and December 10, 2023, respectively, and are expected to declare the projects effective by the end of March 2024.

In response to the Government of Indonesia's request, advanced procurement began in tandem with project preparation. The MoH has published the Specific Procurement Notice (SPN) for the first procurement package, which includes the purchase of 419 catheterization laboratories, after receiving no objection from the World Bank. A second procurement package for 11 MRIs, under the SIHREN component, is anticipated shortly thereafter. The MoH has developed most technical specifications for procurement related to both the SIHREN and SOPHI components, with the help of national and international expertise. These specifications have been made available on the MoH website for vendor feedback since late February and were also presented in a hybrid vendor conference on March 5, 2024. Technical specifications for the InPULS (laboratory component) and other remaining packages are under development and expected to be shared publicly for feedback by the end of March 2024.

Regarding implementation readiness, the MoH has submitted draft Project Operation Manuals (POM) and Annual Work Plans and Budgets (AWPB) to the World Bank, adhering to the timelines specified in the legal covenants. The Project's Central Project Management Unit (CPMU), Central Procurement Unit (CPU), and Project Management Units (PMUs) for SIHREN, SOPHI, and InPULS are currently operating with temporary staff while the recruitment of dedicated personnel progresses. MoH will lead a high-level Steering Committee (SC) to oversee the implementation of the Project. The SC includes other members such as the Minister of Finance (MoF), Bappenas, MoH management, and the participating Multilateral Development Banks (MDBs). This committee will offer strategic guidance, review progress, and address any challenges encountered in critical areas of the Project. Meetings will be held at least once every six months.

MoH has also engaged extensively with the market through vendor conferences and focus group discussions to inform the design of the procurement strategy under the project. MoH maintains responsibility for all communications with potential bidders and other stakeholders throughout the procurement process.

On the subject of corporate priorities, collaboration with MDB counterparts has yielded high Climate Co-Benefits, with the World Bank's financing demonstrating a 67% climate co-benefit share. This underscores the value of collaborative efforts across institutions in addressing climate responsibilities.

Lastly, the first Implementation Support Mission, to be conducted jointly with the co-financing MDBs in alignment with practices established during project preparation, is scheduled for mid-May 2024.

Components	Physical Progress	Environmental & Social Compliance	Procurement
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<p>Component A (SOPHI – PHC): A primary care component at the three levels of primary care facilities in Indonesia: mobile clinics (Pos Pelayanan Terpadu or Posyandu), auxiliary health posts (Puskesmas Pembantu or Pustu), and Puskesmas, including the Tier-1 public health laboratories in the Puskesmas (i.e. subdistrict level).</p>	<p>No physical progress since the project focused on the purchase of medical equipment.</p>	<p>The overall Environmental and Social (ES) management of the Project is consistent with the WB’s Environmental and Social Framework (ESF). The Project’s Environmental and Social Management Framework (ESMF) and Stakeholder Engagement Plan (SEP) have been prepared, adopted and disclosed. The MoH is finalizing the preparation of the Project Operations Manual (POM).</p>	<p>Overall procurement schedule is on-track. Most of the technical specifications are discussed and being finalized. So far there are already 25 contract packages identified and plan under this Component, and maybe revised as more confirmation is progressed towards Q2/2024. It is expected that the first procurement will be initiated by Q3/2024.</p>
<p>Component B (SIHREN – Hospitals): A referral network component at the three levels of hospital care in Indonesia: Madya (basic level of accreditation by the MoH), Utama (mid-level of accreditation by the MoH), and Paripurna (high level of accreditation by the MoH) hospitals.</p>	<p>No physical progress since the project focused on the purchase of medical equipment.</p>	<p>The overall Environmental and Social management of the Project is consistent with the WB’s ESF. The Project’s ESMF and SEP have been prepared, adopted and disclosed. The MoH is finalizing the preparation of the POM.</p>	<p>Overall procurement schedule is on-track. Most of the technical specifications are discussed and being finalized. The procurement starts with the two largest packages below, while the remaining 28 packages will be procured in stages towards Q3/2024.</p> <ol style="list-style-type: none"> 1. The procurement of cathlab (4 lots – the largest contract package) has started and it is expected that the contract award be made in mid-August 2024, and the first delivery of the equipment will be made in December 2024. 2. The Specific Procurement Notice (SPN) for the procurement of MRI equipment will be published in mid-April 2024, so that the contract award is expected to be made by end of September 2024

Financial Management:

Financial Management:

MOF is establishing the Designated Account (DA) for the Project, with the allocation of the first advance pending integration into the State's Budget Implementation List, expected by the end of April 2024.

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Consequently, the Project anticipates its first disbursement under AIB financing in the following quarter (Q3 2024).

6. Status of the Grievance Redress Mechanism (GRM)

The LAPOR ('People's Online Aspiration and Complaints Service') system, launched in 2011 and a tried-and-tested, transparent and inclusive grievance redress system operated by the Government of Indonesia, is used as a GRM for this Project. LAPOR enables citizens to report their grievances in a user-friendly manner, and reports are forwarded to the relevant government agencies, it fosters a culture of responsiveness and accountability among public officials.

The system enables citizens to track the progress of their reports and receive updates on their status, which promotes transparency in the resolution process. LAPOR has been operating for over 10 years, is actively receiving and processing grievances, and has been successfully incorporated as GRM in WB operations, including previous health projects and programs. The MoH will provide updates on the use of LAPOR for this Project as part of the Project's regular reporting.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Since this is the first Project Implementation Monitoring Report (PIMR), the actual column is not yet available and will be updated based on the frequency of reporting as stated in the Results Framework.

Remarks:

*KJSU is 'Kanker, Jantung, Stroke, dan Uro-Nefrologi' in Indonesian, which means 'the Cancer, Heart, Stroke and Uro-Nephrology'.

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments	
			Baseline		2023		2024		2025		2026		2027		2028		2029		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
Percentage increase above baseline in annual outpatient visits, disaggregated by gender	Project	%	2023	0	0	0	1	Not yet avail.	2	Not yet avail.	6	Not yet avail.	12	Not yet avail.	20	Not yet avail.	20	Not yet avail.	2029	20	Not yet avail.	Annual	MoH	
Percentage of Puskesmas for which equipment meets 80 percent of minimum requirements	Project	%	2023	6.6	6.6	6.6	25	Not yet avail.	40	Not yet avail.	60	Not yet avail.	80	Not yet avail.	80	Not yet avail.	90	Not yet avail.	2029	90	Not yet avail.	Annual	MoH	
Number of districts in Indonesia with at least 1 Madya-level referral hospital for KJSU*	Project	Number	2023	1	1	1	20	Not yet avail.	80	Not yet avail.	180	Not yet avail.	350	Not yet avail.	514	Not yet avail.	514	Not yet avail.	2029	514	Not yet avail.	Annual	MoH	
A digital equipment uptime monitoring and reporting system to monitor the medical equipment performance has been established and under operation	Project	Y/N	2023	N	N	N	Y	Not yet avail.	Y	Not yet avail.	Y	Not yet avail.	Y	Not yet avail.	Y	Not yet avail.	Y	Not yet avail.	2029	Y	Not yet avail.	Annual	MoH	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments	
			Baseline		2023		2024		2025		2026		2027		2028		2029		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
SOPHI 1. Percentage increase above baseline in anemia detection	Project	%	2023	45.8	45.8	45.8	48	Not yet avail.	50	Not yet avail.	53	Not yet avail.	55	Not yet avail.	60	Not yet avail.	60	Not yet avail.	2029	60	Not yet avail.	Annual	MoH	

