

Table of Content

1. Special Topic
2. Project News
3. News from Regions
4. Voice

Moment of the Month



Ulos-applied bags are now on sale!!

SPECIAL TOPIC ~ A Good Practice: Challenge for BKI Certification

Based on a consensus made among the stakeholders of ship-parts industry in Tegal, the Local Working Group (LWG) in collaboration with the Ministry of Industry and Provincial Dinas has been facilitating the component certification by Biro Klasifikasi Indonesia (BKI) for several components since the last year, and preparation/ budget arrangement by the concerned support stakeholders for the necessary supports to small and medium industries (SMIs) towards certification. **A facilitation case in Tegal for ship-parts industry is regarded as a good practice of the Platform operation for local industry development.** Accordingly, this issue of Bulletin introduces the case in detail.

First of all, LWG and several SMIs identified 5 components (ship window, ship door, gate valve, fire-gate valve which comprises of two types) as potential ones for BKI certification and marketing to ship-builders in Indonesia. Then, a coordination meeting (focused on BKI certification issue) was held among the concerned stakeholders in order to clarify the necessary technical guidance for BKI certification together with their step and more importantly the role sharing among the support stakeholders. The following four necessary supports were proposed, namely, i) training of production process (quality manual) documentation, ii) workshop of drawing preparation, iii) technical guidance of prototype-making/ production process documentation, and iv) quality/ performance test of the prototype products.

Support	Brief explanation
Training of production process (quality manual) documentation	In March 2014, Provincial Dinas Industry & Trade conducted a training of production process documentation preparation, in other words, quality manual for production, as an initial step for BKI certification.
Workshop of drawing preparation for target components	A workshop of drawing preparation was organized by District Dinas Industry & Trade in April 2014, so that product design would be set in accordance with the standards and that product dimension would be objectively measured. All the necessary drawings of target parts were prepared with the assistance of UPTD in Dinas, and sent to BKI for its approval.
Technical guidance of prototype-making/ production process documentation for target components	A technical expert (the former staff of Metal Industry Development Center) sourced by District Dinas Industry & Trade assisted target SMIs in making 5 prototypes of target components, in accordance with the approved drawings by BKI. Since target SMIs have been accustomed to producing the components by looking at the sample from the buyers, they had difficulty in producing the components according to the specifications in detail at the beginning. The biggest challenge for target SMIs has been to comply with required composition of materials. This is because casting production depends largely on the use of scrap-based casting materials.
Quality/ performance test of prototype components	Process of prototype-making has required target SMIs and technical expert to experience try-and-error. Once the prototypes were prepared, they were brought to the laboratory in Dinas for preliminary test of performance (such as strength, durability) and quality (such as material composition, size and dimension). Then, if non-conformities found by test, SMIs made the prototypes again. For this purpose, District Dinas Industry & Trade has decided not to charge SMIs the expenses of testing, as far as the prototypes for certification are concerned.
Research on standardization of scrap-based casting materials	Concerning the standardization of scrap-based casting material, the research study has been in parallel facilitated by Dinas Industry & Trade Tegal, where the University of Diponegoro (UNDIP) has been assigned to experiment the practice/ formula of standardizing the scrap-based casting material according to each requirements of target components.



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Prototype work for certification



One of the prototype products for BKI



Discussion for final audit at BKI

According to BKI, this would be the first case for the local SMIs to be certified with their ship components in Indonesia. As of the mid of September 2014, LWG has completed facilitation of target SMIs to prepare 4 prototypes out of 5 ones, and **those prototypes have been brought to BKI for final audit: performance test** (If unconformity is indicated by BKI, SMIs need to repeat prototype-preparation). All the stakeholders are now waiting for the certification and ready to promote the components to ship-building industry, a few of which in Batam have already inquired for transaction. In parallel with the facilitation for BKI certification, LWG has also supported technical guidance of 3S introduction, and financial matching with local non-bank and KUR.

PROJECT NEWS ~ Second Joint Coordinating Committee (JCC) for the Project Review

Chaired by the secretary for DG-SMI, the second JCC was convened on 1 July 2014 in order to review the progress/ achievements in the overall Project activities and Local Industry Action Plans in the target industries/ regions, and explain the plan for the Phase II. Before entering the report of the overall progress of the Project activities, the Expert Team explained an aim of the work model/ technical guideline for local industry development and approach of its internationalization in the on-going programs of the MoI/ DG-SMI, then which was basically agreed (the Expert Team preliminarily discussed this agenda with both Director General for DG-SMI before this JCC). In response to the presentations of LWG activities (progress/ achievements of the LIAP) by each LWG, the participants discussed and shared the main focuses of further supports to be facilitated in the Phase II.



Region I: Ulos Fashion Industry in Samosir

Several *Ulos* producers in Samosir have formed a joint business group called "*Harungguan* (name of a traditional *Ulos* motif made in Samosir)" to seek self-sustained business operation for *ulos*-applied handicraft products. They have agreed to utilize a part of profit made from the consignment sales for raw materials procurement for their further production. Besides, through facilitation of the Local Working Group (LWG), a provincial development bank (North Sumatra Bank) decided to provide yarns for further handicraft production to the *Harungguan* members under its Corporate Social Responsibility (CSR) program. An uncertainty for sales makes them hesitate to take risk of buying raw materials for preparation of handicraft products. Hence, LWG facilitated the Bank to providing the yarns to the *Harungguan* members as initial capital so that they could start handicraft production for consignment sales. This is the first and important step toward realization of their self-sustained business operation.



Discussion among Harungguan members

Region II: Ship Components Industry in Tegal

The Local Working Group (LWG) has provided facilitation support to the ship-component industries in Tegal District since September 2013, one of the programs is technical guidance of "3S" introduction covering "*seiri* (sifting)," "*seiton* (sorting)," and "*seiso* (shining/ cleaning)" to improve the workshop environment. Some targeted SMLs of ship-component could largely improve their workshop and production practices according to the standard process. In view of disseminating such a good practice of "3S" introduction, DG-SMI in the Ministry of Industry and the JICA Expert Team decided to prepare the "Handbook for 3S Introduction to the small-scale industry" in order to share the step, method and know-how to the practitioners like *Shindan-shi* and field extension officers. This handbook is being prepared for official publication by the DG-SMI for future distribution to regional Dinas.



Cover of Handbook for 3S / 3K

Region III: Cacao Processing Industry in Central Sulawesi

The Mutiara Airport in Palu City decided to provide a tenant space to the target group of local chocolate producers, Association of Celebes Chocolate Producers (APECC). Those producers succeeded to obtain their outlet at first floor in departure lobby, owing to the facilitation support of Provincial Dinas and special attention by the airport management to the local specialty products. The chocolate outlet featuring on the locally processed chocolate, named "Souklat" (House of Chocolate in local term), is expected to commemorate the opening day in the coming October. The chocolate producers have so far developed the sales channel with souvenir shops and supermarkets in the city but on a consignment basis, and promoted through exhibitions. Accordingly, this outlet is the very first and permanent channel to sell the consumers directly. The member producers are discussing and preparing for the store open; interior design, staff recruit and training, store operating procedure and PR activities.



Tenant space for cacao outlet in Palu Airport

VOICE ~ DINAS PERINDAGKOP & UMKM Palu City, Central Sulawesi



Left-right: Dra Hj. Haeryati (Head of Dinas) and Jermia Tapussa, S. Sos (Head of Industry Division)

Rattan industry in Central Sulawesi Province, particularly in Palu City, has been quite developed so far. Our nurturing support to rattan SMLs has made them able to solve some difficulties that they had faced. Recently, we have started joining technical cooperation project, SMIDeP Project with the Ministry of Industry and JICA, which has been positively facilitating the development of rattan industry in Palu City.

Local Working Group (LWG) that was formulated for rattan industry has been providing direct nurturing support as well as institutional support. Several support activities such as encouraging utilization of rattan furniture by the local government institution, hotel and restaurant have been performed in parallel with capacity improvement of the rattan artisan and craftsman. LWG has been leading and facilitating these nurturing supports so that rattan SMLs head to a positive direction, improvement of product competitiveness in the local modern segments compared to products from other regions.

With facilitation support from LWG, rattan SMLs has conducted marketing visits to potential modern segment buyers/ users in Palu City, such as local government offices and private institutions, following the market survey conducted by LWG in Palu City. Several SMLs have also commenced an action of design innovation and quality improvement in order to adequately respond to the issues pointed out from the market. Such voluntarily initiatives by SMLs make us feel proud so far.

However, we have to admit that there is still much room for improvement, which needs to be fulfilled. Well-focused cooperation among various stakeholders needs to be further strengthened, particularly in the fields of product development and marketing of locally produced rattan furniture. Further, we can assume that advancement of rattan industry will enhance local workforce absorption, which then leads to improvement of people's welfare.