

# Interview: Dr. Agus Prabowo â?? Chairman, National Public Procurement Agency (LKPP), Indonesia

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*Dr. Agus Prabowo, chairman at LKPP (the Indonesian*

*National Public Procurement Agency) explains the importance of embracing technology to gain efficiency and effectiveness in the public procurement process of healthcare products as well as the outcomes from e-catalogue implementation in Indonesia.*

**Could you please introduce the main activities of LKPP to our international audience?**

LKPP's is the National Public Procurement Agency, a governmental institution that was established back in 2008. LKPP's main mandate is to reform the current procurement model towards a more efficient, transparent, and reliable system.

In this sense, we have four strategic underpinnings to support our mission: regulation, education, IT, and integrity. We create detailed and solid procurement regulation to avoid any misunderstanding, we educate all government officials to successfully implement our procurement programs, we empower the use of technology in our activities, and we ensure that all the three aforementioned guidelines are aligned towards a more efficient, transparent, and reliable procurement system.

Even though LKPP oversees several industries, healthcare plays an important role in our operations and we are creating a more open market through several initiatives such as the "e-catalogue", which is an e-market place for medicines and medical devices.

**Dr. Prabowo, you were elected as a deputy chairman in 2008, and then as the chairman of LKPP back in 2015. What is your assigned mission?**

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At the beginning of LKPP's history (2008), our main focus was to create solid regulation to support our procurement program. However, we have successfully completed the first regulation stage and, currently, our main concern is continuing to implement LKPP's e-vision in many different government areas as well as educating human capital that will support such a process.

**LKPP is in charge of formulating, developing and implementing public procurement policies for several industries. Could you expand on the main priorities on your agenda as chairman of LKPP that are related to the healthcare industry?**

As aforementioned, healthcare plays an important role within our responsibilities and it is even more complex to manage than other sectors because of the high dependence of Indonesia on medicine and medical device imports.

We identified that having a tendering process for regular procurement such as medicines was not the most efficient method. Therefore, my main priority in healthcare is to empower the usage of better systems such as the e-catalogue to serve all public hospitals or public care centers in their routine healthcare expenditures. I want to highlight that the e-catalogue is going to play an important role in the implementation process of the universal healthcare coverage (JKN) that the current government is putting in place in Indonesia; LKPP is highly aligned with the government's goals.

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**The universal healthcare system (JKN) is one of the main factors that can boost the national healthcare industry. Indeed, medicine procurement plays a crucial role in the successful implementation of JKN to bring drugs to the Indonesian population. Could you expand on**

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## **how engaged LKPP is in the successful implementation of such promising governmental healthcare project?**

We act as mediators between the producers and users, which are industry and government respectively. Indeed, we put both stakeholders together to define the specifications of the medicines or medical devices as well as the price to subsequently list such products in an open market, in this case the e-catalogue, that will positively impact all the actors within the healthcare sector. We have certainly disrupted the way procurement was done in Indonesia through implementing technology in order to minimize inefficiencies within the tendering system such as transparency and lead times. In addition, through the e-catalogue, we want to foster the development of the domestic industry in order to reduce our healthcare import dependence.

**It is well known that counterfeit drugs are a challenge in Indonesia. When we met with Dr. Kuntjoro, chairman at Persi (National Association of Hospitals in Indonesia), he explained that enhancing the procurement planning in hospitals will drastically reduce counterfeit medicines in hospitals since it will minimize any risk of medicines shortage. As chairman of LKPP, what are your conclusions on that and how can LKPP reduce the impact of counterfeit drugs in Indonesia?**

We are continuously dealing with the private industry and we obviously check that all companies that are working with us are fully complying with the national regulation; we do not list anything that has not been legally approved. We cannot control what any stakeholder is purchasing but, by law, all public hospitals or other governmental healthcare institutions should buy their products through LKPP's e-catalogue.

Furthermore, the Ministry of Health issued a circular letter to public care centers in order to list the type and quantity of drugs as well as medical devices that they need. Thus, ultimately, we receive the filled data and we have a duty to ensure that such requests are available in e-catalogue concentrating all demand through our platform as well as avoiding any type of shortage; this is our way to fight against counterfeit medicines.

**Technology can certainly create efficiency breakthroughs within the procurement value chain; in this sense LKPP has developed the e-catalogue. Could you expand on this innovation and how it can positively impact the procurement process for medicines?**

In the past, when the procurement system was still fully based on tenders, the procurement was supply-oriented but, with e-catalogue, we have changed such a paradigm and now the procurement system is demand driven.

Furthermore, LKPP aims to obtain high quality healthcare products at an affordable price; indeed, quality cannot be jeopardized by any other criteria in health. Moving from price to quality driven has been a change in the Indonesian mindset and, in this regard, e-catalogue ensures that all products listed are complying with the national regulation and, therefore, they are high quality.

In addition, the e-catalogue gives continuous procurement service that ensures that any public hospital or point of care that gets funded by the government will get the medicine or medical device in the quantity and time needed. Tenders do not offer uninterrupted service and their process is highly time consuming.

It is important to highlight that e-catalogue, as a tool, is easily scalable to any public institution in the country, creates reliable data, and ensures transparency throughout all the procurement process avoiding any misalignment with the regulation.

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## **What other innovative initiatives are you looking to introduce within the healthcare procurement arena?**

E-catalogue is our main focus now and, hence, our innovation goes hand-in-hand with such a program. In this sense, we are meeting with several leading national associations such as Gakeslab (National Medical Devices Association) and IPMG (International Pharmaceutical Manufacturing Association) in order to empower them to embrace technological practices such as e-catalogue in their operations.

## **How prepared is Indonesia to embrace such technological developments?**

There are some inherent challenges in Indonesia such as infrastructure and geography but we have to start implementing such best practices as soon as possible. The more we wait, the less benefits we get from being efficient since the beginning of JKN program as well as the higher difficulties of implementing improvements in later stages.

In my opinion, private industry should be onboard of such transformation and Public Private Partnerships (PPPs) would be an interesting way to advance in this regard. Government should also empower such e-literacy from the regulatory standpoint; indeed, the Indonesian regulation needs to be updated since there are still some difficulties to list some products within e-catalogue.

## **Are you collaborating with other regional and international institutions to identify and implement best practices in the healthcare procurement arena?**

We have been really open to learn from other countries since the start of our activities in 2008. Indeed, several programs that we have developed are based on international best practices from regional countries such as South Korea but also other markets such as Europe. In the next weeks, we have a trip to Europe to develop new ideas for PPP schemes, new evaluation systems such as Multiple Criteria Decision Analysis (MDA) for pharmacies, and high tech medical equipment procurement practices.

## **What are the main objectives that you would like to accomplish in the upcoming years?**

My main objective is to successfully implement and consolidate e-catalogue in the sectors that LKPP is serving putting onboard all industry stakeholders. Secondly, building up domestic manufacturing capabilities in key areas such as healthcare is within my strategic roadmap. Finally, I want to continue supporting the government in fighting against corruption through fostering high transparency in all our activities.

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