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# SENADA QUARTERLY REPORT

April – June 2009 (Year 4 Quarter 3)

**JULY 2009**

THIS PUBLICATION WAS PRODUCED FOR REVIEW BY THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT. IT WAS PREPARED BY **DAI**



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April – June 2009 (Year 4 Quarter 3)

## **DISCLAIMER**

THE AUTHOR'S VIEWS EXPRESSED IN THIS PUBLICATION DO NOT NECESSARILY REFLECT THE VIEWS OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT OR THE UNITED STATES GOVERNMENT.

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# 1. PROJECT ADMINISTRATION AND FINANCE

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## SUMMARY

With two months remaining in the SENADA project, closedown planning and implementation is the management's top priority. There were no major administrative or financial issues during the quarter.

- ▶ **SENADA Closedown.** As the project approached its end date, the following activities were conducted this quarter to ensure a smooth closedown process:
  - The Semarang office was closed at the beginning of this quarter. The remaining field offices in Surabaya, Yogyakarta and Bandung will be closed July 31, 2009.
  - A SENADA close down matrix has been continuously updated in DAI's TAMIS system. As planned, the matrix was sent to USAID May 13, 2009 for information purposes and feedback. STTA Keith Dokho, from DAI HQ, completed a STTA in July to assist SENADA staff prepare for and complete necessary administrative and financial tasks for closeout, including internal grant program audit.
  - In early 2009, consultation was completed with a labor lawyer to confirm full compliance with the Indonesian labor law on termination benefits. The guidance provided by the lawyer will be implemented during the termination process at the end of the project. USAID verbally raised issue with how SENADA severance was calculated in June 2009 and SENADA was still waiting for USAID's final decision on this matter at the end of the quarter.
  - A disposition plan was prepared and submitted to USAID for approval on June 12, 2009. Discussions were still in process with USAID at the end of the quarter on how to proceed. Disposition is slated to start in late July as the regional offices will be closed by July 31, 2009.
  - In the beginning of July 2009, most SENADA technical and regional staff were notified that their contracts will terminate at the end of July.
  - SENADA hired Eileen Rachman from Experd Corporation to carry out two one-day Career Transition workshops in Jakarta and Surabaya for all SENADA staff providing assistance on resume development, interviewing best practices and professional development planning.
  
- ▶ **Budget Analysis.** As shown in Annex A, as of June 30, 2009 about 90% of the budget had been disbursed, whereas 96% of the project period has expired. Project expenditures for the quarter were USD \$1,482,422 — 19% over the previous quarter. In the final two months, the project is expecting higher than normal monthly expenditures due to the balloon payments for the local hire termination benefits. Of the USD \$18.3 million total budget allocated, it is anticipated that USD \$18.2 million will be spent up to the end of the project, or 99% of the allocated budget.

## 2. TECHNICAL PROGRAMS

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### 2.1 INDUSTRY VALUE CHAIN STRENGTHENING PROGRAM

#### 2.1.1 HOME FURNISHINGS INDUSTRY VALUE CHAIN

##### Summary

During this quarter SENADA completed all planned Home Furnishings Industry Value Chain activities and met or exceed all planned deliverables. The sustainable upgrading program culminated with the production of valuable, comprehensive *Sustainable Production* and *Wood Certification* e-learning modules. These practical tools were widely disseminated to Indonesian home accessories and furniture producers, as well as to other stakeholders in Indonesia and overseas. Organizations of all kinds, from small SMEs in Indonesia to the largest U.S. home furnishings retailer Williams Sonoma, have committed to using the modules as integral parts of their corporate strategies. Demonstrable progress has also occurred in strengthening Eco Exotic and ASMINDO Certification Care (ACC) — two key industry support organizations created with SENADA support. Each organization is now independent and providing valued services to member firms. SENADA has been successful in instilling a culture of organizational discipline and financial sustainability in both organizations. Eco Exotic now derives income from a percentage of international contracts while ACC is covering its expenses with contract fees for wood certification services.

##### Activity Descriptions and Deliverables

- **Sustainable upgrading.** SENADA broadened and intensified efforts to train and build awareness of sustainable production practices and wood certification. As planned, a series of two-day seminars were carried out in Yogyakarta, Bali and Surabaya to introduce the *Sustainable Production* and *Wood Certification* e-learning modules. Speakers represented a diverse group of experts and practitioners, including international buyers, designers, certification bodies and producers. An average of 70 paid participants attended each of the three seminars. Additionally, in collaboration with partners Eco Exotic and ACC SENADA distributed a total of 2,450 copies of the *Sustainable Production* and *Wood Certification* modules to producers, buyers, government entities, associations, training centers, NGOs, universities and other donors. These dissemination efforts concluded SENADA's sustainable upgrading programming.

SENADA continued to strengthen the two recently formed organizations designed to establish the institutional backbone of Indonesia's growing sustainable home furnishings sector. Eco Exotic finalized and began implementation of Standard Operating Procedures (SOP) for all financial and administrative matters. Eco Exotic also hired a full-time manager with its own funds who worked side-by-side with SENADA industry advisors in both administrative and technical areas. SENADA international STTA Andrea Chartock, during two visits to Indonesia, provided training and technical guidance to Eco Exotic in planning and communications. The STTA and other industry advisors also worked closely with Eco Exotic full-time staff and individual companies in building its two main member services — buyer relations and a resource center. Finally, all Eco Exotic member companies conducted self-assessments of sustainable practices based on Sustainable Furnishings Council (SFC) standards. These assessments were reviewed independently by SENADA advisors, adjusted and converted to numerical rankings which were posted publicly on Eco Exotic's website [www.ecoexotic.net](http://www.ecoexotic.net). All this helped to further consolidate Eco Exotic's short to medium term plans and its members' shared commitment to becoming a strong, viable trade association.

The three SENADA-supported ACC units made similar progress. Smartwood, one of the industry's most well regarded certification bodies, conducted an intensive three-day technical training program to reinforce the knowledge and skills of all ACC consultants in June. The ACCs added four new clients (one each Semarang and Surabaya, and two in Yogyakarta) and are now operating at full capacity. During eight months of operations the ACCs have signed 21 contracts and successfully completed technical services delivery to six of these. To date, five ACC clients have received international certification.

### **Deliverables:**

- *Sustainable Upgrading* and *Wood Certification* e-learning modules widely disseminated to 2,450 firms and other organizations; six technical seminars held in Yogyakarta, Bali and Surabaya. (May 2009)
- Eco Exotic institutionalization consolidated with hiring of full-time staff, SOPs implemented, member services initiated an austere financial plan approved to assure sustainability. (June 2009)
- Sustainable production assessments based on agreed-upon standards conducted and posted on Eco Exotic's website. (June 2009)
- Four new clients contracted by ASMINDO Certification Care in three cities. Five ACC clients have received international certification to date. (June 2009)

### ► **Penetrate and expand Indonesia's access to the global market for sustainable home furnishings.**

Eco Exotic continued to make important strides in accessing sustainable markets. Members attended their fifth international trade show within a year. This latest show in May 2009, the Hospitality Design Show in Las Vegas, introduced Eco Exotic to the environmentally progressive segment of hotels and other hospitality sectors. Eco Exotic gained excellent visibility through press releases and free publicity in electronic media. Numerous high potential buyers were contacted and Eco Exotic's buyer database was expanded. Of note, Eco Exotic formalized a relationship with experienced and reputable U.S. based sales consultant Lynda Sullivan. Eco Exotic has worked with Ms. Sullivan to enhance its hospitality industry product line and to develop specific bids for potential contracts. Additionally, Eco Exotic members earned a total of \$2,243,587 in new contracts from 33 international buyers.

Most importantly, Eco Exotic has built its capacity to execute all facets of international trade as a cooperative entity, from contract bidding to shipping. This capacity has been institutionalized among its members, led by its new full-time manager who oversees all logistical operations. In addition, SENADA supported Eco Exotic in the critical area of electronic marketing. Tapping into the talents of two international experts Ted Barber and Larri Cochraine, SENADA executed a four part, one month virtual workshop for Eco Exotic members and Indonesian marketing firms in June 2009. The workshops covered the topics of: (1) *Introduction to Online Marketing Tools*; (2) *Key Tools for Eco Exotic*; (3) *Hands-On Learning*; And (4) *Online Marketing Review*. All this brings Eco Exotic closer to its objective to establish itself as a well-known and reputable source for sustainable products, which in turn will lead to increased Eco Exotic membership, greater product diversification and an overall strengthening of the sector.

### **Deliverables:**

- Eco Exotic successfully attended Hospitality Design Show in Las Vegas and established a formal relationship with U.S. sales representative. (May 2009)
- Effective international promotion campaign of Eco Exotic and its members sustained and amplified through e-marketing instruments and e-marketing training. (July 2009)
- New orders procured from 33 international buyers for a total of over \$2.2 million. (July 2009)

## **2.1.2 GARMENT INDUSTRY VALUE CHAIN**

### **Summary**

During the quarter, SENADA successfully completed all remaining project deliverables for the *Garment Partnership Indonesia* (GPI) industry upgrading and market expansion technical programs. SENADA completed its fourth and final round of its successful *Executed Development Program* (EDP) workshops, providing training to 177 managers from 61 garment factories. Since inception, EDP has offered 27 technical trainings to 593 professionals from 133 firms. Additionally, SENADA modularized the EDP training program into four EDP self improvement technical training modules that were disseminated to over 250 key firms and industry stakeholders. Expanding access to new domestic and international markets also continued with two *Link and Match* events that were conducted for 49 firms. Since these market expansion programs were launched, nine participating factories have generated over USD \$2 million in shipments to the U.S., E.U. and Middle East. SENADA also held a third and final *Brand Engagement Forum* on social compliance issues with 12 international brands.

## Activity Descriptions and Deliverables

- ▶ **Manufacturing practices upgrading.** During the quarter the SENADA-supported GPI program focused on completing its fifth and final round of EDP and modularizing the EDP program's technical trainings into high quality self improvement training modules. Between May and June, SENADA completed six EDP trainings in Jakarta, Solo, Semarang and Bandung for 177 managers from 61 garment factories. Since inception, EDP has conducted four rounds of training reaching 593 managers from 133 firms. Four EDP self improvement training modules in *Fabric Sourcing*, *Apparel Merchandising and Production*, *Productivity* and *Quality Assurance* were published and disseminated in June and July to more than 250 factories and industry stakeholders, concluding SENADA EDP technical training program.

Short-term impact analysis suggests that the EDP program has resulted in many firms implementing targeted upgrades to their production lines in line with the training program technical suggestions. Out of 40 EDP participating firms surveyed in July, 81% documented having made upgrades related to developing or improving marketing systems; increasing ability to merchandise and source materials; strengthening overall quality management and productivity; or increasing their ability to meet international social compliance standards. Additionally, 15 firms invested in and employed the DataOn Sunfish small business human resource management software developed through SENADA's Business Innovation Fund.

SENADA completed activities to transfer full institutionalization of the GPI industry alliance to the International Garments Training Center (IGTC) in Bogor. Although IGTC had established the internal infrastructure, mechanisms and management to carry out the GPI programs in July 2009, it is unclear IGTC has the resources or commitment to sustain GPI as it was initially conceptualized. IGTC has, however, shown a strong interest and ability in continuing EDP technical trainings.

### Deliverables:

- Six trainings of EDP round four completed for 177 managers from 61 firms. 593 managers from 133 firms trained since inception. (June 2009)
- Four EDP Handbooks launched and disseminated in *Fabric Sourcing*, *Apparel Merchandising and Production*, *Productivity* and *Quality Assurance* to over 250 companies and key stakeholders. (July 2009)
- 81% of SENADA assisted garment firms documented upgrades to production lines as a result of GPI EDP technical capacity building. (July 2009)

- ▶ **Increasing supply chain links and access to markets.** SENADA concluded its market expansion activities with the successful completion of two *Link and Match* events in April and June with IGTC and Indonesia Textile Association (API) - West Java Region. In total, 12 fabric mills, 16 buyers and 49 manufacturers attended the two *Link and Match* events resulting in over 160 business sessions being conducted. Through five rounds of the program, nine successful business transactions have been generated valued at over USD \$2 million. Finally, SENADA and IGTC conducted the third and final GPI's *Brand Engagement Forum* on social compliance issues in May with 12 international brands participating. It is uncertain when the first *GPI Grant Engagement Forum* will take place without SENADA facilitation, but Columbia Sportswear has shown strong interest in continuing the discussions and has been introduced to IGTC to sustain the program's momentum.

### Deliverables:

- *GPI Grant Engagement Forum* conducted in May with 12 International brands participating. (May 2009)
- Two *Link and Match* events conducted in April and June for 12 fabric mills, 16 buyers and 49 manufacturers resulting in 160 business sessions. (June 2009)

### 2.1.3 AUTO PARTS INDUSTRY VALUE CHAIN

#### Summary

At the end of the quarter, SENADA's automotive value chain program finalized institutionalization of its core technical programs with key counterpart institutions. Society of Automotive Indonesia (SOI) achieved all short-term goals of securing initial QSEAL sustainability and independence with the successful expansion of its professional management team, launch of QSEAL's quality assurance labeling scheme, and finalization of all remaining management systems required to expand QSEAL's client portfolio. SENADA also assisted SOI in the design and launch of a profitable business relationship with Ministry of Industry (MOI) that led to new fee-for-service training contracts and 17 new QSEAL clients. QSEAL activities were concluded when SENADA and SOI partnered with PT Fuboru Indonesia, QSEAL's first certified client, to conduct a major *QSEAL Mechanic Training and Marketing Gathering* for over 800 senior mechanics in Surabaya.

SENADA completed activities with its local partner for export market development, PT Gobizx, after a successful June launch of the Indonesian Global Sourcing Centre (IGSC) global automotive supplier sourcing database. After the launch, IGSC entered into potentially valuable partnerships with Newtron AG Germany and Indonesian Automotive Part and Components Industries Association (GIAMM). SENADA also concluded a partnership with Technology Institute of Bandung (ITB) in June with the launch of the *National Automotive Technical Training Service Provider Directory* providing technical assistance and training information and individual quality rankings for over 46 local automotive technical service providers.

#### Activity Descriptions and Deliverables

- **Auto part supplier upgrading.** Leveraging SENADA's Business Innovation Fund, QSEAL activities were concluded in June with SOI finalizing the expansion of its professional management team (including hiring a new full time business manager and accountant), launching the QSEAL's quality assurance labeling scheme, and finalization of all remaining professional management systems required to expand QSEAL's client portfolio (accounting software and client database). Also with SENADA's assistance, SOI secured a profitable business relationship with Ministry of Industry (MOI)'s Directorate for SMEs and Directorate of Land Transport Equipment and Aerospace. SOI has already secured two MOI training and evaluation task orders valued at over USD \$290,000 to provide training and QSEAL evaluations to 74 automotive manufacturers.

Although the long-term future of QSEAL is far from certain, SOI has achieved all short-term goals of securing initial QSEAL sustainability and independence from SENADA. QSEAL has expanded its portfolio to 17 clients, infusing it with vital cash flow. SOI also completed three full (product and process) QSEAL certifications this quarter bringing the total QSEAL parts in the market to four. QSEAL parts are now found in 219 service stations throughout Java.

SOI and SENADA concluded automotive value chain related activities by teaming up with PT Fuboru Indonesia, QSEAL's first certified client, to conduct a series of training and marketing events in East Java in June. The centerpiece event was the *QSEAL Mechanic Training and Marketing Gathering* for over 800 senior mechanics from 145 service stations Surabaya and East Java. The initiative trained participants on the benefits of QSEAL products and industry standards. Additionally, the team participated in a radio talk show on "How to choose a good spare parts and the benefits of QSEAL products" at Radio Suzana 93.1 FM.

#### **Deliverables:**

- Three additional firms successfully completed QSEAL product certification. Four certifications issued to date. (June 2009)
- 14 firms successfully completed QSEAL assessments. 17 QSEAL completed to date. (June 2009)
- Over 800 mechanics from 145 service stations in East Java area completed training at the *QSEAL Mechanic Training and Marketing Gathering*. (June 2009)
- Four QSEAL certified parts sold in 219 service stations throughout Java. (June 2009)

- ▶ **Export market development.** SENADA's partner PT Gobizx successfully launched the *Indonesian Global Sourcing Center (IGSC)* supplier information system at [www.igsc.co.id](http://www.igsc.co.id) in June. IGSC leveraged Business Innovation Fund seed capital to complete this on-line automotive supplier information system that offers valuable features for international buyers and local suppliers. For companies seeking suppliers, the most attractive feature is FastDev, which assists procuring companies and global sourcing agents to evaluate quotations and determine successful bidders. FastDev records and analyzes supplier data on product development, production capacity, standards and certifications, export sales and capacity. FastDev also indicates suppliers' production quality levels, international standards achieved, a history of units produced and any price changes. Finally FastDev allows suppliers to enter and update their profiles online with a secure access system and provides information on Indonesia's business climate, such as Indonesian regulations, clearance procedures, tax matters and labor regulations.

The goal of IGSC is to assist auto components manufacturers in gaining access to Original Equipment Manufacturers (OEMs). IGSC established a relationship with Neutron AG (one of the biggest global automotive sourcing companies from Germany) in May to provide Indonesian suppliers with valuable information on global procurement opportunities and OEM Requests for Quotations (RFQs). After the launch in June, IGSC and PT Gobizx also secured an important agreement with GIAMM national association of automotive component producers to provide IGSC services to its members — many of which have been the first firms to populate the FastDev database.

**Deliverables:**

- IGSC FastDev supplier database designed, developed and launched commercially. (June 2009)

- ▶ **Technical service and training linkage development.** In June, SENADA and Institute Technology of Bandung (ITB) published the *National Automotive Technical Training Service Provider Directory* providing technical assistance and training information and individual quality rankings of 46 Indonesian automotive technical service providers. The full directory covers numerous technical areas including: drawing, welding, casting, die-making, CNC programming, finishing, metal stamping, forging, machining, assembling and jig-fixturing (the pilot directory published by SENADA in June 2008 in comparison only contained information on metal stamping). The directory was financed in part by 22 paid advertisers and is now on sale at Gramedia bookstores, select industry associations and over 20 technical-vocational schools throughout Indonesia. ITB has expressed strong commitment in the future sustainability of this initiative and is currently expected to publish an updated *National Automotive Technical Training Service Provider Directory Edition II* in July 2010.

**Deliverables:**

- Full edition *National Automotive Technical Training Service Provider Directory* successfully published and publically launched in Bandung. (June 2009)
- TSSP directory activity fully institutionalized in ITB as an operationally sustainable service. (June 2009)

## 2.2 CROSS CUTTING PROGRAMS

### 2.2.1 BUSINESS ENABLING ENVIRONMENT

#### Summary

Despite the scheduled conclusion of SENADA's regulatory work, SENADA's BEE activities continued to gather momentum and accomplished key milestones this quarter. The most notable progress was in the area of business regulatory reform. A wide array of Indonesian government entities responded enthusiastically to the RegMap framework; the Yogyakarta local government has expressed desire to adopt RegMap principles as a means for carrying out all future regulatory review. Most importantly, SENADA's support to Bappenas has led to a heightened level of commitment by the Indonesian government to regulatory reform as demonstrated by incorporation of a *Regulatory Simplification Program* into the draft of the *Mid-term National Development Plan (2010-2014)*.

SENADA completed three strategic advocacy initiatives this quarter. One of these culminated in the successful revocation of burdensome and non-transparent pricing regulations for Less-than-Container Loads (LCLs) and its replacement with a more transparent and market driven structure. Finally, SENADA completed a major technical assistance effort in support of future Port Authority development and reform in the context of Indonesia's 2008 Shipping Law.

#### Activity Descriptions and Deliverables

- **Industry regulatory mapping and policy analysis.** With only a few months remaining in the SENADA project, we are pleased to report that momentum continues to build in support of Indonesian comprehensive regulatory reform. SENADA continued its aggressive and widespread RegMap methodology dissemination program with a series of workshops in Yogyakarta, Central Java and East Java during this quarter. Attendance by national, regional and local government counterparts at the workshops was uniformly high. Evaluation forms from the workshops gave SENADA excellent to outstanding ratings for all events.

As a result of the workshops, government representatives in Yogyakarta and elsewhere (e.g. East Java and Central Java) requested further assistance from SENADA. This led to additional, unplanned assistance to the Yogyakarta provincial government to incorporate RegMap principles into a draft Governor Regulation concerning the *Mechanism to Form Provincial Regulations*, potentially providing a meaningful tool for all future review of new and existing provincial regulations. The provincial government has expressed a commitment to institutionalize the use of this new tool.

To facilitate continued adoption and utilization of RegMap, SENADA designed and produced a user friendly e-learning tool and guidance for RegMap. The RegMAP applications launched in July are extremely flexible supporting any level of sophistication required by potential users. This final step of the RegMap program will help ensure the methodology is sustained in the future as Indonesia's basic framework for regulatory mapping and reform.

SENADA's priority objective to establish a strong government counterpart in the Directorate for the Analysis of Laws and Regulations (DAPP) at Bappenas has exceeded expectations. With support from expert consultants Steve Parker and Usmanto Njo, SENADA helped Bappenas to incorporate a nationwide regulatory reform program (resulting in budgetary allocations to the program) into the draft of the *Mid-term National Development Plan (RPJM 2010-2014)* and the *2010 Government Work Plan (RKP 2010)*. Together DAPP and SENADA held a national Regulatory Reform seminar in late July with participation from representatives of the government's critical nodes of influence and authority. During this seminar SENADA presented its final report on international best practices and strategic options for business regulatory reform in Indonesia.

#### Deliverables:

- RegMap dissemination workshops held in Yogyakarta, Semarang and Surabaya with attendance by more than 300 participants. (May 2009)

- Comprehensive database containing full *RegMap 2007-2008 Regulatory Review and Mapping* results completed and uploaded at [www.regmap.org](http://www.regmap.org). (June 2009)
- Assistance provided to Yogyakarta regional and local government to develop *Government Regulation* on mechanism to review and formulate local regulations. (June 2009)
- RegMap e-learning tool and guidance completed and disseminated widely. (July 2009)
- National regulatory reform seminar held and strategic options presented by SENADA for comprehensive regulatory reform. (July 2009)

► **Strategic Advocacy Initiatives.** Complementing RegMAP were a number of discrete advocacy activities carried out this quarter as follows:

1. Container Handling Freight Services (CFS) For Less Than Container Load (LCL) Importers. SENADA's support to the Export-Import Association (IEI) over a 12-month period culminated this quarter in successful freight price reform. This reform will facilitate Indonesia's international trade, especially in SMEs. In April 2009, the government revoked the old LCL CFS tariff agreement and replaced it with a new nine tier tariff structure for the Lini 2 Tangung Priok Port effective June 2009. The new regulation empowers the Director General of Sea Transport to impose sanctions on service providers who fail to comply with the new regulation and creates a framework for stakeholder oversight of the new facility. The new tariff rates and enforcement regime are a major step forward for the port. First, the new tariffs are market based, thus removing incentives for collusion that occurred under previous informal tariff systems. The new regulation also established a clear framework for open competition. The Port Administration of Tanjung Priok will continue to monitor and track impact of the new tariff regulation and, importantly, IEI will provide additional private sector oversight.
2. Business Permits Reform — Zoning Licenses (Nuisance), Building and Land Use. SENADA completed its support in this high priority and particularly burdensome regulatory area. Building on earlier research and analysis, SENADA's expert STTA Don Elliot produced a comprehensive report on building and land use regulations: *Key Local Planning and Building Regulations Affecting Investment in Indonesia*. This included the creation of a practical template for regulatory simplification in these areas. Local stakeholder meetings were held in several localities to share international best practices and explain how improvements can be made using the template. SENADA translated the final report and template into Bahasa Indonesia and disseminated them to the local governments of Bekasi, Tangerang, Cimahi and Jakarta where pilot initiatives are taking place. The reports were also shared with the Ministry of Home Affairs, the entity responsible for supervising local government regulations.
3. Shipping Law and Port Development. At the request of USAID, SENADA implemented a major technical assistance program to the Ministry of Transport to help this entity prepare for its enhanced role in port management under the new Shipping Law. The work is also being coordinated with the Coordinating Ministry for Economic Affairs. Led by STTA's David Wignall and Donald D'Cruz, SENADA developed extensive guidelines for new internal port regulations, port management and organizational structures. The main recommendations from the final report were presented in a national workshop entitled "*Recommendations on Implementation Program and Support Requirements for Port Authorities*" in July 2009. With this assistance, SENADA and USAID have developed a roadmap for viable reform of the port sector, an effort which will require a massive investment in resources and time by the Indonesian Government and private sector investors.

**Deliverables:**

- New market driven and transparent tariff structure established for the Lini 2 Port. (April 2009)
- *Key Local Planning and Building Regulations Affecting Investment in Indonesia* and the *IMB Permit Best Practice Toolkit* published and disseminated to local governments and the Ministry of Home Affairs. (June 2009)
- "*Recommendations on Implementation Program and Support Requirements for Port Authorities*" completed to support the Ministry of Transport's role in port sector reform and development. (July 2009)

## 2.2.2 INFORMATION & COMMUNICATIONS TECHNOLOGY / KNOWLEDGE DEVELOPMENT

### Summary

This quarter SENADA focused on completing implementation of its three core ICT activities — *Industry Attachment Program (IAP)*, *Subcontractor Performance Management Improvement* and *iBISA: ICT Business Solutions Fairs*. The SENADA-CISCO IAP initiative concluded programming in July with 61 students completing their internships and long-term ICT improvement roadmaps for their hosting firms. The IAP closing workshop and awards ceremony was held in Yogyakarta in July with over 250 key stakeholders attending. Best performing IAP students and firms were acknowledged publically and the top three students were invited to visit CISCO US headquarters in November 2009. IAP program evaluations of firms, students and universities were completed with positive overall results. CISCO has expressed strong interest in continuing the IAP program in 2010.

SENADA also concluded its *Subcontractor Performance Management (SPM)* technical program implemented with 12 lead home furnishings, footwear and garment firms. A comprehensive final assessment of the impact of the SPM software on the lead firms was published and disseminated in July 2009. Finally, SENADA successfully conducted two *iBISA ICT Business Solution Fairs* with local universities Kristen Duta Wacana in Yogyakarta and Ciputra University in Surabaya in May and June, strengthening linkages between over 40 ICT providers and 200 SMEs.

### Activity Descriptions and Deliverables

► **Expand access to and utilization of ICT products and services.** This quarter SENADA continued to conduct initiatives to increase SMEs access to and utilization of ICT products and services.

1. ***Bridging the ICT Gap.*** SENADA concluded ongoing support for the development and marketing of eight private sector driven ICT solution to improve overall competitiveness of small businesses. Below is the status of the 16 SENADA supported ICT solutions developed to date:

ICT SOLUTION	STATUS	MARKET AVAILABILITY
IATO Automotive Standards E-Library: <a href="http://www.iato-indonesia.com/elibrary">www.iato-indonesia.com/elibrary</a> (BIF)	Completed	March 2008
Trade Promotion Web Portal: <a href="http://www.indotextiles.com">www.indotextiles.com</a> (Garment IVC)	Completed	May 2008
PT Quantum Design <i>ISO 9000 Compliance</i> Software (BIF)	Completed	September 2008
PT InfoDev <i>SunFISH</i> Human Resource Mgt. Software. (BIF)	Completed	October 2008
PT InforSys <i>Bonastoco</i> Subcontractor Performance Management Software. (ICT - Knowledge Development IVC)	Completed	December 2008
PT Sentra Solusi Integrasi <i>Mobile Inventory</i> Software. (iMULAI 1.0)	Completed	February 2009
PT Dycode <i>PortMap</i> Software. (iMULAI 1.0/BIF)	Completed	February 2009
ITS <i>Consload</i> Shipment Consolidation Software (iMULAI 1.0)	Completed	February 2009
BIC <i>Business Innovation Linkage Web-based Database</i> (BIF)	Completed	May 2009
PT Blue Moon <i>Batik Fractal Art Design</i> Software (BIF)	Completed	June 2009
PT Immedia Visi Solusi <i>Internet Radio Broadcasting</i> (iMULAI 2.0)	Completed	June 2009
PT Azadirachta Mandiri <i>Collaborative eBusiness (CES)</i> (iMULAI 2.0)	Completed	June 2009
CV Grafika Valley <i>Mobile@Act</i> Software (iMULAI 2.0)	Completed	July 2009
PT Jawa Furni <i>Chain of Custody Certification</i> Software ( <i>e-COC</i> ) (BIF)	Completed	July 2009
PT Gobizz <i>WAYDEV Automotive Supplier Database</i> (BIF)	Completed	July 2009
RegMAP Regulations Analysis Tool ( <a href="http://www.regmap.org">www.regmap.org</a> ) (BEE)	Completed	July 2009

2. ***iBISA: ICT Business Solution Fairs.*** In collaboration with Duta Wacana University and Ciputra University, SENADA facilitated two high profile *IBISA ICT Business Solution Fairs* in Jogjakarta and Surabaya to strengthen linkages between local ICT suppliers and SMEs and to expand SME awareness of key ICT solutions. The events featured exhibitions from 40 ICT software, hardware and service vendors, and a

series of eight educational plenary seminars and 35 technical workshops on a variety of key ICT issues and technical products. The two events were attended by more than 200 SMEs and generated over USD \$34,000 in sponsorship from key ICT players. The university partners, most especially Ciputra University, showed strong interest in conducting similar events in the future. The *IBISA: ICT Business Solution Fairs* planned for Jakarta was cancelled due to lack of strong partner commitment.

- 3. Subcontractor Performance Management.** SENADA concluded its *Subcontractor Performance Management* technical work with 12 lead firms on improving their subcontractor performance through deployment of the *Bonastoco* supply chain management (SPM) application. A comprehensive final assessment on the impact of the SPM software published and disseminated in July 2009. 10 out of 12 participating lead firms documented significant improvements to their ability to manage subcontractors and acknowledged that they planned on continuing utilization of SPM software after SENADA technical support ended.

**Deliverables:**

- *iBISA: ICT Business Solutions Fairs* conducted in Jogjakarta and Surabaya. Events were attended by over 40 ICT vendors and 200 SMEs. (June 2009)
  - 8 ICT business solutions commercialized and available in market. 16 developed to date. (July 2009)
  - *Subcontractor Performance Management* impact report published and disseminated. 10 out of 12 participating lead firms will continue utilization of SPM software after SENADA support ends. (July 2009)
- **Expand SME ICT literacy and investment in ICT products and services.** In May SENADA and CISCO teamed up with the five IAP partner universities to conduct three technical workshops in Surabaya, Jakarta and Yogyakarta for 81 IAP students on how to develop an ICT Roadmap (long-term ICT improvement plan) for their hosting firms. Students completed these plans throughout June. At the end of June, the IAP program was officially closed with 61 total IAP students completing the program. The program 60% success rate was considered a considerable achievement given the program's rigorous requirements (to "graduate", IAP students had to fulfill at least 77 days assisting firms between Dec. 2008 and June 2009 and complete three major technical reports: *ICT Firm-level Assessment*, *Six Month ICT Improvement Plan* and a long-term *ICT Roadmap*). UGM, ITS and Ciputra were the top performing universities.

The closing impact workshop and awards ceremony for IAP was held in Yogyakarta in July with over 250 interested stakeholders attending. Universities, firms and students shared their experiences and IAP participants received certificates for competition, university credit, equipment vouchers and CISCO certification testing vouchers. A special awards ceremony was held for the top-13 IAP firms, universities and student IAP Roadmaps. The top three IAP Roadmap winners presented their firms' plans and each of the winning firms presented a case study on how the program positively affected their company. IAP Universities also presented their *IAP Institutionalization Plans* that were published in June 2009. The top three students will go to the U.S. to visit CISCO HQ in November 2009.

SENADA also completed evaluations of the majority of participating IAP firms, students and universities. Despite some suggestions for improvement (reducing the 77 day minimum requirement, better integrating program with set university internship periods, and linking students skills better to firm needs), evaluations have been strongly positive for IAP 2009 and CISCO has expressed strong interest in continuing the IAP program in 2010 (both in Indonesia and possibly other selected countries in Asia). A final presentation of *IAP National Blueprint (2009-10)* to CISCO Regional Headquarters and key IAP universities was cancelled for Aug. 2009 due to USAID denial of key SENADA ICT team contracts past July 2009.

**Deliverables:**

- Regional IAP Workshop III completed in Surabaya, Jakarta and Yogyakarta. (May 2009)
- 61 IAP internships successfully completed IAP program with at least 77 days of firm work and technical reports and analysis completed. (June 2009)
- *IAP Institutionalized Plans* completed for participating IAP universities UI, Binus, UGM, ITS and Ciputra. UI's IAP business unit (known as UUI) launched to coordinate future IAP work. (June 2009).
- IAP closing impact workshop and awards ceremony was held in Yogyakarta in July with over 250 interested stakeholders attending. (July 2009)

### 3. BUSINESS INNOVATION FUND

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#### Summary

SENADA's Business Innovation Fund completed grant disbursements for the remaining grants this quarter. SENADA disbursed over USD \$250,000 this quarter bringing the total grant funds disbursed to date to USD \$860,000. There are no BIF disbursements outstanding. Finally, 21 grants were completed and closed out during the quarter.

#### Activity Descriptions and Deliverables

► **Business Innovation Fund (BIF) grant monitoring, evaluation and reporting.** At the end of the quarter SENADA had closed the remaining active grants in SENADA's portfolio and had disbursed over USD \$860,000 in grant funds. SENADA completed monthly performance evaluations, mid-term reports and final technical reports for all grantees. For the active grants in the portfolio, grant implementation progressed with minimal programmatic and administrative issues. 21 grants were closed during the quarter and SENADA completed detailed *Grant Profiles* for all of them (see Communication Section 4 and Annex C for more information). Notable updates from these grants include:

- *Vocational Education Development Center (VEDC) (#20) — Malang/Home Furnishings.* VEDC successfully built a prototype wood furniture drying kiln fueled with bio-friendly wood waste and supporting equipment (a renewable wood waste briquette paste mixer, mold and press) and is now taking purchase orders from firms that wish to purchase their own kilns. VEDC also held a seminar to demonstrate the innovative technology to woodworking SMEs and instructors from vocational schools around Java as well as offered wood drying consulting services to SMEs. As a result, a number of SMEs in Malang have placed orders with VEDC to complete their wood drying.
- *Darma Persada Univesity (UNSADA) (#21) — Jakarta/Various Industries.* UNSADA developed a prototype Hybrid Solar Dryer for Tanned Leather (GHE) dryer that utilizes sunlight but, for rainy days or overloaded production schedules, is also equipped with a stove combustor and steam heater that use biomass fuel. To move to commercial viability, UNSADA partnered with PT Sumber Piranti, a mechanical engineering company experienced in machine design, development, and fabrication, so that the new dryer can be commercially produced and sold. UNSADA also teamed up with the Indonesian Tanneries Association (APKI) to promote the new technology to its member companies.
- *Business Innovation Center (BIC) (#22) - Jakarta/Various Industries.* BIC's created an "innovation database" for potential investors. This database, easily searchable using keywords, presents information on prospective innovations and technologies in a clear and easy-to-use format. BIC's database and intermediary systems now have to capacity to manage data and clients on approximately 1,000 prospective innovations. Both innovators and investors can register through the BIC website ([www.bic.web.id](http://www.bic.web.id)) and as of July over 600 members, including 40 investors, have done so. BIC has held 15 technical meetings between innovators and investors and produced two MOUs to formalize investor-investee relations.
- *CV Wijaya Engineering (WEC) (#23) — Semarang / Various Industries.* WEC's *Pre-Feasibility Study on Kendal Port Development Project in the Special Economic Zone of Kendal* completing analysis needed to enable the local and provincial government of Semarang to apply for a location permit (*izin lokasi*) from the national government for a new port at Tanjung Emas in Semarang. Application for the *izin lokasi* requires submission of myriad justifications and analyses, including how the port will fit into the national system, its coordination with local planning statutes, environmental impact, technical feasibility, and impact on nearby roads, rail transport, etc. A key benefit of obtaining an *izin lokasi* is that once permission is received, the plans are binding, meaning that construction of the port has the blessing of national government and local governments can legally and officially start courting outside investors to bring in the necessary financing to proceed as outlined. The application for the permit has now been submitted to the Ministry of Transport, a promising sign that the port facility is now successfully underway.

- *Indonesian Furniture and Handicrafts Association (ASMINDO) (#24) — Surabaya / Home Furnishings.* ASMINDO established *ASMINDO Certification Care (ACC)* for promoting certification efforts within Indonesia's wood furniture industry and offering the consulting services to prepare firms to successfully complete an independent wood certification audit. ACC offices were established in Surabaya, Semarang, and Yogyakarta. ACC has established its credibility by attracting clients and successfully guiding them through the certification process. ACC has also established a web portal ([www.asmindocertificationcare.com](http://www.asmindocertificationcare.com)) that promotes ACC services to potential clients.
- *Society of Automotive Indonesia (SOI) (#25) — Jakarta / Automotive Parts.* SOI used funds to develop the physical and human resource infrastructure necessary for the QSEAL service to be fully independent from SENADA, with an expanded client portfolio sufficient enough to maintain the necessary cash flow for sustainability. Grant funds were used to expand QSEAL's professional management team, launch QSEAL's quality assurance labeling system, purchase necessary physical infrastructure, and finalize professional management systems required expand client portfolio.
- *Institute of Technology Bandung (ITB) (#26) — Bandung / Automotive Parts.* ITB used the grant to publish *Technical Training Service Provider Directory – Full Edition*, which was launched in June 2009. Based on the successful pilot directory launched in May 2008, the full edition expands from one to twelve technical areas relevant to the auto parts industry, including drawings, welding, die-making, CNC programming and more, offering information on both training and outsourcing providers. Indonesia's 50 top public and private technical training and service providers using an empirical methodology. The directory gives auto parts firms a source of complete and unbiased information, allowing them to choose the services that will best enhance their quality and productivity. Gramedia Bookstores will offer the book in July.
- *Bluemoon Pixel (#27) — Bandung / Garments.* Bluemoon launched jBatik v.2 software, an enhanced commercial version of earlier software that is more user-friendly, with more features and options for creating batik-based fractal designs and the ability to rotate, adjust and modify 3D patterns using a mouse. The software is now commercially available (see <http://pxlplproject.com>) in a full-service package that includes consultant service support to assist companies in fully implementing software capabilities. Two batik apparel producers, Komar Batik House and Hasan Batik Studio, have tested and are ready to commercially employ the new software. Samples created by Komar have been sold to several customers. The footwear company CV Trampil Sejahtera has created several striking models of women's shoes under its 'Toni' brand, which were exhibited and sold at a recent Inacraft Exhibition. As a result, the department store Pasaraya placed an order for their exclusive women's shoe department.
- *Industry Attachment Program (IAP) (#28-32) — Jakarta, Surabaya and Yogyakarta / Industries.* Five grants were provided to University Indonesia (UI), BINUS in Jakarta; Ciputra University and Institute Technology Surabaya (ITS) in Surabaya; and UGM in Yogyakarta. The grants provided seed capital to build the sustainable management systems and website / portal infrastructure necessary to carry out IAP in the future. The grants also designed and integrated IAP and university curriculums to ensure the students had technical skills to participate in future rounds of the internship. Some Universities used the funds to achieve an advanced CISCO's CCNP Networking Academy (CCNP-CNA) certification.
- *PT Sumber Alam Inovasi Nusantara (PT SAINS) (#33) — Bandung / Home Furnishings.* SAINS created a low-cost, scalable technology that enables ceramics SMEs to use Indonesian feldspar as an input for manufacturing fine decorative ceramics. They developed a prototype filter pressing machine and mixing machine, which have been field-tested in the production of five types of ceramic solid mass: earthenware, hard earthenware, stoneware, porcelain and synthetic bone china. Synthetic bone china is especially significant, not only because it permits the use of easily available feldspar, but because the resulting product is of notably high quality. The synthetic china that can be made with the SAINS innovation achieves 95 percent of the quality of the real thing. SAINS will license the applied technology for the mixing and filter pressing machines to any interested fabricator company.
- *Grafika Valley (#34) — Jakarta / Various Industries.* This iMULAI 2.0 winner developed *Mobile@Act* application software that allows users to use the web or cell phone to perform daily tasks such as access important company information in real time, obtain alerts and notification, give immediate responses to

procurement requests, or perform authorizations of work processes from outside the work area. The application also enables company external parties such as customers, vendors, suppliers, and other work partners to be able to interact and be involved in the company business process independently.

- *PT Azadirachta Mandiri (#35) — Bogor / Various Industries.* This iMULAI 2.0 winner, Azadirachta Mandiri, developed software known as Collaborative e-Business System (CES), a solution that streamlines and organizes business-to-business (B2B) transactions and communications among players within a value chain. Using CES, businesses can communicate by e-mail using a structured format that is stored in a relational database, resulting in automatic data integration. Suppliers and customers can manage orders throughout the entire process with four modules: order management (which shows and analyzes bidding prices and inputs orders); delivery management (which covers all stages of delivery, tracks shipping status, records receipt, and tracks any returns); invoicing management (which handles billings and payments); and inventory management (which tracks preparations for production, estimation of needed supplies, and supplier alerts when inventory falls below required levels).
- *PT. Gobiz (#36) — Jakarta / Automotive Components.* IGSC developed an on-line Automotive Supplier Information System ([www.igsc.co.id](http://www.igsc.co.id)) that offers valuable features for both companies looking for suppliers and companies that hope to supply them. “FastDev,” which is designed to assist procuring companies and global sourcing to evaluate quotations and determine the successful bidder. FastDev records and analyzes supplier data on product development, production capacity, standards and certifications, export sales and capacity. FastDev also indicates production quality levels, international standards achieved, a history of units produced and any price changes.
- *Immedia Visi (#37) — Malang / Various Industries.* This iMULAI 2.0 winner launched the *Internet Radio Broadcasting Management Application*. This software permits “radio on demand,” allowing consumers to use their computers, PDAs or smartphones to listen to radio broadcasts. Advertising costs are lower than conventional media, and most significantly, businesses can create appealing interactive advertisements so that consumers can get product details, purchase locations, and similar information. The media outlet Spin Radio (<http://radiospin.net>) has adopted the new technology, signed up a number of advertising clients, and is now offering live interactive broadcasts from mini-studios operated by its clients.
- *PT Jawa Furni (#38) — Yogyakarta / Home Furnishings.* Jawa Furni launched an *e-Chain of Custody (CoC) Database Application* to manage CoC documentation for furniture and wood products. The software was piloted at forest sites, sawmills, and subcontractor premises. The system works by barcodes being assigned wood that is then tracked via a website as it moves along the production chain. This method is efficient and accurate, saving time and money and allowing downstream buyers to verify that the wood was sustainably produced. The system has the additional benefits of allowing for more detailed production planning, improving waste management, and easing the detection of missing materials.
- *MASTEL (#39) — Jakarta / Various Industries.* Compared to the vast needs and complexity of rural internet development in Indonesia, the results of this pilot project were expectedly modest. As a result of the grant, two *pesantren* (boarding schools operated by Moslem religious leaders) in Sukabumi and Cihideung, West Java opened rural Community Information Centers (visit [www.ric.web.id](http://www.ric.web.id) for more information). New centers to installed internet access and software using Ubuntu (a Linux-based, open-source operating system that has an Islamic edition), along with VoIP Rakyat.
- *International Garments Training Center (IGTC) (#40) — Bogor / Garments.* IGTC used the seed funds to establish the physical and human infrastructure necessary to sustain Garment Partnership Indonesia (GPI) activities on a commercial basis after SENADA program has completed operations.

#### **Deliverables:**

- SENADA disbursed over USD \$250,000 this quarter bringing the total grant funds disbursed to date to USD over \$860,000. (July 2009)
- 21 BIF grants successfully closed this quarter and 40 grants successfully closed to date. (July 2009)

## 4. COMMUNICATIONS CROSS CUTTING SUPPORT

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### Summary

During the final quarter SENADA communicated concrete program achievements to key industry, government and donor stakeholders through targeted events and a broad range of print and electronic communication mechanisms. SENADA also continued to inform and coordinate with key government ministries, most importantly MOI and Bappenas. During the quarter plus July, 56 SENADA publications (including press releases, technical reports, success stories, activity updates and grant profiles) were developed and published along with four new additions of the popular *Competitiveness at the Frontier*. Additionally, 138 electronic and newspaper media citations were generated by SENADA's technical program activities during the period.

### Activity Descriptions and Deliverables

- ▶ **Provide communications support in implementing technical program activities.** During the quarter, SENADA effectively used communications to achieve notable results:
  - Communications support was provided to dissemination of the *Sustainable Production and Wood Certification* upgrading modules. The events were between April and May in Yogyakarta, Bali and Surabaya. Each event showcased highly competent home furnishings experts such as Ted Barber and Neil Gehani from the U.S. who provided valuable information on how companies could develop greener production or enter newly expanding markets for sustainable products. The events were attended by more than 300 participants from industry, government, business association and media. 50 national and regional media (electronic and newspaper) citations were generated.
  - In collaboration with Bappenas, SENADA completed a regional series of workshops on final results and best practices of RegMAP and its potential impact on light manufacturing in Indonesia. Events were conducted in Semarang, Yogyakarta and Surabaya and were attended by more than 150 government and business association stakeholders. 29 media (electronic and newspaper) citations were generated.
  - Two featured GPI events conducted with IGTC in Bogor. The first May event provided best practices in garment manufacturing and featured international garments expert Andres Saldias as well as domestic expert Sudjaja Wira (Director of PT Asmara Karya Abadi). June event focused on building important linkages between buyers and domestic producers. The events were attended by more than 100 producers, buyers and garment manufacturers and generated 20 media citations.
  - Two *IBISA: ICT Business Solution Fairs* were conducted with Universitas Kristen Duta Wacana and Universitas Ciputra in Surabaya and Yogyakarta. The events were attended by 350 participants and generated USD \$34,000 in sponsorship from key ICT players. The events resulted in 24 media citations.
  - In partnership with ITB, SENADA launched the first Indonesian *National Automotive Technical Training Service Provider Directory* in June. The event was attended by more than 40 participants from universities, government and autoparts manufactures. The event generated three media citations.
  - SENADA held a Partners Conference in July in Jakarta to share its achievements with approximately 200 attendees representing USAID, industry associations, private firms, universities, corporate partners and the Indonesian government. The event featured panel presentations by representatives of SENADA and its partners, showcasing the five competitiveness factors that SENADA impacted in a significant and lasting fashion: industry performance standards, market support institutions, innovation, public-private partnerships, and business regulations. Accompanying the panel presentation was a multi-media exhibition that used photos, training manuals, on-screen videos, and promotional materials to illustrate SENADA's work, and displayed many of the products whose development was stimulated by SENADA's activities. BIF grantees and winners of the two iMULAI competitions showed off their commercially viable innovations that will help Indonesian industry to become more competitive. The event generated 12 media citations.

In addition to the aforementioned, SENADA published nine press releases, seven technical reports and four editions of *Competitiveness at the Frontier*.

#### Press Releases

- *Analytical Tool Shows Way to Regulatory Reform to Increase Industry Competitiveness (April 2009)*
- *SENADA Disseminates Modules to Help Home Furnishings Industry Reach Green Markets (April 2009)*
- *Business Match Event Enhance Upstream Linkages for Garment Industry (April 2009)*
- *New Handbooks Encourage Best Practices At Indonesian Garment Factories (May 2009)*
- *iBISA Business Solution Fair Helps SMEs Find ICT Products to Improve Their Competitiveness (May 2009)*
- *ITB Launches Full Edition of Indonesia's First Automotive Technical Training Services Directory (June 2009)*
- *Fourth Business Link and Match Event Increases Market Linkages for Garment Industry (June 2009)*
- *PT Fuboru Hosts Mechanics Gathering to Celebrate the Competitive Benefit of QSEAL Certification (June 2009)*
- *SENADA Disseminates Results And Lessons Learned From Indonesian Competitiveness Program (July 2009)*

#### Technical Reports and Papers:

- *Regulatory Impact Assessments and the Private Sector in Indonesia. (April 2009)*
- *Institutionalizing Regulatory Reform in Indonesia. (June 2009)*
- *HD Expo Report. (June 2009)*
- *Key Local Planning and Building Regulations Affecting Investment in Indonesia. (July 2009)*
- *Recommendations on Implementation Program and Support Requirements for Port Authorities (July 2009)*
- *Regulatory Reform In Indonesia: Opportunities And Challenges. (July 2009)*
- *A Case Study: Subcontractor Performance Management. (July 2009)*

#### Competitiveness at the Frontier:

- *Local Government Constraints (April 2009)*
- *Marketing Environmental and Social Sustainability (May 2009)*
- *Regulatory Reform (June 2009)*
- *Future of Competitiveness (July 2009)*

#### Deliverables:

- 4 *Competitiveness at the Frontier* monthly issues published and disseminated. (July 2009)
- 9 press releases published and disseminated. (July 2009)
- 7 technical reports published and disseminated. (July 2009)
- 138 media international, national and regional media citations generated. (July 2009)

- **Effectively communicate SENADA project information and achievements.** SENADA continued to regularly distribute project publications and updates to USAID and counterparts, including government officials, industry leaders, business associations, universities, the media and other donor projects. The distribution lists for these documents, continually revised, has grown to 470 targeted individuals. Y4Q3 proved to be one of SENADA's most productive in terms of achieving and documenting project milestones. A total of 36 technical updates and reports were disseminated during the quarter, including:

#### Success Stories:

- *Newly Launched ASMINDO Certification Care Attracts Clients and Delivers Services. (April 2009)*
- *SENADA Research Galvanizes Port Authorities to Improve LINI 2 Tariff System. (June 2009)*
- *Garment Manufacturer Reports Measurable Efficiency Improvements After Training. (June 2009)*
- *RegMAP Enthusiastically Welcomed By Policy Makers Seeking Tools for Reform. (July 2009)*
- *QSEAL Certification Results in Efficiency Improvements and Cost Savings. (July 2009)*
- *SENADA Advocacy Results in Simplified Import Procedures for Furniture Producers. (July 2009)*
- *LAP Improves SMEs Competitiveness and Builds Students' Futures. (July 2009)*
- *Future Looks Bright for SENADA-Assisted Group of Home Furnishings Producers. (July 2009)*

#### Activity Updates:

- *SAE International Offers Recommendations to Auto Parts Manufacturers on Surviving Economic Crisis (April 2009)*
- *New Tool Provides Framework to Reduce Regulatory Burden on Indonesian Business (April 2009)*
- *Auto Parts Manufacturers Learn Best Practices in Product Development from Automotive Industry Leaders (April 2009)*
- *Department of Industry Officials Respond Enthusiastically to Training on Analyzing Regulations for Reform. (May 2009)*
- *Indonesian Furniture Firms Impress Las Vegas Trade Show Attendees and Generate Leads (June 2009)*
- *East Java's Mechanics Learn How QSEAL Products Offer Quality and Support Local Industry (July 2009)*
- *iBISA Fairs Overcome SME Misconceptions about Using Information and Communications Technology (July 2009)*
- *Modules to Ensure Sustainable Production Training Has Long-Term Benefits to Industry (July 2009)*
- *SENADA Showcases Lasting Achievements in Building Indonesian Competitiveness (July 2009)*

#### Grant Profiles:

- *Community Forest Certification Project Takes First Steps but More Work is Needed (April 2009)*
- *Missed Opportunities for Indonesian Shoe Manufacturers to Modernize Pattern Making (May 2009)*
- *Advances in Wood Drying Technology Promise Increased Cost Efficiency and Decreased Environmental Waste (May 2009)*
- *Innovative Leather-Tanning Technology Promises Enhanced Competitiveness in Light Manufacturing Industries (May 2009)*
- *Simple Technology Builds Important Link between Indonesia's Business Innovators and Potential Investors (June 2009)*
- *Directory Enables the Auto Parts Industry to Invest in Training and Technical Assistance Opportunities (July 2009)*
- *Software Enables Batik Designers to Combine Tradition With Innovation to Create Striking New Designs (July 2009)*
- *First Steps Towards a New Port In Central Java Promise Development Of Vital Economic Infrastructure (July 2009)*
- *ASMINDO Business Unit Delivers Green Certification Consulting Services To Furniture Firms (July 2009)*
- *Foundation Established To Ensure Sustainability For Indonesia's First Automotive Seal Of Quality (July 2009)*
- *Ceramics Production Technology Helps Ceramics Producers More Efficiently Use of Natural Resources (July 2009)*
- *Innovation Opens The Door To Small Firms Seeking To Find Affordable Supply Chain Management Software (July 2009)*
- *Automotive Global Sourcing Center Helps Global Corporations Source Indonesian Auto Parts Suppliers (July 2009)*
- *Grantees Introduce Rural Communities To The Power Of The Internet And Open Source Software (July 2009)*
- *New Software That Allows Industry To More Efficiently Document Legally Sourced Wood (July 2009)*
- *Innovative Use Of Internet Technology Offers A Promising Avenue For Businesses To Reach Consumers (July 2009)*
- *Mobile@Act Improves SMEs ability to communicate. (July 2009)*
- *Garment Partnership Indonesia Given a Bright Future. (July 2009)*
- *Industry Attachment Program Provides Industry Module for Increasing Awareness and Capacity in ICT. (July 2009)*

#### Deliverables:

- 9 activity updates published and disseminated. (July 2009)
- 8 success stories published and disseminated. (July 2009)
- 19 grant profiles published and disseminated. (July 2009)

## 5. PERFORMANCE MONITORING

SENADA monitored the Performance Monitoring Plan (PMP) this quarter and updated data on all SENADA performance indicators. The current status of each performance indicator is as follows:

YEAR 4 PERFORMANCE TARGETS	STATUS
<b>Auto Parts</b> — 3% percentage increase in the unit value and 5% volume of Seal of Quality Certified automotive components sold in aftermarket.	Analysis was expanded from 3 to 17 companies (measuring six parts), providing a broader data set to measure overall performance. Y4Q3 showed annual unit value decreasing by -26.2% and annual volume by -21.9% (for six parts). Decreases in volume are attributed to the global economic slowdown which has severely curtailed exports. Decreases in unit value, however, appear to be caused by cost savings from increases in efficiency. This allows producers to provide cheaper parts rather than ones priced for higher value mid-markets. SENADA will not meet its annualized PMP target.
<b>Auto Parts</b> — 200 total retail outlets selling Seal of Quality or branded service station products.	150 services stations started selling QSEAL parts this quarter. To date, 219 service stations sell six QSEAL certified products. SENADA expects to exceed Y4 annual target.
<b>Home Furnishings</b> — 20 firms legally verified and/or FSC certified through SENADA's <i>Legal Wood</i> program.	5 certifications were completed this quarter bringing annual total to 13. SENADA expects to exceed Y4 annual target.
<b>Home Furnishings</b> — 25% increase in annual export sales of SENADA target group of Home Furnishing (furniture or home accessories) manufacturers using green, sustainable, legally verified and / or certified raw materials.	Annual exports sales for Y4Q3 (compared to last year) decreased by an annualized rate of 16% (same as last quarter). Although statistical data is not yet available, reliable industry sources have reported up to 40 percent decreases in the value of orders to producers for home furnishings products. SENADA does not expect to meet its overly ambitious Y4 annual target.
<b>Garments</b> — 50% of SENADA GPI assisted firms who complete full-package and competitiveness upgrades.	Y4Q3 was a strong quarter with 85.19% or 23 firms reporting the completion of new upgrades this quarter. SENADA expects to exceed Y4 annual target.
<b>Business Enabling Environment</b> — Advocacy campaign has been developed and implemented with and by industry stakeholders for 3 regulations.	No additional advocacy campaigns were started in Y4Q3, although three advocacy programs were concluded. SENADA has met its Y4 annual target.
<b>ICT/ Knowledge Development</b> — 3 ICT business software solutions made available in market through public-private sector initiatives.	Year 4 target already exceeded. 13 solutions were completed this year. 16 solutions were available for use or purchase in the market.
<b>OP Indicator 1</b> — 3% positive change in total effective employment (salaried, contract, casual) by SENADA-assisted firms.	Annual increase in employment (2008-2009) across three SENADA value chains was 1%. Decreases in employment growth (down from 6% last year) are attributed to the global economic slowdown which has severely curtailed all sectors. Autoparts and garment IVC grew, while home furnishings IVC saw a negative employment growth. SENADA will not meet our Y4 annual target. Since 2006, overall employment has grown 16.3%.
<b>OP Indicator 2 - EG 6.2 (Private Sector Productivity)</b> — 1,000 firms receiving USG supported assistance [to improve their management practices].	Year 4 target already exceeded. SENADA completed 683 trainings in Y4Q3, bringing the annual total of firms receiving technical assistance to 1,606.
<b>OP Indicator 3 - EG 5.2 (Agricultural Sector Productivity)</b> - 5 public-private partnerships formed as a result of USG assistance.	Year 4 target already been exceeded. 11 public private partnerships (PPP) have been initiated Y4 for a total of 126 PPPs initiated since project inception.

**SENADA PROGRAM PERFORMANCE SUMMARY TABLE (2005-2009)**

Program Area	Performance Indicator	Unit of Measure	Baseline Value	2006 Actual	2007 Actual	2008 Actual	2009 Target (for Q1-Q4)	2009 Actual (as of Q3)
Auto Parts	Average percentage increase in the unit value and volume of Seal of Quality Certified automotive components sold in aftermarket.	Percentage (Value)	\$39.09*	n/a	n/a	-9.0%*	3.0%	-26.2%**
		Percentage (Volume)	298,099*	n/a	n/a	-12.1%*	5.0%	-21.9%**
	Number of retail outlets selling Seal of Quality or branded service station products.	Number	0	n/a	n/a	14	200	205
Home Furnishings Furniture	Average increase in annual export sales of SENADA target group of Home Furnishing (furniture or home accessories) manufacturers using green, sustainable, legally verified and/or certified raw materials.	Percentage	\$1,195,247	n/a	n/a	25.6%	25.0%	-16.0%**
	The number of firms legally verified and/or FSC certified through SENADA's Responsible Timber Purchasing Program.	Number	0	n/a	n/a	18	20	13
Garments	Percentage of SENADA GPI assisted firms who complete full-package and competitiveness upgrades.	Number	23.29	n/a	n/a	n/a	50%	85.2%**
Business Enabling Environment	Number of regulations for which an advocacy campaign has been developed and implemented with and by industry stakeholders.	Number	0	n/a	1	3*	3	3
	Number of regulations from ReqMap.	Number	0	n/a	n/a	1,000	n/a	n/a
ICT / Knowledge Development	Number of lead firms and subcontractor suppliers improving subcontractor / supplier performance management capability.	Number	0	n/a	n/a	393	n/a	n/a
	# of ICT business software solutions made available in market through public-private sector initiatives.	Number	0	n/a	n/a	3	3	13
OP Indicators	1. Percent change in total effective employment (salaried, contract, casual) by SENADA-assisted firms.	Percentage	0.0%	n/a	8.3%*	6.9%*	3.0%	1.0%**
	2. EG 6.2 (Private Sector Productivity) - Number of firms receiving USG supported assistance [to improve their management practices].	Number	0	165	973	1,194	1,000	1,606
	3. EG 5.2 (Agricultural Sector Productivity) - Number of public-private partnerships formed as a result of USG assistance.	Number	0	0	31*	80*	5	11

\* Revised data for SENADA Annual Report — Year 3 (Oct. 2007-Sept. 2008)

\*\* Data annualized by four quarters to give an estimated annual rate.

The table above provides a snapshot of all SENADA indicators, baseline data, targets and actual performance against each indicator for SENADA years one and four collected through this quarter. Precise definitions, methodologies for data collection and analysis, and notes on baselines and indicators are detailed in the indicator reference sheets submitted with SENADA's final PMP submitted to USAID in March 2008.

## ANNEXES

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**B. SENADA YEAR FOUR PROJECT DELIVERABLES**

## SENADA PROJECT DELIVERABLES (BASED ON YEAR 4 USAID APPROVED WORKPLAN)

#	Section	Deliverables	Status	Explanatory Note
<b>1. HOME FURNISHINGS INDUSTRY VALUE CHAIN (COMBINED HOME ACCESSORIES AND FURNITURE)</b>				
Q2	1.1	Sustainable upgrading and VLO training modules tested and finalized for production.	Completed	To date, a set of seven <i>Wood Certification</i> modules and a set of six <i>Sustainable Productions</i> modules have been tested and finalized. E-versions of both modules have been produced and widely disseminated to over 2,450 recipients.
Q2	1.2	Eco Exotic formalized as a legal, operational entity with a developed institutional strategy.	Completed	Eco Exotic formalized as a legal entity and finalized a strategic plan in November 2008. The Strategic Plan will serve as a road map for Eco Exotic for the next 4 years.
Q2	1.3	ASMINDO Certification Care in three cities established and running.	Completed	ACC established in Semarang, Jogjakarta and Surabaya technical services are available. Further, a fourth regional ASMINDO chapter in Solo has expressed commitment to develop its own ACC office. To strengthen their technical capacity on wood certification, ACC has signed memorandum with RainForest Alliance Smartwood that will provide technical training on regular basis.
Q3	1.4	Sustainable Upgrading and VLO modules widely disseminated to thousands of firms and sub-contractors; minimum of five workshops and seminars held.	Exceeded	6 seminar events were conducted in Jogjakarta, Denpasar and Surabaya with more than 75 participants attended in each city. Following the events, 2,450 modules were disseminated to all stakeholders in Home Furnishing value chain industry. Both Sustainable Production and Legal Wood Certification Modules have been formally handed over to Eco Exotic and Asmindo Certification Care in which both host the modules in their websites.
Q3	1.5	Sustainable standards developed and established as requirement for membership to Eco Exotic.	Completed	Sustainable and Membership standards developed and published to all stakeholders (producers, buyers, potential members, government) and accessible in Eco Exotic website.
Q3	1.6	10 furniture companies assisted under ASMINDO Certification Care service.	Exceeded	3 ACC offices have 23 active clients, completed 6 audits and 6 firms have received certification.

## SENADA PROJECT DELIVERABLES (BASED ON YEAR 4 USAID APPROVED WORKPLAN)

#	Section	Deliverables	Status	Explanatory Note
Q3	1.7	Effective international promotion campaign of Eco Exotic and its members sustained and amplified.	Completed	Although ongoing, EE has implemented a comprehensive marketing strategy which reaches international buyers.
Q3	1.8	Eco Exotic attendance at a minimum of two international trade shows.	Exceeded	EE has successfully attended five international trade shows.
Q3	1.9	Orders for sustainable products received by Eco Exotic members from at least 10 international buyers.	Completed	Since 2008, Eco Exotic members from eleven major international trade fairs (3 Las Vegas, 2 SPOGA, 2 IMM, 2 Ambiente and 2 IF-FINA) have secured 86 orders from 108 international buyers.
Q3	1.10	Capacity to formulate and carry out international promotion established within Eco Exotic.	Completed	Eco Exotic has a capacity to carry out international promotion through at least 2 venues: 1) capacity to maximize its promotional strategy by using e-marketing – and this capacity has been strengthened through series of trainings given to them by SENADA SITTA in June-July; 2) build up collaboration with SIPPO to continue attend SIPPO-organized trade shows in Europe.
<b>2. GARMENTS INDUSTRY VALUE CHAIN</b>				
Q1	2.1	GPI website version II launched.	Completed	<a href="http://www.gpin.info">www.gpin.info</a> version 2.0 launched and is online.
Q1	2.2	<i>Fabric Reference Book</i> published and disseminated throughout IVC.	Exceeded	In November '08, SENADA published and disseminated the <i>EDP Fabric Sourcing Handbook</i> . Three additional handbooks in <i>Apparel Merchandising and Production</i> , <i>Productivity</i> and <i>Quality Assurance</i> also available in the market. CD of 4 handbooks disseminated to 400 industry stakeholders.
Q2	2.3	2 international brands endorse the GPI program.	Not Completed	SENADA continued active engagement with 14 international brands about GPI support and sponsorship opportunities. Solidifying tangible brand sponsorship and support has been slower to materialize than initially planned. The combination of the global financial and economic crisis has made international companies understandably careful on how they invest scarce resources. SENADA and GPI was unable to permanently lock in any brands into the program.

**SENADA PROJECT DELIVERABLES (BASED ON YEAR 4 USAID APPROVED WORKPLAN)**

#	Section	Deliverables	Status	Explanatory Note
Q3	2.4	Two rounds of Lean Sigma training conducted for a minimum of 6 firms.	Partially Completed	Program modified and cancelled. SENADA and Neville Clark conducted five one-day Lean Sigma courses for 50 companies to introduce Lean Sigma concept. Strong industry interest in one day courses. SENADA cancelled the full 10-day program due to minimal interest from garment companies due to the programs high cost and intensive training period.
Q3	2.5	At least 2 ICT software products offered through GPI.	Partially Completed	<i>Sunfish Small Business Edition</i> Human Resources software offered through GPI in Q1. Program revised and will no longer to seek to offer additional software though GPI. 15 factories upgraded to the software and are benefiting from the activity.
Q3	2.6	30 promotional meetings conducted.	Exceeded	To date, SENADA has conducted 41 GPI / EDP promotional meetings and two formal <i>EDP Roadshows</i> for 70 factory managers.
Q3	2.7	30 firms signed up as members of GPI.	Exceeded	53 firms have signed up as GPI members.
Q3	2.8	45 firms participate in, and benefit from, a minimum of two additional rounds of EDP upgrading.	Exceeded	EDP Rounds I through IV have been completed. To date, 593 managers from 131 companies have been trained through EDP upgrading program. 4 EDP self-improvement modules developed for 2 <sup>nd</sup> and 3 <sup>rd</sup> tier garment factories. Over 250 disseminated.
Q3	2.9	2 <i>Brand Working Group Forums</i> conducted with at least 5 brands participating.	Exceeded	SENADA and IGTC conducted two <i>GPI Brand Forums</i> in January March and May 2009. Twelve international brand social compliance managers (from such outfits as Adidas Group, Eralda Industries, Dewhirst International, Gap Inc, Wal-Mart, Liz Claiborne, H&M and Asmara Karya Abadi) attended the meetings.
Q3	2.10	3 <i>Link &amp; Match</i> events conducted with at least 50 firms participating.	Completed	<i>Five GPI Link and Match</i> events conducted to date. 123 garment and textile manufacturers and 51 Buyers participated to the program. To date, the program has generated six successful business transactions valued at over USD \$2 million.

### SENADA PROJECT DELIVERABLES (BASED ON YEAR 4 USAID APPROVED WORKPLAN)

#	Section	Deliverables	Status	Explanatory Note
<b>3. AUTO PARTS INDUSTRY VALUE CHAIN</b>				
Q1	1.1	QSEAL fully institutionalized in SOI as a financially and operationally sustainable entity.	Completed	Full management control of QSEAL fully institutionalized in SOI.
Q1	1.2	50 TSSPs surveyed and rated using unbiased, empirically based evaluation methodology.	Completed	ITB-CIEL completed all directory methodology, surveyed over 100 TSSPs and rated the TSSP data. Full directory published in June 2009 with 46 TSSPs fully evaluated.
Q2	1.3	At least 50 firms upgraded through SAE - QSEAL international upgrading seminars.	Exceeded	60 firms and more than 120 senior automotive people participated in the two weeks upgrading seminars.
Q2	1.4	IGSC supplier database designed, developed and available for data population.	Completed	IGSC automotive supplier database is launched and available for data population. <a href="http://www.igsc.co.id">www.igsc.co.id</a>
Q2	1.5	800 12-sector automotive components TSSP directories published and disseminated.	Completed	Directory published and disseminated to over 800 key stakeholders.
Q3	1.6	20 firms successfully complete QSEAL product and / or process certification.	Partially Completed	To date, three firms have completed QSEAL certification. 14 firms in QSEAL assessment and upgrading progress.
Q3	1.7	TSSP Directory fully institutionalized in ITB as a financially and operationally sustainable service.	Completed	TTSP directory is fully institutionalized in CIEL ITB. ITB has verbally committed to launching 2010 edition of directory.
<b>4. BUSINESS ENABLING ENVIRONMENT (CROSS CUTTING)</b>				
Q1	4.1	1,000 regulations put through the RegMAP process.	Completed	RegMAP filtering process completed for 1,000 regulations. Regulation database completed and published in June 2009 at <a href="http://www.regmap.org">www.regmap.org</a> .
Q1	4.2	150 Regulatory Impact Statements RIS (30 for each IVC) completed.	Cancelled	Due to time constraints, RIS component as deleted from RegMAP deliverables.
Q1	4.3	RegMAP training module developed and disseminated in at least three government agencies.	Completed	RegMAP e-learning module and tool completed in July 2009. Dissemination was made to BAPPENAS and over 200 other key stakeholders and government officials.

**SENADA PROJECT DELIVERABLES (BASED ON YEAR 4 USAID APPROVED WORKPLAN)**

<b>#</b>	<b>Section</b>	<b>Deliverables</b>	<b>Status</b>	<b>Explanatory Note</b>
Q1	4.4	Publish report and conduct press conference outlining key problems and issues surrounding current CFS arrangements.	Completed	Report disseminated at a December 2008 stakeholder workshop.
Q1	4.5	Evidence secured and published showing import samples waiver process has been decentralized.	Completed	Site visit for verification completed, and letter received from DG Customs confirming process has been decentralized.
Q1	4.6	Nuisance permit report finalized and submitted to Ministry of Home Affairs drafting committee.	Completed	Submitted in October 2008 to Ministry of Home Affairs.
Q1	4.7	Stakeholder conference conducted on implementing regulations for the port sections of the 2008 Shipping Law. Recommendations paper(s) submitted to Ministry of Transport.	Completed	Stakeholder conference conducted in December 2009. Recommendations memo sent to the Ministry of Transport in Q2.
Q2	4.8	Regulatory Impact Reports (RIR) for each IVC completed.	Cancelled	Due to time constraints, RIR's component has been deleted from RegMAP deliverables.
Q2	4.9	RegMAP final report completed and disseminated, and associated media campaign carried out	Completed	RegMAP summary report completed and dissemination workshops held in Jakarta and Bandung, Semarang, Yogyakarta and Surabaya.
Q2	4.10	Pre-feasibility study for Kendal port completed and <i>izin lokasi</i> permit application submitted.	Completed	Pre-feasibility study completed in draft form. Recommendation letter related to <i>izin lokasi</i> from Governor of Central Java to Bappenas secured.
Q3	4.11	Institutionalization of BAPPENAS completed and RegMAP methodology and website transferred.	Completed	RegMAP concept (as well as the tool) has been accommodated in Regulatory Reform programs in National Development Plans 2010-2014. RegMAP website transferred.
<b>5. INFORMATION AND COMMUNICATIONS TECHNOLOGY / KNOWLEDGE DEVELOPMENT (CROSS CUTTING)</b>				
Q2	5.1	Three two-day SENADA Knowledge Development ICT Fairs conducted.	Partially Completed	Two two-day <i>SENADA IBISA: ICT Business Solution Fairs</i> conducted with collaboration with Duta Wacana University, Jogjakarta and Ciputra University, Surabaya. Third event cancelled in Jakarta due to lack of partner commitment.
Q2	5.2	Five iMULAI 2.0 technical upgrading workshops conducted.	Partially Completed	Four of five iMULAI 2.0 workshops conducted in November 2008. Surabaya workshop was canceled due to lack of participants.

### SENADA PROJECT DELIVERABLES (BASED ON YEAR 4 USAID APPROVED WORKPLAN)

#	Section	Deliverables	Status	Explanatory Note
Q3	5.3	3 iMULAI 2.0 business software solutions selected, funded and launched.	Completed	Three iMULAI 2.0 business software solutions selected, funded and launched. SENADA and Microsoft selected: Grafika Valley industry group for Mobile@Act; PT. Azadirachta for Collaborative e-Business System (CES); and PT. Immedia Visi Solusi Internet Radio Broadcasting.
Q3	5.4	<i>Subcontractor Management Performance Monitoring</i> case study published and disseminated.	Completed	Case study on Subcontractor Performance Management published and disseminated to relevant business associations in July 2009.
Q4	5.5	8 BDS ITC solutions finalized, marketed and broadly disseminated throughout the IVC.	Exceeded	SENADA has supported the development of 16 private sector driven BDS ICT solutions to improve overall competitiveness. 16 solutions will have entered the market by the end of SENADA.
Q4	5.6	100 IAP internships successfully completed in 100 SMEs.	Partially Completed	61 students completed IAP program in 85 SMEs with 77 days of LOE completed and approved firm assessments and ICT roadmaps. 39 students dropped out or failed to complete LOE requirement.
Q4	5.7	IAP program institutionalized in 5 universities and business plan for 2009-10 IAP finalized.	Completed	All five universities embedded IAP into their formal curriculum. Universitas Indonesia created independent institution (UI) to implement IAP in the future. CISCO has also verbally committed to continuing the program and has slotted to develop National Blueprint for IAP 2010 by Oct. 2009.
<b>6. THE BUSINESS INNOVATION FUND (CROSS CUTTING)</b>				
Q1	6.1	Business Innovation Fund marketed to at least 1,300 individuals from dozens of key IVC institutions through marketing road show and joint IVC-Business Innovation Fund public relations events.	Completed	SENADA conducted 245 direct BIF meetings to over 1,217 potential innovators. iMULAI 1.0 and 2.0 public relations events reached over 500 individuals.
Q3	6.2	\$850,000 in total grant funds disbursed to at least 30 grantees	Exceeded	40 BIF grants approved to date valued at \$873,688. SENADA disbursed over USD \$250,000 this quarter bringing the total grant funds disbursed to date to USD over \$860,000.
Q3	6.3	Successful monitoring, evaluation, reporting and close-out of entire grant portfolio including dissemination of at least 30 Grant Profiles to key industry stakeholders.	Exceeded	21 BIF grants successfully closed this quarter. 40 grants successfully closed to date and 35 Grant Profiles have been published.

### SENADA PROJECT DELIVERABLES (BASED ON YEAR 4 USAID APPROVED WORKPLAN)

#	Section	Deliverables	Status	Explanatory Note
<b>7. COMMUNICATIONS (CROSS CUTTING)</b>				
Q4	7.1	At least 12 industry training and upgrading modules produced and disseminated widely via mass communication devices.	Exceeded	18 training modules produced to date. 3 modules developed for Garments IVC ( <i>Fabric Sourcing Handbook, Apparel Merchandising and Production, Productivity and Quality Assurance</i> ). 13 modules developed for Home Furnishings (6 <i>Sustainable Production</i> and 7 <i>Wood Certification</i> modules). 1 module developed for BEE (RegMAP). 1 module developed for Autoparts (QSEAL)
Q4	7.2	A minimum of 32 regional and national seminars, workshops and events held that avail industry to practical tools and skills.	Exceeded	34 SENADA workshops/events have been conducted.
Q4	7.3	9 Competitiveness at the Frontier issues published and widely distributed featuring critical topical themes currently confronted by Indonesian industry.	Partially Completed	8 <i>Competitiveness at the Frontier</i> issues published and disseminated.
Q4	7.4	20 activity updates developed and distributed.	Exceeded	22 activity updates developed and widely distributed. 53 activity updates published during project.
Q4	7.5	12 success stories developed and distributed.	Completed	12 success stories developed and widely distributed. 29 published during project.
Q4	7.6	SENADA website updated with news, technical reports and other information.	Completed	SENADA website <a href="http://www.senada.or.id">www.senada.or.id</a> revised and updated with SENADA's event schedule, technical reports, project information and achievements on weekly basis. Website will be transferred to USAID in Aug. 2009 and maintained until 2012.
Q4	7.7	20 grant profiles developed and distributed highlighting BIF innovations.	Exceeded	35 grant profiles developed and distributed to date

## **C. SENADA STTA UTILIZATION**

**SENADA STTA UTILIZATION (APRIL – JULY 2009)**

<b>Name</b>	<b>Start / End Date of Performance</b>	<b># of Days Utilized</b>	<b>Objective of STTA</b>
Adi J Raksanagara	3 Nov 08 – 10 Apr 09	45	Provided professional copy editing and writing technical support to CIEL-ITB for the development the full BDS Technical Training Service Provider Directory.
Amrus Ramadhan	3 Nov 08 – 10 Apr 09	45	Provided professional copy editing and writing technical support to CIEL-ITB for the development the full BDS Technical Training Service Provider Directory. Focused on design, implement and manage the graphic design.
Ted Barber	20 Jan – 30 Apr 09	30	Effectively market Eco Exotic and Indonesia's growing capacity to serve demanding markets with verifiably sustainable products.
Heri Kurniawan	2 Feb – 30 June 09	60	Supported SENADA ICT-KD technical team monitor and collecting key performance indicator of lead firms in the Yogyakarta region with the recently launched inforsys Subcontractor Management Software.
Dionisious Nardjoko	1 March – 15 May 09	20	Ensured the quality of final RegMAP Report.
Andrea Chartock	17 March – 7 Apr 09 7 – 19 June 09	36	Strengthened Eco Exotic's internal capacity to function as a viable industry organization
Andres Saldias	1 – 30 May 09	16	Provided Indonesian manufacturers with the latest ideas, methods and practical tools to improve their merchandizing capabilities.
Neil Gehani	24 Apr – 8 May 09	14	The broad dissemination of the two sets of modules to a large audience of producers and other value chain actors.
Trechada Chotiratanapinum	26 Apr – 7 May 09	10	The broad dissemination of the two sets of modules to a large audience of producers and other value chain actors.
David Wignall	6 Apr – 31 July 09	25	Based on international best practices developed a set of recommendations on a range of implementation issues (for the port regulations of the New Shipping Law) covering organization structures of key institutions such as port authorities, job specifications for key personnel, human resources and training needs, concession agreements and other documentation as well as benchmarks for port performance.
Donald D'Cruz	6 Apr – 31 July 09	30	Based on international best practices developed a set of recommendations on a range of implementation issues (for the port regulations of the New Shipping Law) covering organization structures of key institutions such as port authorities, job specifications for key personnel, human resources and training needs, concession agreements and other documentation as well as benchmarks for port performance.

**SENADA STTA UTILIZATION (APRIL – JULY 2009)**

Name	Start / End Date of Performance	# of Days Utilized	Objective of STTA
Steve Parker	20 Apr – 30 June 09	34	Developed concreted options for comprehensive regulatory strengthened and secured GOI commitment.
Donald Elliot	20 Apr – 26 June 09	19	Consolidated the existing work on HO, IMB and IPPT into a feature chapter on local planning permits for the Full RegMAP report. Conducted an advocacy campaign with select local governments on best practices in local planning and building permits.
Paulus Usmanto Njo	1 May – 15 Aug 09	76	Developed concrete options for comprehensive regulatory strengthening and to secure GOI commitment to carry out one or more of these options and initiated pilot activities in one or more of the concrete options selected by Indonesian government counterparts.

**D. SENADA MEDIA CITATIONS**

**MEDIA CITATIONS (APRIL – JULY 2009)**

<b>NO</b>	<b>DATE</b>	<b>MEDIA</b>	<b>TITLE</b>	<b>TYPE OF MEDIA</b>
<b>Regional Seminar on RegMAP – Yogyakarta – April 16 2009</b>				
1	18 April 09	Suara Merdeka.com	Bappenas Found Thousands of Regulation Hinder Industry	Online media
2	18 April 09	Suarakarya .com	Bappenas Found Thousands of Regulation are Troublesome	Online Media
3	17 April 09	Seputar Indonesia	62% Regulations Hinder Business	Regional General Newspaper
4	17 April 09	Koran Tem[po	Eight Business Related Regulations in Central Java and Yogyakarta are Troublesome	Regional General Newspaper
5	17 April 09	Bisnis Indonesia	8 Yogya Local Government Regulations Are Potentially Troublesome	Regional General Newspaper
6	17 April 09	Harian Yogya	8 Local Government Regulations Are Potentially Troublesome	Regional General Newspaper
7	17 April 09	Joglosemar	Regulations in Indonesia Are Inconsistent	Regional General Newspaper
8	18 April 09	Sinar Harapan	Many Regulations Burden Industry Competitiveness	Regional General Newspaper
9	18 April 09	Kedaulatan Rakyat	Some Regulations in Yogya Potentially Burden Business	Regional General Newspaper
10	18 April 09	Bernas Yogya	11 Percent of Regulation are Troublesome for Industry	Regional General Newspaper
11	18 April 09	Wawasan	Many Regulations Burden Industry Competitiveness	Regional General Newspaper
12	18 April 09	Kompas	Many Regulation Did not Support Business	Regional General Newspaper`
13	20 April 09	Suara Merdeka	Economic Policy & Regulatory Reform Left Behind	Regional General Newspaper
<b>HF Module Dissemination – Yogyakarta – April 27-28 2009</b>				
1	27 April 09	Harian Jogja .com	SENADA's Modules Help Producer	Online Media
2	27 April 09	Okezone .com	Thousands of Indonesian Furniture Producers Threatened by Failure to Export	Online Media
3	27 April 09	Tribun Batam Online	Threatened by Failure to Export	Online Media
4	27 April 09	Bernas Online	SENADA Disseminates Module to Help Home Industry Enters Eco-Market	Online Media

**MEDIA CITATIONS (APRIL – JULY 2009)**

<b>NO</b>	<b>DATE</b>	<b>MEDIA</b>	<b>TITLE</b>	<b>TYPE OF MEDIA</b>
5	27 April 09	Radio Trijaya	Thousands of Indonesian Furniture Producers Threatened by Failure to Export	Radio
6	27 April 09	RRI Yogyakarta	Thousands of Indonesian Furniture Producers Threatened by Failure to Export	Radio
7	27 April 09	Eltira	Module Certification Module Strengthens Penetration to International Markets	Radio
8	27 April 09	RRI Pro 2 FM	SENADA Has Prepared Two New Technical Modules	Radio
9	27 April 09	Elshinta	Thousands of Indonesian Furniture Producers Threatened by Failure to Export	Radio
10	27 April 09	Sonora	Certification for Legal Wood	Radio
11	27 April 09	Rakosa	SENADA Introduce New Technical m Modules	Radio
12	27 April 09	Petra	SENADA Held a Seminar	Radio
13	27 April 09	Jogja TV	Eco-Friendly Products	TV
14	27 April 09	RB	Seminar for Dissemination of Sustainable Production Modules	TV
15	28 April 09	Bernas	SENADA Explores Home industry	Regional General Newspaper
16	28 April 09	Kedaulatan Rakyat	Can't use illegal wood. The origin of wood for furniture export must be equal	Regional General Newspaper
17	28 April 09	Kompas	Eco-friendly Furniture May Increase Income	Regional General Newspaper
18	28 April 09	Radar Yogya	Few, Eco-Friendly Furniture	Regional General Newspaper
19	28 April 09	Harian Yogya	Indonesia is Potential to Enter World Market	Regional General Newspaper
20	28 April 09	Koran Tempo	Certified Furniture Demanded by International Market	Regional General Newspaper
21	28 April 09	Republika	Only 29 Company Obtain Eco-Friendly Certifications	Regional General Newspaper
22	28 April 09	Joglosemar	Thousands of Indonesian Furniture Company May Be Unable to Export	Regional General Newspaper
23	29 April 09	Wawasan	Thousands of Indonesian Furniture Producers Threatened by Failure to Export	Regional General Newspaper

### MEDIA CITATIONS (APRIL – JULY 2009)

NO	DATE	MEDIA	TITLE	TYPE OF MEDIA
<b>Regional Seminar on RegMAP – Semarang – April 29 2009</b>				
1	29 April 09	Kompas.com	Regulations Hinder Business	Online media
2	30 April 09	Suara Merdeka .com	Many Local Regulations in Central Java are Troublesome	Online Media
3	30 April 09	Solopos Online	8 Local Regulations Are Troublesome	Online Media
4	30 April 09	Bisnis Indonesia	Regulatory Reform Hampered By Politics	Regional General Newspaper
5	30 April 09	Solopos	8 Central Java's Local Regulations Are Troublesome	Regional General Newspaper
6	30 April 09	Suara Merdeka	Many Central Java's Local Regulations Are Troublesome	Regional General Newspaper
7	1 May 09	Wawasan	13% of Central Java's Local Regulations Are Suspected To BE Troublesome	Regional General Newspaper
8	1 May 09	Meteor	Politics Constrain Business Regulations	Regional General Newspaper
9	1 May 09	Seputar Indonesia	Local Regulations on Retribution Problematic	Regional General Newspaper
<b>HF Module Dissemination – Bali – April 30 – May 1 2009</b>				
1	30 April 09	Detik Finance .com	Indonesia Create Eco-Friendly Furniture	Online Media
2	30 April 09	Denpost	Helping Home Furnishing Industry Entering Eco-friendly Market	Regional General Newspaper
3	1 May 09	Jakarta Post	Exporter Unaware of New Certification	Regional General Newspaper
4	1 May 09	Fajar Bali	Export Furniture to US and Europe Must Be Certificate	Regional General Newspaper
5	1 May 09	Radar Bali	Furnishing Enterprise with Certification	Regional General Newspaper
6	1 May 09	Bisnis Bali	Photo Caption : Seminar	Regional General Newspaper
7	1 May 09	RRI Denpasar	Wood Certification System	Radio
8	13 May 09	Dialog	Indonesian SME May Lose Market	Regional General Newspaper

**MEDIA CITATIONS (APRIL – JULY 2009)**

<b>NO</b>	<b>DATE</b>	<b>MEDIA</b>	<b>TITLE</b>	<b>TYPE OF MEDIA</b>
<b>EDP Handbook Launching – Bogor May 5 2009</b>				
1	5 May 09	Bisnis Indonesia	Garment Industry Handbook Launched	Online Media
2	5 May 09	Indo Family Bisnis	The strength of Indonesia Garment Industry in The World Market	Online Media
3	5 May 09	Kompas.com	Despite Crisi, Garment Industry Grow Positive	Online Media
4	5 May 09	Kompas.com	Crisis, Garment Demand Increases But Imports Decreased	Online Media
5	6 May 09	Kompas	Industry Opportunity of TPT	Regional General Newspaper
6	6 May 09	The Jakarta Post	Competitiveness : Radical changes needed in RI Garment Industry	Regional General Newspaper
<b>HF Module Dissemination – Surabaya – May 5-6 2009</b>				
1	5 May 09	Kabar Bisnis .com	Sustainable Product Key to Penetrating The Global Market	Online Media
2	5 May 09	Jawa Kini.com	Without Certification, Indonesian Furniture May Lose American Market	Online Media
3	5 May 09	Berita Jatim.com	Sustainable Practices, Key to World Market for Local Furniture	Online Media
4	5 May 09	Kabargres.com	Export Product of Indonesian SME Must Have Certificates	Online Media
5	5 May 09	Trijaya FM	Wood Product Must Have Certificates	Radio Media
6	5 May 09	Suara Surabaya	Without Certificate, Indonesian SME May Lose Market	Radio Media
7	5 May 09	Surabaya TV	Certification Compulsary for Furnishing Home Industry	TV Media
8	6 May 09	Radar Surabaya	Furniture Export Threatened to Collapse	Regional General Newspaper

**MEDIA CITATIONS (APRIL – JULY 2009)**

<b>NO</b>	<b>DATE</b>	<b>MEDIA</b>	<b>TITLE</b>	<b>TYPE OF MEDIA</b>
9	6 May 09	Surabaya Pagi	April 2010, Export Furniture Required to Practice Sustainable Production	Regional General Newspaper
10	6 May 09	Duta Masyarakat	Wood Industry Applies Go Green	Regional General Newspaper
11	6 May 09	Memorandum	SME under Threat of Losing Export Market	Regional General Newspaper
12	6 May 09	Jawa Pos	Certification Compulsory Next Year	Regional General Newspaper
13	6 May 09	Kompas	Awareness on Certification Remains Low	Regional General Newspaper
14	6 May 09	Seputar Indonesia	Furniture Export Threatened by Rejection	Regional General Newspaper
15	6 May 09	Harian Surya	Wood Product Must Have Certificates by 2010	Regional General Newspaper
16	6 May 09	Investor Daily	Certification Increases Furniture Export by 10%	Regional General Newspaper
17	6 May 09	Surabaya Post	Export Furniture Will Be Difficult Without Certification	Regional General Newspaper
18	7 May 09	Bhirawa	Only 35 % Furniture Producers in Possession of Certifications	Regional General Newspaper
19	9-15 May	Bidik	April 2010, Export Product of Indonesian SME Must Have Certificates	
<b>Regional Seminar on RegMAP – Surabaya – May 7 2009</b>				
1	7 May 09	Kabarbisinis.Com	Many Regulations in East Java Did not Support Business	Online media
2	7 May 09	Suara Merdeka .com	Many Government Regulations Overlapping	Online Media
3	8 May 09	Surabaya Pagi	17 East Java's Local regulations Hinder Industries	Regional General Newspaper

**MEDIA CITATIONS (APRIL – JULY 2009)**

<b>NO</b>	<b>DATE</b>	<b>MEDIA</b>	<b>TITLE</b>	<b>TYPE OF MEDIA</b>
5	8 May 09	Bisnis Indonesia	17 East Java's Local regulations Hinder Investment	Regional General Newspaper
6	8 May 09	Surabaya Post	62,1 % Burden Industry	Regional General Newspaper
7	8 May 09	Surya	17 East Java's Local Regulation Hinder Investment	Regional General Newspaper
<b>iBISA ICT Business Solution Fair – Yogyakarta – 28-30 May 2009</b>				
1	28 May 09	Gudget .net	Improve Competitiveness with Technology	Online Media
2	28 May 09	Detik.com	Free Software for SME	Online Media
3	28 May 09	Detik.com	In Search of Bankrolls. SME in Yogya Learn Facebook	Online Media
4	29 May 09	Radar Yogya	SME Needs to Maximize IT	Regional General Newspaper
5	29 May 09	Joglosemar	Maximal, SME's ability in using IT	Regional General Newspaper
6	29 May 09	Kompas	ICT Utilization Among the Small Enterprise in Low	Regional General Newspaper
7	29 May 09	Harian Jogja	IT Improves Business Competitiveness	Regional General Newspaper
8	29 May 09	Bernas	ICT Utilization Among the SME in Yogya is Low	Regional General Newspaper
9	29 May 09	Rakyat Merdeka	SME Needs a Touch of Information Technology	Regional General Newspaper
10	29 May 09	Seputar Indonesia	Photo Caption : Visiting The Exhibition	Regional General Newspaper
<b>iBISA ICT Business Solution Fair – Surabaya – 15-16 June 2009</b>				
1	15 June 09	Berita Jatim.com	Only 20% of SMEs using IT	Online Media

**MEDIA CITATIONS (APRIL – JULY 2009)**

<b>NO</b>	<b>DATE</b>	<b>MEDIA</b>	<b>TITLE</b>	<b>TYPE OF MEDIA</b>
2	15 June 09	Suara Surabaya.net	About 60% of SMEs Haven't Utilized IT Yet	Online Media
3	15 June 09	Khabar Bisnis.com	Indonesian SMEs Have Not Been 'IT Literate'	Online Media
4	15 June 09	Kabar Gress.com	iBISA Helps SMEs Find ICT Product	Online Media
5	15 June 09	Jawa Kini.com	Only 20% of SMEs Make The Most of Information and Communication Technology	Online Media
6	15 June 09	Jakarta Post	Universities, Companies Introduce ICT for SMEs	Online Media
7	16 June 09	Kompas	Pay Attention to IT Security	Regional General Newspaper
8	16 June 09	Jawa Pos	Open Source Software Become Stronger	Regional General Newspaper
9	16 June 09	Duta Masyarakat	SMEs Have Not Been 'IT Literate'	Regional General Newspaper
10	16 June 09	Radar Surabaya	SME: Only 20% Using IT	Regional General Newspaper
11	16 June 09	Bisnis Indonesia	Photo Caption :ICT for SME's	Regional General Newspaper
12	16 June 09	Seputar Indonesia	Only 20% SME's Use IT	Regional General Newspaper
13	17 June 09	Surabaya Pagi	Business Solution iBISA Target SME	Regional General Newspaper
14	18 June 09	Investor Daily	About 60% of SME Haven't Utilized ICT Yet	Regional General Newspaper
<b>Public Launch TTSP Directory– 24 June 2009</b>				
1	24 Jun 09	Detik.com	SBM ITB Launch First Automotive Training Directory in Indonesia	Online media

**MEDIA CITATIONS (APRIL – JULY 2009)**

<b>NO</b>	<b>DATE</b>	<b>MEDIA</b>	<b>TITLE</b>	<b>TYPE OF MEDIA</b>
2	26 June 09	Tempo	ITB Bandung Training Directory Published	Regional general newspaper
3	29 June 09	Pikiran Rakyat	ITB Launch Automotive Technical Training Directory	Regional general newspaper
<b>Garment – Link &amp; Match – Jakarta – 25 June 2009</b>				
1	25 Jun 09	Antaraneews.com	Global Crisis Hasn't Affect Garment Industries	Online media
2	25 Jun 09	Kapanlagi.com	The network of Garment Market in Indonesia is Expanding	Online media
3	25 Jun 09	Formatnews.com	Global Crisis Hasn't Affect Garment Industries	Online media
4	26 Jun 09	Bisnis.com	Indonesia Potentially Gains 3% of World Garment Market	Online media
5	26 Jun 09	Bisnis Indonesia	Indonesia Potentially Gains 3% of World Garment Market	Regional general newspaper
6	26 Jun 09	Tangerang Online	Garment Industry Strengthen Market Network	Online media
7	26 Jun 09	Pikiran Rakyat .com	Garment's Human Resources is Less Competitive, Indonesia has better Competitive Edge in the Industry	Online media
8	26 Jun 09	Finroll.com	Global Crisis Hasn't Effect Garment Industries	Online media
9	26 Jun 09	Id news.yahoo.com	Global Crisis Hasn't Effect Garment Industries	Online media
10	26 Jun 09	Depperin.go.id	Global Crisis Hasn't Effect Garment Industries	Online media
11	30 June 09	Suarasurabaya.net	Indonesian Garment Industries Have Advantages	Online media

**MEDIA CITATIONS (APRIL – JULY 2009)**

<b>NO</b>	<b>DATE</b>	<b>MEDIA</b>	<b>TITLE</b>	<b>TYPE OF MEDIA</b>
12	1 July 09	Kabargres.com	Improving Market Network of Garment Industries	Online media
13	2 July 09	Kompas-tv.com	Garment Industries in Indonesia: Excellent but Threatened	Online media
14	2 July 09	Surabayapost.co.id	Improve Human Resources, Penetrate Global Market	Online media
<b>SENADA Partners Conference – 14 July 2009</b>				
1	14 July 09	Antarafoto.com	Photo caption : SENADA Project	Online media
2	14 July 09	Vivanews.com	SENADA Ends with The Successful of 40 Small Sized Enterprises	Online media
3	14 July 09	Kompas.com	World Consumers Prefer Certificated Products	Online media
4	15 July 09	Bisnis.Indonesia	Photo Caption: Competitiveness	Regional general newspaper
5	15 July 09	Media Indonesia	Photo Caption : SENADA Project	Regional general newspaper
6	15 July 09	Neraca	Photo Caption : SENADA Project	Regional general newspaper
7	15 July 09	Republika	Photo Caption : SENADA Project	Regional general newspaper
8	15 July 09	Rakyat Merdeka	Photo Caption Support to Labor-Intensive Industry	Regional general newspaper
9	15 July 09	Indo Pos	Photo Caption : SENADA Project	Regional general newspaper
10	15 July 09	Investor Daily	Enhancing Manufacturing's Role to Absorb Labor	Regional general newspaper
11	15 July 09	Indo Pos	SENADA Creates 40 Success Stories	Regional general newspaper
12	15 July 09	Media Indonesia	Providing Added Value to the National Industry Products	Regional general newspaper

**E. SENADA BUSINESS INNOVATION FUND SUMMARY**

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
1	<b>Servitama Consulting (CLOSED)</b>	Increasing the SME's competitiveness through problem solving capabilities improvement	Private Company / Business Service Provider	Various Industries	Jakarta	1-Nov-07	30-Apr-08	224,100,000	\$24,900	Executive Management Coaching	19-Sep-07
2	<b>IATO Indonesia (CLOSED)</b>	Automotive Product and Process Standards E-Library	Business Association	Autoparts	Jakarta	1-Nov-07	1-May-08	201,850,000	\$22,428	Automotive Standards E-Library	5-Oct-07
3	<b>Diponegoro University (UNDIP) (CLOSED)</b>	Break Drum Industry Standardization Program	University	Autoparts	Semarang	1-Nov-07	30-Apr-08	161,500,000	\$17,944	Break Drum Standardization	22-Oct-07
4	<b>LSK-K3 (ICCOSH) (CLOSED)</b>	Certification of Competencies on Occupational Safety & Health	NGO	Various Industries	Jakarta	3-Dec-07	3-Jun-08	143,150,000 (Amendment # 1: Total Amount Reduced from 204,498,000)	\$15,906 (Amendment #1: Total Amount Reduced from \$22,722)	OSH Certification Program	19-Nov-07
5	<b>Sigma Training Centre (STC) (CLOSED)</b>	Advance Motorcycle CBT Training Center	Private Company / Business Service Provider	Autoparts	Surabaya	28-Jan-08	28-Jul-08	166,700,000	\$18,522	Application of Competence Based Training Approach	4-Jan-08
6	<b>Indonesian Textile Association (API) (CLOSED)</b>	Garment / Textile Industry Virtual Business Forum	Business Association	Garments	Jakarta	21-Jan-08	21-Jul-08	122,643,415	\$13,627	Virtual Business Forum	4-Jan-08

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
7	<b>ASPILOW (CLOSED)</b>	Engineer Roll Machine for Tractor Tire Production	Business Association	Autoparts	Sidoarjo	25-Feb-08	25-Aug-08	82,150,000	\$9,128	Improving tractor tire production efficiency by application of simple useful equipment.	8-Feb-08
8	<b>Quantum Design Engineering (CLOSED)</b>	ISO9000 Compliance Software	Private Company / Business Service Provider	Various Industries	Jakarta	25-Feb-08	25-Aug-08	180,100,000	\$20,011	Software Development, Prototyping and Field Testing.	8-Feb-08
9	<b>Mangrove Action Plan Indonesia (CLOSED)</b>	Building Bamboo Pressure Treatment Facility	NGO	Furniture and Home Accessories	Yogyakarta	25-Feb-08	25-Aug-08	211,800,000	\$23,533	Providing Sustainable Bamboo Raw Material for Furniture and Home Accessories Industries	8-Feb-08
10	<b>Center for Furniture Design and Development (CLOSED)</b>	Launch of Furniture and Processed Woods Professional Certification Institute	Business Association	Furniture and Home Accessories	Semarang	25-Feb-08	25-Aug-08	169,300,000	\$18,811	Formalization and activation of industry's Certification Institute.	8-Feb-08
11	<b>PT. Sentra Solusi Integrasi (iMULAI) (CLOSED)</b>	Mobile Application Development for Inventory Management	Private Company / Business Service Provider	Various Industries	Jakarta	2-Jun-08	2-Dec-08	220,000,000	\$24,444	Developing mobile-based application to support inventory management.	13-Feb-08

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
12	<b>PT. Dycode Cominfotech Development (iMULAI) (CLOSED)</b>	Port Management Portal (PORTMAP)	Private Company / Business Service Provider	Various Industries	Bandung	2-Jun-08	2-Dec-08	225,000,000	\$25,000	Developing web portal for port management.	13-Feb-08
13	<b>ITS - Surabaya (iMULAI) (CLOSED)</b>	Development of Application Software on Optimizing Product Shipment Consolidation for a Cluster of Industries/SMEs	University	Various Industries	Surabaya	19-Jun-08	19-Dec-08	225,000,000	\$25,000	Developing application software to optimize shipment schedules among a cluster of Industries to reduce delivery cost.	13-Feb-08
14	<b>CV Rafindo Raya (CLOSED)</b>	Rubber Processing Prototype to Improve Competitiveness of Footwear and Automotive Industries.	Private Company / Business Service Provider	Various Industries	Bogor	4-Aug-08	4-Feb-09	193,564,767	\$21,507	Prototype rubber processing machines that will improve cost efficiency, energy saving and overall quality of rubber parts manufacturers.	3-Apr-08
15	<b>PT IndoDev Niaga Internet (DataOn Corporation) (CLOSED)</b>	Affordable Small Business Human Resource Software	Private Company / Business Service Provider	Various Industries	Jakarta	12-May-08	12-Nov-08	225,000,000	\$25,000	Develop Small Business Edition of Sunfish's successful Human Resources Information System (HIS) Software.	3-Apr-08

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
16	<b>GNKL-NU (CLOSED)</b>	Village Based Community Forest Management and Sustainable Markets Education.	NGO	Furniture and Home Accessories	Jakarta	14-Jul-08	14-Jan-09	224,995,000	\$24,999	Establishment of a Permanent Community Forest Management Education Mechanism to Educate Farmers in How to Supply Legally Verifiable Wood.	7-May-08
17	<b>APRISINDO West Java (CLOSED)</b>	Computer Based Pattern Making Service Development in W. Java	Business Association	Footwear	Bandung	11-Aug-08	11-Feb-09	224,587,500	\$24,954	Strengthening of Manual and CAD/CAM Pattern Making Practice Among Footwear Manufacturers in West Java.	7-May-08
18	<b>Diponegoro University (UNDIP) (CLOSED)</b>	Chitosan Anti-Bacterial Agent for Garment Fabrics	University	Garments	Semarang	4-Aug-08	4-Feb-09	220,150,000	\$24,461	To develop, produce and market Chitosan based anti-bacterial fabric as new potential niche, high value market for Indonesian garment .	26-Jun-08
19	<b>Langlangbuana University (UNLA) (CLOSED)</b>	Mendong Waste Production Technology for Fancy Paper	University	Furniture and Home Accessories	Bandung	4-Aug-08	4-Feb-09	225,000,000	\$25,000	To develop and socialize applied technology enabling mendong craftsmen to utilize waste by products for production of "fancy" craft paper.	26-Jun-08

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
20	<b>Vocational Education Development Center (VEDC) (CLOSED)</b>	Furniture Wood Dryer Oven Powered by Wood Waste	University	Furniture and Home Accessories	Malang	2-Sep-08	2-Mar-09	217,000,000	\$24,111	To develop low-cost technology for drying wood, using wood waste bi-products a source of energy.	26-Jun-08
21	<b>Darma Persada University (UNSADA) (CLOSED)</b>	Hybrid GHE Solar Dryer for Tanned Leather	University	Various Industries	Jakarta	13-Oct-08	13-Apr-09	225,000,000	\$25,000	To develop prototype Solar Energy Driven Dryers for Tanned Leather	4-Sep-08
22	<b>Business Innovation Center (BIC) (CLOSED)</b>	Intermediary Linkage Service for Innovation and Investment	NGO	Various Industries	Jakarta	4-Nov-08	4-May-09	225,000,000	\$25,000	To develop a IT-based link and match service that links potential innovations to commercial investment opportunities.	29-Sep-08
23	<b>CV Wijaya Beringin Consulting (CLOSED)</b>	Pre-Feasibility Study on Kendal Port Development	Private Company / Business Service Provider	Various Industries	Semarang	11-Nov-08	11-May-09	216,000,000	\$24,000	To conduct pre-feasibility study on the Kendal Port Project in Kendal City, Central Java.	29-Sep-08
24	<b>ASMINDO Furniture Association (CLOSED)</b>	ASMINDO Certification Care (ACC)	Business Association	Furniture and Home Accessories	Surabaya	25-Nov-08	25-May-09	224,400,000	\$24,933	To develop, establish and institutionalize Asmindo Certification Care (ACC) legal wood consulting services.	17-Nov-08

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
25	<b>Society of Automotive Indonesia (SOI) (CLOSED)</b>	QSEAL National Seal of Quality	NGO	Autoparts	Jakarta	25-Nov-08	25-May-09	224,900,000	\$24,989	To institutionalize a sustainable national seal of quality for Indonesian automotive replacement parts.	17-Nov-08
26	<b>Institute Technology Bandung (ITB) (CLOSED)</b>	National Technical Training Service Provider Directory	University	Autoparts	Bandung	25-Nov-08	25-May-09	224,800,000	\$24,978	To publish a full-comprehensive directory of Auto-parts Technical Training Service Provider Directory.	17-Nov-08
27	<b>PT. Bluemoon - Pixel (CLOSED)</b>	Batik Fractal 2.0 Software	Private Company / Business Service Provider	Garments	Bandung	1-Dec-08	1-Jun-09	225,000,000	\$25,000	To develop and launch jBatik v.2 batik pattern software utilizing cutting edge fractal mathematics concept.	17-Nov-08
28	<b>University Indonesia (UI) (IAP) (CLOSED)</b>	Industry Attachment Program	University	Various Industries	Jakarta	10-Dec-08	10-Jun-09	224,975,000	\$24,997	To develop an unique public private partnership driven internship program to increase SMEs absorption of, and investment in, productivity improving ICT.	17-Nov-08

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
29	<b>BINUS University (IAP) (CLOSED)</b>	Industry Attachment Program	University	Various Industries	Jakarta	10-Dec-08	10-Jun-09	224,875,000	\$24,986	To develop an unique public private partnership driven internship program to increase SMEs absorption of, and investment in, productivity improving ICT.	17-Nov-08
30	<b>ITS - Surabaya (IAP) (CLOSED)</b>	Industry Attachment Program	University	Various Industries	Surabaya	16-Dec-08	16-Jun-09	135,000,000	\$15,000	To develop an unique public private partnership driven internship program to increase SMEs absorption of, and investment in, productivity improving ICT.	17-Nov-08
31	<b>UGM (IAP) (CLOSED)</b>	Industry Attachment Program	University	Various Industries	Yogyakarta	10-Dec-08	10-Jun-09	225,000,000	\$25,000	To develop an unique public private partnership driven internship program to increase SMEs absorption of, and investment in, productivity improving ICT.	17-Nov-08

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
32	<b>Ciputra University (IAP) (CLOSED)</b>	Industry Attachment Program	University	Various Industries	Surabaya	16-Dec-08	16-Jun-09	89,550,000	\$9,950	To develop an unique public private partnership driven internship program to increase SMEs absorption of, and investment in, productivity improving ICT.	11-Dec-08
33	<b>PT Sumber Alam Inovasi Nusantara (SAINS) (CLOSED)</b>	Innovative Technology for Transforming Feldspar Rocks into Decorative Ceramics	Private Company / Business Service Provider	Furniture and Home Accessories	Bandung	9-Jan-09	9-Jul-09	202,500,000	\$22,500	To develop applied technology for transforming feldspar rocks into value added decorative ceramics.	8-Jan-09
34	<b>Grafika Valley (iMULAI) (CLOSED)</b>	Mobile@ACT	Private Company / Business Service Provider	Various Industries	Jakarta	12-Jan-09	12-Jul-09	224,000,000	\$24,889	To develop software to enable employees, customers and suppliers to have interactive communication and approval capacity through cell technology.	7-Jan-09
35	<b>PT Azadirachta Mandiri (CLOSED)</b>	Collaborative e-Business System (CES)	Private Company / Business Service Provider	Various Industries	Bogor	12-Jan-09	12-Jul-09	225,000,000	\$25,000	To develop software application system enabling effective B2B exchange among enterprises.	7-Jan-09

**SENADA BUSINESS INNOVATION FUND - USAID GRANT SUMMARY (as of July 2009)**

No	Grantee / Contractor	Activity Title	Type	Target	Location	Start	Finish	Amount (IDR)	Amount (USD)	Purpose	Date approved by USAID
36	<b>PT Global Business (Gobizx) (CLOSED)</b>	WAYDEV Automotive Components Supplier Database	Private Company / Business Service Provider	Autoparts	Jakarta	14-Jan-09	14-Jul-09	207,000,000	\$23,000	To develop an on-line-automotive component database and OEM/supplier information system.	7-Jan-09
37	<b>PT Immedia Visi Solusi (CLOSED)</b>	Internet Radio Broadcasting for Business Communication	Private Company / Business Service Provider	Various Industries	Malang	12-Jan-09	12-Jul-09	224,250,000	\$24,917	To develop a new concept of Internet Radio Broadcasting as a new way tools for marketing business and tourism related services.	7-Jan-09
38	<b>PT Jawa Furni Lestari (CLOSED)</b>	Chain of Custody Certification Software (e-CoC)	Private Company / Business Service Provider	Furniture and Home Accessories	Yogyakarta	15-Jan-09	15-Jul-09	155,000,000	\$17,222	To innovative software that helps companies implement VLO/CoC system standards.	8-Jan-09
39	<b>Masyarakat Telematika Indonesia (MASTEL) (CLOSED)</b>	Rural Internet Centers (RIC)	Business Association	Various Industries	Jakarta	15-Jan-09	15-Jul-09	184,850,000	\$20,539	To establish and ensure sustainability of rural internet centers (RIC) in Cihideung Village, Lembang.	8-Jan-09
40	<b>International Garment Training Center (IGTC) (CLOSED)</b>	Institutionalization of Garment Partnership Indonesia (GPI)	NGO	Garments	Bogor	15-Jan-09	15-Jul-09	112,500,000	\$12,500	To institutionalize a sustainable GPI enabling Indonesian garment industry develop skills and share knowledge.	12-Jan-09

**F. SUCCESS STORIES, ACTIVITY UPDATES AND GRANT PROFILES**



# SUCCESS STORY

## NEWLY LAUNCHED ASMINDO CERTIFICATION CARE ATTRACTS CLIENTS AND DELIVERS SERVICES



*“From the first time I met the ACC consultants, I have been impressed by their integrity and commitment to fulfilling their contractual obligations with our company. We had our VLO audit on schedule and we are very satisfied with the result.”*

– H. M. Schoenmakers,  
PT. Geristha Agung

As part of its efforts to enhance Indonesia’s wood furnishings industrial value chain, SENADA has focused on preparing producers to access the international market for goods made with responsibly sourced timber. SENADA interventions have already enabled a number of companies to achieve the independent certifications needed for this purpose, but the number of companies that have the potential to obtain and benefit from certification is far larger than the SENADA project could reach before its conclusion.

To ensure that the push toward obtaining certifications continues in the long run, SENADA has partnered with ASMINDO (the Indonesian Furniture Industry and Handicraft Association) to build ASMINDO’s capacity to provide the services needed by its members to prepare for and complete certification audits. SENADA and ASMINDO set up “ASMINDO Certification Care” (ACC), a business unit within the association that is responsible for providing certification consulting services on a sustainable basis.

The new unit began operating in mid-2008 and was officially launched in October. In the months since then, ACC has proven that it can both attract clients and successfully guide Indonesian producers through the certification process. To date, ACC has recruited 17 companies, surpassing its goal of 10. Five of these firms have completed the auditing process with internationally recognized auditors such as TUV Rheinland and Smartwood and all of them have received VLO (Verification of Legal Origin) or FSC (Forest Stewardship Council) Certification.

More certification activities are in the pipeline, with two companies slated to begin their audits in the coming weeks. In addition, ACC is continuing to build its internal capacity, and has scheduled “train the trainer” sessions for its consultants on FSC with Smartwood in June. All these signs point to the future sustainability of the ACC business unit.

SENADA is a four-year, USAID-financed project whose goal is to increase Indonesia’s economic growth and employment by improving the competitiveness of major, labor-intensive light manufacturing industries.

To learn more about SENADA,  
visit <http://www.senada.or.id>.



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# SUCCESS STORY

## SENADA RESEARCH GALVANIZES PORT AUTHORITIES TO IMPROVE LINI 2 TARIFF SYSTEM



*“Our long struggle is now bearing fruit that will support industry progress. With the establishment of these new tariff rates, there should be no more excessive payments.”*

— *Amalia Achyar*  
*Chairman of IEI*

Stakeholders have long expressed frustration over the problems at the Lini 2 Port of Tanjung Priok, including the unnecessary and overlapping fees charged by port service providers. In response, SENADA, with support from the Indonesian Importer and Exporter Association (IEI) issued a study at the end of 2008 examining these problems. Many port users subsequently attended a SENADA-sponsored workshop in December to affirm the severity of the problems identified, which encompassed transparency concerns, outmoded tariff schemes, and failure to adhere to price agreements.

The report and ensuing discussion mobilized port authorities. They formed a heavy-hitting tariff team whose commissioners include the heads of Port Administration and Customs Office Primary Service at Tanjung Priok; the General Manager of PT Pelindo II (the state-owned port corporation); and KADIN, the Indonesian Chamber of Commerce. Members include a wide range of associations and stakeholders that represent the interests of importers, exporters, stevedore companies, storage facility providers, warehouses and depots, freight forwarders, and others involved in the port's functioning.

The new team began meeting in February and immediately identified priority issues. Among the goals they set was to define and promulgate a set of reasonable tariff levels for port services such as delivery, cargo shifting, and storage.

On 29 April 2009, the team produced its first concrete results in the form of an official determination of the maximum tariffs that can be levied for these services. The new rates go into effect on June 1, and will be evaluated over the next six months to see whether they are working as intended. Sanctions will be imposed by the Director General of Sea Transport on any service providers who fail to stay within the issued guidelines. The team is continuing to meet so it can take similar steps to address additional stakeholder concerns about Lini 2's functioning.

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## SUCCESS STORY

### GARMENT MANUFACTURER REPORTS MEASURABLE EFFICIENCY IMPROVEMENTS AFTER TRAINING



*“The EDP training takes a practical approach that convinced us we would be able to implement the techniques in our factory. The trainer showed us that there are easy steps we could take to improve our operations, and explained in detail how to reduce waste and improve productivity.”*

— *Melly Gunawan*  
*Factory Head, Bina Busana Internusa–Pulogadung*

Making change on the factory floor is hard. Tight delivery schedules make it difficult to find time to plan improvements. Instead, managers often find themselves addressing quality concerns, delays and other problems on a case-by-case basis. In Indonesia’s garment industry, this approach can lead to stockpiles of unusable material, inefficiently large volumes of work in progress, waste, and compromised quality.

Many factory managers have attended training programs in the past without finding permanent solutions to these problems, so when Indonesian garment industry executives signed up for the Executive Development Program (EDP) training courses offered by Garment Partnership Indonesia (GPI) their expectations were modest. They attended three productivity workshops led by Tatsuro Araki, an internationally known garment productivity expert. Based on his 30 years experience in the Asian garment industry, Araki persuaded his audience that well-known strategies such as “5S” (Sort, Set in order, Shine, Standardize, Sustain) can produce quantifiable results for Indonesian garment producers, for example a 5 percent increase in efficiency from instituting 5S and another 5 percent from completing a work study.

PT Bina Busana Internusa (PT BBI) Pulogadung was among the companies persuaded to give these techniques another try, and returned to their factory to institute Araki’s methods step-by-step. They began by redoing their production layout and implementing the flow process that Araki recommended, and sent more of their staff to Araki’s training sessions to learn how to implement the Toyota Production System in the garment industry.

Within four months, BBI Pulogadung experienced concrete, cost-saving improvements. They have increased productivity by 16 percent and have reduced their space by 49 percent, from 2632 to 1334m<sup>2</sup>. Their Work in Progress has been slashed by 40 percent. They have cut their lead time from cutting to finishing from 10 days to 8, and have plans to reduce it to 6.

Garment Partnership Indonesia is a private sector initiative facilitated by SENADA that brings garment industry stakeholders together for collaborative efforts in areas of mutual concern. SENADA is a four-year, USAID-financed project whose goal is to increase Indonesia’s economic growth and employment by improving the competitiveness of major, labor-intensive light manufacturing industries.

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# SUCCESS STORY

## REGMAP ENTHUSIASTICALLY WELCOMED BY POLICY MAKERS SEEKING TOOLS FOR REFORM



*“RegMAP gives us an easy but standardized tool that we can and should use to assess the quality of draft regulation in the future.”*

*– Ibu Enny Nurbaningsih  
Head*

*Government Law Department  
Gadjah Mada University*

In concert with its efforts to strengthen value chains in Indonesia’s light manufacturing industries, SENADA has worked to improve the regulatory environment for business, since long-term economic growth depends on competent performance by both industry and government. RegMAP, which is based on the principles of Regulatory Impact Analysis, is a key element of this work, offering Indonesia’s policy-makers a set of tools that permits them to rapidly review the quality of regulations and identify priorities for reform.

RegMAP was first launched in March 2009 by Bapak Paskah Suzetta, the Minister for National Development Planning/Head of Bappenas. Since then regional workshops have been held in Bandung, Yogyakarta, Semarang, and Surabaya to train government personnel and civil society on how to use RegMAP. Exercises have been conducted on 1000 regulations impacting five industrial value chains. SENADA and the Bappenas team have incorporated lessons learned from this effort, along with inputs from various stakeholders during regional workshops to further develop RegMAP into a simple, easy-to-use and accountable tool. These characteristics are essential in order to ensure that RegMAP will be adopted over the long term by a broader government audience as well as civil society.

In June, the Provincial Government of Yogyakarta (DIY) requested that SENADA use RegMAP to contribute to finalizing the draft of a Governor Regulation (Pergub) concerning the Mechanism to Form Provincial Regulations. The draft legislation that followed had better defined problems and objectives and added new articles stipulating the need to adopt best regulatory practices as advised by RegMAP. This is consistent with the reception that RegMAP has received by government officials, who have expressed enthusiasm for institutionalizing its use.

The true success of RegMAP cannot be measured in the lifetime of the SENADA project, as this will only be revealed in the coming years, if RegMAP methodologies have a lasting impact on the analysis and reform of Indonesia’s business regulations. RegMAP’s impact on the DIY Pergub is a good sign that this may come to pass.

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# SUCCESS STORY

## QSEAL CERTIFICATION RESULTS IN EFFICIENCY IMPROVEMENTS AND COST SAVINGS



*“By implementing QSEAL standards, we have successfully improved our system documentation and production processes, leading to better analysis and problem-solving, and significantly improving our production efficiency.”*

*Agung H. Widigdo  
Factory Director  
PT Fuboru Indonesia*

For Indonesia’s producers of replacement auto parts, both domestic and international markets have untapped potential. In order to compete successfully, manufacturers must be able to differentiate their products from cheap, unbranded competitors at the same time they offer good value at a reasonable price. The QSEAL national seal of quality initiative jointly launched by SENADA and Sentra Otomotif Indonesia (SOI) was designed to help manufacturers achieve this by raising their manufacturing practices to industry-established quality standards. QSEAL is a quality label awarded after an independent process and product audit certifies that these standards are being met. SOI, which owns and manages QSEAL, helps firms to access the technical assistance they need to prepare for a QSEAL audit.

The firm PT Fuboru, a Surabaya-based producer of vehicle parts established in 1983, illustrates how QSEAL can focus a company’s efforts to maximize efficiency and quality. The firm signed on as one of QSEAL’s first clients, undergoing its initial assessment in December 2008 and obtaining certification of its gaskets and rubber parts in June 2009.

PT Fuboru achieved dramatic improvements in its factory as a result of undergoing QSEAL certification. Through flow process optimization they reduced Work in Progress (WIP) for gaskets and rubber components from four days to three, a 25 percent improvement. Using “5S” (Sort, Set in Line, Shine, Standardize, Sustain) tools, they upgraded factory cleanliness, safety procedures, documentation, and their component trace-back capability (substantially strengthening their capacity to respond and make corrections in the event of a customer claim). They decreased their rejection rate from .21 to .16 percent/month, which saves thousands of dollars annually.

Because QSEAL uses ISO 9000 standards, PT Fuboru is now ready for an ISO 9000 audit – saving as much as \$10,000 that they would otherwise have had to spend on outside consulting in order to prepare.

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# SUCCESS STORY

## FUTURE LOOKS BRIGHT FOR SENADA-ASSISTED GROUP OF HOME FURNISHINGS PRODUCERS



*“Eco Exotic is a powerful tool for building our business as a maker of goods that are produced in a socially and environmentally responsible manner. We are committed to making it succeed over the long term.”*

— *Jajag Suryoputro*

*Owner/Manager, Jawa Furni Lestari*

The international demand for eco-friendly furniture products is growing, with an estimated 35 million Americans alone defining themselves as “green” consumers who spent about US\$500 billion in 2005 for eco-friendly products — an amount estimated to grow to US\$845 billion by 2015. This situation offers a tremendous opportunity for Indonesian home furnishings and accessories manufacturers, if they take advantage of Indonesia’s artistic traditions, competitive human resources, and renewable resources to develop and market sustainable, certified products.

Accomplishing all this is a daunting challenge, but firms can achieve their goals more easily as part of a consortium that shares training and marketing resources. This was the rationale behind the creation of “Eco Exotic,” an association of nine firms that banded together with help from SENADA, becoming a legally recognized entity in October 2008 and participating in a number of joint activities, including training, marketing material development, and a shared Eco Exotic booth at several international trade shows.

As SENADA draws to a close, the success of Eco Exotic can best be measured by how successfully efforts to date have led to the kind of benefits that will motivate Eco Exotic’s leaders to continue their work in the future. As a result of their shared activities, Eco Exotic firms have added to their overall sales by about US\$ 1,270,000, an 11 percent increase based on participation in four trade shows in 2008. In the first quarter of 2009, members secured 26 new contracts from 19 buyers worth US\$ 500,000.

Final activities of the SENADA project have been aimed at contributing to this momentum. The institution is now formally under the control of the Eco Exotic Board of Directors, new firms have inquired about joining, and all members have been active participants in the activities held throughout the first half of 2009 designed to help Eco Exotic independently sustain itself, such as developing a strategic action plan and developing e-marketing capacity.

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# SUCCESS STORY

## NOVEL INTERNSHIP PROGRAM UPGRADES FIRMS' ICT USAGE AND FUTURE ICT CAPABILITIES, OFFERS LESSONS FOR FUTURE



*“IAP interns were exactly what my company needed. Even though we already had a strong IT team in place, our IAP students brought in fresh ideas that we were able to implement immediately, saving us money and improving the way which our company operates.”*

— Steven Palmer  
Founder, Surfer Girl

Firms in Indonesia are often slow to adopt Information and Communication Technology (ICT) that could strengthen their competitiveness, due to lack of understanding of the benefits and fear that it is too costly. At the same time, Indonesia’s best universities are producing graduates with an advanced understanding of ICT, but little insight into how this knowledge can be translated into the business world.

SENADA and Cisco partnered to create a first-of-its-kind “Industry Attachment Program” (IAP) that brought firms and students together, educating both and putting firms on the path to improved operations through better usage of ICT. The program, carried out with the assistance of five universities that took steps to institutionalize the program so it can be sustained in the future, involved 100 students and 86 firms.

The students (all alumni of Cisco’s Network Academy Program, a successful global program that provides university students with advanced training in networking) participated in an “IT bootcamp” and subsequent workshops to hone their conceptual IT knowledge and their ability to apply this to SME needs through diagnostic assessments and short- and long-term IT planning. Over a five-month period, they spent 77 days helping firms assess how to better use ICT, culminating in the development of an “ICT Road Map” that laid out how each firm could optimize its long-run utilization of ICT. A competition for the best road map – judged by SENADA and Cisco – was held, with three winners awarded trips to Cisco headquarters in San Francisco in November.

61 students successfully completed the rigorous program, with several internships producing outstanding results. A furniture company was able to implement an electronic method for inventory tracking and cost calculation for a fraction of the normal cost; a garment company developed a tangible Disaster Recovery Plan; and several firms improved their human resources or created websites. Even though SENADA’s support to the program is ending, at least three current IAP universities have committed to conducting a 2009-10 round of the program, and Cisco plans to expand the program not only in Indonesia, but in Malaysia, Cambodia and Singapore as well. 90 percent of all surveyed firms vowed to participate again in future rounds.

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# ACTIVITY UPDATE

## SAE INTERNATIONAL OFFERS RECOMMENDATIONS TO AUTO PARTS MANUFACTURERS ON SURVIVING ECONOMIC CRISIS



*“QSEAL seems to be one of the best executed programs that companies can take advantage of, especially for the low cost involved. It is worth hundreds or thousands of times its cost in how it can help companies to compete. So congratulation to the team that created it, and I think it’s very important to Indonesia.”*

— Gary Schkade  
Director, Asia-Pacific Development  
SAE International

To explore the implications the global economic downturn may have for Indonesia’s domestic parts producers, SENADA sponsored a panel discussion in Jakarta on 12 February entitled “Indonesian Auto Parts Industry and the Global Economic Crisis: Strategies and Perspectives,” that focused on helping industry players to weather tough times and perhaps even to turn current economic conditions to their advantage.

The panel featured representatives from a range of automotive industry stakeholders, including IATO (the Automotive Engineers Association), GIAMM (the Indonesian Automotive Part and Components Industries Association), AISI (the Indonesian Motorcycle Industry Association), GAIKINDO (Indonesian Automotive Industry Association), the Ministry of Industry, and the Society of Automotive Engineers International (SAE).

Discussion focused on how to capitalize on QSEAL, a quality certification seal for non-original automotive components that was developed by industry stakeholders with assistance from SENADA. QSEAL is intended to help local producers to gain domestic market share over cheap, unbranded imports and expensive OEM (Original Equipment Manufacturer) products. Through QSEAL, local manufacturers are standardizing products and processes and implementing evaluation and certification systems that meet quality standards while they remain competitive on price.

QSEAL received an important boost during the event when Marketing Director Herman Slamet of PT Nipress Tbk (one of Indonesia’s largest producers of car batteries and the holder of a number of international certifications) explained that Nipress regards QSEAL as an important conduit for accessing local markets, as well as a means of ensuring continuous improvement. Gary Schkade, the Director of Asia-Pacific Development for SAE International, affirmed the importance of QSEAL and stressed the need to build the foundation for a long term, mutually beneficial relationship among private stakeholders to expand QSEAL’s impact.

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## ACTIVITY UPDATE

### NEW TOOL PROVIDES FRAMEWORK TO REDUCE REGULATORY BURDEN ON INDONESIAN BUSINESS



*“This national regulatory mapping seminar addressing regulations that constrain the business climate is a first step toward determining alternatives to overcome the problems that hamper development.”*

*— Paskah Suzetta  
State Minister for  
National Development  
Planning/  
Chairman of Bappenas*

Inconsistent, overlapping, and onerous government regulations at both the national and local level sap the ability of Indonesian firms to compete effectively. Piecemeal improvements are not enough; rather, the nation’s regulators need a mechanism that allows them to quickly assess large numbers of regulations and set priorities for reform. They also require the capacity to employ such a mechanism effectively over the long term.

This is the rationale behind SENADA’s RegMAP program, which launched in mid-2008. RegMAP recently achieved an important milestone with the issuance of a summary report and a national seminar on 11 March to showcase and discuss the RegMAP analysis.

RegMAP is a tool developed by SENADA that is based on the principles of Regulatory Impact Assessment. It allows stakeholders to conduct a preliminary review of a large number of regulations in a relatively short period of time, leading to a short list of regulations targeted for further action. RegMAP works by applying three progressively stricter filters that ask a standardized set of questions about the key features of each regulation under review.

The summary report disseminated at the seminar gave an overview of RegMAP methodology and described key results obtained by the research groups that analyzed Indonesia’s business regulations using RegMAP. The report highlights problems common to many of the regulations reviewed (such as undue complexity and high levels of official discretion) and offers guidance for maximizing the effectiveness of future RegMAP analyses.

About 175 people attended the seminar, held at the facilities of Indonesia’s national development agency BAPPENAS. They represented relevant GOI departments dealing with commerce, industry, and labor; research organizations such as LIPI (Lembaga Ilmu Pengetahuan Indonesia), CSIS (the Center for Strategic and International Studies), LPEM-UI (the Economic and Social Research Institute at the University of Indonesia), and BPHN (Badan Pembinaan Hukum Nasional, the Department of Law and Human Rights), along with international donors such as the World Bank and International Finance Corporation.

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# ACTIVITY UPDATE

## AUTO PARTS MANUFACTURERS LEARN BEST PRACTICES IN PRODUCT DEVELOPMENT FROM GLOBAL AUTOMOTIVE INDUSTRY LEADER



*"The training gave us the whole picture of product development in a compact, easy to understand way."*

— *Triharsa Adicahya,*  
*PT Astra Otoparts Tbk*

*"The instructor was excellent and the training showed us how to leverage the capability to continuously improve product quality."*

— *Octavianus Hutadjulu*  
*PT Aisin Indonesia*

Indonesia's automotive parts industry is taking steps to reach its full potential by implementing QSEAL, an industry-supported seal of quality based on the achievement of established standards for product and process quality. In order to meet the standards that QSEAL imposes, many companies need training on international best practices. Thus, QSEAL teamed up with the global leader in automotive standards and training, the Society of Automotive Engineers (SAE International), to offer companies four world-class professional development courses in February.

Over 500 members and affiliates of IATO (the Indonesian Automotive Engineers Association), and GIAMM (the Indonesian Automotive Part and Components Industries Association), were given the opportunity to identify the coursework most urgently needed from a list of over 200 SAE course offerings. Based on the input they provided, international experts from SAE with 50 combined years of OEM (original equipment manufacturer) product development experience taught courses entitled *Managing Integrated Product Development*; *Design Reviews for Effective Product Development*; *Quality Function Deployment*; and *Failure Modes and Effects Analysis*.

The four professional development courses, which were paid for by participating firms, were fully booked a week in advance. Approximately 100 senior automotive engineers from top producers throughout Indonesia, along with 20 university representatives, attended the two weeks of classes.

Aside from the immediate benefits to trainees, an important goal of the training series was to introduce Indonesian auto parts manufacturers and associations and SAE International to each other, paving the way for SAE to offer more courses in the future. Plans are now underway for additional professional development courses tailored specifically to Indonesia's automotive industry.

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# ACTIVITY UPDATE

## DEPARTMENT OF INDUSTRY OFFICIALS RESPOND ENTHUSIASTICALLY TO TRAINING ON ANALYZING REGULATIONS FOR REFORM



*“We urgently need a tool such as RegMAP to accelerate our mapping and review of business regulations and to prioritize reform efforts on those that reduce Indonesian competitiveness in both domestic and global markets.”*

— *Arif Christiono Soebroto*  
*Director,*  
*DAPP BAPPENAS*

Since launching RegMAP in late 2007, SENADA has maintained a strong focus on ensuring that Indonesian officials at the local and national level understand what RegMAP is and how they can use it to improve Indonesia’s regulatory climate. RegMAP is a set of tools based on Regulatory Impact Assessment. It uses three filters that allow policy-makers to quickly identify which regulations out of a large number should be priorities for reform. The filters ask questions that help policy makers to assess each regulation in terms of its legal basis, economical impact, redundancy, inconsistency, potential political barriers to reform, and other key considerations.

Recent training efforts with various local and national government entities have resulted in requests from additional government offices for technical workshops on how to employ RegMAP. To address such a request from the Department of Industry, SENADA facilitated a training session on 7 April in cooperation with the Directorate for Regulatory Analysis (DAPP) at BAPPENAS, Indonesia’s national development planning agency. The session was opened by the Director of DAPP BAPPENAS, Bapak Arif Christiono Soebroto. The Center for International Cooperation (PUSAKIN) at the Department of Industry conducted the training, which was led by Ibu Dyah W. Poedjiwati. Approximately 20 DAPP officials who work on business climate issues attended.

During the training session, officials received hands-on experience in implementing RegMAP, by taking actual Department of Industry regulations and using RegMAP worksheets to analyze them. Participants were actively engaged throughout, presenting the results of their analysis and conducting spirited discussion over different scores they gave to the same regulation.

As the follow up of the training, the Department of Industry now plans to create a working group consisting of permanent employees who have completed RegMAP training. These employees will be responsible for applying RegMAP tool to Department of Industry regulations immediately.

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## ACTIVITY UPDATE

### INDONESIAN FURNITURE FIRMS IMPRESS LAS VEGAS TRADE SHOW ATTENDEES AND GENERATE LEADS



*“We're very optimistic about the opportunities that the Hospitality Design Expo will lead to. We aspire to supply hotels in the US market, and now we have the tools to start making this goal a reality.”*

*– Ari Cahyanto  
PT Djawa Furni Lestari*

Eight Indonesian home furnishings manufacturers who are members of Eco Exotic attended the Hospitality Design Expo in Las Vegas, Nevada from 14–16 May. This annual event attracts vendors who supply the hospitality industry — including hotels, resorts, cruise ships, and restaurants — with furnishings, fixtures, and equipment.

The Expo included two major events, with SENADA and Eco Exotic representatives playing an important role in each. At the “Hospitality Design Green Day,” SENADA staff stressed that high quality home furnishings with innovative designs are being produced in Indonesia using recycled materials and sustainable, socially responsible production methods.

At the trade show, Eco Exotic members displayed their wares and promoted their commitment to sustainable production. The Eco Exotic booth was one of the highlights of the show, attaining a higher level of interest than many of the larger, established exhibitors. A high-tech “lead retrieval” system was used to sort visitors to Eco Exotic’s booth into a database that will assist firms to follow up with the designers, architects, hotel managers and others who expressed interest in Eco Exotic products.

Eco Exotic’s representatives also used their trip to the United States to tackle the difficulties they face in exporting to the US. It is particularly hard for small firms to rent warehouse space in a cost-effective manner, since they usually do not need the entire volume of space they will have to rent. Eco Exotic companies met with a custom house broker whose services include providing temporary container transit without warehouse fees as well as arranging customs clearance, transport of goods from stock yard to transit warehouse, and shipment to final destinations. Utilizing these services will help Eco Exotic to overcome many of the practical difficulties they face in trying to penetrate the US market.

Eco Exotic is a group of progressive Indonesian furniture producers that meet sustainability standards and have banded together with SENADA’s assistance. Over the past year, Eco Exotic members have cooperated on an international campaign to promote Indonesia’s environmentally responsible home furnishings.

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# ACTIVITY UPDATE

## EAST JAVA'S MECHANICS LEARN HOW QSEAL PRODUCTS OFFER QUALITY AND SUPPORT LOCAL INDUSTRY



*“QSEAL affirms that Indonesian manufacturers can manage their processes and products to achieve excellence and strengthen their ability to compete.”*

*– Adirizal Nizat  
President, SOI*

*(Indonesian Automotive Society)*

Indonesia's large and growing reliance on two- and four-wheeled vehicles ensures that the demand for auto parts is growing as well. Supplying this demand seems like a natural niche for domestic producers of non-OEM (Original Equipment Manufacturer) parts, but inexpensive imports from China and other countries offer stiff competition. SENADA has tackled this problem by assisting local manufacturers to strengthen their ability to compete on standards, efficiency and quality.

To ensure that consumers and industry actors recognize that Indonesia's producers can offer affordable, safe and reliable choices, SENADA collaborated with a range of industry stakeholders to introduce QSEAL, Indonesia's first seal of quality for auto parts. A nation-wide initiative, QSEAL is based on recognized industry standards and is awarded following an independent audit of manufacturing processes and production.

Following the necessary efforts to create QSEAL, obtain stakeholder buy-in, and secure its first clients, SENADA and its partners in the industry have turned their attention to institutionalizing QSEAL so that its impact endures. To this end, SENADA collaborated with PT Fuboru Indonesia, a manufacturer of auto parts and static machinery that was one of QSEAL's first clients, to conduct a series of events in late June, the centerpiece of which was a gathering on June 28 for approximately 750 mechanics from Surabaya and East Java.

The event provided an opportunity to publicize and promote QSEAL's value to the industry as well as showcase Fuboru's newly certified products (gaskets and rubber components). Complementary activities included a QSEAL feature on a local radio talk show and a training session for mechanics and students at a Surabaya vocational high school. The training used a special Fuboru training car equipped with testing equipment and instruments to introduce concepts of continuous variable transmission, hybrid engines and fuel emissions systems.

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## ACTIVITY UPDATE

### **iBISA FAIRS OVERCOME SME MISCONCEPTIONS ABOUT USING INFORMATION AND COMMUNICATIONS TECHNOLOGY**



*“Implementing simple yet effective ICT is a must for SMEs to be able to keep up with their competitors. iBISA will provide access for SMEs to the appropriate solutions for their business needs.”*

*– Tony Antonio  
Rector  
Universitas Ciputra*

For Indonesian SMEs, adopting Information and Communication Technology (ICT) can be an intimidating prospect. Research suggests that only about 20 percent of Indonesia’s SMEs utilize ICT. The other 80 percent are likely to assume the expense is too high and the human resources needed are too specialized. This perception is unfortunate, because in reality many vendors of hardware and software are shaping their products to fit the requirements of small business, and the small firms that utilize ICT effectively can gain significant advantages over their competition by improving every aspect of operations, from accounting to production to human resources to marketing.

To get this message across and encourage SMEs to adopt ICT, SENADA partnered with two universities to organize an exhibition and training event called iBISA. The iBISA fair brought SMEs and software vendors together on May 29 and 30 in Yogyakarta in cooperation with Universitas Kristen Duta Wacana, and in Surabaya on June 15 and 16 with Universitas Ciputra. University students helped to organize the events and took part in the training offered.

The fairs consisted of an exhibition where vendors demonstrated their hardware and software, a plenary session designed to teach leadership skills and inspire SMEs to adopt technological solutions, and workshops for business people to increase their understanding of ICT and its business benefits. All in all, over 200 SME representatives were introduced to the ideas and products of over 30 different ICT vendors. Attendees noted that iBISA helped them to discover that ICT can be more profitable and easier to use than they had realized.

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# ACTIVITY UPDATE

## SENADA PRESENTS MODULES TO ENSURE SUSTAINABLE PRODUCTION TRAINING HAS LONG-TERM BENEFITS TO INDUSTRY



*"This event went beyond my expectations. I thought it would be like a typical seminar discussing paradigms and theory, but it was practical, comprehensive, and down-to-earth. It helped us understand the wood certification system in detail. The modules themselves are really helpful and hands-on."*

*– Pascal Maillet,  
Bali-based buyer*

With its ample supplies of wood, bamboo, rattan and other natural materials, Indonesia has the potential to develop a home furnishings industry that substantially contributes to the nation's employment and economic growth. Reaching this potential means conforming to international standards for products that are manufactured in a manner that is both environmentally and socially responsible. Project SENADA has been working hand-in-hand with Indonesian firms and business associations to build their capacity to do so by emphasizing two related competency areas: first, firms must produce their goods responsibly. Second, they must obtain the internationally recognized certifications that prove to buyers that they have done so.

As SENADA draws to a close, it has focused on ensuring that the local industry will continue to develop these competencies long after the project ends. In support of that, the project created two modules, one on Sustainable Production and one on Wood Certification. Each module is comprehensive, embracing the efforts needed by all actors in the value chain and explaining not just the "hows" of sustainable production and certification, but also the "whys." The modules, produced in both Indonesian and English, are in a user-friendly format with standardized Quick Tips (immediate actions that require minimal resources), Next Steps (mid-to-long term actions to invest in) and Tools (assessments, actions plans, calculators, and checklists to ensure the recommended practices are properly implemented).

Throughout April and May SENADA conducted six seminars in Yogyakarta, Bali and Surabaya that presented the modules to wood furniture and home accessories firms (both producers and input suppliers), as well as associations, local government, NGOs, media, and academic institutions. The seminars encouraged use of the modules (which may be obtained from ASMINDO, the Indonesian furniture and handicrafts association) by stressing the increased exporting opportunities available to firms that are certified, demonstrating how to use the manuals, and presenting testimonials from firms that have obtained certification and reaped rewards through increased business.

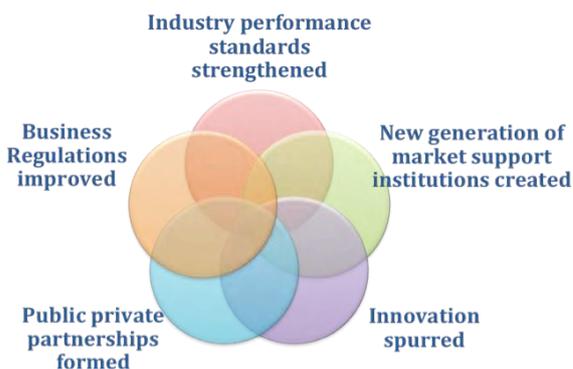
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# ACTIVITY UPDATE

## SENADA PANEL AND EXHIBITION SHOWCASE LASTING ACHIEVEMENTS IN BUILDING INDONESIAN COMPETITIVENESS

### 5 Competitiveness Factors



Over its lifetime, Project SENADA undertook an ambitious agenda: to strengthen Indonesia's competitiveness by focusing on value chains in the target industries of home furnishings and accessories, garments, footwear, auto parts, and information and communication technology. Its goals were to generate firm-level improvements, reduce constraints and seize opportunities in industrial value chains, and address surrounding issues in the business environment. As the four-year endeavor neared its conclusion, SENADA held a Partners Conference on 14 July, 2009 at Le Meridien Hotel in Jakarta to share its achievements with approximately 200 attendees representing counterpart organization such as USAID, industry associations, private firms, universities, corporate partners and the Government of Indonesia.

The event featured a panel presentation by representatives of SENADA and its partners, showcasing the five competitiveness factors that SENADA impacted in a significant and lasting fashion: industry performance standards, market support institutions, innovation, public-private partnerships, and business regulations.

SENADA's successes in strengthening industry performance standards include developing QSEAL, a nation-wide quality label for auto parts based on international standards that is administered by Sentra Otomotif Indonesia with strong support from the Ministry of Industry. Another achievement is the Executive Development Program for the garment industry, which uses SENADA-developed modules to train Indonesia's producers how to improve their quality, productivity, merchandising, sourcing, social compliance, and HR.

The new generation of market support institutions that SENADA and stakeholders created together include Asmindo Certification Care (ACC), Garment Partnership Indonesia (GPI), and Eco Exotic. ACC, a business unit within Asmindo (Indonesia's Furniture and Handcraft Association), provides technical assistance to firms seeking internationally recognized certifications of sustainable sourcing practices, and has already developed a track record of clients that have achieved certification. GPI, a federation of garment industry players, has strengthened linkages among stakeholders along the value chain. Eco Exotic, a partnership ►►

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*“Indonesia’s Medium Term Development Plan 2004-2009 identifies competitiveness as a central issue. SENADA offered the right program at the right time, demonstrating solutions that can increase national competitiveness, especially for SMEs.”* – H Paskah Suzetta, State Minister for National Development Planning/Chairman of Bappenas

*“ASMINDO’s partnership with SENADA was very educational, helping us shape our programs to meet member needs and fulfill the demands of international markets using programs we will be able to sustain.”* – Ambar Tjahyono, Chairman of Asmindo

*“SENADA’s Business Innovation Fund provided us with more than just funding. Its credibility helped us gain the trust of big-name potential customers such as Batam Port Authority.”* – Andri Yadi, Chief Executive Officer, Dycode

*“Our partnership with SENADA enabled Cisco Networking Academy students to gain knowledge and face real life challenges as they contributed their skills to assist SMEs. Cisco will continue the program that SENADA helped us design.”* – Kurnijanto, Marketing Director Cisco System

of furniture and handcraft firms committed to socially and environmentally responsible practices, has created a resource center, developed member services, and established links with the Sustainable Furnishings Council.

The Business Innovation Fund (BIF) is the highlight of SENADA’s efforts to spur innovation. BIF provided 40 competitive grants to private companies, business associations, universities and NGOs, and fostered the development of market-driven technologies and services.

SENADA developed over 100 public-private partnerships, including a highly successful innovative business solution competition, iMULAI, that it created together with Microsoft Indonesia. Its partnership with Cisco resulted in the Industry Attachment Program, which brought 100 technologically savvy students together with 85 SMEs in need of assistance.

SENADA’s work to reform the business environment included RegMAP, a new tool already used to analyze 1000 business regulations that is being adopted within Bappenas (Indonesia’s national development planning agency), and analysis and advocacy in areas such as container freight handling, building and land use permits, and shipping law and port development.

Accompanying the panel presentation was a multi-media exhibition that used photos, training manuals, on-screen videos, and promotional materials to illustrate SENADA’s work, and displayed many of the products whose development was stimulated by SENADA’s activities. BIF grantees and winners of the two iMULAI competitions showed off their commercially viable innovations that will help Indonesian industry to become more competitive. High-ranking dignitaries from the Government of Indonesia and USAID expressed their admiration for the results achieved.

The event was an opportunity for SENADA and its many partners to celebrate their hard work and the successes that resulted. But more importantly, it served to inspire attendees to build on SENADA’s accomplishments and further develop Indonesia’s capacity to innovate and compete in the global economy.

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INDONESIA COMPETITIVENESS PROGRAM



## GRANTEE PROFILE

### COMMUNITY FOREST CERTIFICATION PROJECT TAKES FIRST STEPS BUT MORE WORK IS NEEDED



*“Sustainable community forestry is vital if home furnishing companies are going to be able to access domestically produced sustainable wood inputs in the future.”*

*- Dini Rahim, SENADA*

Illegal logging is a serious problem in Indonesia that threatens eco-systems, deprives governments of revenue, undermines respect for the rule of law, and limits the competitiveness of Indonesia’s home furnishings industries. In response, concerned stakeholders have developed strategies to combat illegal logging such as community forest certification. Community forestry stresses promoting the socio-economic well-being of local communities that control forest resources. Community forest certification, offered by organizations such as the Forest Stewardship Council (FSC), takes this approach a step farther by offering accreditation to forest communities that provide ecologically sensitive management of their resources, enabling their timber products to access markets that demand legally harvested wood. Ideally this results in improvements to both economic and environmental conditions.

As the largest mass organization in Indonesia, with millions of members who principally live in rural areas, the independent Islamic association Nahdlatul Ulama (NU) offers access to many of the citizens who could benefit through engaging in community forest certification activities. Thus, it seemed like a promising fit when GNKL-PBNU (the National Movement for the Environment, an arm of NU) applied to the Business Innovation Fund (BIF) for funds to develop mechanisms to support community forest certification. GNKL received Rp 224,995,000 (about US\$ 25,000) for a BIF grant entitled “Establishment of an Education Mechanism for FSC Standard Certification for Community Forest Management.”

The goal of the grant was to create a model of community forest management tailored to the NU framework, develop trading networks, initiate training activities, and ultimately increase the supply of wood from community certified forests. The grant proposed to use funds to provide both training and equipment needed to help communities pursue certification. Planned activities included creating a training center, conducting “train the trainer” (TOT) sessions to build a cadre of competent instructors who could teach farmers the necessary steps for achieving certification over the long ▶▶



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*The goal of the grant was to create a model of community forest management tailored to the NU framework, develop trading networks, initiate training activities, and ultimately increase the supply of wood from community certified forests.*

*(continued from other side)*

term, and preparing accompanying training collateral. The grant was in operation from July 2008 to January 2009.

Unfortunately the grant failed to achieve any substantial results during the grant period. TOT activities were conducted with a focus on pedagogical strategies, but there was no significant training on forestry and certification issues. The grant proposal set a goal of creating and distributing 10,000 CDs with new information on forestry management, but only about 1,000 copies were made and these were based on pre-existing materials and did not specifically address community forest management.

Additionally, a new forestry center was to be established in Sukabumi, West Java and supplied with staff, equipment, and training materials. While an existing facility was identified to serve as a location for the new center, no new activities were initiated there.

This BIF grant offers an opportunity to examine how project parameters could be modified to increase success. Reaching farmers in order to promote the achievement of certified forests remains a worthy goal even though this grant had very limited impact.

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# GRANTEE PROFILE

## MISSED OPPORTUNITIES FOR INDONESIAN SHOE MANUFACTURERS TO MODERNIZE PATTERN MAKING



*“Providing CAD/CAM at a reasonable cost is a valuable service for SMEs, who face standardization problems from poor pattern grading.”*

*— Rini Darwin  
Chair, Forum Paku  
(Bandung SME Footwear Forum)*

Properly manufacturing the same shoe designs in different sizes requires a careful approach. After the original pattern is manually created, it must be replicated to create products identical to the original, but slightly larger or smaller. Throughout the world, industry leaders use expertly trained employees to craft the first pattern by hand, and CAD/CAM (computer-assisted design and computer-assisted manufacturing) to create the technical drawings that allow the shoe to be reproduced in varying sizes.

Indonesia’s smaller shoe factories have fallen behind their global competitors in their ability to make and reproduce patterns accurately. Due to the expense of CAD/CAM, they typically do every step in the process manually. When large export orders are shared, this leads to variances in the result, lowering productivity and increasing the time needed to fill orders with goods that meet quality standards.

Indonesia’s shoe producers need both training on pattern cutting and access to technology in order to compete more effectively. Therefore, the West Java chapter of the Indonesian Footwear Association (APRISINDO) applied to SENADA’s Business Innovation Fund (BIF) for funds to address these needs. The grant, entitled “Developing Capacity of APRISINDO West Java in Guiding the Industry through Correct Manual Pattern-Making and CAD/CAM Technology,” provided the West Java chapter of APRISINDO with Rp 224,587,500 from August 2008 to February 2009. The intent was to make West Java APRISINDO a resource for members to receive both training and access to technology.

Overall grant achievements unfortunately did not meet initial expectations. The main purpose of the grant was the purchase of two packages of CAD/CAM equipment that uses computer-guided cutting of patterns, with the intent of making it available to APRISINDO members and other small footwear producers on a rental basis. Since the technology is too expensive for one member to purchase individually, having access to these two versions would have greatly increased access to CAD/CAM technology in West Java and served as an important revenue stream for APRISINDO to provide better quality services to its members.

*A module on how to manually create patterns was produced and distributed to 20 SMEs in West Java.*

*(continued from other side)*

At the time the grant closed, however, the equipment was still in port and APRISINDO had yet to take possession of it. Although external factors played a role, the delay was at least in part due to the absence of aggressive action on APRISINDO's part. APRISINDO did have a clear and detailed schedule with explicit and realistic milestones to achieve throughout the grant period, but the grantee was usually late in executing each step. Despite the official end of the grant period, SENADA remains confident the CAD/CAM technology will become available for the industry sometime in the near future, although exactly when this will occur is unclear. SENADA will continue to monitor the progress closely to ensure some level of success is accomplished.

Despite failure to achieve the main deliverable of the grant, some modest successes were achieved. APRISINDO was able to develop a basic training module on how to manually create patterns, which was produced and distributed to a limited number of SMEs in West Java. A small training workshop on the module was also held, although broad dissemination of training materials on CAD/CAM design trends did not occur. A workshop was also held on CAD/CAM in one factory, using borrowed equipment. Two operators received training from an expert brought in from Taiwan. They then successfully reproduced two patterns in all sizes.

APRISINDO was formed in 1988 in Jakarta, and the West Java chapter was started in 2007 as a result of SENADA's activities with the footwear industrial value chain. The vision of APRISINDO West Java is to develop the local footwear industry to enhance its competitiveness in both domestic and overseas markets. The association is building ties with a number of partners, including Maranatha Christian University's Shoe Design Department in the School of Fine Arts and Design; and the Italian Trade Commission.

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## GRANTEE PROFILE

### NEW ADVANCES IN WOOD DRYING TECHNOLOGY PROMISE INCREASED COST EFFICIENCY AND DECREASED ENVIRONMENTAL WASTE



*“This innovation can reduce environmental waste, lower costs and ensure even quality of woodworking products.”*

*– Jojon Suberman*

*Head of the Development Team*

*VEDC Malang*

The quality of finished wood products is highly dependent on the moisture content of the wood at time of manufacture. Wood with too much moisture is difficult to work with even using automated processes, so the pieces produced may be of uneven size. Moist wood materials used in construction are prone to fungal contamination. Furniture made with inadequately dried wood that is transferred to a dryer climate dries out later, causing warping and cracking.

Achieving the optimum level of moisture content in wood to be used in construction or furniture products is a calculated process dependent on the type of wood, surrounding temperature and humidity, and circulation within the drying chamber. When these characteristics are properly controlled, wood can be brought to an equilibrium moisture content that is dry enough for crafting and which will remain stable over time.

Many of Indonesia’s small furniture producers purchase wood that has already been dried in order to maintain the quality of their output. However, this is a costly alternative that adds significantly to the price of goods produced and thus reduces the competitiveness of manufacturers. Some manufacturers do have their own wood drying kilns that operate on gas, kerosene, or electric power, but the energy costs are high.

These furniture producers are also creating significant wood waste during the manufacture process; research suggests that 8-13 percent of the volume of raw wood used is lost as sawdust, shavings, and small pieces.

Putting these two situations together, the Vocational Education Development Center (VEDC) realized that Indonesian woodworking firms could lower their costs by developing their own wood-drying facilities fueled with wood waste. VEDC therefore applied for and obtained a Business Innovation Fund (BIF) grant from SENADA for Rp 217,000,000. The grant, entitled “Engineering Wood Drying Ovens Using Wood Waste as an Energy Source” ►►

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*VEDC successfully built a kiln and supporting equipment, and demonstrated the technology to woodworking SMEs and instructors from vocational schools around Java.*

*(continued from other side)*

proposed developing a kiln fueled with wood waste along with accompanying technology to make fuel briquettes, offering wood-drying services to SMEs in Malang, and disseminating the process to relevant stakeholders. The grant operated from September 2008 to March, 2009.

With the grant, VEDC successfully built a prototype kiln and supporting equipment (a briquette paste mixer, mold and press) and is now taking purchase orders from firms that wish to purchase their own kilns. VEDC also held a seminar to demonstrate the technology to woodworking SMEs and instructors from vocational schools around Java. As a result, a number of SMEs in Malang have placed orders with VEDC to complete their wood drying.

VEDC was founded in 1984 under a government-to-government agreement between Indonesia and Switzerland for the purpose of educating vocational school instructors. Since the expiration of the original agreement VEDC has expanded its scope and international funding sources. VEDC focuses on developing Indonesia's industrial skills, and most of its instructors have been trained in Switzerland or Germany. It has executed a number of design and construction projects ranging from a ginger treatment container in Malang to a water sanitation facility in Madura. For more information about VEDC, see [www.vedcmalang.com](http://www.vedcmalang.com) and [www.vedcitgo.id](http://www.vedcitgo.id).

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## GRANTEE PROFILE

### INNOVATIVE LEATHER-TANNING TECHNOLOGY PROMISES ENHANCED COMPETITIVENESS IN LIGHT MANUFACTURING INDUSTRIES



*“I am very pleased to see this innovative solar dryer prototype for leather tanneries, especially considering our current economic crisis. It is an example of how we should be motivated to transform technology to give us new momentum.”*

*– Dr. Ir. Utama H. Padmadinata  
Deputy Chairman for  
Technology Policy Assessment  
Agency for the Assessment and  
Application of Technology (BPPT)*

Until recently, small and medium leather tanning operations in Indonesia have had only two options for drying leather: direct drying in the sun, or using drying chambers fueled by steam boilers. Both methods have significant disadvantages. Sporadic and unpredictable sunlight and high humidity levels make sun-drying a slow and uneven process, with mold a persistent problem. Traditionally fueled dryers, on the other hand, are effective yet expensive to operate.

Researchers at Darma Persada University (UNSADA) in Jakarta came up with a possible solution: combine the best features of each method – the low expense and environmental soundness of solar drying with the speed and reliability of a technology-based dryer – to create a product that would help Indonesia’s small tanning enterprises to increase their productive capacity and quality of their output. Leather tanning is an upstream industry that supplies Indonesia’s garment, home furnishings, and footwear industries. Therefore, improvements that allow these downstream firms to source more heavily from local suppliers have the potential to enhance Indonesian competitiveness throughout the value chain.

UNSADA’s idea was an excellent fit with the goals of SENADA’s Business Innovation Fund (BIF), so the university applied for and was awarded a grant entitled “Hybrid GHE Solar Dryer for Tanned Leather.” The grant provided UNSADA with Rp 225,000,000 over a six-month period from October 2008 to April 2009.

UNSADA used the funds to develop a prototype “greenhouse effect” (GHE) dryer that utilizes sunlight but, for rainy days or overloaded production schedules, is also equipped with a stove combustor and steam heater that use biomass fuel. The heat transfer system designed at UNSADA ensures that only clean, dry hot air enters the leather drying chamber. Temperature and humidity controls allow perfect drying.

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*The heat transfer system designed at UNSADA ensures that only clean, dry hot air enters the leather drying chamber.*

*(continued from other side)*

To move from prototype development to commercial viability, UNSADA partnered with PT Sumber Piranti, a mechanical engineering company experienced in machine design, development, and fabrication, so that the new dryer can be commercially produced and sold.

UNSADA also teamed up with the Indonesian Tanneries Association (APKI) to promote the new technology to its member companies. The Garut Chapter of APKI contributed materials, supplies and construction during the field testing of the prototype, and has been given the dryer to make it commercially available to small members through a rental scheme. APKI-Garut also assists by providing demonstrations and information, in cooperation with UNSADA, to tanneries and other APKI chapters that are potential purchasers of the new technology.

Darma Persada University was established in 1986 under the auspices of the Melati Sakura Foundation. Its research center focuses on theoretical and applied research on renewable energy, and has designed and developed dryers for products such as coffee and cocoa beans, corn, seaweed, and fish, utilizing funding from government and Corporate Social Responsibility projects in the private sector.

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# GRANTEE PROFILE

## **SIMPLE TECHNOLOGY BUILDS IMPORTANT LINK BETWEEN INDONESIA'S BUSINESS INNOVATORS AND POTENTIAL INVESTORS**



*“This improved intermediary system will facilitate communications between innovators and investors for faster and more systematic commercialization of new ideas.”*

*– Dr. Idwan Suhardi  
Deputy Minister of Research  
and Technology*

It takes a special kind of mindset to become an innovator — the ability to imagine new products or processes that never occur to others. Likewise, along with their financial resources investors possess a special combination of market insight and willingness to take risks. Unfortunately, these traits are not always found within one individual or institution, and successful commercialization of innovations depends on a marriage between them.

Serving as an effective matchmaker between innovators and investors is central to the mission of the Business Innovation Center (BIC). Accordingly, BIC applied for and was awarded a grant from SENADA's Business Innovation Fund to develop an intelligent intermediary system to link new innovators and potential investors. The award was for Rp 225,000,000 and the grant operated from November 2008 to May 2009.

Over the course of the grant period, BIC addressed two key aspects of intermediating between innovators and investors. On the technical side, much of the funding was used to acquire the hardware and software needed to create and manage a database for potential investors. This database, easily searchable using keywords, presents information on prospective innovations and technologies in a clear and easy-to-use format. The database was developed using a model, Innovation Relay Centers, already successfully established in the European Union.

At the same time BIC strengthened its technical capacity to serve as an intermediary by finalizing a detailed business plan, establishing the logistics of the linkage process, and finalizing a comprehensive set of standard operating procedures. At the start of the grant, procedures were needed to clarify how investors and innovators would formalize their relationships, as well as the precise role BIC would play and the services it would charge for. BIC proposed to treat its initial matchmaking efforts as pilot projects, from which it could draw lessons to strengthen its business plan and standard operating procedures. ►►

*BIC has held 15 technical meetings between innovators and investors and produced two memoranda of understanding to formalize investor-investee relations.*

*(continued from other side)*

As a result of the grant, BIC was able to expand its database to 1,700 MB, enough to manage data on approximately 1,000 prospective innovations. Both innovators and investors can register through the BIC website ([www.bic.web.id](http://www.bic.web.id)) and as of May over 600 members, including 40 investors, have done so. BIC has held 15 technical meetings between innovators and investors and produced two memoranda of understanding to formalize investor-investee relations. The Indonesian government has expressed strong support for BIC's efforts and in particular hopes to coordinate BIC's intermediation services with the government-supported national competition for creative research in science and technology.

BIC is a young organization, established in April 2008 as an NGO supported by the Ministry of Research and Technology. It has already published a book on Indonesia's 100 most promising innovations, with the first edition released in October 2008 and the second to be available in October 2009. BIC also held a national innovation seminar in August 2008 that was attended by researchers and businesspeople. Its vision is to support Indonesia's business and economic competitiveness by becoming the leading institution for intermediation between investors and innovators, resulting in win-win collaborations.

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# GRANTEE PROFILE

## FIRST STEPS TOWARDS A NEW PORT IN CENTRAL JAVA PROMISE DEVELOPMENT OF VITAL ECONOMIC INFRASTRUCTURE



*“The development of a new integrated port / industry zone offers considerable advantages to Central Java, jumpstarting economic growth and improving the wellbeing of citizens.”*

*– Mr. Wijayanto  
Founder and Chairman  
WEC*

As an island nation, Indonesia requires a modern, well-functioning port system to foster competitiveness. Firms must be able to use ports to export their products. Imports of required materials and equipment are equally vital. Nevertheless, Indonesia’s port system has historically been troubled by both poor infrastructure and a regulatory environment that increases costs, forcing importers and exporters to cope with unnecessary paperwork and make redundant and rent-seeking payments for essential services. The state-owned enterprise PELINDO had a monopoly on port operation and thus little incentive to improve.

Recent reforms offer hope for change. The 2008 Shipping Law provides a foundation for comprehensive reform of the Indonesian port system. Most notably, the law removes the state-sector monopoly and opens the door for private sector participation, particularly through investment in new terminals. This should lead to much needed competition, forcing prices downward and driving general improvements in port services.

Central Java has much to gain from improved ports. Its economic development has been held back by its reliance on its only port, Tanjung Emas in Semarang. This port suffers from a number of significant engineering weaknesses (the port is sinking and floods regularly) and has insufficient facilities to handle expanded use. In addition, roads approaching the port are often seriously congested and sometimes flooded from rising seawaters.

The container volume at Tanjung Emas is sufficient to support another port nearby. Approximately 30 minutes drive west of Semarang in the District of Kendal at Desa Wonorejo, Kecamatan Kaliwungu, is a greenfield site that has been proposed as a combined industry zone/port. It is slated to be designated as a Special Economic Zone. A ferry port was recently constructed at the site, along with a connecting road. The site is strategically located near a major road and railway line. There is a population of around 8 million people within 30 to 60 minutes travel time (an important point for investors in labor-intensive industries), but at the same time the site is located far enough from developed residential and industrial areas to enable easy construction and well-planned layout and development.

The difficulty lies in moving from unrealized future potential to active, committed efforts to develop the site. Spotting an opportunity to instigate this process, the firm CV Wijaya Engineering Consultants (WEC) applied for funds from ►►



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*The application for the permit has now been submitted to the Ministry of Transport, a promising sign that the port facility is now successfully underway.*

*(continued from other side)*

SENADA's Business Innovation Fund (BIF) through a grant entitled "Pre-Feasibility Study on Kendal Port Development Project in the Special Economic Zone of Kendal." The grant, for Rp 216,000,000, operated between November 2008 and May 2009 with the goal of completing the actions needed to enable the local and provincial government to apply for a location permit (*izin lokasi*) from the national government.

Application for the *izin lokasi* requires submission of myriad justifications and analyses, including how the port will fit into the national system, its coordination with local planning statutes, environmental impact, technical feasibility, and impact on nearby roads, rail transport, etc. WEC met all of these requirements and developed a detailed plan for port design and construction, including a timetable and budget. WEC was assisted in these efforts at no charge by APM Terminal, a subsidiary of Maersk Group, which believes a new terminal is a sound investment that will lead to beneficial economic activity.

A key benefit of obtaining an *izin lokasi* is that once permission is received, the plans are binding, meaning that construction of the port has the blessing of national government and local governments can legally and officially start courting outside investors to bring in the necessary financing to proceed as outlined. The application for the permit has now been submitted to the Ministry of Transport, a promising sign that the port facility is now successfully underway.

WEC is the brainchild of Mr. Wijayanto, a retired civil servant from the Ministry of Transportation with over 25 years experience in port development, including design, construction and operation. Recently founded, WEC is now carrying out several projects ranging from development studies to technical surveys to geotechnical analysis, engineering design and project supervision. Beyond offering competent engineering services, Mr. Wijayanto's vision for the firm is to encourage young engineers to achieve high standards that will promote Indonesia's development.

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## GRANTEE PROFILE

### NEWLY LAUNCHED ASMINDO BUSINESS UNIT DELIVERS GREEN CERTIFICATION CONSULTING SERVICES TO FURNITURE FIRMS



*“Certification convinces buyers that raw materials being used are not the result of illegal logging. It can be a marketing tool that can increase export sales by as much as 10 percent.”*

*– Oetarjo Hariohoedjo  
Chairman of ASMINDO  
Regional Board of East Java*

With its vast tropical forests, large labor force and refined artistic traditions, Indonesia seems like a natural candidate to be a world leader in furniture exports. In fact, the nation has captured a paltry 2.9 percent of the international market. One reason for this poor showing is Indonesia’s reputation as a country that tolerates illegal logging practices and poor environmental stewardship. This is an especially significant problem as consumers in Indonesia’s destination markets (principally the United States, the European Union and Japan) are becoming increasingly committed to purchasing sustainable products. Moreover, as they become more savvy, consumers know to look for reliable labels that guarantee a producer’s claims to following environmentally sound practices are real, and not just “greenwashing.”

If Indonesia is to increase its share of the world furniture market, its producers must change both the perception and the reality of its forestry practices. Fortunately, the means to do so are readily at hand: independent organizations such as the Forestry Stewardship Council (FSC) offer internationally accepted certifications attesting that a company is using sustainable practices to produce its goods. Indonesian firms can seek out third-party audits in order to obtain such certification, thus enhancing their ability to market their products at the same time they help to protect the nation’s resources and build Indonesia’s image as a country that is environmentally responsible.

A concerted, industry-wide effort to maximize the number of firms that are certified is clearly in the interests of both individual firms and actors all along the wood furniture value chain. In acknowledgement of this, the Indonesian Furniture and Handicrafts Association (ASMINDO) has recently established a business unit, ASMINDO Certification Care (ACC) that is charged with promoting certification efforts within Indonesia’s wood furniture industry and offering the consulting services that firms need to prepare for and successfully complete an independent certification audit.

As part of its efforts to build ACC into a functioning, full-service operation, ASMINDO submitted an application for a grant from SENADA’s Business Innovation Fund (BIF) entitled “Establishment of ASMINDO Certification Care ►►



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*ACC has established its credibility by attracting clients and successfully guiding them through the certification process.*

*(continued from other side)*

as an Assisting Task Unit for Indonesian Furniture and Handicraft Product Certification.” ASMINDO was awarded Rp 224,400,000, which it used between December 2008 and June 2009 to establish three ACC offices, in Surabaya, Semarang, and Yogyakarta. Funds were used for supplying the offices with needed equipment such as computers and for developing standard operating procedures, training staff, and launching operations.

ACC has established its credibility by attracting clients and successfully guiding them through the certification process. Since launching its new offices, it has recruited 19 client companies. Five of these firms have completed the auditing process with internationally recognized auditors such as TUV Rheinland and Smartwood, and have received VLO (Verification of Legal Origin) or FSC (Forest Stewardship Council) Certification. ACC has also established a web portal ([www.asmindocertificationcare.com](http://www.asmindocertificationcare.com)) that promotes certification and markets ACC’s services to potential clients.

ASMINDO was established in 1988 as an independent, non-political, not-for-profit forum for entrepreneurs in the furniture, handicraft, and semi-finished goods industries. Its vision is to assist in the development of Indonesia’s economy and the well-being of its citizens through promoting a healthy business climate that enables members to successfully conduct all aspects of their business, from raw material procurement and processing through distribution and promotion.

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# GRANTEE PROFILE

## FOUNDATION ESTABLISHED TO ENSURE SUSTAINABILITY FOR INDONESIA'S FIRST NATIONAL SEAL OF QUALITY FOR AUTOMOTIVE COMPONENTS



*“Process auditing implemented by QSEAL has transformed our paradigm. It exposed the real requirements needed to penetrate both the automotive industry and the after-market.”*

*– Carolus Rudationo  
Quality Manager  
PT Nipress*

The domestic and international markets for replacement auto parts are among the most substantial and growing in Indonesia. Over the past three years, SENADA has worked with stakeholders to strengthen Indonesia's competitiveness in the global auto parts industrial value chain through building strong market support institutions that have the capacity to drive the development of market-driven standards that will upgrade smaller producers as well as increase penetration of locally produced parts sold in the domestic and export aftermarkets.

To build the capacity of SME autopart suppliers to enter OEM (Original Equipment Manufacturer) production chains as well as to differentiate themselves in mid-range domestic markets, Sentra Otomotif Indonesia (SOI) and SENADA jointly developed and launched Indonesia's first national seal of quality, called QSEAL, which allows domestic manufacturers to obtain a quality certification for their goods following an independent audit of their processes and products. Since July 2008, the QSEAL seal of quality has enabled Indonesian auto parts manufacturers to raise quality to international standards, increase sale prices, access profitable OEM production chains, and tap into new markets.

While the SENADA-SOI partnership was helpful to get QSEAL off to a healthy start, the initiative will be meaningless in the long run unless SOI can sustain QSEAL operations independently from SENADA's technical and financial assistance. To achieve this goal, SOI obtained a grant from SENADA's Business Innovation Fund (BIF) entitled "Infrastructure Development of QSEAL Program." The grant was for Rp 224,900,000 and was operational from November 2008 to May 2009. The purpose of the grant was to provide SOI the necessary physical and human resource infrastructure necessary for the QSEAL service to be fully independent, with an expanded client portfolio sufficient enough to maintain the necessary cash flow for sustainability. ►►



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*While the SENADA - SOI joint partnership was enough to get QSEAL off to a healthy start, the initiative will be meaningless in the long run unless SOI can sustain QSEAL operations independently from SENADA's technical and financial assistance.*

*(continued from other side)*

Grant funds were used to expand QSEAL's professional management team, launch QSEAL's quality assurance labeling system, purchase necessary physical infrastructure, and finalize professional management systems required to expand client portfolio, as well as build a profitable business relationship with Ministry of Industry (MOI)'s Directorate for SMEs Directorate of Land Transport Equipment and Aerospace.

Although the long term future of QSEAL is far from certain, through this grant SOI has achieved its short-term goal of securing initial QSEAL sustainability and independence. QSEAL has expanded its portfolio to 17 clients, infusing it with vital cash flow. SOI also brought three full QSEAL certifications to fruition. This brings the total QSEAL parts in the market to four, which are sold in 206 service stations throughout Java.

Sentra Otomotif Indonesia (SOI) was established in 2002. SOI implements technical assistance programs for small and medium enterprises in the auto parts industry in such areas as productivity improvement, quality enhancement, and continuous improvement using Kaizen. SOI conducts private consulting for local clients, particularly SMES, and offers technical assistance such as its Automotive Roving Expert Dispatch Program (which is jointly funded by the Japanese Government, the Indonesian Ministry of Industry, and national automotive companies). SOI is the owner and manager of QSEAL.

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## GRANTEE PROFILE

### DIRECTORY ENABLES THE AUTO PARTS INDUSTRY TO ASSESS AND INVEST IN TRAINING AND TECHNICAL ASSISTANCE OPPORTUNITIES



*“This new directory greatly enhances the exposure of training and technical service providers to the public and the industry. Moreover, it serves as a tool for institutional development by periodically benchmarking service providers.”*

*– Ms. Kun Mariyatin  
Marketing Officer  
Center for Material and Technical  
Resources,  
Ministry of Industry*

Markets cannot function properly when buyers lack information — purchasers may choose a product of lesser quality or higher price than necessary simply because they were unaware that a better choice existed. This principle extends to the operation of value chains: when downstream firms have an inadequate understanding of upstream offerings, all points further down the chain are negatively affected.

This is the situation faced in Indonesia’s auto parts industry with respect to technical training service providers. Concerted efforts by the Indonesian government, donors and the private sector to upgrade the services available have not boosted the auto parts industry to the degree intended, largely because auto parts manufacturers remain unaware of their options. In an industry such as auto parts, where growth is highly dependent on the achievement by firms of a high skill and productivity level, this has been a significant barrier to developing the industry.

The Center for Innovation, Entrepreneurship and Leadership (CIEL) within the School of Business and Management at Bandung Institute of Technology realized it could plug this knowledge gap by building on earlier efforts to produce a comprehensive directory that informs auto parts makers of their options for relevant training and technical services. CIEL applied for and received a grant from SENADA’s Business Innovation Fund (BIF) to produce such a directory. The grant, for Rp 224,800,000, operated from November 2008 to May 2009.

The resulting publication, *Technical Training Service Provider Directory – Full Edition*, launched in June 2009, is the first of its kind. Based on the successful pilot directory launched in May 2008, the full edition expands from one to twelve technical areas relevant to the auto parts industry, including drawings, welding, die-making, CNC programming and more, offering information on both training and outsourcing providers. In addition to practical information on the services each provider offers, along with pricing and contact information, the directory rates Indonesia’s 50 top public and private technical training and service providers using an empirical methodology. Five raters with extensive experience in the automotive assembling and auto parts industry used internationally accepted methodologies to examine the offerings available and create the ratings. The directory therefore gives auto parts firms a source of complete and unbiased information, allowing them to choose the services that will best enhance their quality and productivity. ►►



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*(continued from other side)*

*The directory gives auto parts firms a source of complete and unbiased information, allowing them to choose the services that will best enhance their quality and productivity.*

The Directory's benefits accrue to service providers as well: the Directory informs providers what the market wants and how each provider stacks up against its competitors, showing them how to improve their services. This occurred when the National Vocational Technical Development Center (NVTDC) received a lower rank than its competitors in the pilot edition. NVTDC responded by upgrading and purchasing new equipment for students to use during training, increasing the number of instructors and lowering the student-instructor ratio, and allowing firms to request customized training programs. NVTDC not only has increased its ranking in the new 2009 directory, but it has seen its business grow by 10 percent as a result.

To ensure that the directory can be sustainably produced and distributed, CIEL has partnered with Gramedia to offer the book for sale starting in July 2009 throughout its national chain of bookstores. Other distribution channels include auto parts associations and regional chambers of commerce, as well as direct sales to firms and technical-vocational schools.

CIEL was established in 2006 with the goal of helping new entrepreneurs with technological savvy to acquire the business and marketing skills required to bring their ideas to market in a commercially sustainable manner. CIEL activities include research and dissemination of knowledge related to innovation, entrepreneurship and leadership. It offers consultation and technical assistance to university students, SMEs, and the community; a venture initiation program; entrepreneurial mentorship; and training. CIEL has undertaken projects for both public and private clients, most notably an initiative to map the regional potential of creative industry and business competitiveness in West Java.

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## GRANTEE PROFILE

### SOFTWARE ENABLES BATIK DESIGNERS TO COMBINE TRADITION WITH INNOVATION TO CREATE STRIKING NEW DESIGNS



*“I am impressed because this innovation has the potential to tremendously expand batik sales. The new and up-to-date designs can help batik, which had come to be regarded as traditional and outmoded, to become a trend among the younger generation.”*

*– Dr. Kusmayanto Kadiman,  
Minister of Research &  
Technology*

Batik is one of Indonesia’s most esteemed artistic traditions. The natural world has inspired a rich variety of classic motifs that are instantly recognizable as an expression of Indonesia’s heritage. Since batik designs are incorporated into products such as apparel, this art form has great commercial as well as cultural value.

Like any artistic tradition, batik must evolve in order to have ongoing appeal to the public, or it will stagnate and become irrelevant to younger generations. Ideally, new batik designs will combine the aspects of classic patterns that make batik distinctive and beautiful with new techniques that speak to modern sensibilities.

Computer technology offers a valuable tool to artists who aspire to develop fresh and meaningful batik designs. In recent years, curious and technically savvy artists have experimented by combining classic batik designs with fractal-generating computer code, leading to early software that has the power to create novel and appealing batik designs. (A fractal is a fragmented geometric shape that is repeated in successively smaller increments, leading to sometimes unexpected forms that are quite pleasing to the eye.)

Hoping to bring these early efforts to a level that manufacturers of batik-inspired products could easily commercialize, PT Bluemoon Technology and the Pixel People Project jointly applied to SENADA’s Business Innovation Fund (BIF) with a proposal entitled “Batik Fractal Arts through Technology-driven Design.” They received a grant of Rp 225,000,000 which they used between December 2008 and June 2009.

The result of the grant was jBatik v.2 software, an enhanced commercial version of earlier software that is more user-friendly, with more features and options for creating batik-based fractal designs and the ability to rotate, adjust and modify 3D patterns using a mouse. These capabilities mean that new designs are not limited to cloth and similar media, but can be applied to a variety of other products such as ►►



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*The footwear company CV Trampil Sejahtera has created several striking models of women's shoes under its 'Tori' brand, which were exhibited and sold at a recent Inacraft Exhibition.*

*(continued from other side)*

shoes or wood furniture. The software is now commercially available (see <http://pxlpplproject.com>) in a full-service package that includes consultant service support to assist companies in fully implementing software capabilities.

The response has been avid and immediate. Two batik apparel producers, Komar Batik House and Hasan Batik Studio, have tested and are ready to commercially employ the new software. Samples created by Komar have been sold to several customers. The footwear company CV Trampil Sejahtera has created several striking models of women's shoes under its 'Tori' brand, which were exhibited and sold at a recent Inacraft Exhibition. As a result, the department store Pasaraya placed an order for their exclusive women's shoe department.

The Bandung-based Pixel People Project, which was responsible for fractal mathematics modeling and batik design development under the grant, is a research and design group specializing in generative art design and complexity theory research. Their work in melding batik design with fractal geometry has been internationally recognized. PT Bluemoon Technology, which handled software development, is a holding company established in 2007 that focuses on creative applications of Information and Communication Technology.

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# GRANTEE PROFILE

## UNIVERSITIES BUILD SUSTAINABLE FOUNDATION TO CARRY ON INNOVATIVE INTERNSHIP PROGRAM



*“This innovative internship allowed me to understand and face the real life challenges that businesses face in implementing ICT solutions.”*

*– Mary Tjahjadi*

*LAP participant at the Balinese garment company Surfer Girl*

In 2008, SENADA and Cisco partnered to begin a unique program – the Industry Attachment Program (IAP) – that would enhance the competitiveness of Indonesian firms by bridging the gap between university students with technological sophistication but little to no insight into business, and Indonesian firms with business insights but little to no technological sophistication. IAP placed 100 students (selected from graduates of Cisco’s Network Academy, an international training program that operates within universities) with 86 firms in SENADA’s focus industries (footwear, home furnishings and accessories, auto parts, and garments). The students participated in an intensive “ICT Bootcamp” and several workshops that built their understanding of how to apply Information and Communication Technology (ICT) to improving business operations, covering such topics as conducting a diagnostic assessments and long/short-term ICT planning.

During internships of 77 days spanning a five-month period in early 2009, the students completed individualized workplans designed to help their host firms better understand and integrate ICT into their operations. The centerpiece of the interns’ work was the development of an “ICT road map” to guide each firm’s long-term ICT strategies. As an incentive to stimulate a high level of effort from each student, a competition was held for the best road maps, with three winners being awarded an all-expenses-paid trip to Cisco headquarters in San Francisco.

This unique program could not have been conducted – and certainly would have no chance for being institutionalized – without development of a strong supporting infrastructure from five IAP partner universities. To ensure that these universities created a framework for selecting, training, managing, evaluating, and debriefing IAP participants, SENADA offered the five schools – Universitas Indonesia (UI), Universitas Bina Nusantara (BINUS), Universitas Ciputra, Institut Teknologi Sepuluh Nopember (ITS), and Universitas Gadjah Mada (UGM) – grants to institutionalize the IAP program. The grants operated between December 2008 and June 2009 and ranged from approximately Rp 90 to 225 million per school. ►►

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*Grant funds were used mostly for building the human and physical infrastructure necessary for IAP internships to continue after SENADA support ended.*

*(continued from other side)*

Grant funds were used mostly for building the human and physical infrastructure necessary for IAP internships to continue after SENADA support ended (some administrative costs were also covered such as small student travel stipends and staffing costs). UI financed the creation of an Industry Interface Unit with necessary hardware and software in order for UI to work with participating IAP firms. BINUS, ITS and UGM upgraded lab equipment and revised curricula as part of their efforts to integrate IAP directly into their higher level courses. Ciputra, UGM and ITS developed marketing materials directed at industry stakeholders, and all five universities developed websites and internet discussion forums.

The initial round of IAP resulted in a number of benefits to host firms, such as an improved connection (through better network cabling and equipment arrangement) among business units at the footwear firm PT Sumber Kreasi Fumiko. Within the universities, new websites ([www.ee.ui.ac.id/iuu](http://www.ee.ui.ac.id/iuu), <http://iap.binusian.org>, <http://iap.its.ac.id/>, and <http://iap.te.ugm.ac.id/>) attest to the continuing activities – including equipment acquisition, blog spots, IAP registration materials for students and companies, digital library development and more – that will support future rounds of IAP.

At least two current IAP universities – Ciptura and UGM – have already committed their universities to conducting an 2009-10 round of the program, and Cisco plans to expand the program not only in Indonesia, but also in Malaysia, Cambodia and Singapore. Ninety percent of all surveyed firms vowed to participate again in future rounds.

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## GRANTEE PROFILE

### NEW CERAMICS PRODUCTION TECHNOLOGY HELPS CERAMICS PRODUCERS MORE EFFICIENTLY USE INDONESIA'S NATURAL RESOURCES



*“My studio has tested around 30 samples using SAINS ceramic mass. All of them have proven to be amazingly stable and of good quality, despite having been produced in a small workshop.”*

*– Elina Farida  
Owner of Studio 181, a fine décor-ceramics home industry, and Secretary of the Association of Indonesian Producers and Exporters of Handicrafts, West Java Chapter*

Feldspar, a class of minerals that occurs in abundance in Indonesia, is an essential component of ceramics making. The use of feldspar in addition to clay improves the strength and durability of the final ceramic product. However, this readily available resource has yet to be fully exploited by Indonesia's decorative ceramics industry, because the type of feldspar available is low in sodium and potassium, which raises its melting point. Traditional manufacturing techniques use feldspar with a lower melting point so that quartz and clay can be incorporated in a controlled fashion. Manufacturing methods suited to the type of feldspar found in Indonesia can only be done on a large scale and are much costlier, therefore out of reach for small businesses. Thus, Indonesian ceramics manufacturers have opted for inefficient use of clay to make products of lower value.

The company PT Sumber Alam Inovasi Nusantara (SAINS) is experienced in using feldspar for manufacturing, and realized that new technology would have to be developed in order for Indonesia's SMEs to be able to use this resource. They therefore made a successful proposal to SENADA's Business Innovation Fund entitled “Process and Technology Innovation for Transforming Feldspatic Rocks into Decorative Ceramics for Home Accessories.” They were awarded Rp 202,500,000 for a grant that operated between January and July 2009.

SAINS used the grant funds to create a low-cost, scalable technology that enables SMEs to use Indonesian feldspar as an input for manufacturing fine decorative ceramics. They developed a prototype filter pressing machine and mixing machine, which have been field-tested in the production of five types of ceramic solid mass: earthenware, hard earthenware, stoneware, porcelain and — using a formula invented by SAINS — synthetic bone china. SAINS also developed a set of standard operating procedures that document both the mechanical and chemical procedures for utilizing the machinery and new formula. ►►



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*The formula for synthetic bone china is especially significant, not only because it permits the use of easily available feldspar, but because the resulting product is of notably high quality.*

*(continued from other side)*

The formula for synthetic bone china is especially significant, not only because it permits the use of easily available feldspar, but because the resulting product is of notably high quality. Real bone china is prized because it is both durable and translucent. The synthetic version that can be made with the SAINS innovation achieves 95 percent of the quality of the real thing.

SAINS will license the applied technology for the mixing and filter pressing machines to any interested fabricator company. The synthetic bone china formula is being directly sold in a complete package that includes technical assistance to any investors interested in feldspatic-based production of ceramic mass. These investors can then obtain the accompanying technology from any company licensed by SAINS.

PT Sumber Alam Inovasi Nusantara, established in 2006, is a mineral and ceramic processing company whose principals each bring 25 to 30 years experience in material processing and applied ceramic technology, as well as established connections in the industry sectors of floor/wall tiles, sanitary ceramicware, tableware, and pottery. Using minerals mined from Banjarnegara in Central Java, they manufacture ceramic mass for use by decorative and other ceramic manufacturing sectors.

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# GRANTEE PROFILE

## INNOVATIVE APPLICATION ALLOWS SMALL FIRMS TO SOLVE PROBLEMS FASTER WHEN OUT OF THE OFFICE



*“The implementation of Mobile@Act has successfully improved the effectiveness and efficiency of our Call Center and Field Service business units. The system’s ability to receive the response directly from the mobile phone of technician in real time can improve the accuracy of the Service Level calculation for every assignment. Thus the performance of the technician can be measured more accurately and fairly.”*

*– Paulinus Soegondo  
Koesoemo  
President Director  
PT Visionet Internasional  
(VisioNet)*

The fast pace of modern business operations means that companies cannot afford to respond slowly just because an employee is out of the office. A firm that fails to take advantage of modern technology so that its staff can act immediately, even when on the road, will lose out to swifter competitors.

Mobile phones offer real-time communications, but simply being able to talk or SMS is not enough — companies need the tools that will enable them to access e-mail, the internet, faxes, and most importantly PC applications. Software now available for smartphones does not permit workflow automation or offer approval systems needed by business.

To fill this unmet need, the company CV Grafika Valley submitted a proposal to iMULAI 2.0 (a special national software innovation competition under SENADA’s Business Innovation Fund that is operated in partnership with Microsoft Indonesia). The innovation entitled “Enabler Action Application for Mobile-based Business Operations, Actionable Alert and Interactive Services” was one of three iMULAI 2.0 winners. The grant was for Rp 224,000,000 and activities were conducted from January to July.

Grafika Valley used to funds to create “Mobile@ACT,” a business application for mobile phones that is suitable for almost all corporate business processes. The application has seven modules: Adapter, Application Management, Workflow and Automation, Interaction, Notification, Security, and Reporting. The adapter and the workflow and automation components are the greatest innovations of the new application. The adaptor makes it possible for the application to communicate with other systems, while the workflow and automation enable user to have two-way communication with the host system, adding interactive logic that may not be available prior. ►►

*The new application offers several benefits to firms that adopt it: reduced operational costs for companies with highly mobile employees; increased opportunities for marketing campaigns; faster problem response and resolution; and speeded workflow processes.*

*(continued from other side)*

The new application offers several benefits to firms that adopt it: reduced operational costs for companies with highly mobile employees; increased opportunities for marketing campaigns; faster problem response and resolution; and speeded workflow processes.

After creating the application, Grafika Valley conducted promotional activities and field tested it with three firms. Two of them, PT TeleNet and PT VisioNet, expressed interest in Mobile@ACT. TeleNet is an outsourcing firm that does EDC (electronic data capture) for thousands of merchants in Indonesia, with branches in major cities and field service engineers in small towns. It is now implementing mobile@ACT in its customer service division. VisioNet offers integrated IT outsourcing services, including EDC, with support across 27 cities in Indonesia. It has had a positive experience with the new application and is currently reviewing the benefits to determine how to integrate it into their business processes.

CV Grafika Valley is a newly established firm whose principals have extensive experience in programming and consulting. The owner-managing director led the design and development team for SIMBADA (*Sistem Informasi Management Barang Daerah*), an e-Government application module that has been implemented in Yogyakarta, and the other two partners are experienced in the roles of programmer, business analyst, systems analyst, and project manager.

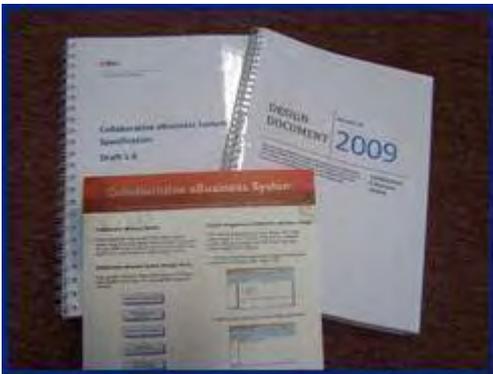
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# GRANTEE PROFILE

## INNOVATION OPENS THE DOOR TO SMALL FIRMS SEEKING TO FIND AFFORDABLE YET POWERFUL SUPPLY CHAIN MANAGEMENT SOFTWARE



*“During field-testing, CES has proven to be a powerful tool for improving the efficiency of supply chain management and increasing our customer satisfaction ... with customization, we expect this will become the perfect tool to help customers to communicate with us about orders and payment, fully integrating our value chain.”*

*– Wahyudi Guntur  
System Support &  
Development Specialist  
PT Holcim Indonesia Tbk*

The deluge of information that businesses receive daily makes it easy for important information to be bogged down in outmoded administrative systems that slow a company’s responsiveness to customers. For Indonesian SMEs, who may lack the human resources and supply chain management tools that can ease the process of tracking the critical data that arrive via e-mail, the problem can be especially profound.

An understanding of this problem led PT Azadirachta Mandiri to envision a solution that would make it easy for SMEs to receive and send orders and other important information by e-mail, using a system that would automatically store the data in a relational database and make order tracking and fulfillment, along with many other key functions, simpler and more accurate. To bring their idea to fruition, Azadirachta Mandiri submitted a proposal, “Collaborative e-Business System (CES),” to iMULAI 2.0 (a special national software innovation competition under SENADA’s Business Innovation Fund that is operated in partnership with Microsoft Indonesia). The firm was one of three iMULAI 2.0 winners, and received a grant for Rp 225,000,000 that operated between January and July 2009.

Azadirachta Mandiri used the funds to develop CES, a solution that streamlines and organizes business-to-business (B2B) transactions and communications among players within a value chain. They completed design of the system architecture, software technical framework development, system analysis and design, program training, and system development.

Using CES, businesses can now communicate by e-mail using a structured format that is stored in a relational database, resulting in automatic data integration. Suppliers and customers can manage orders throughout the entire process with four modules: order management (which shows and analyzes bidding prices and inputs orders); delivery management (which covers all stages of delivery, tracks shipping status, records receipt, and tracks any returns); ►►



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*Azadirachta Mandiri held a public launch of CES in Bogor in July, attended by potential customers including PT Asmara Karya Abadi and UNITEX (both from the garment industry), Bogor Medical Center and Journal Bogor.*

*(continued from other side)*

invoicing management (which handles billings and payments); and inventory management (which tracks preparations for production, estimation of needed supplies, and supplier alerts when inventory falls below required levels).

CES has a web interface that enables users to access it with a web browser; an alert subsystem that sends e-mail alerts when activity occurs related to the user; and an external system integration feature to facilitate integration with other systems.

Azadirachta Mandiri held a public launch of CES in Bogor in July, attended by potential customers including PT Asmara Karya Abadi and UNITEX (both from the garment industry), Bogor Medical Center and Journal Bogor. The company PT Holcim is field-testing CES with an eye to implementing it in the near future. For more information check out [www.ann.co.id](http://www.ann.co.id).

PT Azadirachta Mandiri specializes in the development of Enterprise Resource Planning (ERP) software for Indonesian companies. Its clients include PT Refconindo Bintang Sejahtera, a manufacturing company that uses a made-to-order system; and Sahira Butik Hotel, for whom Azadirachta Mandiri developed a complete hotel information system encompassing reservations, sales management, guest invoicing, and night audits, as well as management of purchasing, inventory, finance, loans and debts. Azadirachta Mandiri is a member of the SAP Business One Reporting Tools Development team for PT Taiho Nusantara. For the operational and financial divisions of BPMIGAS (Indonesia's executive agency for upstream oil and gas business), Azadirachta Mandiri developed and maintains an accounting system for state revenue monitoring and the KKKS (contractors) deposit system.

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# GRANTEE PROFILE

## WEB-BASED AUTOMOTIVE GLOBAL SOURCING CENTER HELPS GLOBAL CORPORATIONS SOURCE INDONESIAN AUTO PARTS SUPPLIERS



*“IGSC provides crucial information on the auto parts industry and manages communications between Indonesian suppliers and buyers from Original Equipment Manufacturers, first and second tier suppliers, and aftermarket retailers. Our company is receiving valuable exposure of our capacities and capabilities to prospective buyers.”*

*– Johan Dharmawan  
Executive Director  
PT Mulia Glass*

Global sourcing is a necessity for corporations that produce goods containing many components requiring labor-intensive manufacturing, such as automobiles. These corporations are establishing relationships with suppliers across the world, based on who can supply them with parts most efficiently. These corporations are establishing relationships with suppliers across the world, based on who can supply them with parts most efficiently and at the highest quality.

Indonesia, with its large labor supply and established automotive manufacturing base, has one of the fastest growing domestic automotive component sectors in Asia. Indonesian auto parts manufacturers have a chance to go global if the industry takes the right steps to position itself as a credible supplier in global automotive markets.

Understanding the need to take such steps, PT Gobizz established the Indonesian Global Sourcing Center (IGSC) and applied to SENADA’s Business Innovation Fund (BIF) with a proposal to develop an IGSC on-line clearinghouse that will serve as the IT platform for Indonesian automotive component suppliers to promote their products and capabilities to the global market. BIF awarded Rp 207,000,000 to IGSC for a grant entitled “Supplier Database Management” that operated between January and July 2009.

IGSC used the grant to develop an on-line Automotive Supplier Information System ([www.igsc.co.id](http://www.igsc.co.id)) that offers valuable features for both companies looking for suppliers and companies that hope to supply them. For companies seeking suppliers, the most attractive feature is “FastDev,” which is designed to assist procuring companies and global sourcing to evaluate quotations and determine the successful bidder. FastDev records and analyzes supplier data on product development, production capacity, standards and certifications, export sales and capacity. For example, FastDev indicates production quality levels, international standards achieved, a history of units produced and any price changes. ▶▶

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*The Supplier Information System allows suppliers to enter and update their profiles on line with a secure access system, and to offer goods or services by filling out an on-line application form.*

*(continued from other side)*

The Supplier Information System allows suppliers to enter and update their profiles on line with a secure access system, and to offer goods or services by filling out an online application form. Additionally, the sourcing portal has established a relationship with Neutron AG (one of the biggest global sourcing companies from Germany) and through this will provide Indonesian suppliers with valuable information on global procurement opportunities and global Requests for Quotations.

Through the portal, IGSC will also provide information on Indonesia's business climate that both buyers and supplies will find helpful, such as Indonesian regulations, clearance procedures, tax matters and labor regulations.

The goal of IGSC's Supplier Information System is to help Indonesia's auto components industry to leverage their skills, knowledge, and capability with respect to meeting the requirements of Original Equipment Manufacturers (OEMs), and to support the global sourcing activities of OEMs and first-tier suppliers.

PT Gobizx was established in 2008 with the mission of furthering innovative business ideas by bringing Indonesia's businesses together with global companies. It was founded by staff from PT Arcshouse, a company whose main businesses are hospitality, resort development, and investments. Senior Gobizx executives are equipped with experience in relevant areas such as global sourcing for Mercedes-Benz, including Local Content projects for Mercedes-Benz components.

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# GRANTEE PROFILE

## INNOVATIVE USE OF INTERNET TECHNOLOGY OFFERS A PROMISING AVENUE FOR BUSINESSES TO REACH CONSUMERS



*“The internet radio we have just made available offers the same features as FM/AM radio transmission but also a host of new benefits.”*

*– Atet Sugiharto  
Founder  
PT Immedia Visi Solusi*

From an economic standpoint, Indonesia’s sprawling territories and diverse populations are both an asset and a weakness. With so many people, there are enormous possibilities to generate vibrant new business ideas and reach a large customer base. But connecting with customers across the archipelago can be a costly proposition using conventional advertising methods. At the same time, Indonesians are becoming steadily more internet savvy, with 44 percent of the population now connecting to the internet every day and PDAs and smartphones making inroads with consumers. Businesses that find way to exploit these phenomena will be well positioned for growth over their competitors.

Recognizing the opportunity that the internet offers, the firm PT Immedia Visi Solusi (IVS) applied to iMULAI 2.0 (a special national software innovation competition under SENADA’s Business Innovation Fund that is operated in partnership with Microsoft Indonesia). The firm was one of three iMULAI 2.0 winners for their proposal entitled “Development of an Internet Radio Broadcasting Network Application for Business and Lifestyle.” They were award a grant of Rp 224,250,000 which they used to develop their concept between January and July 2009.

IVS created an Internet Radio Broadcasting Management Application, including audio compression, a radio portal and internet radio brand awareness activities. In essence, IVS developed software that permits “radio on demand,” allowing consumers to use their computers, PDAs or smartphones to listen to radio broadcasts. This in and of itself is an advantage, since it removes the need for a separate radio device, but the real attraction for consumers is that they can choose when and where they want to listen, and are no longer bound by a broadcast schedule.

For businesses, advertising on internet radio offers a number of advantages over older methods. It automatically targets an attractive consumer base that is technologically knowledgeable and may have the economic resources to purchase a PDA or smartphone. Advertising costs are ►►



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*The media outlet Spin Radio has adopted the new technology, signed up a number of advertising clients, and is now offering live interactive broadcasts.*

*(continued from other side)*

lower than conventional media, particularly for reaching across the archipelago to consumers on distant islands. Most significantly, businesses can create appealing interactive advertisements so that with a click or two curious consumers can find out product details, purchase locations, and similar information. As use of the software grows and more content is available in both Indonesian and English, this advertising can reach beyond domestic markets to foreign consumers and Indonesians living abroad.

The media outlet Spin Radio (<http://radiospin.net>) has adopted the new technology, signed up a number of advertising clients, and is now offering live interactive broadcasts from mini-studios operated by its clients, featuring shows in Indonesian and English designed for national and international consumption. Listeners can interact by using chat, text messaging, or voice calls. They can also select play-on-demand encore broadcasts as desired. Spin Radio is part of IVS, but the software is commercially available to other media outlets that wish to develop internet radio programming.

PT Immedia Visi Solusi was formally licensed as an Internet Service Provider by the Ministry of Communication and Information in 2007. Its coverage is in East Java (Malang, Surabaya, Pasuruan and Mojokerto) with its services targeted primarily to industrial customers. It has a strong orientation toward innovation and, in addition to radio streaming services, has developed special VPN access products for SMEs and anti-pornography filters for the Indonesian market.

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## GRANTEE PROFILE

### NEW SOFTWARE ALLOWS HOME FURNISHINGS INDUSTRY TO MORE EFFICIENTLY DOCUMENT THE CHAIN OF CUSTODY OF LEGALLY SOURCED WOOD



*“We believe our commitment to preserving forests and promoting sustainable practices will attract consumers who want to make sure that the wood products they purchase were made using sustainable systems.”*

*– Jajag Suryo Putro  
Owner  
PT Jawa Furni Lestari*

Indonesia’s timber resources are a valuable asset from both an environmental and business perspective. Illegal logging can result in short-term gain for a few companies, but it damages not only the environment but also Indonesia’s international reputation as a supplier of wood, and destroys the possibility of long-term economic gain from proper use of forestry resources. Thus, forward-thinking businesses have a powerful incentive to verify that the timber they use is sustainably harvested and meets internationally accepted standards of proof.

Wood furniture producing companies can guarantee that they are using sustainably harvested wood by implementing Chain of Custody (CoC) procedures that can be independently certified by international bodies. This certification facilitates entry into important international markets such as the US and EU, appeals to consumers seeking to purchase products that don’t harm the environment, and is an essential first step toward more advanced goals such as full Forestry Stewardship Council (FSC) certification.

Ensuring CoC is an administratively intense and therefore costly procedure, since the wood’s origin must be documented from felling to sawmill processing to manufacturing into products and further downstream to the final buyer. Matters are further complicated by the fact that much of the activity takes place outside of the furniture company itself.

Realizing it could keep track of the necessary data far more efficiently with the use of software and related technology (as opposed to the current paper system), PT Jawa Furni Lestari envisioned creating an “e-CoC” system and applied to SENADA’s Business Innovation Fund (BIF) with a proposal entitled “Development of an e-COC Database Application as a Tool to Document Chain of Custody.” They were awarded Rp 155,000,000 and carried the grant out between January and July, 2009. ▶▶

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*This method is efficient and accurate, saving time and money and allowing downstream buyers to verify that the wood was sustainably produced.*

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Jawa Furni used the funds to create an electronic system to manage CoC documentation and to purchase accompanying equipment such as computers and barcode readers. The software has been installed and piloted at Jawa Furni's production facility along with related forest sites, sawmills, and subcontractor premises. Barcodes are assigned to lots of wood as they move through the system and tracking data is entered on a website. This method is efficient and accurate, saving time and money and allowing downstream buyers to verify that the wood was sustainably produced. The system has the additional benefits of allowing for more detailed production planning, improving waste management, and easing the detection of missing materials.

To promote this innovation among the industry at large, Jawa Furni held a workshop for other producers and industry stakeholders to disseminate information about CoC and the new e-CoC option. The software is now commercially available along with an implementation manual and a practical, step-by-step manual on CoC auditing and certification processes.

PT Jawa Furni Lestari was established in 1998 in Yogyakarta and has production facilities in Sunggingan Merbung, Klaten, Central Java. The company produces tables, chairs, cupboards and other furniture items for the European, Japanese, Korean and other markets. Jawa Furni has applied the ISO 9001-2000 system since 2005. It recently obtained CoC/Verification of Legal Origin certification following an independent audit by TUV Rheinland.

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# GRANTEE PROFILE

## RURAL COMMUNITIES INTRODUCED TO THE POWER OF THE INTERNET AND OPEN SOURCE SOFTWARE



*“The Community Information Center in our village has provided valuable support to teachers and students for learning about computers and the internet. The teachers have used it to find useful information for developing lesson plans. We intend to send our students to the Center in order to teach them more about computers.”*

*– Dadang Saputra  
Headmaster  
Elementary School (SDN)  
Cihideung*

The power of the internet can fundamentally change the opportunities available to people in isolated regions. As long as they have access to a computer, the worldwide web can bring them information, provide teaching tools, and open communication channels. It can inspire and enable new entrepreneurial activities. Once the first step of providing access to computers and software — along with basic training on how to use them — is taken, the rest is up to the community.

It was this vision of reaching people in remote rural areas that inspired MASTEL, a nonprofit organization dedicated to bringing information technology resources to ordinary Indonesians, and University of Indonesia (UI) to jointly apply for a grant from SENADA’s Business Innovation Fund (BIF). Together the organizations sought funding of Rp 184,850,000 to pilot a potentially sustainable model for rural information centers. The grant was operational between January and July 2009.

Compared to the vast needs and complexity of rural internet development in Indonesia, the results of this pilot project were of necessity modest. As a result of the grant, two *pesantren* (boarding schools operated by Moslem religious leaders) in Sukabumi and Cihideung, West Java opened rural Community Information Centers (visit [www.ric.web.id](http://www.ric.web.id) for more information). The centerpiece of their sustainability module was to leverage open-source software as the most practical and least expensive alternative for communities with little to no access to paid technical expertise to develop and operate proprietary software. The new centers installed internet access and software using Ubuntu (a Linux-based, open-source operating system that has an Islamic edition with features of special interest to Moslems), along with VoIP Rakyat.

To help community members make the most of the new technology, MASTEL and UI offered technical assistance and provided training through a series workshops (attended by pesantren administrators and community representatives) on the topics of open source technology and entrepreneurship; financial sustainability; and infomobilization and telecenter management. ►►



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*These outputs have contributed to building overall ICT literacy in villages and have exposed pesantren and communities to potential business opportunities that arise through the use of the internet and Open Source software.*

*(continued from other side)*

These outputs have made first initial steps to building some level of ICT literacy in these villages and have exposed pesantren and communities to potential business opportunities that arise through the use of the internet and open source software. Ideally, this will lead to new sources of revenue and sustainability of the new centers. However, the output of this pilot was not entirely in line with expectations, as initial management problems at MASTEL led to less focus on helping communities develop practical strategies for sustainability for their community internet centers and more attention paid to providing generic training. The future of the established rural internet centers is far from certain.

MASTEL is a not-for-profit organization with the mission of realizing the potential that internet and communication technology has to uplift society, as well as to serve as bridge between the Indonesian government and other players in the telecommunications sector. MASTEL is supported by 20 industry associations, 60 corporate members, and 300 individuals as well as academia and nonprofit organizations. UI's POSS program (an open source initiative embedded within the university) is coordinated by Dr. Ing. Kalamullah Ramli, M. Eng. He is a Senior Lecturer at the Department of Electrical Engineering and has been affiliated with UI since 1994, establishing a record of leadership in the area of public-private partnerships related to ICT.

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# GRANTEE PROFILE

## INTERNATIONAL GARMENT TRAINING CENTER TAKES ON RESPONSIBILITY FOR SUSTAINING IMPORTANT GARMENT INDUSTRY SUPPORT INITIATIVE



*“The GPI initiative is a smart innovation for developing the garment industry. GPI needs a key industry player to host it, a well known institution and where industry stakeholders can work together in one forum.”*

*– Sakri Widhianto  
Inspector General of the  
Ministry of Industry and  
member, GPI Advisory Board*

A core activity of the SENADA project was to facilitate the development of Garment Partnership Indonesia (GPI), a private-sector-led network of garment industry players representing brands and retailers, garment producers, associations, business service providers, and international development institutions. The goal of GPI is to enhance the competitiveness of Indonesia’s garment industry by strengthening linkages along the value chain and building the capacity of firms.

GPI has enjoyed a number of successes to date, in particular the creation of the Executive Development Program (EDP). EDP offers a series of comprehensive training sessions on the topics of fabric sourcing, quality assurance, social compliance, productivity, human resources, and full package merchandising. Several iterations of EDP were held during the lifetime of SENADA, receiving an enthusiastic response from trainees and resulting in measurable improvements on the factory floor.

SENADA provided the majority of the infrastructure that enabled the launch of GPI activities, suggesting that the long-term sustainability of GPI could be at risk unless steps were taken to create a home for GPI within an established institution. For this reason, SENADA’s Business Innovation Fund (BIF) granted funds to the International Garment Training Center (IGTC) to facilitate GPI’s institutionalization as a component within IGTC. The grant was for Rp 112,500,000 and it operated between January and July 2009.

The grant was used to underwrite IGTC’s steps to create a supporting infrastructure for GPI. IGTC identified staff to serve as a director and secretary for GPI, created a GPI charter, and established a Board of Advisors consisting of garment industry leaders. During the grant period, IGTC served as host for 12 GPI events, including several ►►



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*The grant was used to underwrite IGTC's steps to create a supporting structure for GPI. IGTC identified staff to serve as a director and secretary for GPI, created a GPI charter, and established a Board of Advisors consisting of garment industry leaders.*

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EDP training sessions and a GPI Brands Forum. IGTC has set up a formal GPI office and furnished it with equipment including a computer and peripherals and software.

From SENADA's perspective, this grant was a mixed success at best. Although IGTC welcomed the BIF resources, it remains to be seen to what extent they will be used over time to promote GPI specifically as opposed to generalized IGTC activities. The strong support for GPI among recipients of EDP training may represent GPI's best hope for sustainability after the SENADA project ends.

IGTC, which is located in Bogor, was established in 2001 by a consortium of five garment industry experts, in particular Till Freyer, a German who worked tirelessly throughout his life to promote education in areas related to the garment industry. IGTC's principal focus is on a scholarship program that it administers with the financial support of garment industry stakeholders. Each year it graduates 200 students who receive full scholarships and living costs during their education and then are placed in jobs within the industry. Following the December 2004 tsunami that razed much of Banda Aceh, IGTC provided training to survivors to qualify them for work with garment factories.

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