

Project Implementation Monitoring Report (#2)

Reporting Period From 2024/06 To 2024/11

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:	Rajat Misra		
Responsible Department:	PSC1		
Project Team Members:	Kezia Paladina, Project Counsel; Christopher Damandl, Alternate Counsel; Rizal Rivai, SFD - Procurement Specialist; Nurul Mutmainnah, SFD - Financial Management Specialist; Odil Akbarov, SFD - Environment & Social Development Specialist; Askar Mulkubayev, Team Member; David Hartcher, CTL; Irem Kizilca, Economist; Yannan Jia, Project admin		
Completed Site Visits by AIIB:	May, 2024 1st Joint Implementation Support Mission (ISM) by AIIB, WB, ADB and IsDB Oct, 2024 2nd Joint Implementation Support Mission (ISM) by AIIB, WB, ADB and IsDB		
Planned Site Visits by AIIB:	May, 2024 Joint implementation mission by AIIB, WB, ADB and IsDB in mid-May 2024 Feb, 2025 3rd Joint Implementation Support Mission (ISM) by AIIB, WB, ADB and IsDB		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2024/05		

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 is a key priority in Indonesia's national development agenda. The Government is committed to health system transformation under the RPJMN IV (2020–2025), striving to build a healthy, productive, and independent population. Indonesia's three-tier healthcare system includes approximately 10,000 Pusat Kesehatan Masyarakat (Puskesmas) or Community Health Centers and over 3,000 hospitals. With the increasing number of facilities, demand for medical equipment is rising. Enhancements are needed, such as essential equipment for Puskesmas and

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advanced tools for higher-quality referral services.

A 2022 Ministry of Health (MoH) assessment revealed a \$4 billion investment gap to meet service needs across 514 districts, including upgrading Puskesmas with inpatient facilities to serve Indonesia's 267 million people. Progress has been slow due to decentralization and limited funding, with health spending at only 3% of GDP.

The project consists of three components to address equipment gaps:

1.

Primary Care: Upgrades to primary care facilities, including Pos Pelayanan Terpadu (Posyandu) or Integrated Service Posts, Puskesmas Pembantu (Pustu) or Auxiliary Health Centers, Puskesmas, and Tier-1 public health laboratories within Puskesmas.

2.

Referral Network: Improvements at hospitals categorized as Madya, Utama, and Paripurna-Itablevel care centers.

3.

Laboratories: Enhancements to public health laboratories at Tiers 2 through 5.

This transformative \$4 billion initiative aims to modernize Indonesia's public healthcare system, ensuring sustainable delivery of essential health and laboratory services. By focusing on rural and remote areas, the project also seeks to bridge geographic disparities in healthcare quality and outcomes.

The project component financing for SOPHI, SIHREN, and InPULS is shown in the following information:

1. Component A, SOPHI (PHC): Project Cost: Euro 1,488 million, with AIIB financing Euro 487 million, World Bank financing Euro 667 million, and ADB financing Euro 334 million.

2. Component B, SIHREN (Hospitals): Project Cost: Euro 1,691 million, with AIIB financing Euro 449 million, World Bank financing Euro 449 million, and IsDB with parallel financing Euro 793.

3. Component C, InPULS (Lab): Project Cost: Euro 552 million, with World Bank financing Euro 276 million, and ADB financing Euro 276 million.

With a total of Euro 3,731 million, with the breakdown of AIIB total financing of Euro 936 million, World Bank total financing of Euro 1,392 million, IsDB parallel financing of Euro 793 million, and ADB total financing of Euro 610 million.

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

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Undisbursed:	936.60	Disbursement Ratio (%) ¹ :	0.00
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5. Project Implementation Update

The project, now ten months into implementation, shows satisfactory overall progress despite some minor delays in the procurement phase, reflecting the project's scale, the complexity of the procurement process, and the collaboration between four MDBs, the MoH, and various stakeholders within the GoI. As of October 2024, nine equipment procurement packages under SIHREN (seven under WB/AIIB and two under IsDB), valued at approximately USD 1.05 billion, have reached the bid opening stage. Initial contracts for key equipment, such as catheterization labs and MRI machines, are expected to be signed by year-end, and the Ministry of Health (MoH) is actively recruiting experts to enhance management capacity. In response to directives from Indonesia's newly inaugurated President and the Minister of Health, the MoH has introduced a "Quick Wins" program to accelerate the procurement of diagnostic equipment for primary care and tuberculosis screening. This proactive approach, along with updates to the SOPHI Procurement Plan to optimize contract value and practicality at local levels, underscores MoH's commitment to expediting project goals (please see procurement section for detail information). The Project Operations Manual (POM) for WB/AIIB was approved on April 4, 2024, and the Project Administration Manual (PAM) was approved by ADB on November 24, 2023. Updates to the POM, including a new section on procurement systems, are in progress and expected by early November. Consultant hiring for CPMU, CPU, and PMUs is underway, with an international PMO planned for enhanced project monitoring. The Project Steering Committee (PSC) met on September 17, 2024, to review implementation arrangements, and future meetings will focus on high-priority themes for timely decision-making. These PSCs will occur before each ISM to allow MoH to update MDBs on key decisions and outstanding actions. Aplikasi Sarana, Prasarana, dan Alat Kesehatan (ASPAK), or Application of Facilities, Infrastructure, and Medical Devices system, is a web-based application that collects and presents data on medical facilities, infrastructure, and equipment at health service facilities. The application improvements are nearly complete, with a final dashboard in progress. Dissemination of the updated system is underway, and ongoing training and support through a help desk were recommended to maintain data reliability and quality. A technical guideline from the Directorate of Health Service Facilities, expected by end-November, will outline reporting mechanisms, roles, and support protocols. MoH highlighted its National Digital Media initiative to counter health hoaxes from January to December 2025. The World Bank recommended enhancing external messaging and building MoH's communication capacity to tailor messages for various audiences. They proposed a strategic, adaptive communications strategy and agreed to establish a Joint Communications Task Force to support MoH's efforts. MoH will coordinate with the Head of Public Relations for next steps in forming this task force. Gender is a shared priority among MDBs, with MoH responsible for monitoring and reporting on the ADB Gender Action Plan (GAP) per the ADB PAM. As of October 2024, MoH reported one of six ADB GAP targets—screening adolescent girls for anemia—as on track, while four others, including maternal and hypertension screenings, are off track, and training for Public Health Laboratory staff is pending. Of the six activities, three are progressing, including the recruitment of a gender consultant by November 13, inclusion of sex-disaggregated data in reports, and gender data in performance monitoring. MoH plans to appoint gender focal units by January 2025. Updates on digital materials for Integrated Service Post (Posyandu) cadres and Public Health Laboratory (Puskesmas) workers are expected in the next report. An ADB gender officer will support activity implementation and monitoring.

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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Components	Physical Progress	Environmental & Social Compliance	Procurement
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).	No physical progress since the project focused on the purchase of medical equipment.	<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.</p> <p>The progress on the Environmental and Social Framework (ESF) and Safeguard Arrangements has been reviewed since the May 2024 ISM. Recruitment of an Environmental Specialist, a Social Specialist for the CPMU, and an E&S Specialist for each PMU is in progress, with onboarding expected by the end of November 2024.</p> <p>Integrating waste management data from the Waste Management Information System (SIKELIM) into ASPAK was emphasized, with a focus on covering the entire waste management system. The Ministry of Health (MoH) was reminded to adhere to the Environmental and Social Commitment Plan (ESCP) and include environmental and social (E&S) requirements in vendor contracts. Selected contracts will be reviewed by MDBs to ensure compliance with safety protocols.</p>	<p>PROCUREMENT PLAN The Procurement Plan has been updated to be consistent with the current progress. There have been a lot of efforts in repackaging some contracts to ensure value for money as well as the practicality on the site, considering that most implementation of the SOPHI component which includes procurement, installation, operation and maintenance of equipment to primary care facilities will be at the sub district or even village levels.</p> <p>PROCUREMENT PROGRESS The SPN (Specific Procurement Notice) was published and the bidding documents of the following targeted 7 packages under SOPHI have been issued.</p> <ol style="list-style-type: none"> 1. Procurement of Oxygen Tank 6 Metercube & Regulator 2. Procurement of Dental Chair (Complete System) 3. Procurement of Stretcher (Emergency) 4. Procurement of Laboratory General Equipment 5. Procurement of Infusion Pump 6. Procurement of Minor Surgery Equipment 7. Procurement of Neonatal Straight Blade Laryngoscopes <p>The procedures follow the National Open Competitive Bidding, and it is expected that the bid submission and bid opening will be done by end of November 2024.</p>
Component B (SIHREN –	No physical progress since the project	The overall Environmental and Social (ES) management of the	<p>GENERAL The procurement has been</p>

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<p>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>focused on the purchase of medical equipment.</p>	<p>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.</p> <p>The progress on the Environmental and Social Framework (ESF) and Safeguard Arrangements has been reviewed since the May 2024 ISM. Recruitment of an Environmental Specialist, a Social Specialist for the CPMU, and an E&S Specialist for each PMU is in progress, with onboarding expected by the end of November 2024.</p> <p>Integrating waste management data from the Waste Management Information System (SIKELIM) into ASPAK was emphasized, with a focus on covering the entire waste management system. The Ministry of Health (MoH) was reminded to adhere to the Environmental and Social Commitment Plan (ESCP) and include environmental and social (E&S) requirements in vendor contracts. Selected contracts will be reviewed by MDBs to ensure compliance with safety protocols.</p>	<p>progressing well. Although there were some delays during the procurement process due to enormous number of requests for clarifications from bidders, however, the overall procurement is still managed properly. MOH may need to add its personnel/staff/consultants to help expedite the procurement process.</p> <p>PROCUREMENT PLAN The updated Procurement Plan has been agreed with the World Bank with some comments for clarifying some packages to make them consistent with what has been circulated to bidders as part of the bidding process.</p> <p>UPDATE ON THE PROCUREMENT PROGRESS The procurement of the following targeted 7 packages under SIHREN have been ongoing: 1. Procurement of Cath lab Single Plane & Bi Plane 2. Procurement of MRI 1.5T 3. Procurement of Radiography Equipment 4. Procurement of Invasive Cardiology Equipment 5. Procurement of Infant Warmer Equipment 6. Procurement of Ventilator Equipment 7. Procurement of Surgery Equipment</p> <p>They are all at the stage of evaluation of Technical Parts with the following notes:</p> <ul style="list-style-type: none"> - The evaluation of Technical Parts for some of the packages has been past due, that bidders were requested to extend their validity of proposals (for the Procurement of Cathlab
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			Single Plane & Bi Plane, and the Procurement of MRI 1.5T). The MoH was advised during the mission to expedite bid evaluations to ensure all the seven contract packages are awarded by end of Q1/2025.
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Financial Management:

Under SOPHI, the first contract for 2D ultrasounds under the “Quick Wins” program is expected to be signed, with disbursements projected for late November or early December 2024. The contract's total value is USD 771,000, with the AIIB contributing USD 269,000 upon signing.

6. Status of the Grievance Redress Mechanism (GRM)

The Layanan Aspirasi dan Pengaduan Online Rakyat (LAPOR) or 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. To date, no complaints have been received through LAPOR regarding the project.

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

The actual column is not yet available, but it 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	

tests, disaggregated by gender, in Puskesmas, Pustu, and Posyandu																									
SOPHI 2. Percentage of under-5 children, receiving growth monitoring services, disaggregated by gender	Project	%	2023	80	80	80	82	Not yet avail.	84	Not yet avail.	86	Not yet avail.	90	Not yet avail.	90	Not yet avail.	90	Not yet avail.	2029	90	Not yet avail.	Annual	MoH		
SOPHI 3. Percentage of Pustu/Poskesdes within the scope of this project for which equipment meets minimum requirements	Project	%	2023	13	13	13	25	Not yet avail.	40	Not yet avail.	55	Not yet avail.	70	Not yet avail.	80	Not yet avail.	80	Not yet avail.	2029	80	Not yet avail.	Annual	MoH		
SIHREN 1. Share of target public hospitals under the project for which key energy-efficient equipment types have been procured, delivered, installed, and human resources in facilities have received operational training	Project	%	2023	0	0	0	10	Not yet avail.	20	Not yet avail.	40	Not yet avail.	65	Not yet avail.	90	Not yet avail.	90	Not yet avail.	2029	90	Not yet avail.	Annual	MoH		