

## SPECIAL TOPIC ~ Interim review of the SMIDeP progress

The Project SMIDeP commenced the site activity in April 2013, and has shown the overall progress largely in a scheduled manner. The C/Ps of the Project together with the Expert Team have so far been engaged in the Project activities for **Output-1 and -2**, namely, preparation of service delivery platform (platform establishment for local industry development), and strengthening of target SMI competitiveness through service delivery (platform operation for local industry development) respectively.

Concerning the **Output-1**, the last joint-meeting between PIU and LWGs concluded that the structure, step/ method and information, required for C/Ps to effectively operate the platform, have been prepared in a scheduled manner. As for the **Output-2**, so far each LWG has completed diagnosis work of their target industries and prepared initial Local Industry Action Plans (LIAP) based on step and method learned from facilitation training. Then, support activities have been provided in order to realize the 'challenge action' set by LWGs through consultation with local industries. One of the target industries, rattan industry in Palu, however, has been requiring lengthy process to identify the rewarding actions and supports for target SMIs. The progress/ achievement of each LWG for target industry are summarized as below;

Industry	Overall progress
<i>Ulos</i> Fashion industry in Samosir/ North Sumatra	A key support activity, trainings of handicraft (using <i>Ulos</i> fabric) development were undertaken with aims of equipping <i>Ulos</i> producers (all women including local tailors) with skills of developing simple handicrafts and facilitating involvement of local tailors in handicraft development, following the preceding support activities of skill improvement for fabric weaving and motif work. A partnership with an external product designer has been also built through these supports. In parallel, market development (identification of potential buyers/ sales channels in local/ tourist markets) by <i>Ulos</i> producers has been facilitated by LWG through visiting more than 10 buyers/ markets, bringing about a few notable chances (inquiries) of transaction and promises to promote <i>Ulos</i> craft products at the resort hotels nearby.
Metalwork (ship parts) industry in Tegal/ Central Jawa	Towards a certification of ship components by BKI, key support activities have been provided on the aspects of i) production/ processing (through technical guidance of 3S application), ii) market development (study visit to BKI/ ship-building industry), and iii) financial access (matching seminar by a local non-bank). Among them, five out of six selected SMIs has performed 3S as guided. LWG has been making an effort of adjusting support activities to the direction of LIAP. Process towards BKI's certification commenced with training of product drawing and technical guidance of prototype production for product audit, waiting for official certification scheduled in this June.
Cacao processing industry in Central Sulawesi	Government-run processing factory of <i>couverture</i> (processed cacao product ready for use by chocolate producers) has performed trial production, achieving acceptable level of quality (according to consumer tests). Chocolate producers (micro-scaled, majority of owners are women) have been active in promoting their chocolate products in trial through exhibitions/ weekly stand at busy street (with satisfactory sales performance) and direct sales to potential buyers of hotel, restaurant, supermarket and groceries (initially 10 buyers), bringing about several inquiries for transactions of <i>couverture</i> chocolate products. They also formed an association to compile their support needs to LWG, and introduce joint-promotion. Quality adjustment/ continued production of <i>couverture</i> (by processing factory) according to market needs are awaited to scale-up their marketing actions.
Rattan furniture industry in Palu/ Central Sulawesi	LIAP for rattan industry has been lagging for relatively longer period, in identifying the target SMIs with a willingness to actively engage in LIAP. However, in the awake of the seminar in March 2014, which indicates the potential of local modern market and buyers willing to deal with local producers, LWG has activating supports on promotional aspect, through an issuance of the Mayor's letter to oblige every public institutions to use locally made rattan furniture, and facilitation for local producers to conduct sales visit to potential buyers identified in the seminar. The willing producers (10 in total) are already identified and formed to the task team for marketing, expecting orders or inquiries of sample presentation.

# Bulletin

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### Moment of the Month



Rattan furniture is displayed at the front of a hotel in Palu City



Women at work -handicraft making-



Prototype work for certification

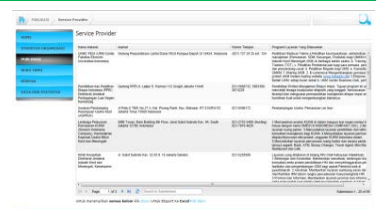


Couverture making

Activities for the **Output-3**: establishment of the model for SMI (local industry) development based on the above Project activities are scheduled to commence at the mid-term of Phase II (this phase to start in August 2014) after the evaluation of Output-1 & -2.

## PROJECT NEWS ~ Database (demo-version) of Service Providers Profile

As The Project Team already informed that service provider profiles, covering brief introduction, available services, target users, procedure/ access to the services, and charge/ fee for the services shall be data-based in cooperation with the Service Directory Team in the PIU (Ditjen-SMI). The service providers (and support institutions) covers a part of public-based support institutions and private BDS providers, then grouped into the four categories of i) business management/ access to finance, ii) production/ technical (laboratory test, standard/ certification, intellectual property right, design/ packaging, research, incubation), iii) marketing/ promotion, and iv) human resources development. Demo version is prepared at the beginning of this May, compiling the data of service providers at the central level and each target regions of the Project, and now accessible and referable among Ditjen-SMI for internal review. Please access and check the database at [ikm.kemenerin.go.id](http://ikm.kemenerin.go.id) →Publikasi→Service Provider.



## Region I: Ulos Fashion Industry in Samosir

From 29 April 2014 for 5 days, the training of skills development for *Ulos*-applied apparels and handicrafts were provided to 10 *Ulos* producers and tailors in Samosir participated. The participants are recommended by Disperindagkop Samosir as capable of playing a leading role in the subsequent product development and marketing actions. In this training, the participants were guided to produce the prototype of *Ulos*-applied apparels and handicrafts (bags in particular). On the last day, they conducted a show where their prototype products were presented each other. The key for challenge action in this industry is to leverage collaboration between *Ulos* producers (weavers) and tailors who can process *Ulos* fabrics to diversified/ value-added products of apparels and handicrafts. In this regard, one of the training participant tailors is scheduled to open *Ulos*-craft shop. In addition, the Local Working Group shall facilitate to discuss business cooperation with two product development partners in Medan.



Training of apparel/ handicraft development

## Region II: Ship Components Industry in Tegal

In order for ship-component SMIs to obtain BKI's certification for their ship-component products, the Local Working Group have continued their initiative and conducted the following support activities. Firstly, Dinas Industry & Trade of Central Jawa Province assisted target SMIs in documenting production process of the to-be-certified components in March 2014 in preparation for quality manual of the said components. Secondly, the workshop for drawing of the components was organized in April 2014, where the staffs of Technical Service Unit (UPT) of Dinas Industry & Trade of Tegal Regency has guided almost 15 SMIs on knowledge and skills (using drawing software) of product drawing in accordance with BKI's requirements. The drawing outputs of this training were then checked by BKI in view of compliance with BKI's requirements, and would be developed for prototype components by target SMIs under the guidance of the local expert. Finally, the prototype components shall be tested (at the end of May 2014) in the laboratory of Dinas on whether to satisfy the requirements of BKI.



Training of drawing in preparation for BKI certification

## Region III: Cacao/Chocolate Industry in Central Sulawesi

Target group of local chocolate producers, namely APECC established by 12 local chocolate producers, has been active in promoting their chocolate products through local exhibitions and flea markets. An exhibition, *Hari Nusantara*, held in December 2013 brought a great success achieving sales of Rp. 23 million while obtaining feedbacks from visitors through questionnaire survey. They also commenced sales visit to local modern market segments in order to establish the stable sales channels. Potential buyers/ users of chocolate products such as supermarket, hotel and restaurant/ café, largely responded quite positively to the locally made "Chocolate of Central Sulawesi". Some buyers/ users are requesting additional samples for tasting by decision-maker, and others are willing to discuss how to introduce locally made chocolate, for example, as snack in mini-bar and gift for check-in guests in hotel.



Sales visit to potential buyer

## VOICE ~ DISKUMPERINDAG Central Sulawesi Province



Abubakar Almahdali, SE., MM as the head of Dinas (left) and Syarif, SE, M.Si as the head of Industry Division (right)

I am very supportive to developing SMIs in this Project, particularly for chocolate and rattan SMIs in Central Sulawesi. These two commodities are mainstay or flagship commodities in terms of their volume and presence of raw material supplies. Almost 85% of the world rattan supplies come from Indonesia, in which Central Sulawesi contributes 60% of national supplies, and our cacao was ranked third in the world supplies.

Certainly, the support to those industries is the duty of the Local Working Group (LWG) which comprises of the competent personnel. This was the reason behind my decision to revise LWG member in view of strengthening support delivery by related support institutions such as *Estate Crop Office* for cacao processing industry and Forestry Office for rattan industry. Surely Cooperatives, SMEs, Industry & Trade Office of Palu City become also officially involved. I am also very grateful for mentoring support from the Expert Team. We will continue to provide the better supports, with the budget that might come either from regional government or central government. We also have a vision to foster a good model of SMI development and disseminate this to our Regencies, beyond placing them as mere supplier of raw materials. Thus, dispersion of industry can be achieved.

As a leader, I am directing my staff respectively according to their duties at the field, and ensuring good coordination among each division of my office, cooperatives, SMEs, industry and trade. In this way, a holistic support to SMIs could be provided. I have also conveyed to SMIs that they can regard our office (Diskumperindag) as their own office. Currently, I am trying to foster an understanding among the whole staffs that they should strive to support SMIs in order to solve their problem. In this regard, we will accept any support-request, inquiry for consultation at the office or by phone with open-handed. I have told these things in many occasions to SMIs in several occasions.

In the next one or two years, I am optimistic that our SMIs could develop, assuming that inter-divisional supports be provided by the stakeholders concerned. This actually can be done through the platform established. Lastly, I would like to express my conviction that we should start with a small success in order to obtain a great success later. Thus, we are struggling to generate the success model by even a few number of SMI first.