

Importance of Pooled Procurement and Sustainable Financing Mechanisms for Initiatives

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Annual General Meeting (AGM) ke-26 dari Developing Countries
Vaccine Manufacturers' Network (DCVMN)
Oktober 30, 2025

Outline

- **Indonesia's Experience & Expectations**
- **Future Outlook**

Indonesia has implemented **similar principles of pooled procurement** within its national health programs

1

The **Ministry of Health** conducts **centralized vaccine procurement** in collaboration with **UNICEF Supply Division**, ensuring stable national supply and price competitiveness.

2

Multi-supplier contracts and e-catalogue mechanisms represent a form of *group contracting*, allowing local manufacturers such as Bio Farma, Etana, Biotis and J-Bio to participate.

3

Support **national health transformation goals**, enhance **supply chain resilience**, and encourage **local production (TKDN)** to ensure sustainability.

Procurement of **Inactivated Polio Vaccine (IPV)** financed through a **Gavi grant** is carried out in accordance with **Indonesia's public procurement regulations**, which require **prioritization of locally manufactured or TKDN-compliant products**.

Indonesia also has implemented several **innovative financing strategies** to ensure the **timely and efficient** delivery of vaccines, therapeutics, and diagnostics, particularly for National Program

1

Advanced Market Commitment (AMC)

Through AMC model, Indonesia is eligible to procure PCV vaccine with LMIC price **USD 2.8 per dose** vs regular price **USD 21.2 per dose**

2

Program-for-Results Financing

- World Bank has approved **USD 300 million** loan for tuberculosis response program in Indonesia, in which funds are **disbursed based on the achievement of specific, measurable results**, ensuring that the loan is tied to the successful implementation of a program's outcomes.
- Additional **USD 20 million** is granted from Global Fund to reduce the interest and principal payment.

Regional pool procurement should be considered, as it could help mitigate supply disruptions caused by force majeure events.

Furthermore, this innovative financing model could contribute to stability for the industry, lower vaccine costs, and prevent shortages across the region.

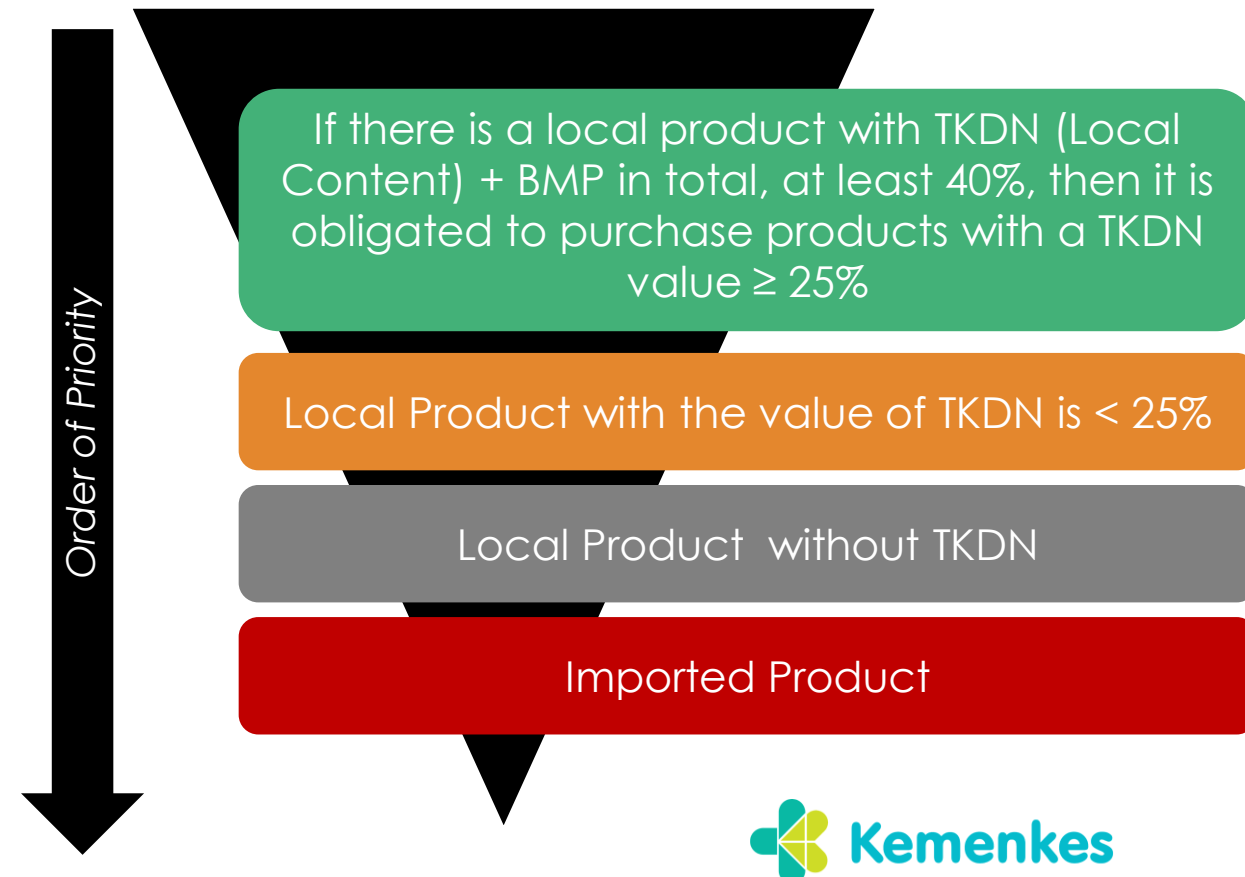
Presidential Regulation Number 16 of 2018 as amended by **Presidential Regulation Number 12 of 2021** and the second amendment with **Presidential Regulation Number 46 of 2025** concerning *Government Procurement of Goods/Services*

Article 66

- (1) Ministries, Agencies, Regional Governments, and other Institutions **shall be obliged to use Domestic Products, including national designs.**
- (4) In the event that Domestic Products are **unavailable or the volume is insufficient to meet the requirements, the use of Imported Products shall be permitted**
- (7) the use of **Imported Products may only be carried out with the approval of the Minister**, Head of Institution, Regional Head, or an official designated by the respective institution or regional head.

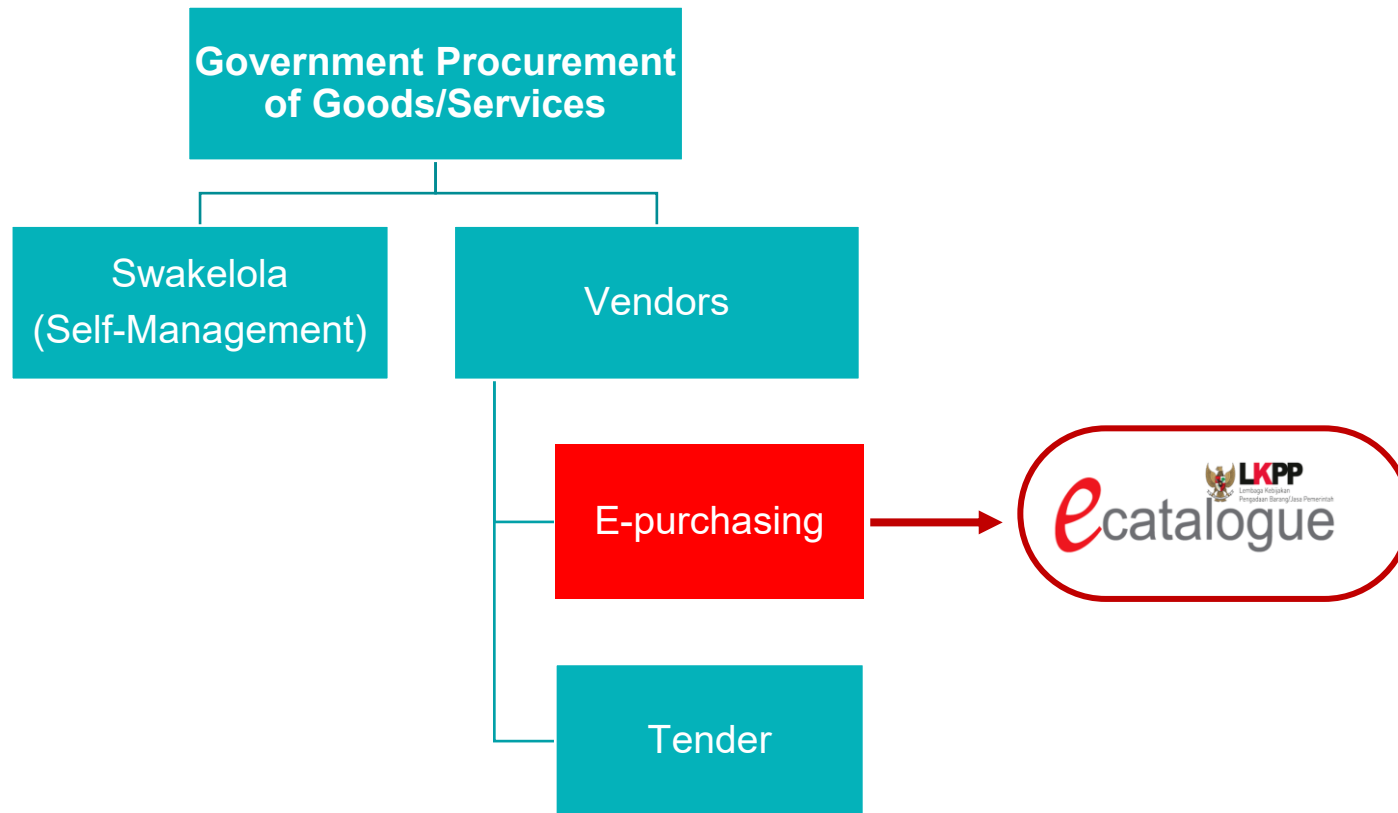
Indonesia **prioritize the use of local product** in health programs and facilities

The selection of procurement of goods/services in the e-Catalogue must be carried out according to the following order/priority:



Government Procurement System in Indonesia

Presidential Regulation Number 16 of 2018 as amended by **Presidential Regulation Number 12 of 2021** and the second amendment with **Presidential Regulation Number 46 of 2025** concerning Government Procurement of Goods/Services



Regarding letter of LKPP No. 24152/D.2.2/09/2022 dated 26 September 2022 issued by the Director of Catalog System Development, **Pharmaceutical products and medical devices are to be listed exclusively in the Sectoral Electronic Catalog managed by the Ministry of Health.**

An appropriate strategy in managing the Health Sectoral Catalog will have a direct impact on the efficiency of procurement in the national health sector

Insight on Regional Stockpiling

Regional stockpiling will benefit to avoid the high cost and insufficient supply of vaccine, especially in the emergency situation

Before implement the regional stockpiling, we should define:

- Coordination line to deliver **single direction**
- **Independent implementing body** to manage the storage and distribution
- **Stockpiling mechanism** including stock management, storage cost, country contribution, etc
- **Existing regional infrastructure** to be effectively manage regional stockpiling, to avoid duplication and inefficient investment

Outline

- Indonesia's Experience & Expectations
- **Future Outlook**

Insight on Regional Pooled Procurement

Based on benchmarking to existing mechanism

PAHO - Revolving Fund

- Having extensive experience ±45 years
- Providing **timely access to vaccines and immunization supplies** for 41 countries in Latin America and The Caribbean
- Acting as **process facilitator** for planning, international bidding, financial projections and shipment monitoring
- Key Strategies:
 1. **Centralized procurement** (economic of scale purchasing)
 2. **Standardized quality assurance** (WHO PQ standards)
 3. **Financial sustainability** (cost sharing to allows continuous procurement)
 4. **Technical Assistance** (for logistics, cold chain, campaign, etc.)

African Vaccine Acquisition Task Team

- Established since 2020, in response to pandemic
- Implementing strategies involving **key regional and international partners**:
 1. **Central entity for negotiation, procurement, and payment:** *African Vaccine Acquisition Trust (AVAT), UNICEF*
 2. **Scientific guidance:** *Africa CDC*
 3. **Ordering and allocation:** *African Medical Supplies Platform (AMSP), UNICEF*
 4. **Financing mechanism and instrument:** *Afreximbank, United Nations Economic Commission for Africa (UNECA), World Bank*

ASEAN need to

- established a procurement agent in each countries for **centralized coordination and sharing responsibility**
- define the **number of regional procurement** based on country needs
- leverage bulk purchasing power **for both routine and health emergency usage.**
- **Harmonize WHO SEA-WPR and ASEAN effort on pooled procurement and fund mechanism** to have efficient governance with no duplication, allow equitable access and achieve financial sustainability.
- **deepen strategic partnerships with key regional and global stakeholders**, eg, UNICEF, Gavi, WEF, to garner support while at the same time, maintain our own stockpiles of vaccines and other essential supplies

strategic direction for strengthening pooled procurement in the coming years

-  **Strengthening Strategic Direction**
Advance pooled procurement as a long-term strategy to enhance efficiency, equity, and sustainability in vaccine and health product supply
-  **Supporting Local and Regional Manufacturing**
Encourage investment and collaboration to build regional production capacity and reduce dependence on external suppliers.
-  **Regional Collaboration and Policy Alignment**
Utilize digital platforms (**satusehat logistic**), data-driven forecasting, and transparent supplier databases to improve efficiency and accountability
-  **Leveraging Innovation and Digital Systems**
harmonized regulations, shared standards, and strong governance to build a resilient global procurement ecosystem

**“Working together for sustainable and equitable
access to vaccines”**

