

Challenging on Implementing Public Private Partnership in Health Sector in Indonesia

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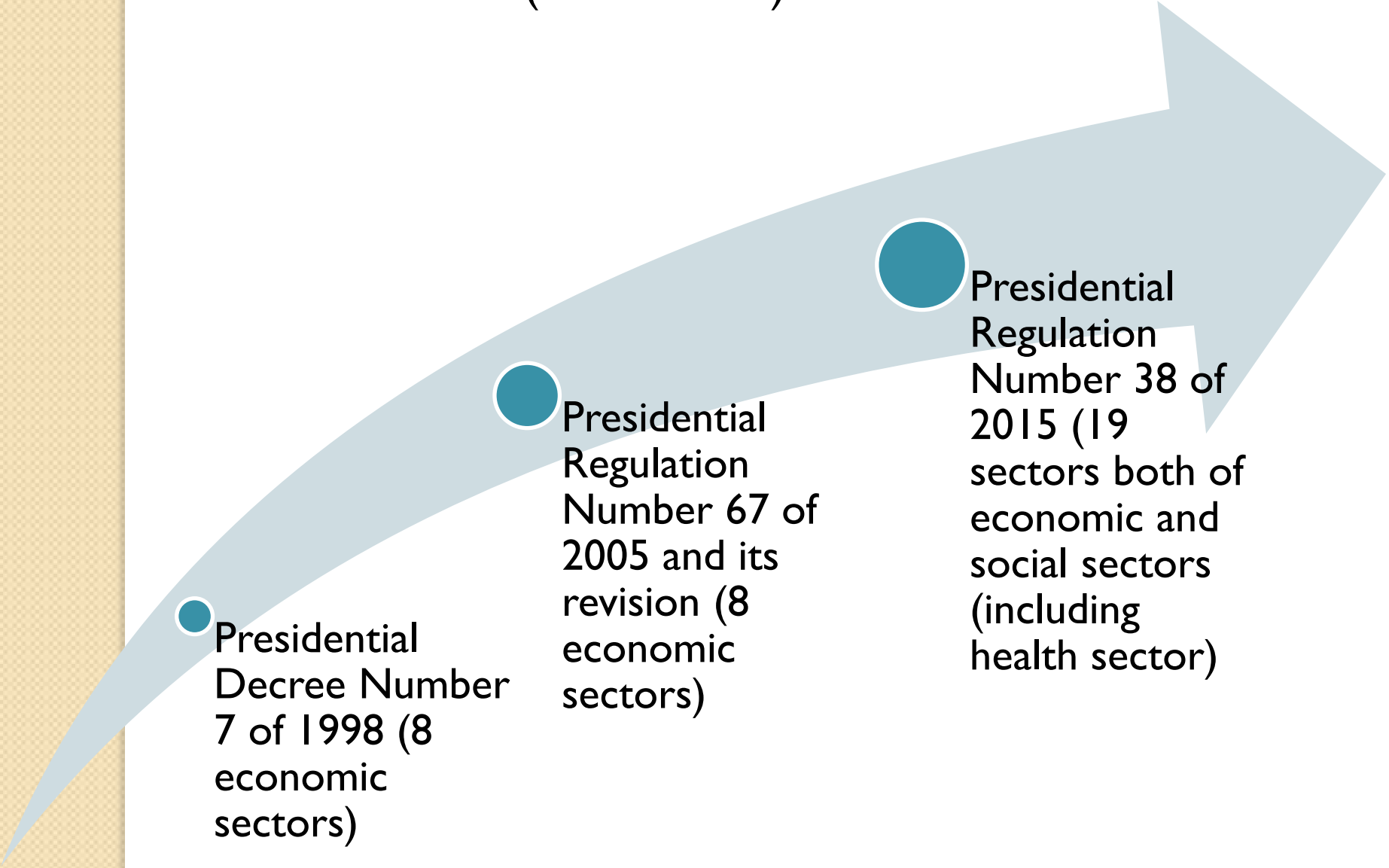
PARAREL SESSION A – HEALTH CARE REFORM

CPCE HEALTH CONFERENCE 2017 HEALTHCARE DELIVERY AND FINANCING
REFORM Implications for Business, Healthcare Providers and Patients 16 January 2017,
PolyU Hung Hom Bay Campus, Kowloon, Hong Kong

Outline

1. PPP in Indonesia
2. What is PPP ?
3. Government Contracting Agency (GCA)
4. PPP in Health Sector
5. Study of PSU (2014)
6. Study of PSU (2015)
7. Resume Study of PSU (2014 – 2015)
8. What do PSAs need for implementing PPP?

I. PPP in Indonesia (1998 – now)



Presidential Decree Number 7 of 1998 (8 economic sectors)

Presidential Regulation Number 67 of 2005 and its revision (8 economic sectors)

Presidential Regulation Number 38 of 2015 (19 sectors both of economic and social sectors (including health sector))

2. What is PPP ?

(Based on Presidential Regulation Number 38 of 2015)

- cooperation between government and Business Entity
- specification previously determined by **Government Contracting Agency (GCA)**
- partially or fully uses Business Entity's resources
- allocation of risk between the parties

3. Government Contracting Agency (GCA)

Who is the GCA ?

- Minister, Head of Government Agency, Head of Local Government, SOE.
- In health sector, the GCA can be a head of government hospital. This government hospital must be formed in a full **Public Service Unit (PSU)** level.

4. PPP in Health Sector

- Mandated by :
 - Article 30 Law Number 44 of 2009 regarding Hospital, and
 - Article 5 chapter 2 *Perpres* Number 38 of 2015 regarding Cooperation between the Government and Private Business Entities

5. Study of PSU (2014)

- Structure of PSA and budget scheme → as government institution, PSAs are managed as business like but not profit oriented
- Procurement regulations → 1) not clear flexibility can give to PSAs, and 2) Not all PSAs have regulated their procurement regulation, so PSAs have to follow public procurement regulation
- Procurement regulation/policy guideline for PSAs is a needed

6. Study of PSU (2015)

- ✓ Preparing procurement guideline for PSAs in Health Sectors on preparing their procurement regulation
- ✓ How about PPP guideline ? Not yet regulated

7. Resume study of PSU 2014 - 2015

- Study from 2014-2015 did not provide any recommendations to regulate PPP in Health Sector.
- As we see that PSAs:
 - sources of funding can come from User charge and the results of cooperation
 - 41% of central government PSAs are health sectors
 - Almost every provinces, district, and city have their own local government hospital (even though not all of these hospitals are PSAs)
 - Limited budget of each PSAs in health sector
- Based on these facts, conducted PPP scheme is a good opportunity to fulfill PSAs in health sectors need.

8. What do PSAs need for implementing PPP? (Study of 2016)

- Clear regulation as guideline for implementing PPP, as follows:
 - Project planning → give clear information about how to prepare a PPP Project
 - Project preparation → who prepare the PPP project and how they do the preparation (both of for solicited project and unsolicited project). Furthermore, including establish a Special Purpose Company is a must or a choice.
 - Project transaction → give information in doing bidding process and/or without bidding process (including how to do direct appointment/agreement)
 - Contract management → how to manage PPP project that can give equal treatment from government side and private sector side;

What do PSAs need for implementing PPP? (...2)

- Key ministry/agency on preparing PPP regulation in health sector:
 - Ministry of Health
 - Ministry of Home Affairs
 - Ministry of Finance
 - National Development Planning Agency
 - National Public Procurement Agency
 - Local Government
 - Hospitals

Thank

you

