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Moment of the Month



A visit to the Indonesian Footwear Industry Development Center (BPIPI) near Mojokerto



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SPECIAL TOPIC ~ New Target Industry for Platform Establishment

Based on a recommendation from the Directorate General of Small and Medium Industry (DG-SMI), the SMIDeP Project has decided to add two more regions/ industries as target of the establishment and operation of the Platform for local industry development. These two added regions/ industries are i) aloe vera processing industry in Pontianak City in West Kalimantan and ii) footwear industry in Mojokerto City in East Java. Aloe vera processing industry in Pontianak has been designated in the One-Village One-Product (OVOP) Program by DG-SMI, and footwear industry is a regional core-competence of Mojokerto. Both industries have been experiencing several years' support especially from DG-SMI so far, and the majority of SMIs in the industry have already reached a stage of continuous business with a certain level of network of marketing and sales channels. However, both of them are still facing some issues such as further improvement of product quality/ craftspeople's skills, strengthening of cooperation among SMIs/ joint business group (KUB) (footwear industry) and improvement of packaging, expansion of market/ sales channel (aloe vera processing industry).

The Expert Team has already held the kick-off meeting to launch the Project activity, inviting the regional governments concerned with these two industries, where the steps of local industry facilitation and the necessary prior arrangement by the regional governments were explained. At the time of this initial meeting, regional governments (Dinas Industry & Trade) expressed the eagerness for regional branding initiative and sub-contract system development with large-scale footwear industry (footwear industry) and further product diversification in collaboration with local research and development (R&D) center (aloe vera industry).

Region/ Industry	Description of Industry	Photo of Industry
Aloe Vera Processing Industry (Pontianak City, West Kalimantan Province)	Pontianak is well-known for aloe cultivation. In Pontianak City, there exist around 20 small-/ micro-scaled aloe vera processing industries and one medium-scale industry. They produce the processed foods (such as jelly, cracker, meatball), and drinks from aloe vera mainly to the local markets. Access to regional/ export (Malaysia) market is still limited to a few SMIs. R&D center specializing in aloe usage exists in Pontianak, which has researched on product diversification and powdering technology. Aloe vera is designated as OVOP Program by DG-SMI.	
Footwear Industry (Mojokerto City, East Java Province)	East Java is one of the major production centers of footwear products (leather/ synthetic leather, both for men and women shoes) in Indonesia. Mojokerto City accommodates almost 360 small-/ micro-scale industries and one medium-scale factory. Mojokerto also functions the wholesale center, where a size of buyer/ trader visits to order and trade with their each brand. On the other hand, many SMIs also have their own brand, but those who have strong brand are limited. Sub-contract (outsourcing) from medium-scale factory to those small-scale producers has not been well established in Mojokerto. The support center of the Ministry of Industry (Mol) specializing in footwear exists near Mojokerto, which has been quite active in fostering craftspeople and sub-contract linkage with medium-scale factories.	

Facilitation of these two industries will be commenced with the formation of Local Working Group (LWG) and assignment of facilitator. Regional Dinas Industry & Trade shall lead this LWG and assign their *Shindan-shi* or extension officers (UPL) as facilitator. Then, the key members of LWG and facilitator will be invited to the facilitation training to learn about the skills and knowledge of regional industry facilitation including diagnosis, planning of action plan, facilitation technique and more importantly lessons/ good practice experienced from Phase I. As practiced during the Phase I, both the Mol and the Expert Team are ready to advice and guide the facilitation work by LWG to those new target industries.

PROJECT NEWS ~ Facilitation Training for Newly Assigned LWG Members/ Facilitators

In response to the addition of target regions/ industries, the Expert Team in cooperation with DG-SMI has designed and conducted the training for facilitation of local industry development (facilitation training) to the newly assigned LWG members/ facilitators for the above two target industries. The training was held during 17~19 November, inviting 8 officers from regional Dinas Industry & Trade, and 3 officers from DG-SMI. The team members of the SMIDeP Project provided lecture and facilitated case work of industry diagnosis and planning Local Industry Action Plan (LIAP). Curriculum and materials of the training were designed and prepared by leveraging the lessons and good practices learned from the facilitation experiences. Thus, not only taught the standard steps/ methods of local industry facilitation to the counterparts, the training provided an opportunity where both Project members and participant counterparts could discuss how we can improve facilitation practices of local industry development. As a result of the training, the working level members of LWG and facilitators could prepare preliminary results of industry diagnosis and LIAP, which shall be further improved based on the dialog with target industries through Focus Group Discussion and field interview.



Region I: Ulos Fashion Industry in Samosir

Ulos weavers and tailors in Samosir have formed KUB of *Ulos*-applied handicrafts. The current production capacity of the group is, however, not sufficient to maintain the stable product supply due largely to lack of the group members. Under this circumstance, Dinas Industry & Trade of the Samosir District, Dinas Industry & Trade of the North Sumatra Province, and DG-SMI of Mol held three training programs (one training program each) on development of *Ulos*-applied apparel/ handicrafts in October and November 2014 with 40 weavers and tailors in total. A leader of the joint business group took these opportunities to encourage the participants to join the group by its presenting activities, its sales performance, and benefit to become the member. Currently, the discussion is under way with the identified candidates for the new members.



Training of *Ulos*-applied handicrafts

Region II: Ship Components Industry in Tegal

In order to increase the number of the prospective outcome of the Indonesian Ship Classification (BKI) certification by ship components industry in Tegal, the Directorate General of High Technology-based Leading Industry (DG-IUBTT) shows the willingness to extend budget support to the ship component industry in Tegal in FY2015 for the necessary technical guidance, following FY2014. Such an extended financial support by the central government should be highlighted in the light of the policy announced by the new cabinet, "maritime nation building", which could enhance domestic shipbuilding in parallel with an increase of local content (on the component procurement). LWG for ship component industry in Tegal has already started to discuss the selection of the newly targeted components and responsible SMIs for BKI certification during FY2015. According to Tegal, they are now discussing a possibility of targeting more technically challenging components for certification.



Artisan in Tegal, working for ship component

Region III: Rattan Furniture Industry in Palu

In order to improve a low quality product caused by an inadequate treatment in intermediate processing of raw rattan and inconsistent quality management in production process by producers, LWG has started drafting the standard operating procedure (SOP) of rattan furniture production as a tool for quality audit. The SOP shall include the points to be checked at the time of purchase of intermediate processed rattan, and operational procedures/ tools and materials to be used by producers in every step of production. Central Sulawesi Provincial Dinas and Palu City Dinas, core LWG members, have been working on drafting the SOP in consultation with some producers and the National Rattan Innovation Center (PIRNas). Once the SOP is prepared, LWG shall visit the workshops of producers in order to conduct such an audit by confirming their production processes and giving a necessary technical guidance. Subsequently LWG is planning to issue a quality certificate for each qualified producer.



LWG meeting for drafting SOP

VOICE ~ Ulos Handicraft Artisans from Kabupaten Samosir



Wantimer Simbolon (on the left) and Rosalin Manullang (on the right) artisans from Kabupaten Samosir

The Expert Team for the SMIDeP Project has made interview with two artisans who have engaged in the Local Industry Action Plan for *Ulos* fashion industry in Samosir, concerning the satisfactions with and benefits from a series of support activities facilitated by LWG so far. The summary of the interview is given as below;

The support activities that have been held for the artisans of *Ulos* handicrafts help us to gain knowledge. The activity that I have been involved in allowed me to gain new friends and get to know the instructor from outside Samosir. After attending the product diversification workshop, I can make bags and other handicrafts as well. - Rosalin Manullang.

I am satisfied with the support and guidance of Diskoperindag for our artisans as it helps us to support our families. I also had a chance to go out from Samosir and see the trend that has been going on outside of Samosir from the activities on the development of *Ulos*-woven textile. It inspires and motivates me to work on hand-woven textile and to develop a better pattern. - Wantimer Simbolon.

We believe that KUB of *Ulos* handicraft artisans can achieve the challenge action together. A strong cooperation between members of KUB is needed to operate KUB in a better way. In regards of the support from LWG, we feel that the training and tools provided by Diskoperindag can help us to achieve the challenge action. If it is possible, we hope that KUB can also get facilitation on raw materials or initial capital to increase the production scale of bags and other handicrafts. The support that we wish is not merely about the money, but also the solutions that are created by mutual agreement between the artisans and Diskoperindag. - Rosalin Manullang and Wantimer Simbolon.