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### Moment of the Month



Minister of Industry at the official opening of Central Sulawesi Chocolate shop in Mutiara airport, Palu.



Project on SMI Development  
Based on Improved Service Delivery

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## SPECIAL TOPIC ~ Success Story of Local Industry Development through SMIDeP Approach: First BKI Certification on Ship Components of SMI's in Tegal

Currently, about 70% of ship components for shipbuilding industry in Indonesia have been imported due to limited supply of locally standardized components. Three types of ship component, which have been produced by the metalwork SMI's in Tegal Regency, have been finally certified by the Indonesian Bureau of Classification (BKI) on March 2015. The LWG in Tegal has been continuously facilitating SMI's to achieve this challenge action through SMIDeP approach. Those three certified components are weather-tight door, side scuttles and fire extinguisher devices (hose connection and nozzle). BKI certification is a prerequisite for local ship components producers to become supplier of the national shipbuilding industry.

This is a good example of facilitation for local industry development through SMIDeP approach. The LWG has been able to coordinate the stakeholders to committing and allocating budget for the necessary support activities in order to achieve the challenge action. LWG have successfully performed its focused facilitation in supporting ship component SMI's to certify their products, which satisfy the demand and standard of the national shipbuilding industry. Based on the experience of facilitating ship component industry development in Tegal, Four (4) major key factors can be raised to account for this achievement, including:

### 1. One Action Plan for One Industry, and the role of LWG Platform

"One Action Plan for One Industry (sentra)" is a key for local industry development. Each sentra development should focus on single action plan and challenge action, which are proposed based on the voices of SMI's. The LWG should function as a platform for SMI's and related stakeholders to formulate and facilitate the action plan, and to mobilize their resources in view of realizing the challenge action together. In case of ship component industry in Tegal, LWG has been working to design and schedule the support activities in a sequential manner according to standard certification process, and to facilitate the action plan by coordinating related institutions which provide the suggested supports in timely manner.



Initial meeting with BKI

### 2. Involvement of influential stakeholder (certification body)

Certification body such as BKI better be involved since the preparatory process of the action plan and take an important role in achieving the challenge action by providing technical guidance and advices concerning prototype-making and document preparation necessary for certification process. When facilitating the industries which set their goal like market development through obtaining the necessary certificate, it is very important to involve authorized certification body from the early stage.

### 3. Availability of technical expert and support institution in the region

Availability of competent local expert who is able to provide hands-on advice and follow-up service is another key. Based on a case in Tegal, one local expert on metal-working, who is mobilized by the local government, could visit regularly to SMI's and provide prompt advices to SMI's during the process of prototype-making and test. BKI certification has been realized also due to strong back-up from a few support institutions, particularly those related to laboratory test for prototype products and materials. They have really responded to the issues faced by SMI's in a flexible manner.



Technical guidance with the expert

### 4. Contribution of SMI's

There is no doubt that the willingness and commitment of SMI's are indispensable to this success case. SMI's involved in this action plan, have been taking strong initiative in the following manners during the certification process;

- Workshop improvement based on 3S concept,
- Continued and long-run trial for prototype-making and material/product test, until meeting the standards of BKI, and,
- Resource mobilization to prepare raw materials/ labor for prototype-making, which ranged from Rp. 7 to Rp. 20 million for each component product.

Currently, the LWG and SMI's in Tegal have been continuously working for the final stage to have another 2 ship components certified, and scheduling additional 5 components to be certified in 2015. Hopefully, this success case of the LWG facilitation through SMIDeP approach can be extended as a model to other regions and sectors.



One of the BKI certificates

## PROJECT NEWS ~ Team for Preparation of Technical Guideline

One of the important tasks in the Project is to compile the approach of local industry facilitation, which has been practiced and demonstrated in the target regions/ industries, into the working model, and institutionalize (internalize or harmonize) this model in SMI/ local industry development program by the Ministry of Industry and local governments (Dinas Industry & Trade in particular). The working model will be established in the form of technical guideline for local industry facilitation, which is supposed to cover the step/ method, lessons/ good practices learned from the facilitation experiences in the target industries. As recommended by the JICA's monitoring mission in the last January, DG for SMI's formulate a team for preparation of technical guideline, involving resource staffs from other relevant directorate. The team is expected, under the guidance of the Expert Team, to suggest likely measures/ practices to address the issues in facilitating the local industry development (which are observed by LWGs) through a series of discussion with the Expert Team and LWGs. The technical guideline is supposed to be a reference for Dinas Industry & Trade and DG-SMI's in proceeding their Sentra (local industry center) Development Program, where the SMIDeP approach shall be employed. It is also scheduled that the technical guideline be explained to the local governments in view of receiving their feedbacks.

## Region I: Aloe Processing Industry in Pontianak

The Local Working Group (LWG) for development of the aloe processing industry in Pontianak held its first official meeting on 23 March 2015. In the meeting, the members shared their support activities for the aloe processing industry that had budget allocations in fiscal year 2015 in order to formulate an action plan. They also made the implementation period of these activities clear so that they could ensure serial linkages of those activities toward achievement of the objective. Implementation of the action plan is expected to start with activities related to quality tests of target companies' products, preparation for obtainment of the Good Manufacturing Process Certificate, and strengthening of communication with large companies in the same industry.



LWG meeting

## Region II: Footwear Industry in Mojokerto

In Mojokerto, in preparation for i) SNI certification of safety shoes and ii) introduction of the standard operation (manufacturing) procedure (SOP) of normal shoes, the Local Working Group (LWG) for footwear industry designed the guidance of 3S introduction and started with the 3S seminar on 1 April 2015. The aim of 3S introduction is to improve and rationalize the workshop of SMI. In the seminar, JICA experts explained the outline of 3S (*seiri* [sorting], *seiton* [setting-in-order] and *seiso* [cleaning]) and the success cases and effects observed in preceding SMI in Tegal Regency. Following the seminar, JICA experts provided technical guidance to the 10 SMI for two weeks in cooperation with the staffs of Dinas Industry, Trade & Cooperatives. As a result, 9 participating SMI out of 10 have already introduced 3S to their workshops, indicating that those SMI would be already ready for receiving coaching program of SNI certification and SOP introduction which have been also commenced at the mid of April.



Technical Guidance of 3S for SMI

## Region III: Cacao Processing Industry in Central Sulawesi

A number of transactions of the target chocolate producers in the local modern segment have been already reported 21 cases in total. One producer has got a deal with a major supermarket chain, Carrefour at Palu City. A Chocolate shop at a local airport has been also launched and filled with various products from 7 producers. Because most of the producers have less business experience and they are busy moms with small children, Provincial Industry & Trade Office has been continuously providing necessary supports/ guidance on shop management to promote "Central Sulawesi Chocolate" together with the producers. Although it is not a favorable condition of limited flight operation and short stay of passenger at the small-scale airport, they have average daily sales of 50 products so far. Minister of Industry and Director for East Indonesia Region of Directorate General for SMI visited the shop on the opening day and exchanged views with LWG. LWG has been introducing chocolate-business to the potential producers to nurture more actors of this local industry.



Chocolate products on display at a major supermarket chain, Carrefour at Palu City

## VOICE ~ SMI of Cacao Processing Industry, Central Sulawesi



Mr. Ansharudin (left), Ms. Fatima Iskandar (middle), Ms. Mona Said (right)

I am proud to make chocolate products of Central Sulawesi cocoa beans, even if it is a challenging work to introduce Central Sulawesi chocolate which has a slightly bitter taste to local people who are used to eat very sweet chocolates. At first, I was the only SMI in cacao processing industry in Palu City, but currently there are other SMI that have been growing through the facilitation by LWG. It inspires a feeling of fellowship as well as enthusiasm to develop the products. Now LWG is the place to ask in person and also by phone if there is a problem, and SMI and LWG usually have a meeting so that our problems and needs get resolved through supporting activities facilitated by LWG. (Ansharudin/ Banua Chocolate)

LWG is very helpful and supportive at every step of our activities in production process as well as promotion and marketing activity. LWG always encourage us to do the best, and if I have problems I can consult LWG members. I am very proud to introduce Central Sulawesi chocolate to my friends,

and I always emphasize the healthy aspects of our chocolates. I hope that LWG activities, especially in terms of promotion, would be maximized to make Central Sulawesi chocolate widely known. (Fatima Iskandar/ Rapoviaka Simple)

LWG really helps me in running my business. Recently, I joined Business Incubator program with some other SMI, facilitated by the member of LWG, Bank Indonesia. The cooperation between Dinas Perindag and Bank Indonesia is like collaboration between father and mother in raising their children. I hope that LWG and SMI will continue to work together, especially in regards with promotion. (Mona Said/ Moons Chocolate)