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Moment of the Month



Socialization of 5S
To Metal Component SMI in Tegal

**SPECIAL TOPIC ~ Local Industry Action Plan for Target Industry:
A Map for Stakeholder**

In the last October, SMIDeP Project has seen an initial version of the Local Industry Action Plan for each target industry. The Local Industry Action Plan, which comprises of i) Challenge Action (goal to be achieved by the target industry), ii) target SMIs of the Action Plan and iii) Support Activities suggested to have target IKM to achieve the goal, has been prepared by the Local Working Group (LWG) in consultation with IKM, producers and other stakeholders. The contents of the initial Action Plan are briefed as below:

Region/ Industry	Challenge Action/ Target SMIs*	Examples of Suggested Support Activities
Kab. Samosir, North Sumatra Ulos Fashion industry	To enter the high-end fashion market and local/ tourism market with fashion products using <i>Ulos</i> motif fabric (apparel, accessories, etc.) developed through collaboration with external supporters such as designer * Two producer groups (30 weavers)	<ul style="list-style-type: none"> - Technical guidance on quality improvement/ skill in motif work - Apprenticeship in advanced weavers/ study visit to fashion product market - Promotion/ PR through fashion show events/ exhibitions/ matching - Fashion product development in collaboration with designers - Facilitation of joint-purchase of raw materials for fashion product development
Kab. Tegal, Central Java Metal component industry	To supply ship parts (2 kinds) to the ship-building industries, which are certified by BKI (focusing on ship parts for a while) * Ship parts SMIs (out of about 20 members of cooperative)	<ul style="list-style-type: none"> - Production management/ site improvement through introducing 5S - Technical guidance on Good Manufacturing Practice (GMP) - Visit to advanced ship parts clusters/ BKI - Business matching with ship building industries - Strengthening of cooperative functions (joint purchase of raw materials, etc.)
Central Sulawesi Cacao processing industry	To enter the local/ regional markets (chocolate producer, confectionary, grocery, supermarket, restaurant, etc.) with intermediary products and chocolate/ confectionary by utilizing local beans. * A newly established processing unit, and chocolate/ confectionary producers (5 producers)	<ul style="list-style-type: none"> - Visit to advanced small producers of chocolate/ confectionary, and their markets (West Java) - Training on required knowledge and skills for operation of the new factory and development of the operation plan - Support in trial operation of cacao processing unit/ packaging design - Market test and PR in exhibitions and other promotion events - Preparation of Governor's/ Mayor's decision letter on local industry product utilization
Rattan industry	To develop local modern markets (hotel, restaurant, housing complex, public institution) with model/ standard rattan furniture/ products designed/ suggested to each target market. * 3 rattan SMIs (for the time being) out of about 20 SMIs for final products	<ul style="list-style-type: none"> - Hearing for prototype design from potential markets/ buyers - Prototype design/ development in collaboration with product designer - Facilitation of prototype PR to the potential markets/ buyers, promotion through domestic exhibitions, instalment of PR/ display facility - Production management/ site improvement through introducing 5S - Preparation of Governor's/ Mayor's decision letter on local industry product utilization

The Local Industry Action Plan should be "One Map to Guide All Stakeholders" for successful case of target SMIs. But, why the Action Plan should be prepared by local party's own initiative, shared by all concerned stakeholders? The following observations on our target industries explain:

- Metalwork industry (ship parts) in Tegal had received many assistances from many parties both government and private in the past. However, there has no visible initiative by the local government and industry to guide such various supporters to a certain direction which the industry wants to head to. For example, there has been a series of seminar opportunity on accreditation system on SNI, ISO, however, technical support related to certification of Indonesia Classification Bureau (BKI) which the industry needs for their ship parts has not been well addressed yet.
- Rattan furniture industry in Palu has been paid more attentions from the central ministries recently. Indonesian Rattan Innovation Centre (PIRNas) is one of examples for such attentions. Although a series of training has been extended on the aspects of product design so far, a little discussion has been made with the local party on which market can be envisaged considering the current capacity and condition of the industry. As a result, the industry became rather recipient of such supports.

From now on for the duration of 2014-2015, each LWG in cooperation with Directorate General for SMIs and JICA SMIDeP Team will realize the above Action Plan through facilitating detailed-planning, budgeting and conducting suggested support activities by the responsible institutions (service providers). And more importantly, this Local Industry Action Plan is an initial one, and should be revised according to the progress and change of the perception.

Regards, JICA SMIDeP Team

PROJECT NEWS ~ Joint-Progress Meeting between PIU and LWGs



Joint-progress meeting (at DG-SMI, MoI)

On 7 October, the Joint-progress meeting was held by the Directorate General for SMIs (DG-SMIs) in the Ministry of Industry (MoI), in order to share and discuss the Local Industry Action Plan (challenge actions by target SMIs and support activities for such actions), which have been prepared by the Local Working Group (LWG) established in each target region. The meeting was attended by the members of Project Implementation Unit (PIU) in DG-SMIs and the representatives from each LWG as well as the Expert Team. Each LWG for three regions/ four industries explained their Action Plan, and received comments on the contents, advice for facilitation, and information on additional support opportunities from PIU.

Local Industry Action Plans have been drafted by each LWG after learning the planning method and through holding dialog session with SMIs/ producers and related support institutions, and discussed in particular focus on the challenge actions by SMIs/ producers (for instance, development of new products and their particular markets/ sales channels).

The meeting also reported the activity plan for improving financial access and production management (targeting metalwork: ship parts industry in Tegal), and the parties concerned including LWG-Tegal has consented on the activity plan.

Region I: Ulos Fashion Industry in Samosir

From the end of August to the middle of September 2013, Focus Group Discussions (FGDs) were organized to prepare the Action Plan for *Ulos* Fashion Industry in Samosir. The FGDs were organized by members of a Local Working Group (LWG) comprising of *Ulos* fabric producers, local governments, financial institution, and other support resources like a designer. The LWG first discussed “challenge action” of the local industry (around 30 weavers), i.e., what products can be challenged to which markets, and further deliberated on what support activities will be suggested in order to realize the challenge action. A series of discussion brought out a consensus on the challenge actions, to increase sales of fashion products using *ulos* motif fabric, such as apparel product to the high-end consumers and accessories/ handicrafts to local/ tourist markets, in cooperation with external designers and product development supporters. In order to facilitate such challenge actions, the Action Plan suggests various support activities covering training/ guidance on weaving skills, prototype development through collaboration with renowned designers, participation in exhibition/ fashion event, sales promotion to the hotel industry, facilitation of raw material procurement, and so on. Furthermore, the LWG members agreed to closely coordinate among the stakeholders, so that each support activity would be serially extended in mutually complementary manner, and thus contributing to the challenge actions.



FGD on 19 September at Hotel Saulina

Region II: Ship Components Industry in Tegal

As the metal industry is designated as a priority industry of the District, people say “Tegal is Japan in Indonesia”. This Project currently supports the metal industries for planning a series of actions to be taken in 2014–2016 for the purpose of production technology improvement and market development through coordination with the Local Working Group (LWG) involving the public and private sectors so that the metal industry could make a leap forward. A cooperative recently established with 27 members specializing in ship component production is identified as the target to support, aiming at quality improvement of ship components such as windows, doors, discharge pumps and clasps and realization of new business transaction with major national shipbuilding companies. To achieve the goal, the Project supports stakeholders (central/ local governments, private sector such as banks and R&D institutions) for strengthening their cooperation/ coordination to address issues/ challenges identified in the supply chain of metal industry (i.e., procurement of quality material, technology improvement of casting/ welding, enhancement of quality testing system). In parallel with the aforementioned supporting activities, the Project has launched a special activity for introducing 3S (*Seiri*:classification, *Seiton*:arrangement, *Seisou*:cleaning) to the producers.



Mr. Yoichi Yamazaki (shindan expert) conveys 5S to Metal Component SMIs.

Region III: Cacao Processing Industry in Central Sulawesi

Provincial Dinas for Cooperatives, SMEs, Industry and Trade of Central Sulawesi (Diskoperindag) has commenced trial operation of cacao processing factory, provided by the Ministry of Industry (Mol), and test production of chocolate products in cooperation with local producers of chocolate/ confectionery in Palu City. In order to promote such chocolate products, Diskoperindag and two local producers participated in Cocoa Day EXPO (at Taman Anggrek Mall in Jakarta on 18-22 September) which celebrates Indonesia’s Cocoa Day. At the event, tasting of the chocolate products processed only from Sulawesi beans was conducted together with questionnaire survey to obtain feedbacks for further product development and quality improvement. The responses through questionnaire survey were assessed largely good, appreciating in particular its stronger cacao flavor compared to other prevailing products. The Local Working Group (LWG) for cacao processing industry, which had been organized in this Project, will further support the continuous trial operation of the cacao processing factory and facilitate local producers to developing/ diversifying local chocolate products utilizing the intermediary products (cacao compound, etc.) from the factory, while exploring the sales channels in the local market.



Director of Food Industry, Marine Products, and Fishery, Mol, at Cocoa Day Expo at Taman Anggrek Mall

VOICE ~ DISKOPERINDAG Kabupaten Samosir



Drs. Karel Sihotang
Head of DISKOPERINDAG Kab Samosir

As a core competence of Kabupaten Samosir, woven fabric with *ulos* motif has been developed by Cooperative, Industrial and Trade Office (Diskoperindag) of Kabupaten Samosir. We conducted some support activities so far including training and mentoring for the weaver in order to improve quality, quantity, as well as design of the motif. Diskoperindag participated in exhibition in order to promote and market the products.

Staffs of Diskoperindag Kab. Samosir are very supportive on the effort to develop *ulos*. They are required to wear woven shirt with *ulos* motif during working hours every Friday. We can say that woven fabric with *ulos* motif has started to flourish, but we must admit that improvement is further needed in term of quality and design to add its attractiveness and competitiveness. Accordingly, supports from wide stakeholders, particularly government and private representative in the Local Working Group (LWG), need to be obtained. LWG is expected to be responsible in performing its assignment and function so that the challenge action, that is development and promotion of fashion products with *ulos* motif, could be achieved. LWG has formulated the policy and support-plan in order to realize this challenge action.

In achieving the challenge action, as the Head of Diskoperindag, I commit myself to support activities including active participation in the exhibitions as means to promote unique fashion and craft products using *ulos* from Samosir. On the other hand, I understand that

there are obstacles in performing the support activities, particularly funding and marketing. Thus, coordination among the stakeholders is important, such as the Ministry of Industry, Provincial Dinas for Industry & Trade, Dekranasda Kabupaten Samosir and private sector like designers in view of complement our limited resources. Prospect would be good for *ulos* weaving industry at Samosir, because *ulos* motif of Samosir is quite unique with strong-bond with *Batak* heritage, different from other regions.

With this Project, I hope that Samosir *ulos* could be well-known at the regional and even national level in the applied forms to fashion/ craft products, and particularly could act as icon for Kabupaten Samosir to support its vision as tourism destination. I even hope that Samosir *ulos* could penetrate into foreign market and go international. Finally, I will be glad if our initiative here could be applied to other regions as a model case of local industry development.