



Luxembourg, 18 July 2023

Environmental and Social Data Sheet

Overview

Project Name:	INDONESIA HEALTH OPERATIONAL READINESS
Project Number:	20220853
Country:	Indonesia
Project Description:	Financing of part of an investment programme for the rehabilitation and improvement of health facilities managed by the Indonesian Ministry of Defence ("MoD"), serving the general population of Indonesia
EIA required:	no (investment programme made up of multiple schemes, some of which may require an EIA study)
Project included in Carbon Footprint Exercise ¹ :	no
(details for projects included are provided in section: "EIB Carbon Footprint Exercise")	

Environmental and Social Assessment

The Project will finance an investment programme for the rehabilitation and improvement of health facilities, which consists of the upgrade and acquisition of new medical equipment as well as infrastructure investments (such as construction, renovation, extension and installation refurbishments) for hospitals, primary health clinics, research centres and laboratories located across Indonesia. The facilities under the investment programme are owned, operated, and managed by the Indonesian Ministry of Defence (MoD) (Project Promoter), through its different branches (Air Force, Armed Forces, Navy, Army (TIN) and Headquarters).

By law, MoD facilities shall comply with national regulations concerning the operation of facilities belonging to the Ministry of Health network, including the terms of access, service delivery and accreditation requirements. Furthermore, all facilities under the investment programme have established service contracts with the National Health Insurance Scheme (Jaminan Kesehatan Nasional or JKN), introduced in 2014 in order to improve the availability and affordability of medical care.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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Environmental Assessment

The investment programme schedules in particular the purchase and installation of equipment, with a minor infrastructure component consisting of renovation and extension works for health clinics and small hospitals. The schemes covered by the framework loan will be implemented in facilities and areas already authorised for the purpose. Due to its nature therefore, in it is unlikely that the project will have significant negative environmental impacts.

Due to their size and location, this type of interventions would not require an Environmental Impact Assessment (EIA), if located in the EU, according to EIA Directive 2014/52/EU amending EU Directive 2011/92/EU. Yet some of the health facilities infrastructure components included in the investment program shall comply with regulations on EIA covering buildings construction in Indonesia:

- Government Regulation Number 22 of 2021 concerning Implementation of Environmental Protection and Management, which also establishes the screening thresholds
- Regulation of the Minister of Environment and Forestry Number P.02/Menlhk/Setjen/KUM.1/6/2018 concerning Procedures for Conducting Environmental Impact Assessments
- Law Number 32 of 2009 concerning Environmental Protection and Management

As for hospital buildings specifically, also the Regulation of the Minister of Health Number 40 of 2022, concerning Technical Requirements for Hospital Health Buildings, Infrastructure and Equipment, is mandatory.

Given the geographical characteristics of the country and its large population, the preliminary physical risk assessment outlines several acute and chronic climate change risks with a high-risk rating, including extreme heatwaves / temperature increase, precipitation increase/flooding, landslides, tsunamis, cyclones, wildfire and water scarcity.

With respect to climate change mitigation and adaptation, the regulatory framework applicable to the health infrastructure components of the project mainly refers to:

- Provisions of Article 4 of the Minister of PUPR (Public Works and Public Housing - "MPWPHR") RI Number 9 of 2021, concerning Guidelines for the Implementation of Sustainable Construction
- PUPR Ministerial Regulation Number 22 of 2018, concerning the Construction of State Buildings
- PUPR Ministerial Regulation Number 21 of 2021, concerning the "Assessment of Green Building Performance".

The alignment to the two main pillars of Paris Agreement (low-carbon and climate resilience) is considered to be satisfied by the health facilities included in the program, based on the two main local Ministerial regulations applicable to buildings construction and the related certifications:

- Ministry of PUPR RI Number 9 of 2021, concerning "Guidelines for the Implementation of Sustainable Construction"
- Ministry of PUPR RI Number 21 of 2021, concerning the "Assessment of Green Building Performance"

Based on these references, specific requirements to the promoter are included as undertaking in order to guarantee and confirm the compliance of the health infrastructure component of the investment with these technical regulations.



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Social Assessment

The Project is expected to have significant social benefits. It will contribute to the achievement of Universal Health Coverage through the widened availability, capacity and access to facilities covered by the National Health Insurance Scheme. Better service delivery, reduced waiting times, increased access regardless of geographical and socio-economic characteristics, better affordability, and patient satisfaction, and ultimately better health outcomes, are specific benefits expected from the operation.

According to the information provided to the Bank to date, the Project is not expected to result in any land acquisition or involuntary resettlement. The upgrade and acquisition of new medical equipment will be executed for existing facilities, while the infrastructure investments are foreseen on land already owned and used by the Promoter. The Project is further not expected to generate impacts on Indigenous Peoples, or to be located in areas with heightened security or conflict risks.

The Promoter will comply with the EIB Environmental and Social Standards, and incorporate applicable labour and health and safety requirements in tender documents. These will cover working conditions, occupational and community health and safety aspects, including gender-based violence, as well as the provision of a grievance mechanism for workers. Suppliers and contractors will further be expected to have the relevant certifications and health and safety management plans in place.

Due to the nature of the operation (framework loan), the exact schemes (allocations) that will be financed by the Bank and their locations are not known yet, and specific social assessments have not been conducted. Specific social risks and the adequacy of related mitigation measures (in particular to avoid and address any adverse impacts on vulnerable groups, including Indigenous Peoples, community safety and security aspects) will be further verified at allocation stage.

Any scheme which may require unforeseen land acquisition, result in involuntary resettlement or adverse impacts on Indigenous People, or which may entail heightened security risks, will not be eligible for EIB financing.

Public Consultation and Stakeholder Engagement

For schemes requiring a full EIA procedure, the Promoter will undertake public consultation exercises. In addition, the Promoter will develop and implement a Stakeholder Engagement Framework for the Project, which will also define the modalities of the project grievance mechanism.

Other Environmental and Social Aspects

The environmental and social capacity of the Promoter is expected to be adequate with the required organizational set-up.

Conclusions and Recommendations

Given that full detailed information on the schemes is not available at this stage, environmental and social aspects will be verified at scheme allocation stage. The following conditions and undertakings shall be included in the finance contract:



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- The Promoter shall provide to the Bank's satisfaction an Environmental and Social Management Framework and a Stakeholder Engagement Framework for the Project, including the modalities for the project grievance mechanism.
- If an EIA procedure is required, a copy of the EIA study (including the Environmental and Social Management Plan), as well as evidence of the public consultation undertaken, will be provided before each allocation.
- The Promoter will provide before each allocation evidence that the necessary environmental permits are in place as well as any screening decision(s) issued by the Competent Authority.
- The Promoter shall demonstrate having the necessary capacity to manage and implement adequately the social and environmental risks and impacts of the Project in line with the EIB Environmental and Social Standards, in particular labour, occupational and community health, safety and security measures with associated management plans.
- For each scheme that includes buildings and/or infrastructure, a climate vulnerability and risk assessment (CVRA) or similar procedure to determine the materiality of the physical climate risks for the buildings, shall confirm the intention to address the climate risks identified and define the structural and soft measures to be implemented to mitigate the most significant risks.
- For each scheme that includes buildings, the Promoter shall provide the Building Permit (*Persetujuan Bangunan Gedung* "PBG").
- For each scheme that includes buildings, the Promoter shall provide the Sustainable Construction consultancy report, confirming the technical standards under the relevant Ministerial Regulation that are fulfilled and that the corresponding certificate will be obtained.
- For each scheme that includes buildings, the Promoter shall provide the Green Building certification assessment at planning phase, confirming the technical standards under the reference Ministerial Regulation that are fulfilled and that the corresponding applicable certificate will be obtained.
- The Promoter shall implement and operate the Project in compliance with the EIB Environmental and Social Standards and ILO core labour standards, including through the inclusion of applicable provisions in tender documents and the implementation of the Project Environmental and Social Management Framework and Stakeholder Engagement Framework.
- The Promoter shall not allocate any EIB funds to schemes which may lead to unforeseen land acquisition, result in involuntary resettlement, have adverse impacts on Indigenous Peoples, or entail heightened security risks.
- The Promoter shall provide written confirmation that no land acquisition is required and that no involuntary resettlement or impacts on Indigenous Peoples arise as a result of the allocation.

In light of the above, the Project is considered acceptable for EIB financing in environmental and social terms.