



**Ministry of Health
Republic of Indonesia**

**Leveraging private sector expertise to
improve supply chain management
within the Ministry of Health**

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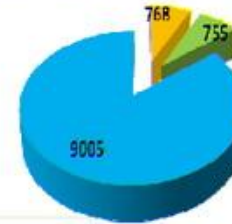
Purpose

- To provide insights on how the HIV/AIDS program at the Indonesian Ministry of Health leveraged donor funding and private sector expertise to build supply chain management capacity within Ministry of Health.

Number of Hospital and Primary Health Center in Each Province : Data December 2010
 (Sumber data Ditjen Bina Kesehatan Masyarakat Kemenkes, 2010)

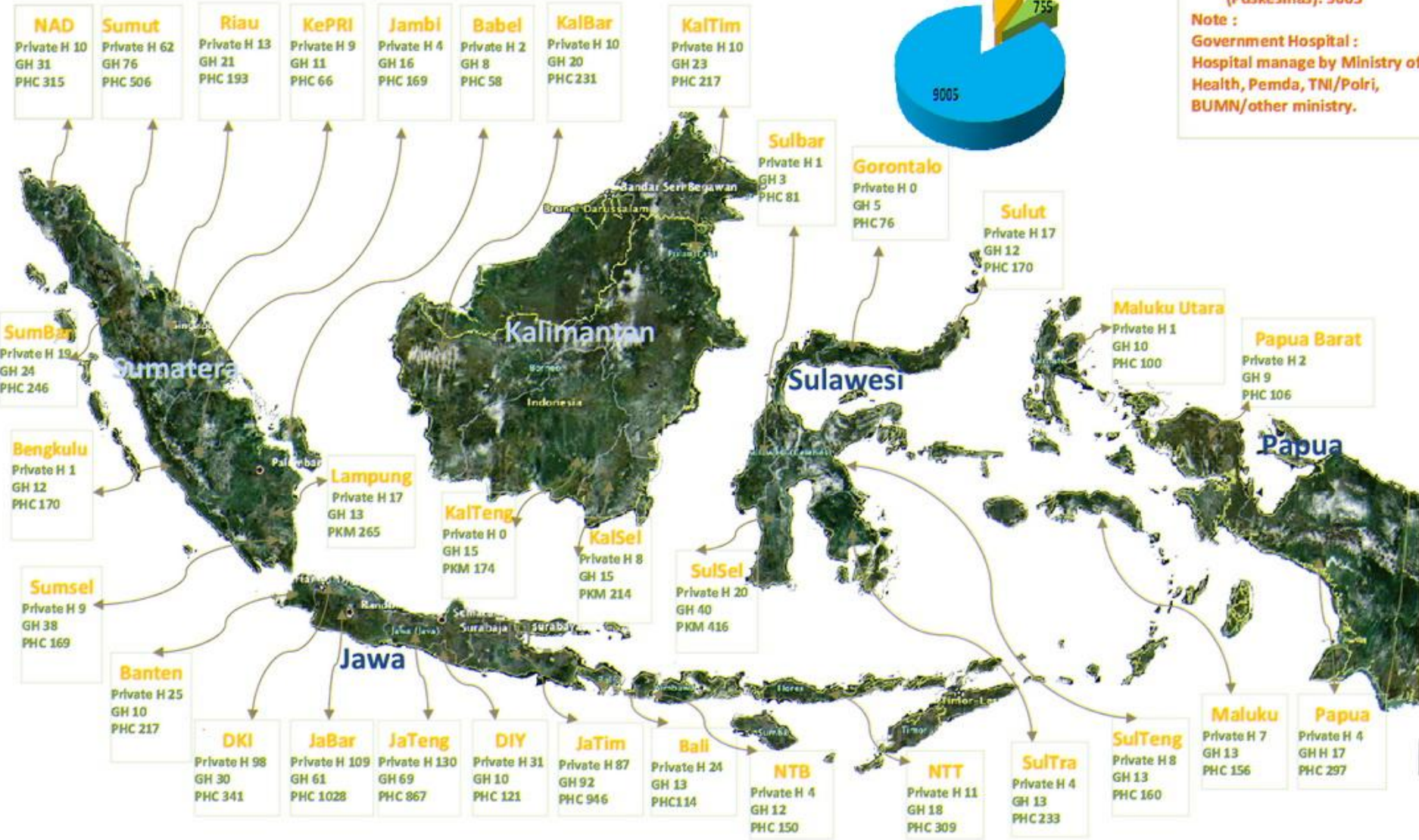
Numbers of Hospital and Primary Health Center in Indonesia

■ Private Hospital ■ Government:Hospital ■ Public Health Center



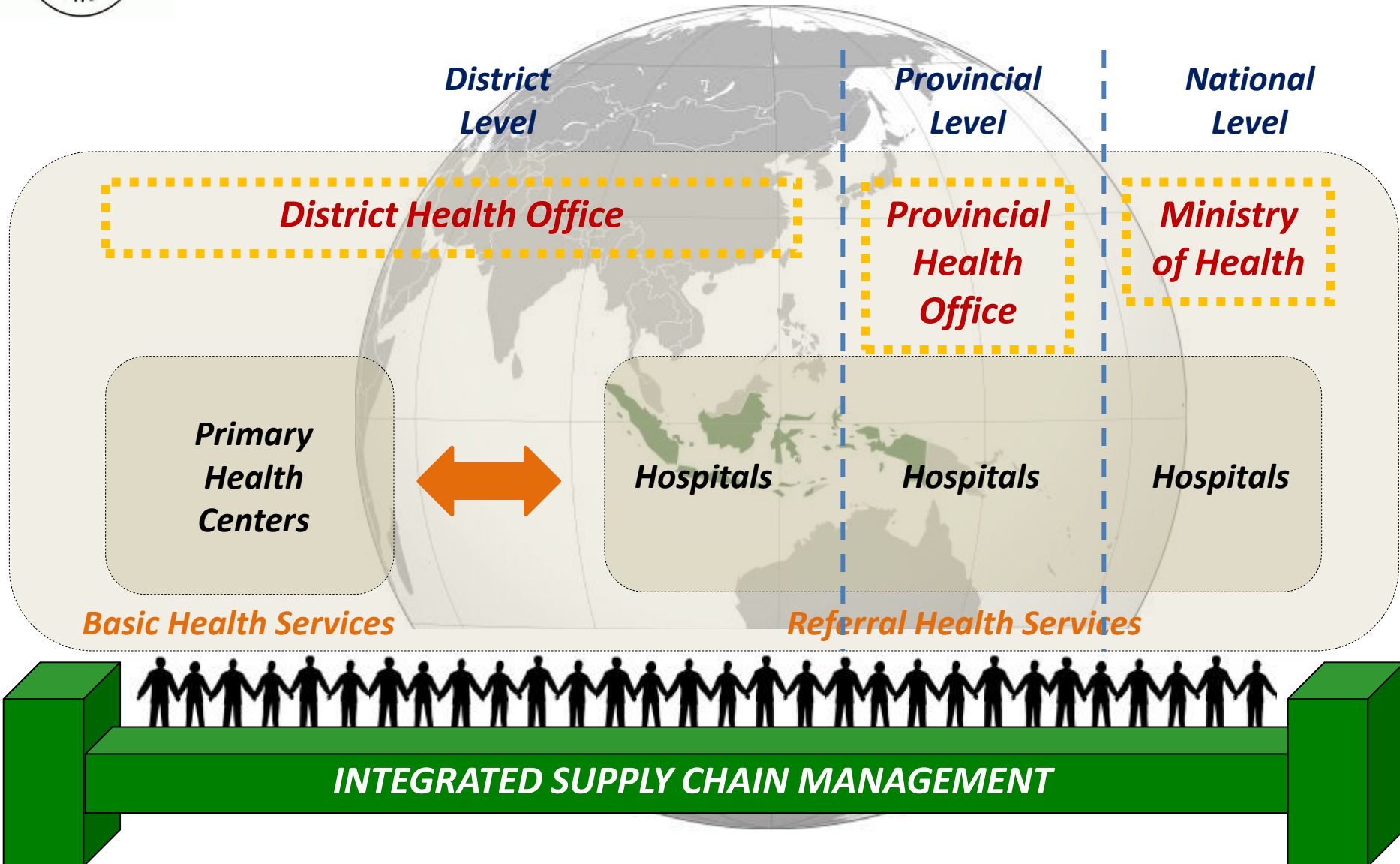
TOTAL 1523 Hospitals
 (1) Private Hospital 768
 (2) Government Hospital 755
 (3) Primary Health Center (Puskesmas): 9005

Note :
 Government Hospital :
 Hospital manage by Ministry of Health, Pemda, TNI/Polri, BUMN/other ministry.



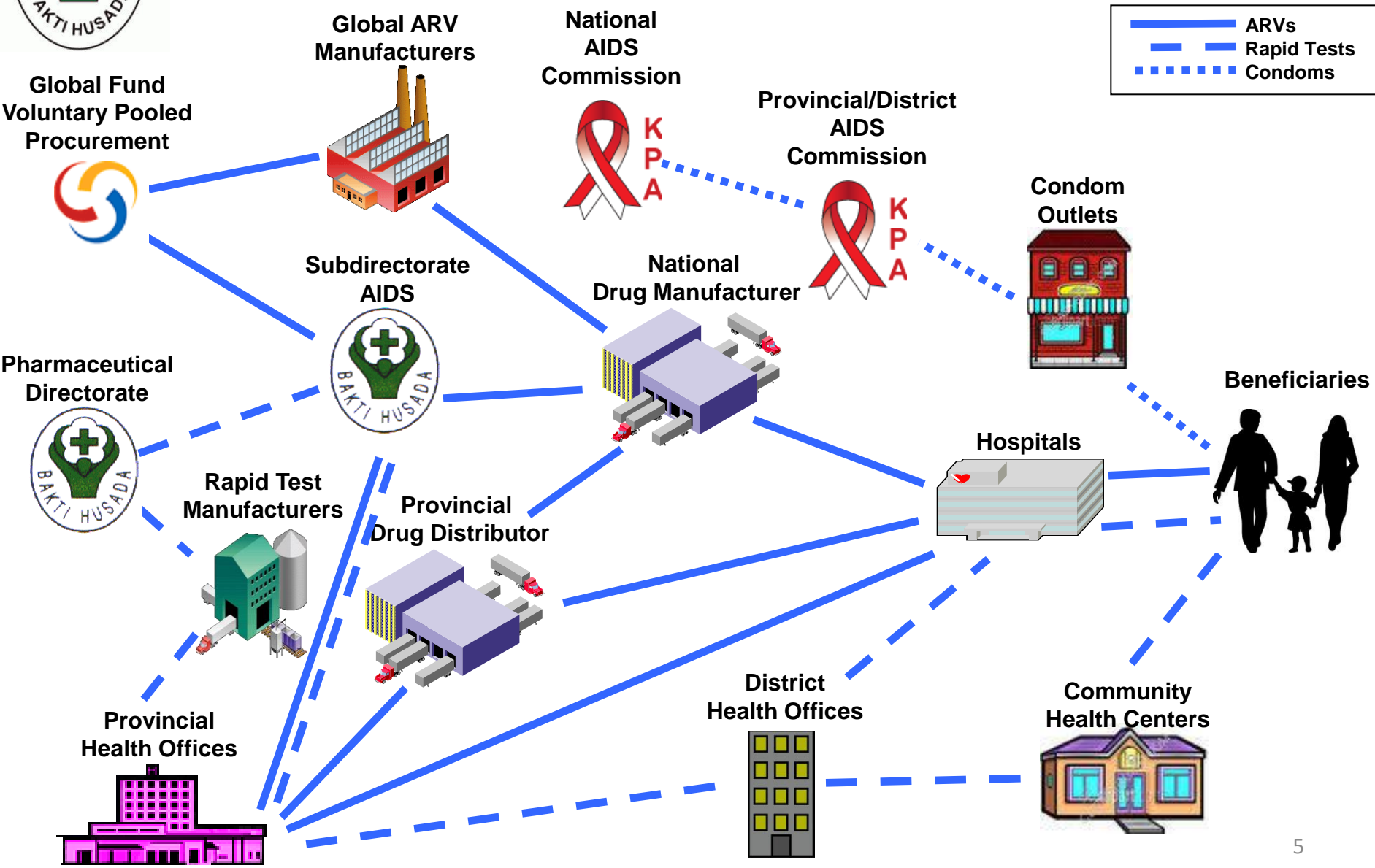


Integrated Health Services





HIV Commodities Relational Map





Service Delivery Challenges

POLITICS

- Transition to decentralization and regional autonomy
- Coordinating who is responsible
- Implementing policies set at the central level in the field

PLACE

- Geographic complexity of over 17,000 islands
- Distance and transport infrastructure challenges
- Difficult to gain visibility into supply and demand information in the field

POPULATION

- Meeting the needs of 240 million people
- Isolated populations concentrated in difficult to reach areas

PROGRAMS

- Lack of priority put on supply chain management
- Qualified human resources in supply chain
- Coordination of domestic and external donor budgets
- Management of international and local suppliers
- Frequent stock outs



Indonesian Private Sector

- Supply chain management is increasingly maturing as a core component of corporate strategy in Indonesia
- Major global companies such as Unilever, Nestlé, and Coca-Cola have championed supply chain best practices to improve their operations
- Global and local drug manufacturers and distributors have developed strong pharmaceutical supply chains.



Strategies





Critical Success Factors in Hiring

- Supported by external stakeholders, MOH integrated private sector principles into hiring process
- Created specific job descriptions and qualifications
- Targeted advertising in private sector channels
- Rigorous selection process
- Competitive salaries supported by donors
- Performance review system with professional standards
- Supply chain professionals embedded into the organization
- Emphasized social value and contribution
- MOH determined how to adapt private sector best practices



Hiring Challenges

- Sustainability
 - Transition of skills to Ministry of Health
 - Current program is dependent on donor funding
- Trust and Acceptance
 - Cultural shift to form public-private partnerships
- Career Path
 - Ongoing professional development



Outsourcing to the Private Sector

- Adopt best practices in third-party logistics outsourcing
 - Set up a clear contractual agreement
 - Form a strong institutional partnership
 - Implement and monitor service level agreement



Outsourcing Challenges

- Change in mindset and behavior to third-party logistics contract management
- Strict government regulations in procurement and drug distribution policies



Results in HIV/AIDS Program

PROBLEM

- Several HIV/AIDS treatment sites across the archipelago report **frequent ARV stock outs**
- A **shortage of human resources** at the national, provincial, and site level to support a multi-million dollar supply chain
- Challenging conditions place a burden on the MOH to constantly respond to **supply chain emergencies**



APPROACH

- 1. Build capacity:**
Established team with private sector expertise to address specific supply chain challenges
- 2. Develop outsourcing partnerships:**
Outsourced and decentralized ARV storage and distribution



IMPACT

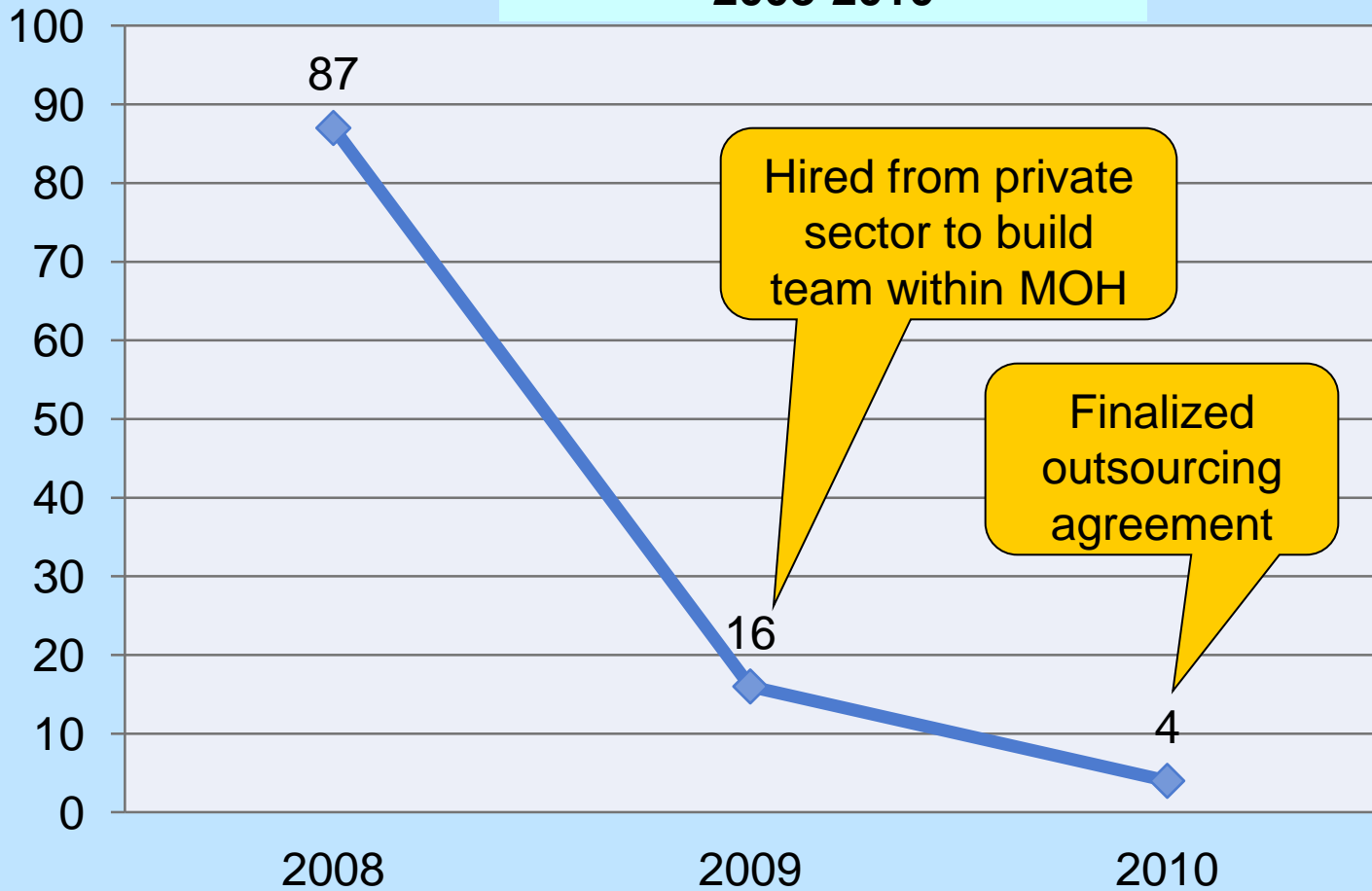
- The MOH **redefined its approach** to supply chain management
- The MOH successfully kept stock outs at ARV treatment sites **below 5%**
- Clear key performance indicators lead to **increased service levels and reduced lead times**
- Simplified supply chain operations allowing more focus on core of MOH



Impact on Stock Outs

Site Level Stock Outs of ARVs

2008-2010





Remaining Challenges

- How to adopt in other health programs?
- How to adopt downstream in the supply chain?
- How to make a permanent part of the health system?



TERIMA KASIH

THANK YOU