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SENADA FINAL REPORT

SEPTEMBER 2005–AUGUST 2009

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PART I: SUMMARY FINDINGS, ACHIEVEMENTS, AND RECOMMENDATIONS

INTRODUCTION

Indonesia has been long regarded by powerful multinationals as a source of cheap labor for light manufactured goods. Over the past four years this reputation has been changing as the Indonesia Competitiveness Program (SENADA) and its visionary collaborators have steered some of Indonesia's strategic labor intensive industries toward better performance and differentiation. By demonstrating to local companies that they can compete at the highest levels of the global economy, the U.S. Agency for International Development's (USAID's) SENADA project has generated confidence and impetus throughout the industry and government about Indonesia's future competitiveness.

The value of SENADA's relationships with a broad array of partners cannot be understated. Over the last three years, SENADA built this enormous asset, laying the groundwork for economic growth described in the section below. Pioneering partner institutions such as Bappenas' Regulatory Analysis Directorate, Eco Exotic, ASMINDO, QSEAL, and Garment Partnership Indonesia (GPI) have gathered resources and dedicated much of their spare time to build this strong foundation.

One side of the strategy involved the swift design and implementation of "quick impact" activities with willing and available counterparts. These activities included a footwear training-of-trainers activity with the International Footwear Service Center (IFSC) in Surabaya and a business licensing advocacy program with the regional government of Sidoarjo. The other side of the strategy involved extensive value chain analysis followed by activities of a longer-term nature, including product differentiation, new market penetration, and building the capacity of local industry support organizations. Most of SENADA's main activities fell into this category, where the potential impact is greater than in quick impact activities. (A histogram showing a graphical representation of this strategy is provided in Figure 1.)

A basic tenet of SENADA's work was that the greatest impact on competitiveness is achieved by catalyzing and facilitating market dynamics. We observed too many donor programs in Indonesia that assumed roles as value chain actors. When their work finished, so did the impact on target industries. While SENADA's approach greatly heightens the challenge to achieve measurable impact within a donor project's tight timeframe and budget, it nevertheless works to achieve sustainable results.

SENADA met or exceeded 10 of 13 cumulative project targets¹. Some of these measurable achievements—such as 3,984 firms trained and 126 public private partnerships formed—reflect the

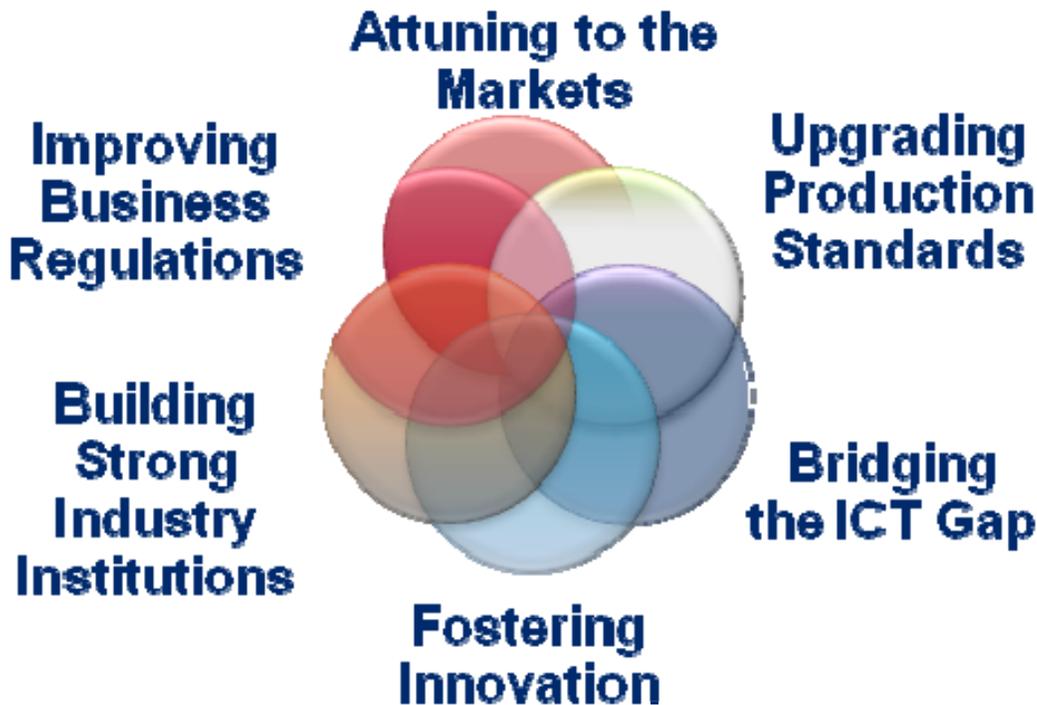
¹ SENADA's 13 performance indicators noted in this section are different than initial indicators approved in the original contract in September 2005. Performance Monitoring Plan (PMP) indicators were revised with SENADA's overall program reorganization during program Year 2 and approved by USAID in September 2007 as part of the Year 3 Workplan approval process.

prolific rate of project implementation. For indicators not achieved, one performance target—growth in home furnishings exports—was missed due to the 2007–2009 global economic crisis. Despite missing this overly ambitious targets by a wide margin, firm performance outputs of SENADA-assisted firms still beat industry averages for economic performance during the same period. The other two indicators were missed by small margins and would have been achieved if data was collected for all 12 program months in Year 4. SENADA exceeded all targets on its three USAID/State Department “Standard Indicators “(or OP indicators). For complete results and analysis of SENADA’s PMP, please refer to Part II of this report.

Another meaningful measure of our performance is the manner in which key project counterparts responded to SENADA initiatives. Were they passive or did they adopt, build capacity for and sustain new mechanisms for industry strengthening? An assessment of this kind is the ultimate measure of how a value chain has changed to strengthen the performance of Indonesian producers in comparison with competitors for market share (regional competitors mainly) and competitors for value (competitors up and down the value chains). As this report shows, SENADA has made significant systemic achievements in building key permanent mechanisms to strengthen industry competitiveness.

The next six sections of this report explore and summarize progress made and lessons learned from the project. They address competitiveness in line with the themes of capacity building and institution building. We have organized them according to themes we call *competitiveness factors*. These are, according to our analyses, the most critical fundamental challenges faced by Indonesia’s light manufacturing industries. Figure 1 illustrates these six factors.

FIGURE 1: CHALLENGES FACING INDONESIA’S LIGHT MANUFACTURING INDUSTRIES



It is no coincidence that most of these factors coincide with elements in the original SENADA scope of work. The project's broad scope has allowed us to combine all of these factors and analyze how these factors affect competitiveness. Here, we attempt to summarize our findings and achievements in relation to these competitiveness factors. These six sections also provide recommendations, based on SENADA's experience, which may assist USAID in conceptualizing future programs. These recommendations are equally relevant to the activities of other donors, the government, and private sector organizations.

More detailed information about SENADA and analysis of the competitiveness factors can be found on the program's website at www.senada.or.id. The website also contains links to SENADA's strategic partners and their programs.

IMPROVING BUSINESS REGULATIONS

FINDINGS

Indonesia's competitiveness ranking has generally held steady in recent years according to most of the organizations that perform surveys and analyses. While Indonesia slid slightly in the *2008 IFC Doing Business Survey*, it improved from 51 to 42 according to the *2008 World Competitiveness Yearbook* published by the International Institute for Management Development. This was largely due to its strong economic performance compared to other countries during the recent and current economic crisis. Nevertheless, there is a widespread view that Indonesia has a high-cost economy resulting from overlapping, ineffective, overly obtrusive, and costly regulations. Regulations often seem to be applied in ways that serve more as a source for government revenue (a back-door tax), especially at local levels, than to protect fundamental public interests. The Indonesian Law on Laws (Law No. 10 of 2004) also does not stipulate adequate criteria for regulatory quality.

SENADA's intensive and ongoing interaction with businesses in five targeted sectors reinforces that firms have struggled with complying with a confusing and often costly range of regulations that require time, resources, and fees. Improving Indonesia's regulatory environment would reduce time spent complying with the labyrinth of regulations and the costs of that compliance currently absorbed by businesses. In many cases, changes could support achievement of social objectives (including reducing corruption). Further, this could free up firms' resources to invest in many key business capabilities—investing in innovation, marketing, and management—rather than being bogged down in a morass of regulation.

This finding is not new. Policy makers and private stakeholders have long noted the debilitating effects of Indonesia's regulatory system. Many note as well that the problem may be getting even more problematic as regulatory authority is devolved to provinces and almost 550 local governments. After broad consultation, SENADA found that policy makers appeared to be simply overwhelmed by the problem—unsure where a reform effort should start, with more than 10,000 regulations affecting businesses throughout Indonesia.

There have been some successful government efforts to revoke overlapping regulations, and to advance policy reforms to improve the business environment. These have included the development of a new Investment Law based on a negative list of regulated sectors and the use of one-stop shops to more efficiently process business applications, and a series of Government of Indonesia Executive Orders (INPRES) directed, in particular, at streamlining business licensing. Several donors, including the German Technical Cooperation Agency, the Asia Foundation, and the United Nations Development Programme, have promoted the use of regulatory impact analysis (RIA). To date, however, neither the Government of Indonesia or donors have been able to mount a systematic effort to rationalize Indonesia's regulatory environment, either in terms of the existing system of regulations or in terms of how new regulations are generated.

SENADA ACHIEVEMENTS

After wide-ranging discussions and a careful review of international experience, SENADA determined that it could provide a stronger basis for regulatory reform in Indonesia by developing a Regulatory Mapping (RegMAP) process that identifies, maps, and evaluates the impact of myriad regulations affecting business operations. RegMAP was initially applied to five targeted industry sectors operating in Java: auto parts, garments, footwear, furniture, and home furnishing. The results would be used as a demonstration effect for other sectors and other parts of Indonesia.

RegMAP first identified regulatory problems faced by firms through a series of focus group meetings. Based on this “raw” identification of problems, the RegMAP team mapped problems to more than 1,000 national and local regulations. The team then used a filtering process based on several regulatory best practice criteria to prioritize these regulations in accordance with the degree of constraints they imposed on business, resulting in the identification of 136 “most burdensome” regulations.

For all businesses, the number of regulations is surely in the many thousands. Making the problem even less manageable, there is no systematic inventory of existing regulations affecting business, no way to cross-reference the impact of different and potentially overlapping regulations, especially between national and local-level regulations, nor any serious procedures and criteria in government legislative processes for assessing the effectiveness of existing or new regulations. Other key findings from SENADA’s RegMAP exercise include the following:

- Regulations tend to be unnecessarily long and complex, especially licensing and permit processes.
- Renewals for permits are often unnecessary and, when needed, are applied too frequently.
- Stated objectives for regulations are inconsistent with their actual content.
- Regulations tend to over-regulate compared to best practice criteria of minimum effective regulations. In some cases, regulations are not required at all, and in others they impose unnecessarily costly regulatory/enforcement burdens on businesses.
- Regulatory enforcement often allows too much discretion for officials, creating opportunities for corruption and higher regulatory burdens.
- Some regulations compel private companies to use facilities of regulated state-owned enterprise monopolies, limiting competition and increasing costs.
- Many regulations affect several or all value chains, suggesting a systematic problem. The number of problematic sector-specific regulations is relatively limited.

On the positive side, RegMAP found that, in general, relevant regulations tended to be clearly worded and accessible to the public, and their objectives were adequately stated. The problem is that the impacts of the regulations often are not effectively targeted to the desired policy objective. Regulations are often used as back-door taxes to generate revenue, especially at local levels, and, most fundamentally, regulatory enforcement processes do not achieve the state policy objective efficiently, that is, with minimum compliance burdens.

SENADA disseminated the results from the 2008 RegMAP exercise broadly to hundreds of stakeholders through a series of seminars in Jakarta, Bandung, Yogyakarta, Semarang, and Surabaya. A results database from this exercise (found at www.regmap.org) launched in May 2009 includes a prioritized list

of 1,000 regulations and more than 4,000 reports and related analyses. This database has now been transferred to the National Agency for Development Planning (Bappenas) for their use and upkeep. As a result of the dissemination process, officials from the Ministry of Industry, Ministry of Trade, State Secretariat, Ministry of Home Affairs, Ministry of Law and Human Rights, and various provincial and local governments expressed interest in further RegMAP training.

With momentum and interest growing among government counterparts, SENADA further developed the RegMAP process and created a user-friendly, accountable, and flexible e-learning tool that facilitates the RegMAP application to a wide range of Indonesian counterparts. The tool includes two options for analysis—*RegMAP Brief* and *RegMAP Comprehensive*—with the earlier applicable for a large number of regulations that have to be filtered quickly and the latter more robustly applying regulatory best practice criteria for a deeper analysis. Together with the Directorate for the Analysis of Laws and Regulations (DAPP) at Bappenas, some of the regulatory criteria used in the new RegMAP versions have also been adjusted to suit the needs of Indonesian institutions (no matter their size, location, or regulatory scope). The new RegMAP methodology was tested successfully in Yogyakarta with the Yogyakarta Provincial Government to review one existing local regulation and one draft local regulation. In July 2009, the RegMAP tool and e-learning module was disseminated by SENADA and DAPP-Bappenas to more than 900 national, provincial, and local government stakeholders, universities, and select industry associations.

DAPP-Bappenas, with its mandate for improving the legal certainty in Indonesia, found the RegMAP process highly valuable as a foundation for improving how legal departments throughout Indonesia review the efficacy of regulations. SENADA has supported DAPP's development of a systematic effort for improving Indonesia's regulatory system. The planned program, which will be linked to the Government of Indonesia's 2010 Annual Work Plan (RKP 2010) and the Medium-Term Development Plan (RPJM 2010–2014), is expected to require all legal departments in Indonesia, as part of their functional responsibilities, to review more carefully all regulations covered under their mandate, leading to Action Plans that aim to revoke or streamline regulations as needed. Importantly, the link to RKP and RPJM would provide critical funding and a conceptual mandate for systematically improving Indonesia's regulatory system. SENADA's transfer of RegMAP tools and development of a *comprehensive plan of action* for future systematic regulatory reform efforts culminated in a National Seminar organized by DAPP at the end of July.

In addition to RegMAP, SENADA led several successful, more discrete regulatory reform and training initiatives in response to industry concerns:

- SENADA's first pilot advocacy program focused on facilitating small and medium-sized enterprise (SME) business growth in East Java by **increasing access to three mandatory business licenses and tax identification numbers**. The program attempted to increase the number of formalized businesses, and demonstrate to local government that efficient business licensing leads to increased local economic development. By partnering with the regional government on strategic public outreach (educational poster campaign, radio talk shows, and information and dissemination through village meetings), business licensing workshops, and one-day clinics, the program resulted in a 200 percent increase from the normal six-month average number of business licenses approved (refer to page 51 for more information).
- SENADA supported a USAID program in 2008 to conduct an **intensive training program in the United States for 20 Indonesian professionals**. The program included applying RIA techniques to case studies assessing the impact of regulations in Indonesia (see SENADA report *Regulatory Impact*

Assessments and the Private Sector in Indonesia for mini-RIA case studies drafted by 15 of the program's participants). The energy derived from this training has been maintained through regular meetings of participants to discuss regulatory reform issues.

- SENADA collaborated with the Indonesia Furniture Industry and Handicraft Association (ASMINDO) and later the Government of Indonesia Customs and Excise Department to **address the burdensome and costly process of importing product samples from international buyers**. This led to the decentralization of a duty-waiver process for importing product samples. SENADA worked directly with Customs in developing the procedures and guidance to implement the policy change, and its positive effects (up to a 60 percent reduction in the cost of importing samples) are now enjoyed by the furniture industry and other sectors. (Refer to page 89 for more information)
- In another regulatory reform initiative, SENADA worked with the Export-Import Association to **change the costly and anticompetitive tariff structure applied to less than container load (LCL) container freight handling services**. This multistakeholder advocacy campaign led directly to the formation of a senior-level governmental working group. In April 2009, the government revoked the old LCL container freight services tariff agreement and replaced it with a fair and transparent tariff structure as well as clear codes for enforcement. (Refer to page 125 for more information)
- A potentially quite important SENADA **initiative focused on the recently passed Shipping Law**, which dramatically reorganizes how ports are managed and mandates the use of private port management facilities. SENADA provided leadership on several fronts to help ensure that the forward-looking law is effectively regulated and implemented. SENADA conducted an in-depth analysis of the Law and presented it to stakeholders in workshops. Responding to invitations from the Ministry of Transport, and the Government of Indonesia more generally, SENADA provided extensive technical assistance in developing the regulatory and institutional frameworks required to implement the Law. This effort lays the foundation and blueprint to build a strong port system in Indonesia and to attract substantial international investment in this vital infrastructure (refer to page 129 for more information).
- SENADA focused on a **regulatory reform initiative to improve building and land use permits**—one of Indonesia's most costly and burdensome set of regulations. SENADA applied international best practices in developing a customized tool and template for simplifying these procedures and permits. We worked closely with committed local government counterparts in Tangerang, Bekasi, and Cimahi in structuring the tool and in mock testing its application. The impact of SENADA's assistance will ultimately depend on local government follow through (refer to page 133 for more information).

RECOMMENDATIONS

The final element of SENADA's regulatory reform work focuses on developing a strategy paper for advancing regulatory reform in Indonesia, particularly oriented to the political opportunities created by the recent Presidential and Parliamentary elections. The aim is to stimulate and help structure a dialogue among policy makers, private stakeholders, and other thought leaders on how a system-wide regulatory reform effort could be advanced. This includes providing comparative information about how other countries have mounted such reforms—particularly the recent Vietnamese initiatives that many Indonesians find interesting and potentially threatening in terms of the advancing competitiveness of a rapidly growing neighbor's economy.

Given the need for the newly elected officials to establish policy priorities over the next five years, the next six to nine months could be crucial to elevate regulatory reform into a national objective. We recommend the following where USAID and potentially other donors could play a key catalytic role in what will have to be an Indonesian-led initiative.

- Most importantly, USAID should provide continued support to the Bappenas-DAPP initiative to develop a comprehensive inventory of regulations at the national and local levels, and then upgrade the use of regulatory best practice criteria in the review of each regulation, with the aim of revoking or streamlining most of them. In addition to further refinement of the RegMAP tool to specific Indonesian needs, extensive training is required for legal department staff and stronger coordination is needed between legal and economic departments in government. Furthermore, RegMAP and RIA approaches and capabilities should be transferred to Economics, Legal and other departments throughout the government. A key output of this effort will be the development of a mind-set among government officials and private stakeholders through which they naturally ask tough questions about the effectiveness of all regulations.
- Support should also be provided to the revision of Law No. 10 and other laws (including at the provincial and local levels) that guide legislative processes to provide more formal, robust criteria for reviewing both existing and new regulations. It is critical that the bureaucratic system be legally mandated to work toward regulations that are more effective—to focus not only on existing regulations, but also on processes for reviewing drafts of new regulations. Vietnam, for example, is conducting a full inventory and review of all regulations (more than 12,000 to date), and has revised its law to require all newly drafted regulations to include a report with an RIA and to undergo a 60-day public comment period.
- Support could also be provided to strengthen research capacity at universities, think tanks, and nongovernmental organizations (NGOs) to provide the intellectual and analytical underpinning for a national, systematic regulatory reform effort, including developing more rigorous but practical tools that can be applied to improve the quality of regulations in Indonesia. As well, it will be critical to develop in-service training programs on regulatory reform for current officials and stakeholders, and to generate cohorts of new graduates with strong regulatory expertise. Further, supporting the continued transfer of RegMAP tools and capabilities to NGOs, universities, and private sector stakeholders is important to continue to build regulatory analysis capacity and encourage public-private discussions on major regulatory issues.
- USAID can also use the *SENADA Regulatory Reform Strategy Paper* as a basis to encourage the development of well-crafted proposals by Indonesian political and thought leaders for a systematic Indonesian Regulatory Reform Initiative that could be adopted by the new administration and parliamentary leadership. Critical in this process is increasing communication and cooperation among the often-disparate proponents for regulatory reform, who currently have little interaction with each other. This increased cooperation would include discussions and sharing of interests among economics and business leaders, lawyers and legal officials, and anticorruption and administrative reform proponents. Discussions would focus on linking the high-level policy objectives with specific, practical tools and processes that can be applied effectively given existing government capabilities, functional responsibilities, and organizational incentives.
- Finally, technical and financial support can be provided to study tours for training on core regulatory best practice applications, particularly for key government officials, parliamentarians, and university

staff (not only from the large universities but also from the many provincial schools). This may be the fastest way to develop a core group of analytical experts who can train others, and can use the experience to craft policy proposals.

ATTUNING TO THE MARKETS

FINDINGS

Describing Indonesia's approach to marketing, a chairman of one of Indonesia's leading automotive manufacturers called his sector "100 percent reactive." This problem is indicative of Indonesian firms' lack of capacity to systematically collect, analyze, and use marketing information. Operating in a global environment requires becoming increasingly attuned to the global market. Indonesia is clearly falling behind its competitors in this regard.

SENADA found that weak marketing information and services existed at all levels and in all types of institutions. The National Agency for Export Development (NAFED), Indonesia's main government export organization under the Ministry of Trade, is a good example. The most recent report posted on NAFED's website is more than a year old. It has export market intelligence for only 12 products in a total of eight countries and its online library shelves are empty. One has to visit NAFED's offices in Jakarta to explore its library, and even there the information is of limited utility to anyone seeking to compete in the hypercompetitive globalized economy. Although NAFED makes a sincere effort to support Indonesia's exporters, it does not have adequate resources and knowhow to do it effectively. In particular, it lacks information about Indonesia's own industries' strengths and weaknesses, and does not apply sound criteria in selecting the companies that will receive support. This is true of most of Indonesia's government-sponsored export support programs and the problem is even more acute with regional and local governments.

Marketing support from industry, trade, and other organizations was found to be equally ineffective, partly due to a similar lack of experience and knowhow, but mainly due to the lack of cooperation among industry players to develop these types of services. Only one of the principal associations from SENADA's five focus industries had a functioning website in 2007. None provided quality market information to its clients and only the Indonesian Textiles Association (API) provides any sort of ongoing information at all, through a web portal made possible by a SENADA grant. Most of the associations provided some kind of trade show support, mainly by channeling government subsidies. Unfortunately, these programs were mostly ineffective and potentially counterproductive because they favored disadvantaged companies that lacked export-readiness.

At the individual firm level, only a small percentage of large, well-capitalized companies had the capacity to effectively respond to dynamic international markets. These were mainly companies owned by the small minority of ethnic Chinese Indonesians and foreign investors. The vast majority of Indonesian firms, including the SMEs that provide the bulk of light manufacturing jobs, were not well informed about or engaged with global markets despite their reliance on these markets for most of their sales. The automotive, garment, and footwear industries were partial exceptions to this, as market linkages are stronger and international buyers have a greater presence in Indonesia (this is not necessarily positive for producers, since most of these producers lack power and authority in their value chain relationships, resulting in low value added to their products). In general, though, SENADA has observed that most Indonesian manufacturers lack basic marketing capabilities including:

- Market research to assess trends and requirements, identify buyers, and observe competitors.
- Marketing and promotion required to gain access to new buyers, especially through electronic media.

- Timely and effective business communications required to build credibility and retain clients (such as communications in English, prompt response and follow up, and clear messages and materials).

Further, many government and donor business development services programs have been unsustainable. Some have been implemented without regard for the private market for these services, while others have unsuccessfully attempted to jumpstart these markets. A long history of paternalistic and questionable programming of training and technical assistance services has distorted the market, destroyed innovation, and crowded out private service providers. It has also resulted in unwillingness by Indonesian firms to pay for marketing or any types of business services.

This analysis explains Indonesia’s participation predominantly in “captive value chains” (*The Governance of Global Value Chains*, Gereffi, Humphrey and Sturgeon), rendering them passive receptors of orders whose terms are controlled by international buyers. It also helps to explain why Indonesia has not been able to graduate incrementally into more complex, value-added products such as electronics.

SENADA ACHIEVEMENTS

In today’s dynamic global marketplace, the most competitive industries and firms are constantly adapting to changing market circumstances. It is not enough to conduct an annual survey, although certainly reports like these can be valuable. Collection and use of market information must be carried out on an ongoing basis and, to accomplish this, it must become part of the local business culture.

As with all of SENADA’s programs, our strategy to strengthen market information and services focused on building the capacity of local institutions. We targeted key decision makers to stress the importance of marketing and to encourage them to increase the skills and resources dedicated to this function. First, we provided strategic guidance, skills training, and concrete tools to strengthen Indonesia’s international marketing capacities. We researched, analyzed, and prepared high-potential, export-led marketing models in the industries of auto parts (global service centers), home furnishings (sustainable production), and garments (full package services). We followed this with abundant marketing training and skills-building programs to thousands of firms in such areas as best practices in merchandising for garment executives; electronic marketing workshops (using websites, blogs, Twitter, and search engine optimization techniques); and export-readiness training to firms, associations, and government support institutions.

Second, our strategy was to create and open up marketing channels through which a process of continuing communication and learning can take place. We worked with key counterpart industry groups to create marketing portals to facilitate buyer-seller transactions. Two of these, www.indotextiles.com and www.ecoexotic.net, have led directly to hundreds of transactions and millions of dollars in new export orders. We helped create the Gobizx International Global Sourcing Center (IGSC), Indonesia’s first auto-parts-related global marketing intelligence mechanism, which includes web-based supplier sourcing support (found at www.igsc.co.id) and supplier information for international buyers. We assisted

TECHNICAL PROGRAMS IMPLEMENTED

Footwear Export Promotion Program (pg. 55)
 Legal Wood Upgrading (pg. 69)
 Garment Market Linkage Program (pg. 81)
 International Global Sourcing Center (pg. 85)
 Garment Partnership Indonesia (GPI) (pg. 97)
 Eco Exotic (pg. 105)
 Sustainable Practices Upgrading (pg. 109)
 IBISA Market Linkage Program (pg. 137)

BUSINESS INNOVATION GRANTS (PG. 141)

API (#6)–Textile Virtual Business Forum

associations and individual firms alike to create over a dozen marketing websites, including a website developed with the Indonesian Textiles Association (API) (www.indonesiatextile.com) dedicated to researching and disseminating global market information. Through a more traditional *Link and Match* program, SENADA brought garment vendors and global buyers together in one-day trade fairs. The project also facilitated participation in local and international trade shows in Europe and the United States, again leading to hundreds of new orders. In implementing this program, SENADA helped to forge relationships between Indonesian companies and associations with international buyers, foreign trade representatives, and support institutions such as Swiss Import Promotion Program (SIPPO) and the Sustainable Furnishings Council.

Third, we developed marketing and export promotion manuals, tools, and other informational materials, and we carried out more than 40 workshops and seminars to inform Indonesia's businesses and other stakeholders about market trends, design, production standards, and other market expectations and requirements. Comprehensive end market studies were carried out in all our sectors and widely disseminated and presented in public forums to multiple stakeholder groups. We conducted more than 30 workshops on specific topics ranging from color trends to social compliance issues. Further, we gave every possible opportunity to our international consultants to speak on global market trends—these were some of SENADA's most popular events. SENADA also carried out valuable statistical research on its target sectors, from *Indonesia's Competitive Environment* completed at project inception in 2006 and *Industry Value Chain Reviews* carried out in 2007 to the *2008 Export Competitiveness Study* reporting on Indonesia's export performance trends over the past five years. These provided valuable insights both to the project on what activities to prioritize, but also to the industry actors who could benefit from the findings.

RECOMMENDATIONS

Building a sustainable marketing capacity within Indonesian industry will be a long-term endeavor because it will require fundamental changes in both government and industry culture and practices. Before any market-driven capacity can take hold, the Indonesian government must reform and modernize its practices in this area. This will require a critical self-analysis of current strategies, services, and capacities. Ineffective government-implemented and government-sponsored programs should be phased out and replaced by programs that support rather than interfere with markets, and that are informed by international best practices. For more detailed recommendations, refer to SENADA's technical report entitled *A Review of Select Policies in the Indonesian Ministry of Industry*.

Donors and government should, with restraint, encourage and catalyze the development of a private market for marketing services. These initiatives can generate income by providing valuable information and services. SENADA-supported institutions such as Indotextiles and Gobizx have demonstrated this already by creating a virtual marketplace and by gathering, sorting and providing timely supplier information.

In addition to these types of for-profit initiatives, USAID should continue to encourage, support, and build the marketing capacities of industry organizations. Many marketing services, such as market research, require resources that are beyond the reach of individual companies. This challenge can be solved by industry associations that can invest in a single research function and disseminate information to association members. But again, the services must be member-driven and respond to members' needs. The only way to accomplish this is to charge fees for the services.

Recognizing the imperfection of these types of services markets in Indonesia and the significant challenge in developing them, we also recommend the creation of a private export trade foundation dedicated to the provision of export marketing services to Indonesia's labor-intensive, light manufacturing industries. Such an institution can be financed with public funds, but its ownership should be private and its governance structure composed of reputable business people and economists. The foundation must have focused development objectives and be sustained by income earned through services (and interest). This type of institution will help resolve Indonesia's long-time political (and philosophical) debate on the government's role in economic development. Successful organizations of this kind can be found in many Latin American countries and can be used as models for Indonesia.

UPGRADING PRODUCTION STANDARDS

FINDINGS

Given the previous section's findings on Indonesia's lack of market information, it should be no surprise that the country's industries were constrained by the inability to meet and adjust to the stringent and changing standards required in international markets. Among five of its main Asian competitors, Indonesia had the highest cost of labor and the lowest level of worker productivity (Source: *Ministry of Labor and Indonesian Textiles Association*). Technologically, Indonesia's machinery and equipment was outdated due to lack of investment as well as current import restrictions on used machinery.

Another set of weaknesses in Indonesian production stems from comparatively weak management capacity and systems. This was repeatedly cited in studies and confirmed in our day-to-day observations. It was manifested in shortcomings in quality control, finishing, packaging and labeling, and delivery. Weaknesses in human resource development caused these problems in part; Indonesia does not have strong vocational training programs or business management programs. Many of Indonesia's largest firms, especially in the automotive, garment, and footwear sectors, hired expatriate department managers. Further, manufacturing firms were generally unwilling to invest in human resource development due to policy disincentives in the Manpower Law (see SENADA Technical Reports: *Policy Brief Series* and *Analysis of Human Resource Management Practices in Indonesia*).

In addition to the factors that affect productivity, Indonesian industries have shown a relatively low capacity for product differentiation. Indonesia is regarded as a good source for products with simple specifications, but it has not been able to fulfill the demands for higher value-added products or complete systems. There was a general lack of capacity in product design and, more broadly, in product and process innovation. A lack of capacity and sophistication in sourcing raw materials (a symptom of a broader issue of knowledge of and communication with supply chain actors, and the Indonesian government's tendency to favor protectionist trade regimes) was another obstacle to Indonesia's ability to differentiate.

A general finding, affecting not only production but also all aspects of firm competitiveness, was the lack of firm-level investment. There was more to this problem than deficient cash flow and lack of access to finance. We believe one of the main causes has been the overreliance on government for technical assistance and training (and in some cases even equipment), combined with the generally mediocre quality of these services. Government programs and subsidies have clearly distorted the market for business development services, where the few private-service providers that existed viewed the government as their clients rather than the private sector firms who supposedly will derive the value. Most producing firms did not bother to seek these services. Those that did seek the services did not want to pay for them.

SENADA ACHIEVEMENTS

SENADA implemented a two-pronged strategy to upgrade production. The first prong focused on developing and transferring highly relevant, practical tools based on sound assessments of international standards and local industry needs. The second and more challenging prong focused on building local

institutional capacity to implement and sustain production under prong one. This second prong is addressed in detail in the section titled Building Strong Industry Institutions.

SENADA developed cutting-edge programs in all target industries. Working with auto parts industry counterpart organizations Society of Automotive Indonesia (SOI), the Society of Automotive Standards (IATO), and the Association of Automotive Service Stations (ASBEKINDO), we designed and implemented an Indonesian certification regime based on internationally recognized process and products standards. The national seal of quality, called QSEAL, now managed independently by SOI, has been contracted by 17 firms for review and possible certification. Six QSEAL products are already available in the market and offered in 219 service stations in Java. The Director of Asia for the U.S.-based Society of Automotive Engineers said of QSEAL: “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.” QSEAL has met with some resistance from industry powerhouses whose oligopolies are threatened, but is making steady inroads nonetheless. The program has been praised by the Ministry of Industry; the ministry has invested more than \$200,000 to implement two programs to facilitate expanded QSEAL certification.

TECHNICAL PROGRAMS IMPLEMENTED

Enterprise Improvement (EI) (pg. 47)
QSEAL National Seal of Quality (pg. 59)
Automotive Technical Training Directory (pg. 65)
Legal Wood Upgrading (pg. 69)
Subcontractor Performance Management (pg. 93)
Garment Partnership Indonesia (pg. 97)
Executive Development Program (pg. 97)
Eco Exotic (pg. 105)
Sustainable Production Upgrading (pg. 109)

BUSINESS INNOVATION FUND (PG. 141)

IATO (#2)–Automotive Standards E-Library
UNDIP (#3)–Break Drum Standardization
CEFED (#10)–Furniture Labor Standards
NU (#17)–Community Forest Standards
BIF (#28-32)–Industry Attachment Program

In the garment industry, SENADA teamed with lead stakeholders representing producers, associations, service providers, and international brands to strengthen industry manufacturing practices. The central activity was the Executive Development Program (EDP). The program encapsulates cutting-edge best practices in an interactive training format for key management decision-makers of garment producing firms. EDP consists of six modules: Full Package Merchandizing, Fabric Sourcing, Productivity Improvement, Social Accountability, Human Resource Management, and Quality Assurance.

SENADA’s main implementing partner, the International Garment Training Center (IGTC), assumed incrementally greater responsibility for EDP’s implementation throughout the four full rounds of training that were held in Indonesia’s main garment production centers of Jakarta, Bandung, Solo, Semarang, and Surabaya. In all, 593 managers from 133 companies were trained and four comprehensive EDP technical handbooks (*Fabric Sourcing, Apparel Merchandising and Production, Productivity, and Quality Assurance*) were published and disseminated to more than 250 factories and industry stakeholders. Further, 85 percent of firms assisted in this program documented investment in 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.

SENADA achieved its most significant upgrading results in the home furnishings industry. Based on our end-markets analyses, we chose to support Indonesia’s early positioning in an emerging and potentially strong market for environmentally and socially sustainable furnishings. Working with major international certification bodies such as Smartwood and Indonesia’s Wood Furniture Association (ASMINDO), SENADA developed and implemented a successful program to help firms meet technical and

administrative requirements for certification. In just 18 months, SENADA provided intensive technical assistance to nearly 40 firms, 31 of which achieved either Verification of Legal Origin (VLO) and/or Forest Stewardship Council (FSC) certification. More importantly, SENADA has transferred program management skills to ASMINDO's new for-profit services arm, called ASMINDO Certification Care (ACC). In less than one year, the three regional ACC units signed contracts and provided services to another 17 furniture companies.

SENADA also designed and implemented a comprehensive program on sustainable production practices for the home furnishings industry. The program covers all the major components of supplier standards, including materials, design, production, marketing, and social equity. SENADA provided technical assistance to a group of lead home furnishings firms that have already benefitted by securing 75 orders from 50 new clients focused on sustainable merchandise.

To scale up these successful assistance tools, SENADA developed multiple sets of modules that fine-tuned our two years of research and hands-on technical assistance delivery programs: *Wood Certification Modules* and *Sustainable Production Modules*. These practical tools, found in easy-to-use CDs, were disseminated to more than 2,400 producers, buyers, government entities, associations, training centers, NGOs, universities, and other donors. The modules also were adopted by international buyers including Williams-Sonoma, the largest retailer of home furnishings in the United States.

Finally, SENADA has upgraded production standards by providing Business Innovation Fund (BIF) assistance for three initiatives with potentially broad impact. The BIF provided small grants to businesses, associations, universities, and NGOs to develop and commercialize business innovations.

- The creation of an e-library (www.iato-indonesia.com/elibrary) with comprehensive detailed specifications and standards for the major international standards, including the International Society of Automotive Engineers (SAE). The e-library was translated to Bahasa Indonesia in its entirety and made widely available on internet to industry actors.
- The development of nationwide occupational safety and health standards and a certification program which has already been incorporated into law by the Ministry of Manpower.
- The development of internationally based human resource and labor standards for the wood furniture industry and creation of a center to act as a government-endorsed certification body.

RECOMMENDATIONS

The question of how USAID or other institutions that support economic growth should go forward really depends on whether their goals are short- or long-term. The long-term competitiveness of Indonesia's SME industries will depend on fundamental improvements in business knowledge and skills. This is a structural issue requiring structural solutions. Investments in quality vocational and business-specific institutions and curricula will have a potentially positive long-term impact. Focus on these kinds of institutions will be required to develop strong business leaders and managers. In addition to teaching future businesspeople specific skills and methods to implement production, they more importantly can instill a sense of awareness and appreciation of the crucial role that constant improvement plays in a successful business.

In parallel, and as stated in other parts of this report, it will be important to change the predominant view that business support services are the domain of the government and government-supported institutions (as opposed to the private market). This enabling environment matter will only occur if government

institutions develop and implement strategies that complement rather than compete with or crowd out the market. Government should not participate in the direct provision of technical-upgrading services and/or should not contract others to provide them at below-market rates. This will slowly clear the way for private-service providers.

Applying the same logic, we do not recommend that USAID provide services directly to SMEs. Due to the project's short-term timeframe to achieve substantial deliverables, SENADA was obligated to deliver these services using local consultants, thereby developing their capacity. Because of the substantial resources of the project, we were able to design quality programs and identify outstanding consultants and trainers. Fortunately, we also collaborated with counterpart institutions that have developed the potential to sustain some of the most successful and marketable of these activities.

We believe that incremental change is possible in the short to medium term, despite the fatigue that now exists on the demand side of the technical services market. We recommend that USAID continue to build on SENADA's efforts with counterpart institutions such as SOI, Eco Exotic, ACC and IGTC. Interventions will succeed only if they are industry-specific where specialized skills and knowledge are required and where reputations can be built in the market segment. Generic approaches in a country of Indonesia's size will not work.

Further, USAID should build on Agency knowhow and SENADA experience in leveraging the resources of corporate partners. Partnerships should be based on shared goals and should be business-driven. USAID should strive to foster engagement by natural value chain actors upstream in the sectors to be strengthened. What Indonesia's industries need most from global firms is their know-how, especially with regard to production standards. Corporate social responsibility (CSR) programs and financial contributions to donor-driven initiatives will have limited impact.

FOSTERING INNOVATION

FINDINGS

If there is one requisite for competitiveness that business leaders, economists, and even politicians can agree on, it is innovation. Markets have become hyper-dynamic, not only with regard to consumer tastes, but also with other basic components of business such as technology, production methods, communications, and logistics. Although Indonesia has lagged behind many of its competitors in innovating across all of these key business areas, the country has considerable resources and potential.

SENADA's analysis revealed that Indonesia's industries tend to follow the markets rather than lead them. International investors and global buyers have long viewed Indonesia as a source for extracted goods and low-technology manufactured goods. The country's raw materials, favorable agricultural conditions, and large, relatively low-cost workforce have been Indonesia's greatest assets. To generalize, Indonesia's business model has been to provide the low-value factors of production demanded by global markets (see SENADA technical report *Garment, Footwear, Automotive and Furniture Value Chain Reviews*). This model has not required or encouraged the development of innovative business culture and practices. If Indonesia is to compete more effectively by increasing productivity or differentiating its products, it must break from this model and begin to develop its own forms of innovation.

Research shows that innovative organizational cultures are strong determinants of innovative businesses and industries. Indonesia's organizational cultures are naturally anti-innovation because they keep decision-making to top managers and discourage dissent, stifling creative thinking. Further, Indonesia has not established institutions and programs in areas such as entrepreneurship and design. Neither the government nor the private sector has invested adequate resources in research and development.

The outcome of this was reflected in views from the global market on Indonesia. Referring to the home furnishings industry, SENADA's end-market study stated "Indonesian companies often produce what recently sold best rather than making creative modifications or development new products." A buyer who had 20 years of business experience in Asia remarked that Indonesian "people know how to produce what is shown them. If you want something really new, you go to the Philippines."

SENADA ACHIEVEMENTS

SENADA's implementation strategy was rooted in the idea that strides in industry competitiveness occur as a result of some kind of innovation, i.e. doing new kinds of business or doing business in new ways. As a result, innovation was central to most of SENADA's activities. For example, the QSEAL auto parts certification was the first private quality certification program driven by Indonesia's private sector. Similarly, Garment Partnership Indonesia (GPI) took an innovative approach to industry upgrading by facilitating unprecedented collaboration among actors in the garment value chain. SENADA's home furnishings program strategy was innovative in that it encouraged Indonesian producers to anticipate market trends by investing in sustainable practices in order to position Indonesia as a world leader in sustainable products. We even supported the creation of a new design center for sustainable home furnishings, although the center did not materialize due to weak counterpart commitment.

These programs were not the “safe” kind of supply-driven programs characterizing many donor projects. We attempted to catalyze structural improvements or new paradigms needed to raise Indonesia’s competitiveness. Because they were risky by nature, not all of them were successful. But some, such as QSEAL and Eco Exotic, have gained a foothold and have the potential to make transformational changes in the auto parts and home furnishings industries.

To further spur innovation, SENADA designed innovation into the contract grants fund as a basic requirement. The BIF was a resounding success, having achieved a highly ambitious target to approve and finance 40 grants in less than 18 months. The objective of the BIF was to foster industry innovation in a flexible manner. Grantees came from a cross-section of organizational types (companies, associations, universities, and NGOs). Innovations ranged from new machinery and production techniques to establishing and implementing industry safety standards. Many of the grants involved environmentally friendly innovations including bamboo treatment, recycled fancy paper, solar dryers, antibacterial garments made from natural chitosan, and a chain-of-custody software program for certified timber.

Moreover, the BIF had an impact that transcends the sum of its grants. The program drew the attention of important stakeholders such as the Ministry of Research and Technology and Microsoft, who teamed with SENADA in the name of innovation. With Microsoft, SENADA conducted an annual national software innovation competition known as iMULAI (or “I Start” in the Indonesian language). The competition sought to cultivate a national-level spirit of innovation and entrepreneurship throughout Indonesia.

The competition promoted the importance of information and communications technology (ICT) and innovation to business entrepreneurs and the general public with the dual goal of improving Indonesia’s information technology (IT)

competitiveness and developing a more innovative and thriving local software economy. iMULAI competitions were conducted in both 2007 and 2008, reached millions of IT professionals and hundreds of software producers, and resulted in the creation of six commercial software applications which are now available for sale in the market.

The Ministry of Research and Technology established a new quasi-private organization, the Business Innovation Center (BIC), dedicated to spurring innovation. The BIC drew inspiration and elements of its strategy from SENADA’s BIF. Microsoft summoned its phenomenal outreach capacity (and pocketbook) to spread the word about BIF and innovation in general. These programs, in addition to the examples made by many of the individual BIF grants, showed Indonesian potential innovators that they too can take ideas and turn them into tangible products or services relatively quickly and at a relatively low cost.

TECHNICAL PROGRAMS IMPLEMENTED

QSEAL National Seal of Quality (pg. 59)
 Legal Wood Upgrading (pg. 69)
 Business Innovation Fund (pg. 75)
 Subcontractor Performance Management (pg. 93)
 Garment Partnership Indonesia (pg. 97)
 iMULAI Innovation Competition (pg. 100)
 Sustainable Practices Upgrading (pg. 109)
 RegMAP (pg. 113)
 Industry Attachment Program (IAP) (pg. 119)
 IBISA Market Linkage Program (pg. 137)

BUSINESS INNOVATION FUND (PG. 141)

ASPILOW (#7)–Tractor Tire Machine
 Quantum (#8)–ISO9000 Software
 MAPI (#9)–Bamboo Treatment Plant
 Dycode (#11)–PORTMAP Software
 SSI (#12)–Inventory Management Software
 ITS (#13)–CONSLOAD Software
 Rafindo (#14)–Rubber Processing Prototype
 IndoDev (#15)–HR Software
 UNDIP (#18)–Anti-bacterial Garments
 UNLA (#19)–Fancy Paper
 VEDC (#20)–Solar Wood Drying Oven
 UNSADA (#21) - Leather Solar Dryer
 BIC (#22) - Business Innovation Center
 Bluemoon (#27)–Batik Production Software
 BIF (#28-32) - Industry Attachment Program
 SAINS (#33)–Decorative Ceramics
 Grafika Valley (#34)–Mobile@Act
 Azadirachta (#35)–CES E-Business System
 IVS (#37) - Internet Radio
 Jawa Furni (#38)–eCOC Software
 MASTEL (#40) - Rural Internet Expansion

SENADA also disseminated information on innovation to a broad audience of businesspeople, government employees, and development practitioners through the monthly publication *Competitiveness at the Frontier*. A regular column described innovations found both inside and outside of Indonesia. Monthly themes stressed innovation, with topics such as how companies can increase labor productivity despite the Manpower Law and how to market sustainable products.

RECOMMENDATIONS

Now is a good time to invest in innovation, and fortunately there are a number of good leverage points. The first and most obvious is the presence of large, innovative global companies in Indonesia. Indonesia is an important source of inputs and, more importantly, a large market for these companies. A well-designed public-private partnership program can leverage resources, apart from funds, unavailable to most donor programs. They take the form of know-how, technology, outreach, and networks. SENADA's success in teaming with corporations such as Microsoft, Cisco, and Williams-Sonoma has demonstrated the potential, but only scratched the surface.

Indonesia needs innovation incubators. The creation of the Business Innovation Center (BIC) has been an excellent first step by the government to support innovation, but much more can and should be done. While the BIC helps link new product innovations with investors, support should also be provided to creating innovation in target sectors. Financing and technical support (and oversight) could be channeled to institutions for this purpose. USAID could also provide matching funds as an incentive to venture capitalists. Finally, support could be provided to help commercialize viable business innovations. All of these programs should be managed through capable private or quasi-private institutions.

The Indonesian government has shown significant interest in innovation, but it has struggled to find the most effective mechanisms to provide support. Both the Ministry of Industry and Bappenas have lauded the BIF. Our main counterpart at Bappenas wants to replicate the program, although we have learned that the initiative has been met with some resistance because it provides direct funding to the private sector. USAID could assist Bappenas by supporting the program, fine tuning or developing variations on the mechanism (lengthening the innovation, requiring greater counterpart contribution, and increasing the funding ceiling from \$25,000 to \$100,000), and putting strong grants management systems in place. The best way of doing this would be to delegate management to a quasi- or fully private organization.

An innovative business culture begins in learning institutions. USAID could invest in strengthening targeted secondary and tertiary learning centers for this purpose. SENADA's Industry Attachment Program (IAP) or CISCO's Network Academy Program could serve as useful models. Programs could inject innovation into all aspects of business or technical training, much as it has been done in the best U.S. business schools and universities. This way Indonesia's aspiring businesspersons and entrepreneurs will learn the fundamental importance of forming organizational cultures for innovation, and will have the tools to facilitate this process. This would be a cost-effective and sustainable approach to innovation development. USAID could be selective in choosing partners from the vast number of existing learning institutions. We also recommend establishing formal partnerships with U.S.-based universities that can help Indonesian universities in developing and delivering proven innovation-based curricula.

Finally, we recommend that innovation be a priority crosscutting program for all economic growth projects just as it has been with SENADA. The SENADA contract mandated a grants fund, but it did not mandate a "business innovation" grants fund. We created it to give added value to the grants program. Designing and implementing development assistance programs with built-in strategies and incentives for innovation will sharpen USAID's programs and lead to greater ultimate impact.

BRIDGING THE ICT GAP

FINDINGS

On average, Indonesian companies still have less access to, and pay higher costs for, ICT than regional competitors. This is a competitive disadvantage, but the gap has been closing as access continues to grow rapidly and costs continue to decline. Nonetheless, in 2007 a SENADA-financed assessment concluded that our target industries were severely constrained by a lack of ICT application use. Consistent with our findings in other critical areas such as production and marketing, it is the SMEs that are furthest behind. The 2007 report stated that most SMEs, and even many large businesses, do not have adequate accounting or financial reporting systems. These functions are often carried out manually and in an ad-hoc manner. Most software applications developed in house and/or with local support are inadequate.

We found that very few SMEs used supply chain management, inventory management, and production management systems. These are critical tools for lowering costs and improving the productivity of light manufacturing businesses. Without them, Indonesian businesses cannot possibly compete effectively in the global marketplace. In addition, although internet was available to a large percentage of SMEs, they used it mostly for email. This powerful and inexpensive tool for market research and customer management has yet to be exploited by most Indonesian businesses.

The main entry barrier to ICT use was ICT literacy. Few SME owners and managers could appreciate the value of ICT services, and those that did appreciate the value, did not have enough knowledge to make informed decisions about how to use ICT services and where to acquire them. Another barrier was the relative high price for hardware required to run (and maintain) applications and to access the internet. Together, the ICT literacy and price barriers translated to an unwillingness of SMEs to invest in ICT services.

Although ICT business applications existed in Indonesia, the market was underdeveloped. Many SMEs used open source operating systems, but few of the commercial business applications available ran on open-source platforms. There were open-source software applications in the market, but most of them were impractical and required a high level of sophistication and/or technical support. Unfortunately, for SMEs, most of the investment in business applications has been channeled to sophisticated applications that could only be appreciated and afforded by large corporations. These products are generally over-dimensioned for small businesses. The products that did exist were not effectively marketed to the SME sector. ICT service providers did not find ways to tap the potential of the SME market. In sum, there was a large ICT gap between service providers and potential users.

SENADA ACHIEVEMENTS

SENADA set an ambitious objective in seeking to bridge the ICT utilization gap. Our strategy combined programs to develop new ICT business applications, increase ICT literacy in SMEs, and facilitate market transactions between ICT service vendors and SMEs in need of services. These ambitious programs had mixed results, but served as an informative laboratory for future ICT development.

The first program, the development of new ICT applications for business, demonstrated the potential for new applications development if the proper incentives are used. SENADA leveraged both its BIF and industry value chain (IVC) programs to collaborate with business providers in creating 16 new business

applications. Some of these applications, such as the PortMap port management system and the ConsLoad shipping consolidation program, provided systemic solutions for the transport logistics industry that are also vital to the broader business community. The PortMap system has already been commercialized and is functioning in a number of ports in the Batam region across from Singapore. Other applications are specifically for SME use, such as the SunFish human resources management program, Sentra Solusi mobile inventory management system, and Immedia Visi Solusi Radio-on-Demand.

TECHNICAL PROGRAMS IMPLEMENTED

Business Innovation Fund (pg. 75)
iMULAI Innovation Competition (pg. 101)
Industry Attachment Program (IAP) (pg. 119)
IBISA Market Linkage Program (pg. 137)

BUSINESS INNOVATION FUND (PG. 141)

BIC (#22) - Business Innovation Center

In addition to these ICT programs, SENADA assisted in the development of 21 websites. A dozen of these were implemented in home furnishings companies to provide greater access to and communication with global buyers. The other nine were for industry associations and organizations that provide services and communications tools to extensive membership groups. Examples include Garment Partnership Indonesia's (GPI's) interactive website (www.gpin.info) that fosters interaction among garment stakeholders and the RegMAP website (www.RegMAP.org), now managed by Bappenas, that provides access to a full database of regulations, reports, and analysis from SENADA's 2007 RegMAP filtering process, and web-based tools and guidelines future regulatory work.

The Industry Attachment Program (IAP), a major partnership with Cisco and five local universities, was a hands-on experiment in strengthening SMEs' ICT literacy. This ambitious program placed 100 Cisco Network Academy graduates from universities in counterpart firms. SENADA supported program implementation with extensive training activities, support systems, and rigorous monitoring. The results of this program were mixed, as universities and firms were uneven in their capacities to manage interns. Nonetheless, 61 of the 100 placements were evaluated as successes: they enhanced firms' ICT knowledge and, in many cases, resulted in the implementation of new ICT hardware and software systems. At least two current IAP universities—University Ciputra and Universitas Gadjah Mada (UGM)—have already committed their universities to conducting a 2009–2010 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 participating firms that were surveyed vowed to participate again in future rounds.

SENADA's third major ICT program, iBISA, involved executing major ICT trade fairs. These fairs were designed to catalyze ICT transactions between service providers and SMEs. Two-day exhibitions of hardware and software providers were held and a series of ICT education and information sessions were conducted. The success of these events depended on the capacity of our university counterparts to plan and administer the fairs. Generally, the educational events were well attended and considered highly useful. The exhibitions were slightly less successful as they were only able to attract about a dozen quality service providers exhibitors to each fair. These events were implemented within a market context, with exhibitors paying for booth space and attendees paying for entrance.

Finally, as a crosscutting initiative, ICT was successfully integrated into many facets of SENADA's IVC activities. Some of these have already been described, such as the electronic marketing workshops. The BIF was also an effective platform for ICT development, as numerous new software applications, websites, and other ICT innovations were created and made available to the SME business community through it.

RECOMMENDATIONS

The decades-long trend of ICT's increasing importance in industry competitiveness is expected to continue. Given the strategic importance of SMEs in Indonesia's economy, and the related finding that ICT is severely underutilized by SMEs there, this is an area that warrants future USAID support. But, any new strategy must avoid trying to force feed ICT to unwilling adopters (or use government subsidies that could destroy or crowd out nascent markets). New strategies should target a new generation of businesspeople and their future managers.

The ICT gap must in the educational system, particularly in universities and vocational schools. Curricula in ICT should incorporate business applications. Likewise, business curricula should put greater emphasis on ICT applications and solutions. Based on our observation that few institutions of higher learning in Indonesia have been effective in tying their curricula to the real business world, USAID should identify those institutions that show the most promise and commitment to this, such as Ciputra in Surabaya or UGM in Yogyakarta.

An effective way to strengthen curricula in business ICT is by partnering with the private corporate sector. ICT companies have become bold leaders in exploring public-private partnerships, as borne out by SENADA's success in teaming with Microsoft and Cisco. These companies, including local corporations, share a commitment to working with learning institutions and are already investing significant CSR resources in them. This represents a fountain of potential for USAID and other donors.

USAID should consider building on several of SENADA's most promising activities. Our assessment of the IAP demonstrates its potential for sustainability and significant potential impact on ICT use in SMEs. It will require fine-tuning, including an improvement of the selection process at many levels, starting with university partners. The importance of committed and capable counterparts, especially for an ambitious program such as IAP, cannot be overemphasized. Strong university partners will lead to better selection of the interns and firms that eventually participate in the program.

The iBISA ICT trade fairs showed promise as a means to both strengthen ICT literacy and expose SME firms to the array of ICT services available in the local market. We learned that the successful implementation of these fairs requires substantial resources, time, and specialized skills in trade fair organization as well as ICT industry knowledge. Because iBISA's attempt to offer ICT solutions across all industries diluted the impact, we recommend that ICT trade fairs be implemented on an industry-specific basis. This would allow for tailored solutions. For instance, an ICT fair for the garment industry could feature garment production software. This segmentation would also facilitate promotion of the trade fairs because the target audience would be more easily identified.

BUILDING STRONG INDUSTRY INSTITUTIONS

FINDINGS

An industry's main trade organization(s) often serves as a good barometer of an industry's overall strength. Behind industries with large numbers of aggressive, cutting-edge firms one can usually find strong trade organizations. These trade organizations, or associations, are driven by the needs of their members for relevant support services. They help to keep the firms operating in that industry competitive over time.

The existence of weak industry associations has been a particularly salient finding of the SENADA project. This finding was based not only on extensive direct observation but also on formal assessments such as SENADA's technical report *An Analysis of the Indonesian Footwear Association (APRISINDO)* and a *Summary Report on Indonesian Private Sector Associations and Regulatory Reform*.

While the associations evidenced varying degrees of capacities and performance, most did not fare well against the generally accepted key measures for trade associations. The statutes that define associations' governance were either inadequate or not followed. Associations' boards did not seem to have standard operating procedures and many of the directors had not been rotated for many years. The directors and executive staff of associations did not have systems for assessing their members' needs or more generally for communicating with members. They did not seem to develop or implement either strategic or annual operating plans, but rather operated on an ad-hoc basis. Many were wholly subsidized by the government.

Company owners and managers overwhelmingly perceived their associations as ineffective and out-of-step with current issues and needs of their industries. With few exceptions, the associations did not provide timely basic services beginning with the collection, analysis, and dissemination of market information (see the section on Attuning to Markets for more information). They provided meager technical assistance and training, usually only when donor or government funds were available, but not as ongoing sustainable services. There were uneven efforts to support trade show participation, mainly by channeling government subsidies for travel and attendance. They did not generally provide critical technical support and guidance in trade show participation or export readiness. Most of the trade associations viewed their role as interlocutor between industry and government. Our assessment revealed that "policy reform appears to depend primarily on personal relationships between board members and government officials to effect policy changes, rather than on quality analysis or well-organized advocacy programs." The assessment goes on to point out that "most of the associations relevant to SENADA's value chains, however, do not operate on even this ad hoc, personalized level of effectiveness."

The overall lack of interfirm collaboration in Indonesia should be reason for concern. At SENADA, we witnessed the effects, but do not claim to have fully understood the causes. Indonesia's trade associations are trapped in a resource-poor, service-deficient cycle. Unfortunately, firms seemed to have become resigned to this situation, as demonstrated by their lack of participation or unwillingness to join the associations (APRISINDO, for example, the main association of a \$2 billion-a-year industry with thousands of firms, claims fewer than 150 members and has a barely minimal operating budget).

SENADA ACHIEVEMENTS

SENADA recognized that an industry competitiveness project cannot achieve impacts of scale or breadth without effective counterpart industry organizations. Our first step in understanding, analyzing, and engaging with target industries was through these established organizations. We attempted to open the door to working relationships with all of the major representative associations regardless of their relative strengths and weaknesses. However, in the end, SENADA built a strong programmatic relationship in only one case.

There are various reasons why SENADA did not develop intensive working relationships with the other major associations, ranging from disinterest to lack of commitment on their part. In the case of footwear, SENADA extended a generous offer of technical assistance and financial support to APRISINDO in pursuing its own stated objectives. Our only condition was that agreed-upon milestones be met in terms of transparency, client services, and financial management. For reasons that we never fully understood, APRISINDO did not take advantage of this offer of support. Because we could not identify a committed industry counterpart or even the potential genesis of such a counterpart, SENADA decided to discontinue the footwear value chain component of the project during Year 3.

SENADA encountered a similar lack of committed leadership with ASEPHI, the home accessories association. In this case, we chose a strategy to galvanize a core group of lead firms that were committed to sustainable production. The main element of our strategy was to provide a strong incentive for interfirm collaboration through international promotion and trade fair participation. The dozen or so companies quickly realized the benefit of working together and decided to form a new generation association for sustainable home furnishings called Eco Exotic. With assistance from SENADA, Eco Exotic developed and is implementing a three-year strategy and one-year operating plan. Building on SENADA's initial areas of focus, Eco Exotic developed service programs in two priority areas—international trade and sustainable production. The association is now operating with its own self-financed staff and modest infrastructure. Because the underpinnings of shared goals and commitment are in place, the prospects for Eco Exotic's sustainability are good.

Our analysis of the garment industry revealed a lack of quality technical support services in an industry whose global buyers wanted increasingly greater breadth and sophistication in the services provided by source country vendors. Despite our repeated efforts to engage API during the design and activity development stage, we were unable to secure its substantial involvement in SENADA's garment value-chain program. As with most of the other associations, API leadership appeared to be comfortable with the status quo, ineffective as it may have been in responding to firms' needs.

Instead, SENADA facilitated the creation of a multistakeholder initiative, Garment Partnership Indonesia (GPI). The purpose of GPI was to bring key actors together to identify and address the sector's needs. GPI's initial leaders, with significant support from SENADA, rolled out a series of relevant activities to strengthen the industry and build support for GPI. These included four rounds of the Executive

ASSOCIATED TECHNICAL PROGRAMS

QSEAL (pg. 59)
Automotive Service Provider Directory
(pg. 65)
ASMINIDO Certification Care (ACC) (pg. 69)
Garment Partnership Indonesia (GPI)
(pg. 81)
Executive Development Program (EDP)
(pg. 81)
Eco Exotic (pg. 105)
Sustainable Practices Upgrading (pg. 109)

BUSINESS INNOVATION FUND (PG. 141)

Servitama (#1)—Autopart Supplier Consulting
API (#3)—Garments Virtual Business Forum
STC (#4)—Advanced Motorcycle
Training Center
APRISINDO (#16)—CAD/CAM
Leasing Services
BIC (#22)—Business Innovation Center
Gobizx (#36)—Int'l Global Sourcing Center
MASTEL (#39)—Rural Internet Centers

Development Program (EDP) training by IGTC; the creation and management of a new online buyer-seller transactions portal by Indotextiles; and the development of a productivity-enhancement program based on Six Sigma that was specifically designed for Indonesia's garment industry.

The merits of GPI have been widely acknowledged by the garment industry and the Indonesian government. Even API became engaged in some of GPI's activities toward the end of SENADA. There is a strong demand for GPI-related services such as the EDP and the *Link and Match* marketing events. Further, global buyers from the United States and Europe regard GPI as an appropriate platform to coordinate on issues such as social compliance. GPI has already organized numerous such coordination meetings.

Despite having solid relationships with three small automotive associations—SOI, the IATO, and ASBEKINDO—SENADA was unable to build a strong working relationship with the main industry association of auto parts producers, GIAMM. GIAMM was openly threatened by SENADA's QSEAL initiative and complained that promoting standardization and upgrading of smaller producers would create unwelcomed competition for ASTRA producers who made up the majority of the association (ASTRA is a Japanese joint venture with Toyota and Honda and the largest producer of automotive products in Indonesia). After more than a year during which GIAMM openly blocked QSEAL initiatives, SENADA tried another tactic and brought GIAMM into a joint training initiative with the U.S.-based Society of Automotive Engineers (SAE International) in early 2009. This program was a success and led to the upgrading of 25 GIAMM producers. Since that program's conclusion and an increased interest in QSEAL by the Ministry of Industry, GIAMM ceased its open hindering of the QSEAL initiative and even entered a formal agreement with another SENADA program with PT Gobixz to support the Indonesian Global Sourcing Center (IGSC) program. It is too early to determine the success of this partnership.

Indonesia's wood furniture association, ASMINDO, is the only long-standing industry association with which SENADA enjoyed dynamic and fruitful collaboration. Initially, ASMINDO did not see the relevance of SENADA's focus on sustainable markets to its organizational goals. After observing the strong demand from 40 furniture companies for technical services in wood certification, ASMINDO showed the flexibility not only to accept sustainability, but to establish it as one of its highest priorities. Although SENADA had planned to build technical services capacities mainly within private consulting firms, ASMINDO insisted on playing this role. SENADA helped ASMINDO create a new independent business services unit, the ASMINDO Certification Care (ACC), in three provinces, with a fourth planned. SENADA provided intensive classroom and hands-on training to ACC staff. Within only nine months, the ACCs signed contracts with 17 furniture companies. The ACC is the first and only association program in SENADA's target industries to implement member services on a financially sustainable basis.

RECOMMENDATIONS

The main lesson learned from SENADA's experiences in industry organization strengthening is unequivocal. Indonesia needs to break from its recent tradition of leaders who serve a narrow group of entrenched and privileged interests instead of the industry at large. The few services they offer are often paternalistic and protectionist instead of member-driven and competitive. Many a donor (and Indonesian government program) has channeled too many resources into these types of organizations without results. Simply put, Indonesian industry associations must start serving the interests of a broad range of member firms. Indonesia's associations of the future should be built by a new generation of young, innovative, and forward-looking business people who understand the nature of today's markets. In some cases, this will

require changes in the leadership of existing associations; in other cases, it will require the creation of new associations.

Although industry association development ultimately depends on industry leaders themselves, programs to support industry organizations in Indonesia can be effective and should be an integral part of any business development activity. But, they must be executed selectively and rigorously. An indispensable condition of these programs should be total transparency in terms of governance, administration, value added service provision, and financial management (including financial sustainability). While industry counterparts should always lead strategic planning and key decisions, donors can help guide fledgling associations through a process of learning and implementing best practices. Most of these practices are the same as those used for any strong organization, including good governance, clear objectives, strong management backed by solid systems and, most of all quality services. Another key element to an effective donor program is conditioning future assistance on meeting incremental, agreed-upon milestones. This is essential to developing an organizational culture of accountability, which is currently lacking in most Indonesian industry organizations.

With respect to SENADA's target industries specifically, we strongly recommend that USAID provide additional support to Eco Exotic, ASMINDO Certification Care (ACC), and Garment Partnership Indonesia (GPI). These organizations, in their infancy, may not survive without continued assistance of some kind for some period. One of the great inherent shortcomings of any donor project is that they abruptly start and end. Their timeframes do not always match up with counterpart needs.

Our strongest recommendation is to resume some level of direct assistance to these three organizations. Even without significant financial resources, USAID could contribute to the viability of these organizations by supporting them in attracting other donor support. Several international organizations, including the German-supported Business Technology Center, United Nations Industrial Development Organization, and European Union, have expressed interest in Eco Exotic and ACC. The International Labour Organization has decided on a major new program to support the garment industry in Indonesia and would like to follow up on SENADA's activities implemented with GPI. SENADA staff already took the first steps to open such doors and make introductions before the project ended.

PART II: SENADA PERFORMANCE MONITORING AND EVALUATION

SUMMARY OF RESULTS

TABLE 1: SENADA PROGRAM PERFORMANCE (2005–2009)

Program Area	Performance Indicator	Unit of Measure	Baseline Value	2006 Actual	2007 Actual	2008 Actual	2009 * Actual	Target (Yr 1-4)	Total (Yr 1-4)
Auto Parts	Average percentage increase in the unit value and volume of Seal of Quality Certified (QSEAL) automotive components sold in aftermarket. (Revised to include total sales and volume).	Percentage (Value)	\$3,947,427	n/a	n/a	10.6%	3.3%	6.0%	13.9%
		Percentage (Volume)	322,401	n/a	n/a	10.7%	-0.1%	10%	10.5%
	Number of retail outlets selling QSEAL or branded service station products.	Number	0	n/a	n/a	14	205	260	219
Home Furnishings	Average increase in annual export sales of SENADA target group of home furnishings (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%	-16.0%	37.0%	9.8%
	The number of firms legally verified and/or FSC-certified through SENADA's Responsible Timber Purchasing Program.	Number	0	n/a	n/a	18	13	32	31
Garments	Percentage of SENADA GPI-assisted firms who complete full-package and competitiveness upgrades.	Number	23.29	n/a	n/a	n/a	85.2%	50.0%	85.2%
Business Enabling Environment (BEE)	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	6	6

Program Area	Performance Indicator	Unit of Measure	Baseline Value	2006 Actual	2007 Actual	2008 Actual	2009 * Actual	Target (Yr 1-4)	Total (Yr 1-4)
	Number of regulations from RegMAP.	Number	0	n/a	n/a	1,000	n/a	1,000	1,000
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	360	393
	Number of ICT business software solutions made available in market through public-private sector initiatives.	Number	0	n/a	n/a	3	13	6	16
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%	1.0%	14.0%	15.7%
	2. EG 6.2 (Private Sector Productivity) - Number of firms receiving U.S. Government-supported assistance [to improve their management practices].	Number	0	165	973	1,194	1,606	3,054	3,984
	3. EG 5.2 (Agricultural Sector Productivity) - Number of public-private partnerships formed as a result of U.S. Government assistance.	Number	0	0	31	80	11	25	126

ANALYSIS OF SENADA PERFORMANCE MONITORING INDICATORS

TABLE 2: AUTO PARTS INDICATOR 1 (INDICATOR SURPASSED)–AVERAGE INCREASE IN THE UNIT VALUE AND UNIT VOLUME OF SEAL OF QUALITY CERTIFIED AUTOMOTIVE COMPONENTS SOLD IN DOMESTIC AFTERMARKET.

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)											
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	
VALUE	10.6%												3.3%											
VOLUME	10.6%												-0.1%											

Summary:	Baseline	Target	Actual	Variance
VALUE (total sales)				
Y1 (Oct. 2005–Sept. 2006)	-	-	-	-
Y2 (Oct. 2006–Sept. 2007)	\$3,794,427.47	-	-	-
Y3 (Oct. 2007–Sept. 2008)	-	3.0%	10.6%	7.6%
Y4 (Oct. 2008–Aug. 2009)	-	3.0%	3.3%	0.3%
CUMULATIVE (Oct. 2005–Aug. 2009)	-	6.00%	13.91%	7.91%

Summary:	Baseline	Target	Actual	Variance
VOLUME (per year)				
Y1 (Oct. 2005–Sept. 2006)	-	-	-	-
Y2 (Oct. 2006–Sept. 2007)	332,401	-	-	-
Y3 (Oct. 2007–Sept. 2008)	-	5.0%	10.6%	5.6%
Y4 (Oct. 2008–Aug. 2009)	-	5.0%	-0.1%	-5.1%
CUMULATIVE (Oct. 2005–Aug. 2009)	-	10.00%	10.49%	0.49%

ANALYSIS: To provide a more accurate overview of SENADA’s impact on SENADA-assisted auto parts companies, the Performance Monitoring Plan (PMP) data collected viewed from a different perspective. Instead of looking at the impact of QSEAL on individual parts, the data was examined to reveal QSEAL’s impact on companies as a whole. QSEAL certification, although applying to individual parts, is more of a reflection of overall company strength (in terms of improved processes used to build parts) than individual part performance. Looking at company data (total sales and total unit volume) year by year gives a better indication of how the company did over time before and after SENADA assistance was provided. This is different from what SENADA originally intended to measure in 2007 when we developed the PMP. Using these assumptions, despite a decrease in overall in sales and volume growth between 2007–2008 and 2008–2009 (attributed to the global economic slowdown), SENADA did meet or exceed increases in sales and volume targets for both years, showing the positive impact of the project on firms.

Given that QSEAL parts did not enter the market until late 2008, our original plan to track individual part data was not possible because the dataset would be too shallow. Even though the analysis was expanded from 3 to 17 companies (measuring six parts), it did not happen until the third quarter of Year 4. When we did measure the data, overall trends showed annual unit value decreasing by 26.2 percent and annual volume by 21.9 percent (for six parts) in the last quarter. We found out that this data was not accurate because the two parts (pre-and post- QSEAL) were not the same and could not be compared. Decreases in unit value did suggest, however, that firms were able to reduce unit prices of their goods in the market because of cost savings from increases in efficiency. This is an educated guess at best, but a possibly interesting indicator for firms to track in the future.

TABLE 3: AUTO PARTS INDICATOR 2—NUMBER OF RETAIL OUTLETS SELLING SEAL OF QUALITY OR BRANDED SERVICE STATION PRODUCTS.

Actual Data:	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)										
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
Number	0			0			0			14			0			55			150			n/a	
Summary:				Baseline				Target				Actual				Variance							
NUMBER OF RETAIL OUTLETS																							
Y1 (Oct. 2005–Sept. 2006)				-				-				-				-							
Y2 (Oct. 2006–Sept. 2007)				0				-				-				-							
Y3 (Oct. 2007–Sept. 2008)				-				60				14				-46							
Y4 (Oct. 2008–Aug. 2009)				-				200				205				5							
CUMULATIVE (Oct. 2005–Aug. 2009)				-				260				219				-41							

ANALYSIS: Despite achieving our Year 4 target for the number of service stations selling QSEAL certified parts, SENADA did not achieve its overall target of 260 because it took longer than initially expected to get QSEAL parts in the market. The Year 3 target was too ambitious, given the fact that only one QSEAL part was being offered nationally (compared to the 12 parts we initially expected) and that part did not sell commercially until the fourth quarter. The sharp spike in the second and third quarters of Year 4 was attributed to five additional QSEAL parts entering the market.

The majority of the 219 service stations sold QSEAL parts from two companies' dealership/service station networks: PT Cipta Kreasi Prima Muda and PT Fuburo. Despite having a partnership with ASBEKINDO, QSEAL does not seem have benefited from that relationship in terms of marketing or distribution (although some service stations from PT Cipta Kreasi Prima Muda and PT Fuburo are also part of ASBEKINDO).

If data had been collected though August 2009, we estimate that SENADA would have exceeded its overall target of 260 because large-scale service station marketing activities (such as *QSEAL Mechanic Training* and *Marketing Gathering*) that occurred in late June did not have an affect on the July 2009 data.

TABLE 4: HOME FURNISHINGS INDICATOR 1—AVERAGE INCREASE IN ANNUAL EXPORT SALES OF SENADA TARGET GROUP OF HOME FURNISHINGS (FURNITURE OR HOME ACCESSORIES) MANUFACTURERS USING GREEN, SUSTAINABLE, LEGALLY VERIFIED, AND/OR CERTIFIED RAW MATERIALS

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)										
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
VALUE	\$320,419			\$408,611			\$422,543			\$350,008			\$313,233			\$314,358			\$383,325			n/a	
Summary:													Baseline		Target		Actual		Variance				
EXPORT SALES INCREASE																							
Y1 (Oct. 2005–Sept. 2006)													-		-		-		-				
Y2 (Oct. 2006–Sept. 2007)													\$1,195,247		-		-		-				
Y3 (Oct. 2007–Sept. 2008)													-		12%		26%		14%				
Y4 (Oct. 2008–Aug. 2009)													-		25%		-16%		-41%				
CUMULATIVE (Oct. 2005–Aug. 2009)													-		37%		10%		-27%				

ANALYSIS: When SENADA set our ambitious target of 37 percent growth in sales from 2007–2009, the global (as well as Indonesia’s) home furnishings industry was showing strong annual growth. In Year 3, SENADA-assisted firms surpassed our target annual growth rate by an impressive 14 percent. As the data show, annual exports sales in Year 4 were severely curtailed by the global economic and financial crisis, showing an annual decrease (as of July 2009) from 2008 to 2009 of 16 percent. Despite this decline, looked at from the perspective of the broader industry, SENADA-assisted firms seem to have performed much better than the overall industry average. Although state trade data is not available yet, reliable industry sources (including *The Economist* magazine) have reported up to 40 percent decreases in the value of orders to producers for home furnishings products globally. If Year 3 data is used as a benchmark, SENADA-assisted firms seem to be beating the industry average in sales by approximately 14 to 20 percent per year after joining our technical upgrading programs. Overall, SENADA-assisted firms have seen a total export growth since 2006 of an impressive 10 percent—bringing total average annual exports from US\$1.19 million to US\$1.26 million in sales per year.

TABLE 5: HOME FURNISHINGS INDICATOR 2—NUMBER OF FIRMS LEGALLY VERIFIED AND/OR FSC-CERTIFIED THROUGH SENADA'S RESPONSIBLE TIMBER PURCHASING PROGRAM

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)										
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
Number	0			2			9			7			3			5			5			n/a	
Summary:		Baseline					Target					Actual					Variance						
FSC VERIFIED FIRMS																							
Y1 (Oct. 2005–Sept. 2006)		-					-					-					-						
Y2 (Oct. 2006–Sept. 2007)		0					-					-					-						
Y3 (Oct. 2007–Sept. 2008)		-					12					18					6						
Y4 (Oct. 2008–Aug. 2009)		-					20					13					-7						
CUMULATIVE (Oct. 2005–Aug. 2009)		-					32					31					-1						

ANALYSIS: The main goal of SENADA’s home furnishings legal wood certification program was to assist (directly or indirectly through ACC) firms to achieve VLO or FSC international certification. SENADA and ACC certified 31 companies during the two-year period of implementation, missing our ambitious target of 32 firms by just one. In Year 3, SENADA had complete control over the technical components service provision, providing support directly to firms. This is reflected in the data, as the project was easily able to surpass our target of 12 firms certified. During Year 4, SENADA worked through its institutional partner ACC, which, despite being a success, slowed down our quarterly rate of certifications achieved (thus causing SENADA to miss its Year 4 annual target).

If data had been collected through August 2009, we estimate that SENADA would have easily exceeded our overall target of 32 certifications secured. When the data was collected in early July 2009, ACC had already recruited 17 companies, surpassing its annual goal of 10. Five of these firms completed the auditing process with internationally recognized auditors and all have received certification in quarter three of Year 4 (reflected in the above data). The 12 additional firms are estimated to receive certification within the next six months, maintaining ACC’s five-clients-certified-per-quarter average.

TABLE 6: GARMENT MANUFACTURING INDICATOR 1 (INDICATOR SURPASSED)–PERCENTAGE OF SENADA GPI-ASSISTED FIRMS THAT COMPLETED FULL-PACKAGE AND COMPETITIVENESS UPGRADES.

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)										
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
Number	-			-			-			-			39.3%			59.3%			85.2%			n/a	
Summary:				Baseline				Target				Actual				Variance							
FULL PACKAGE PROVIDERS																							
Y1 (Oct. 2005–Sept. 2006)				-				-				-				-							
Y2 (Oct. 2006–Sept. 2007)				-				-				-				-							
Y3 (Oct. 2007–Sept. 2008)				23.3				-				-				-							
Y4 (Oct. 2008–Aug. 2009)				-				50.0%				85.2%				35.2%							
CUMULATIVE (Oct. 2005–Aug. 2009)				-				50.0%				85.2%				35.2%							

ANALYSIS: Based on SENADA’s initial baseline assessment in Year 3, SENADA-targeted firms on average had 23 of the 40 required systems in place that would allow them to be classified by global buyers as a “full-package” manufacturer. SENADA’s goal was subsequently to improve that number, thus bringing firms closer to the milestone of higher value-added production.

This indicator was only tracked in Year 4 and showed clearly that firms’ capacity to implement full-package manufacturing increased from participating in SENADA’s Executive Development Program (EDP) upgrading initiative. SENADA easily surpassed our 50 percent target with 85.2 percent of SENADA-assisted garment firms reporting making full-package “performance or competitiveness improvement upgrades” (including upgrades related to developing or improving marketing systems, increasing ability to merchandise and source materials, strengthening overall quality management and productivity, and increasing their ability to meet international social compliance standards). On average, firms completed eight technical upgrades over the past year, bringing the average full package systems in place for SENADA-assisted firms to 31 (out of 40).

TABLE 7: BEE INDICATOR 1 (INDICATOR ACHIEVED)–NUMBER OF REGULATIONS FOR WHICH AN ADVOCACY CAMPAIGN HAS BEEN DEVELOPED AND IMPLEMENTED WITH AND BY INDUSTRY STAKEHOLDERS.

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)									
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
Number	3												2									

Summary:	Baseline	Target	Actual	Variance
ADVOCACY CAMPAIGNS				
Y1 (Oct. 2005–Sept. 2006)	-	0	0	-
Y2 (Oct. 2006–Sept. 2007)	0	0	1	1
Y3 (Oct. 2007–Sept. 2008)	-	3	3	0
Y4 (Oct. 2008–Aug. 2009)	-	3	2	-1
CUMULATIVE (Oct. 2005–Aug. 2009)	-	6	6	0

ANALYSIS: SENADA easily met its total target of six advocacy campaigns developed and implemented with and by industry stakeholders. Five of the six advocacy campaigns focused on generic or crosscutting regulations and one campaign focused specifically on the furniture IVC. For details on the specific impacts of each of the six advocacy campaigns please refer to the following pages:

- Business Licenses Program (pg. 51)
- RegMAP (pg. 113)
- Decentralization of Furniture Import Samples (pg. 89)
- Container Freight Station/Warehousing Tariff Agreement (pg. 125)
- Shipping Law and Port Development (pg. 129)
- Business and Disturbance Permits Reform - Building and Land Use (pg. 133)

TABLE 8: BEE INDICATOR 2 (INDICATOR ACHIEVED)–NUMBER OF REGULATIONS REGMAPPED.

Actual Data	Year 3 (October 2007–Sept. 2008)												Year 4 (October 2008–August 2009)											
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	
Number	1000												-											

Summary:	Baseline	Target	Actual	Variance
REGULATIONS REGMAPPED				
Y1 (Oct. 2005–Sept. 2006)	-	-	-	-
Y2 (Oct. 2006–Sept. 2007)	0	-	-	-
Y3 (Oct. 2007–Sept. 2008)	-	1,000	1,000	0
Y4 (Oct. 2008–Aug. 2009)	-	-	-	-
CUMULATIVE (Oct. 2005–Aug. 2009)	-	1,000	1,000	0

ANALYSIS: In Year 3, SENADA set an ambitious target of mapping, inventorying, and analyzing 1,000 regulations. RegMAP first identified 1,000 burdensome regulations faced by firms through a series of focus group meetings within our five value chains. A filtering process based on several regulatory best practice criteria was then used to prioritize regulations in accordance with the “degree of constraint” they imposed on business, resulting in the identification of 136 “most burdensome” regulations. One hundred and twenty-eight of the 1,000 were industry-specific regulations and the additional 872 were generic or crosscutting. For more information on the overall impact of this program, please refer to the Activity Implementation Statement on page 113. For the complete RegMAP analysis, reporting, and ranking of all 1,000 regulations, please refer to the online 2008 RegMAP database found at www.regmap.org.

TABLE 9: ICT/KNOWLEDGE DEVELOPMENT INDICATOR 1 (INDICATOR SURPASSED)–NUMBER OF LEAD FIRMS AND SUBCONTRACTOR SUPPLIES IMPROVING SUBCONTRACTOR/SUPPLIER PERFORMANCE MANAGEMENT CAPABILITY.

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)									
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
Number	393												n/a									

Summary: IMPROVED SUBCONTRACT MANAGEMENT	Baseline	Target	Actual	Variance
Y1 (Oct. 2005–Sept. 2006)	-	-	-	-
Y2 (Oct. 2006–Sept. 2007)	0	-	-	-
Y3 (Oct. 2007–Sept. 2008)	-	360	393	33
Y4 (Oct. 2008–Aug. 2009)	-	-	-	-
CUMULATIVE (Oct. 2005–Aug. 2009)	-	360	786	426

ANALYSIS: In Year 3, SENADA surpassed its target of assisting 360 lead firms and their subcontractors improve performance management capacity. In total, SENADA improved performance of 12 lead firms and their 381 subcontractors. Although this indicator was achieved in Year 3, SENADA continued to provide direct technical support to these firms throughout Year 4. The final assessment of the impact of this supply chain management support program in July 2009 found that 10 out of 12 participating lead firms documented improvements to their ability to manage subcontractors. For full information on the impact of this program, please refer to the Subcontractor Performance Management Activity Implementation Statement found on page 93.

TABLE 10: ICT/KNOWLEDGE DEVELOPMENT INDICATOR 2 (INDICATOR SURPASSED)–NUMBER OF ICT BUSINESS SOFTWARE SOLUTIONS MADE AVAILABLE IN THE MARKET THROUGH PUBLIC PRIVATE SECTOR INITIATIVES.

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)											
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	
Number	1			1			0			1			2			3			1			7		
Summary:				Baseline				Target				Actual				Variance								
MARKET-BASED ICT SOLUTIONS																								
Y1 (Oct. 2005–Sept. 2006)				-				-				-				-								
Y2 (Oct. 2006–Sept. 2007)				0				-				-				-								
Y3 (Oct. 2007–Sept. 2008)				-				3				3				0								
Y4 (Oct. 2008–Aug. 2009)				-				3				13				10								
CUMULATIVE (Oct. 2005–Aug. 2009)				-				6				16				10								

ANALYSIS: The focus of multiple SENADA technical programs was to support the development (through grants, partnerships, and/or technical support) of business solutions (typically software and or web-based services) that improved the efficiency or productivity of small businesses. Although many of the services or technology SENADA supported were already available in the market, they were typically too complex or too expensive for the vast majority of smaller firms that SENADA was targeting.

SENADA easily surpassed our original target of six business solutions made available in the market. Over the course of four years, 16 solutions were brought on line commercially and marketed widely. Although the success of the commercialization varied widely and the sustainability of many of the services/products is far from secure, at the end of SENADA, 16 solutions are available and are still benefiting small firms. For a complete list of all SENADA solutions and their documented impact to date, please refer to the Activity iBISA ICT Market Linkage Program Impact Statement found on page 137.

TABLE 11: OP INDICATOR 1 (INDICATOR SURPASSED)–PERCENT CHANGE IN TOTAL EFFECTIVE EMPLOYMENT (SALARIED, CONTRACT, CASUAL) BY SENADA-ASSISTED FIRMS.

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)																							
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09													
VALUE	6.8%												0.9%																							
Summary:	Baseline												Target								Actual								Variance							
EMPLOYMENT INCREASE																																				
Y1 (Oct. 2005–Sept. 2006)	-												-								-								-							
Y2 (Oct. 2006–Sept. 2007)	0.0%												3.0%								8.0%								-							
Y3 (Oct. 2007–Sept. 2008)	-												3.0%								6.8%								3.8%							
Y4 (Oct. 2008–Aug. 2009)	-												3.0%								0.9%								-2.1%							
CUMULATIVE (Oct. 2005–Aug. 2009)	-												9.00%								15.67%								6.67%							

ANALYSIS: Since Year 2, SENADA has tracked employment growth across four SENADA-assisted value chains: footwear, furniture, auto parts, and home furnishings. In Years 2 and 3, SENADA-assisted firms easily exceeded USAID’s 3 percent annual targets with employment annual growth rates of 8 percent and 6.8 percent respectively. During Year 4 (2008–2009) employment growth remained positive, but fell sharply to only .9 percent through July 2009. This decrease was attributed to the global economic slowdown, which has severely curtailed all sectors’ economic activity. By sector, auto parts and garments showed slight positive growth in Year 4, whereas home furnishings saw negative growth for the year. Despite missing our Year 4 target, SENADA’s 15.7 percent employment growth rate since 2006 surpassed our target of 9 percent. All value chains showed total project positive employment growth rates.

TABLE 12: OP INDICATOR 2 (INDICATOR SURPASSED) - PRIVATE SECTOR PRODUCTIVITY (EG 6.2) - CUMULATIVE TOTAL NUMBER OF FIRMS RECEIVING USG-SUPPORTED ASSISTANCE FROM SENADA [TO IMPROVE MANAGEMENT PRACTICES].

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)											
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	
Number	90	6	228	235	163	94	39	16	58	105	147	13	75	125	201	114	244	164	186	194	243	60	-	
Summary:				Baseline				Target				Actual				Variance								
SENADA-ASSISTED FIRMS																								
Y1 (Oct. 2005–Sept. 2006)				0				165				165				0								
Y2 (Oct. 2006–Sept. 2007)				-				889				929				40								
Y3 (Oct. 2007–Sept. 2008)				-				1,000				1,194				194								
Y4 (Oct. 2008–Aug. 2009)				-				1,000				1,606				606								
CUMULATIVE (Oct. 2005–Aug. 2009)				-				3,054				3,894				840								

ANALYSIS: SENADA has been providing direct or indirect technical support to firms to improve management practices since its inception in September 2005. For all four program years, SENADA has met or exceeded its annual goal for firms assisted. In total, SENADA provided technical support to 3,894 firms and other key organizations, associations, local government, and more that actively participate in our target value chains.

TABLE 13: OP INDICATOR 3 (INDICATOR SURPASSED)–AGRICULTURAL SECTOR PRODUCTIVITY (EG 5.2) - NUMBER OF PUBLIC-PRIVATE PARTNERSHIPS FORMED AS A RESULT OF USG ASSISTANCE

Actual Data	Year 3 (October 2007–September 2008)												Year 4 (October 2008–August 2009)									
	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
Number	80												11									

Summary: PUBLIC-PRIVATE PARTNERSHIPS FORMED	Baseline	Target	Actual	Variance
Y1 (Oct. 2005–Sept. 2006)	-	0	-	-
Y2 (Oct. 2006–Sept. 2007)	-	10	35	25
Y3 (Oct. 2007–Sept. 2008)	-	10	80	3
Y4 (Oct. 2008–Aug. 2009)	-	5	11	6
CUMULATIVE (Oct. 2005–Aug. 2009)	-	25	126	101

ANALYSIS: Leveraging public and private partnerships was a key strategy used throughout SENADA. Since SENADA set targets in Year 2, the program easily surpassed expectations each year. SENADA secured 126 partnerships (see breakdown in chart to the right) over the life of project to support program implementation, signing 19 formal memorandums of understanding (MOUs), 10 grant agreements, and 9 letters of intent. Partnerships brought to the program new ideas and approaches, client networks, technical expertise, market information, and additional financial support. From Y1 to Y4, SENADA estimates that our partnerships mobilized \$1,211,209 in additional resources or 6.7 percent in total cost share.

TABLE 14: PPP ORGANIZATIONAL TYPES

Type	No.
Global Corporations/Brands	24
International Nonprofits	9
Local Corporate Partners	55
Local NGOs	6
Local Associations	12
Local Universities	15
Indonesian Government	6
TOTAL	126

PART III: ACTIVITY IMPACT STATEMENTS

TABLE 15: HISTOGRAM OF SENADA ACTIVITY IMPLEMENTATION (SEPTEMBER 2005–AUGUST 2009)

ACTIVITY	DATES OF IMPLEMENTATION																																															
	2005				2006				2007				2008				2009																															
	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A												
SENADA Project Start Up	█																																															
2005-2006 Industry Competitiveness Report	█																																															
Enterprise Improvement (EI)					█				█																																							
Business Licensing Program (BEE)													█																																			
Export Market Promotion Initiative (FW)													█																																			
QSEAL National Seal Of Quality (AP)																	█																															
Automotive Technical Training Directory (AP)																	█																															
Legal Wood Upgrading Program (HF)																	█																															
Business Innovation Fund (BIF)																	█																															
Market Linkage Program (Garments)																	█																															
International Global Sourcing Center (AP)																	█																															
Decentralization of Furniture Wavers (BEE)													█																																			
Subcontractor Performance Management (ICT-KD)																	█																															
Garment Partnership Indonesia (Garments)																	█																															
iMULAI Innovation Competition (ICT-KD)																	█																															
Eco Exotic (HF)																	█																															
Sustainable Practices Upgrading Program (HF)																	█																															
RegMAP Regulatory Analysis (BEE)																	█																															
Industry Attachment Program (ICT-KD)																	█																															
Container Handling Freight Services (BEE)																	█																															
Shipping Law And Port Development (BEE)																	█																															
Building And Land Use Permits Reform (BEE)																	█																															
iBISA ICT Market Linkage Program (ICT-KD)																	█																															
SENADA Project Close Down																					█																											
	SENADA YEAR 1												SENADA YEAR 2												SENADA YEAR 3												SENADA YEAR 4											

LEGEND

	SENADA Administration		Business Innovation Fund (BIF)
	Enterprise Improvement (EI)		Garments (Garments)
	Business Enabling Environment (BEE)		ICT and Knowledge Development (ICT-KD)
	Footwear (FW)		
	Autoparts (AP)		
	Home Furnishings (HF)		

ENTERPRISE IMPROVEMENT (EI) APRIL 2006–JULY 2007

OVERVIEW OF ACTIVITY

The Enterprise Improvement (EI) component strengthened the competitiveness of targeted IVCs through direct assistance SMEs. SENADA offered portfolio SME clients both holistic and business-unit-specific technical assistance. Relationship Managers conducted firm-level assessments, developed strategic action plans (SAP), reviewed key monitoring ratios, and monitored implementation via operation review meetings (Original Equipment Manufacturer [OEM]). Additionally, EI Practice Specialists provided clients with specific technical assistance in marketing, trade and export market promotion, finance, and operation quality improvement.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **April 2006:** EI program launched. SME recruitment started in Jakarta, Surabaya, and Bandung.
- **December 2006:** EI program expanded to Semarang and Medan.
- **March 2007:** SENADA technical direction revised away from direct technical assistance. EI program had reached 170 clients.
- **July 2007:** EI program ended.

PARTNERS LEVERAGED

- **Jawa Post.** Partner published 40 instances of a biweekly question and answer column for SMEs (known as the “The SME Clinic”) in its newspaper in 2006–2007.

MAIN OUTPUTS

Client Portfolio. From April 2006 to July 2007, SENADA Relationship Managers served 170 SME clients across five value chains (footwear, autoparts, furniture, ICT, and garments) in Jakarta, Bandung, Surabaya, Semarang, and Medan (see Table 16). Relationship Managers developed and presented 170 firm-level assessments and strategic action plans and completed 313 operational review consultation meetings (see Table 17).

TABLE 16: TOTAL EI FIRMS SERVED (BY IVC)

IVC	Number of Clients Served
Footwear	66
Auto Parts	34
ICT	15
Furniture	27
Garments	25
Total	170

TABLE 17: TOTAL EI CLIENT PORTFOLIO AND OUTPUT

Location	Number of EI Clients	Number of Assessments and SAPs Completed	Number of OEM Consultations
Jakarta	47	47	93
Bandung	49	49	152
Surabaya	46	46	60
Semarang	22	22	8
Medan	6	6	0
Total	170	170	313

- **Training Modules Created.** EI created seven training modules in four technical areas: marketing (4P Marketing Strategy and Sales Management); finance (Key Financial Ratios and Job Order Costing); operation quality improvement (Operational Quality Improvement); and trade and export market promotion (Export Readiness and Export Policy and Procedure). Additionally, SENADA developed and published the *Relationship Manager Guidebook*.
- **Training Conducted.** In total, 96 individual EI training sessions were conducted in Jakarta, Surabaya, Bandung, and Semarang for 556 firms and 1,091 stakeholders (see Tables 18, 19, and 20).

TABLE 18: NUMBER OF EI TRAINING SESSIONS CONDUCTED

Type of Training	Jakarta	Surabaya	Bandung	Semarang	Number of Trainings
Finance	9	5	5	6	28
Marketing	9	9	9	1	29
Operational Quality Improvement	7	6	6	4	23
Trade Promotion	3	5	4	4	16
Number of Training Sessions	27	26	24	12	96

TABLE 19: TOTAL FIRMS SERVED BY EI TRAINING SESSIONS

Type of Training	Jakarta	Surabaya	Bandung	Semarang	Number of Firms
Marketing	32	52	33	40	157
Finance	62	49	43	49	203
Operation Quality Improvement	19	31	17	15	82
Trade Promotion	22	30	19	52	123
Number of Firms Trained	135	162	112	156	565

TABLE 20: TOTAL STAKEHOLDERS SERVED BY EI TRAINING SESSIONS

Type of Training	Jakarta	Surabaya	Bandung	Semarang	Number of People
Marketing	61	91	53	43	248
Finance	114	80	69	69	332
Operation Quality Improvement	76	124	68	60	328
Trade Promotion	36	45	28	74	183
Number of Stakeholders Trained	287	440	218	246	1,091

- **Modules Distributed.** Seven EI training modules were provided to 1,091 IVC stakeholders (see Table 21).

TABLE 21: TOTAL IVC STAKEHOLDERS SERVED BY EI TRAINING SESSIONS

Training Module	Number of Modules
Marketing	
4P Marketing Strategy	122
Sales Management	126
Finance	
Key Financial Ratios	226
Job Order Costing	106
Operational Quality Improvement	
Total Quality Management	328
Trade Promotion	
Export Readiness	113
Export Policy and Procedure	70
Number of Modules Disseminated	1,091

- **Number of Media Citations.** EI generated 45 media citations from news sources, including the *Jakarta Post*, *Kompas*, *Bisnis Indonesia*, *Sinar Harapan*, *Jawa Pos*, *Pikiran Rakyat*, *Sindo*, *Bhirawa*, *Surya*, *Suara Merdeka*, and *Koran Sore*. EI also published 40 special SME management support consultation columns in *Jawa Pos* (the “SME Clinic Column”) in 2006–2007.
- **Reports Written and Disseminated.** SENADA published and disseminated one report under EI:
 - *Firm-Level Competitiveness Improvement—Lessons from SENADA’s Enterprise Improvement Program* (Dionisius Narjoko, Oct. 2007). SENADA Technical Report #13 saved on DAI’s Technical and Administrative Management Information System (TAMIS) and the Development Experience Clearinghouse (DEC).

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Sales, Productivity, and Employment Increased.** SENADA assessed the impact of EI by comparing individual client first quarter 2006 sales, employment, and productivity figures with first quarter 2007 sales, employment, and productivity figures. This method controlled seasonal business cycles influencing results. Clients that received three months or less of assistance (54 clients) were explicitly excluded from the analysis due to the lag time between strategic plan formulation, strategic plan implementation, and resulting business improvements. This analysis is based on reporting company information, representing 63 percent of clients with more than three months of EI technical assistance received. Results of this analysis are summarized in Table 22.

TABLE 22: OVERALL EI FIRM PORTFOLIO PERFORMANCE

	% Change Sales	% Change Employment	% Change Productivity
Aggregated Portfolio Performance	33	12	18
Unweighted Average Company Performance	62	152	258

The difference between aggregate portfolio performance and average company performance is an indicator of the company variety serviced by the program, with smaller companies showing more of a percentage improvement than larger clients. This may indicate that smaller companies had the most gain from EI assistance, starting from a smaller knowledge base than that of larger, healthier companies.

- **Export Deals Created.** EI provide targeted trade/export assisted to client firms. Six firms successfully completed deals with overseas buyers. Duta Kulit, Halimjaya Sakti, and Amico obtained overseas buyers for the first time. Surya Gumilar, Rimba Sentosa, and Wisanka expanded or improved overseas trade deals. In total, \$2,848,000 in export deals were facilitated through the EI program.

BUSINESS LICENSING PROGRAM (BEE) NOVEMBER 2006–AUGUST 2007

OVERVIEW OF ACTIVITY

SENADA's first advocacy program focused on facilitating SME business growth in East Java by increasing access to mandatory business licenses and tax identification numbers (NPWP). Through their increased registration levels and better understanding of these mandatory business licenses, SMEs benefited from improved access to the formal economy (finance, markets, legal/contracts) and reduced the burden of informal transaction costs from illegal business licensing processes, fees, and intermediaries. The objective of the advocacy program was twofold: 1) to increase the number of formalized businesses significantly; and 2) to demonstrate to local government that efficient business licensing leads to increased local economic development. The program's main components were strategic public outreach (educational poster campaign, radio talk shows, and information and dissemination through village meetings), business licensing workshops, and one-day clinics. These activities leveraged work done by the Asia Foundation's Business License One-Stop Shop program and took place in four subdistricts or kecamatan (Taman, Sedati, Gedangan, and Sidoarjo) throughout the district of Sidoarjo.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **November 2006.** SENADA initiated discussions with District Government of Sidoarjo and board members of FORDA UKM (Regional SME Forum–East Java Chapter) on programming options for increasing the awareness of SMEs on procedures of formalization (that is, obtaining business licenses) and optimizing access to one-stop shop (OSS) services of the Sidoarjo District Government.
- **January 2007.** SENADA, FORDA UKM, Sidoarjo OSS office, and Sidoarjo Tax Office finalized design of Business Licensing Workshops, Clinics and broad community public outreach program for SMEs.
- **February 2007.** SENADA, FORDA UKM, Sidoarjo Tax Office, and 20 village heads signed MOU for program. Business licensing poster campaign and other public outreach activities launched.
- **March 2007.** Business licensing workshops and clinics conducted at Taman Subdistrict.
- **May 2007.** Business licensing workshops and clinics conducted at Sedati Subdistrict.
- **June 2007.** Business licensing workshops and clinics conducted at Gedangan Subdistrict.
- **August 2007.** Business licensing workshops and clinics conducted at Sidoarjo Subdistrict. Program and OSS workshop module institutionalized in Sidoarjo OSS.

PARTNERS LEVERAGED

- **District Government Office for Business Licenses and Investment of Sidoarjo (Sidoarjo OSS office).** Provided the specific process and methodology for the program on how to obtain basic business

licenses (SIUP, TDP and TDI). Allocated five staff to participate directly in all business licensing workshops and integrated workshops and one-day clinics into their permanent OSS services package with allocated budget. Actively participated in all public awareness activities including poster hanging and radio talk shows.

- **FORDA UKM—East Java Chapter.** This regional forum for SMEs is the main implementing arm for Asia Foundation in East Java and provided the program with a small field team to help formalize program in targeted villages. Additionally, they supported the SME registration process including assisting SMEs in completing registration documents/requirements before workshops; directly participating in all workshops and one-day clinics; and providing data on unregistered SMEs to be formalized.
- **Sidoarjo Tax Office.** Provided process and methodology for the program on how to obtain a Tax Certificate Number (NPWP). Supported FORDA UKM in village registration and public awareness campaign, and directly participated in all workshops and one-day clinics.

MAIN OUTPUTS

- **Village-Based Business License Support Clinics.** The program conducted 37 village-based business licensing clinics in four subdistricts in East Java for 577 SMEs (see Table 23).

TABLE 23: VILLAGE-BASED LICENSING CLINICS

Dates	Sub District (Number of Meetings/Villages)	# SMEs Trained
Feb. 21–29, 2007	Sub District of Taman (9 meetings/24 villages)	221
Apr. 19 - 28, 2007	Sub District of Sedati (8 meetings/16 villages)	114
June 12–24, 2007	Sub District of Gedangan (8 meetings/17 villages)	114
July 25–Aug. 5, 2007	Sub District of Sidoarjo (12 meetings/24 villages)	128

- **Village-Based Business License Training Workshops.** The program conducted four one-day workshops for 320 SMEs that resulted in 414 business licensing applications being submitted (see Table 24).

TABLE 24: VILLAGE-BASED LICENSING WORKSHOPS

Dates	Location	#SMEs
Mar. 6, 2007	Subdistrict government of Taman (government offices)	136
May 8, 2007	Subdistrict government of Sedati (government offices)	114
June 26, 2007	Subdistrict government of Gedangan (government offices)	96
Aug. 14, 2007	OSS Office—Sidoarjo	68

- **Village-Based Business Public Awareness Campaign.** SENADA carried out a business licensing public awareness campaign across four subdistricts and included a Top Ten Reasons for Formalization poster and banner campaign and How to Apply for Business Licenses brochures (see Table 25). Additionally, the campaign included six topical radio talk shows airing on Radio Suara Surabaya on the

importance of SMEs working in the formalized economy (see Table 26). The shows resulted in 103 phone calls and short message services (SMSs, or text messages) to SENADA/Radio Surabaya asking questions on how to obtain business licenses.

TABLE 25: VILLAGE-BASED PUBLIC AWARENESS CAMPAIGN

Types of Media	# Disseminated	Distribution Statistics
Top Ten Reasons for Formalization poster.	2,000	Taman subdistrict (9), Sedati sub-district (8), Gedangan sub-district (8), and Sidoarjo sub-district (12)
How to Apply for Business Licenses brochure	5,000	Taman subdistrict (9), Sedati sub-district (8), Gedangan sub-district (8), and Sidoarjo sub-district (12)
Top Ten Reasons for Formalization banner	67	Across four subdistricts - Taman, Sedati, Gedangan and Sidoarjo

TABLE 26: VILLAGE-BASED PUBLIC AWARENESS CAMPAIGN RADIO SPEAKERS

Dates	Radio Talk Show Speakers
March 5, 2007	Chairman of East Java Chamber of Commerce, The Head of OSS Sidoarjo, SENADA
March 19, 2007	FORDA UKM , SENADA and SMEs representative
April 2, 2007	OSS Office, East Furniture and Handicraft Association, SENADA
April 16, 2007	The Asia Foundation, SMEs representative, SENADA
April 30, 2007	Consultant Ir. Kresnayana Yahya, SME representative, SENADA
May 7, 2007	OSS Office, FORDA UKM and SENADA

- **Media Citations.** In total, this advocacy effort resulted in nine media citations in *Jawa Pos*, *Radar Surabaya*, and *Bisnis Indonesia*.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Number of Formalized Businesses Increased.** The goal of this activity was to increase the number of SMEs formalized in East Java with approved mandatory business licenses (SIUP, TDP and TDI) and a tax identification number (NPWP). The program resulted in a total of 916 business licenses obtained from 414 total applications submitted over the six month period—a 200 percent increase from the normal six month average of business licenses approved (378) in Sidoarjo subdistrict. Breakdowns are included in Table 27.

TABLE 27: SMES FORMALIZED IN EAST JAVA

Date	Location	# Full Applications Submitted	# of Applications Approved		
			SUIP	TDP	NPWP
March 2007	Taman Sub-district	136	96	96	92
May 2007	Sedati Sub-district	114	101	101	101
June 2007	Gedangan Sub-district	96	58	60	48
Aug 2007	Surabaya (OSS Office)	68	64	68	31
TOTAL		414	319	325	272

- **Increased access to microcredit.** Formalization is important to SMEs because through increased registration, SMEs gain access to the formal economy (markets, legal, contracts, and so on). Local governments in East Java were very interested to see how formalization could lead to better access to microcredit and credit services. At each of the four workshops and clinics, trainers provided information on local credit services available as well as information on how to apply for credit. This resulted in six firms accessing US\$29,000 in microcredit loans.

TABLE 28: FIRMS ACCESSING MICROCREDIT LOANS

SME Name	Business Type	Amount of Loan
Toko Rifki	General Store	Rp. 30 million
Ud. Sumber Lestari	General Store	Rp. 50 million
Ud. Karunia Jaya Abadi	General Store	Rp. 30 million
Pengepul Suci Jaya	Footwear Support Equipment	Rp. 50 million
Ud. Yani	General Store	Rp. 30 million
CV. Aam	General Equipment Rental	Rp. 100 million
Total		Rp. 290 million

PROGRAMMATIC SUSTAINABILITY

- **OSS Office of Sidoarjo.** In August 2007, the OSS Office of Sidoarjo established a budget and committed to annual implementation of business licensing workshops and clinics. Given the size of the budget, the activities were more modest than the full initiative that took place between March and August 2007. We confirmed that aspects of the program continued though mid-2008 (when monitoring of the project stopped), including leveraging counterparts such as banks and consumer product retailers to help with business formalization activities and limited village-level business licensing clinics and meetings.

EXPORT PROMOTION INITIATIVE (FOOTWEAR) NOVEMBER 2006–JANUARY 2008

OVERVIEW OF ACTIVITY

The primary focus of SENADA's footwear value chain strengthening initiative was to improve export performance through the development and institutionalization of two key industry promotion measures. The first was the development and roll out of an internet-based trade portal (supported by an industry promotion film) to increase market linkages between domestic footwear manufacturers and international buyers. The second focused on improving the effectiveness of the primary footwear association, APRISINDO, as a vehicle for export promotion and broader industry development. Additionally, SENADA focused on strengthening the domestic leather supply in East Java through the publication of a leather supplier directory as well as the provision of targeted technical training to enhance both firms and their human resource capability in footwear stitching, export logistics and finance, and international trade fair preparation. The footwear program discontinued in January 2008 after APRISINDO declined further support from SENADA and no viable industry counterpart organizations emerged.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **November 2006:** Initial footwear value chain analysis completed. Industry support program launched.
- **January 2007:** Twenty-day international best practice stitching training-of-trainer completed for 100 line managers with International Footwear Service Centre (IFSC) in Surabaya.
- **February 2007:** Footwear raw material input analysis, *Access To Footwear Raw Material Inputs—A Study Focusing On Indonesian Footwear Producers' Access To Cow-Finished Leather*, completed and disseminated.
- **May 2007:** Field survey of 152 tanneries in five different provinces in Java completed.
- **June 2007:** Market survey on international demand, quality, design, and trends in footwear fashion titled *Footwear and Leather Industry Competitiveness—An Overview* completed and disseminated.
- **July 2007:** *2007 Indonesian Leather Specifications* profile published and disseminated at the national Indonesian Leather and Footwear Exhibition. Training completed in logistics, letter of credit usage and trade fair preparation.
- **August 2007:** SENADA provided technical assistance for three footwear export companies to participate in the international trade fair GDS in Dusseldorf, Germany.
- **September 2007:** Buyer-producer web-portal design completed with Microsoft and portal population started. Program discontinued in October 2007 as program priorities were shifted to institutional development of APRISINDO.

- **October 2007:** Assessment of APRISINDO association completed/disseminated.
- **December 2007:** Footwear industry promotion film *Footwear and Leather Industry Competitiveness—An Overview* produced and transferred to APRISINDO.
- **January 2008:** APRISINDO association declines further support from SENADA and Footwear IVC program discontinued.

PARTNERS LEVERAGED

- **APRISINDO:** Intended to be the main institutional partner on all export market promotion activities, especially on developing and disseminating the footwear promotion film and leather supplier directory. SENADA conditioned further support to APRISINDO on an internal institutional strengthening program due to the organization's lack of capacity to implement member support programs. Footwear program discontinued after APRISINDO and SENADA failed to align program priorities.
- **Microsoft Indonesia:** Partner on technical development of on-line buyer-producer web portal. Program stopped in October 2007 and portal never launched.
- **Indonesia Tanneries Association (APKI):** Partner on completing assessments of 152 leather tanneries as well as development and distribution of 2007 *Indonesian Leather Specifications Profile*.
- **International Footwear Service Centre (IFSC).** Main partner assisted in the organization and implementation of the footwear stitching training-of-trainer workshop in January 2007.

MAIN OUTPUTS

- **Workshops/Training Conducted.** Approximately 154 individuals were trained over the course of five workshops in footwear stitching, logistics, letter of credit usage, and international trade fair preparation.
 - Twenty-day International Best Practice Stitching Training-Of-Trainer completed for 100 line managers with International Footwear Service Centre (IFSC) in Surabaya. (January 2007)
 - Two Trade Fair Preparation workshops conducted in Jakarta and Surabaya for a total 36 participants from 30 companies. (July 2007)
 - Two Reviewing Letter of Credit workshops in Jakarta for a total 18 participants from 15 companies (July 2007).
- **Reports Written and Disseminated.** Three reports were published and disseminated:
 - *Access to Footwear Raw Material Inputs—A Study Focusing On Indonesian Footwear Producers' Access To Cow-Finished Leather* (Yudi Komarudin and Jusuf Suhari, February 2007). SENADA Technical Report #3, saved on TAMIS and DEC.
 - *Footwear and Leather Industry Competitiveness—An Overview* (James Parchman, June 2007). SENADA Technical Report #4, saved on TAMIS and DEC.
 - *2007 Indonesian Leather Specifications Profile* (SENADA/APKI, June 2007). SENADA Technical Report #48, saved on TAMIS and DEC. 560 copies disseminated across five regions. Includes field survey of 153 tanneries and 17 leather importers.

- Media Citations. Six media citations were generated in *Kompas Cyber Media*, *Detik.com*, *Kabarindonesia.com*, *Neraca*, *The Jakarta Post*, and *Kontan*.
- *Footwear and Leather Industry Competitiveness—An Overview*, a 20-minute industry footwear promotion film was developed to generate possible interest from international buyers, was produced and transferred to APRISINDO.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Limited Impact Achieved.** Despite making some limited and targeted impact through SENADA's footwear upgrading initiatives with IFSC and the *2007 Indonesian Leather Specifications Profile* that built constructive linkages between leather tanneries and footwear producers, SENADA's overall footwear IVC initiative failed to achieve significant results. Based on experience in Year 2, SENADA narrowed the focus of its technical programming in Year 3 to focus specifically on building the capacity of APRISINDO to strengthen the organization, to promote the industry in export market, and to provide targeted and value added services to its national members. Given the absence of a capable counterpart institution at the time, SENADA felt this program would have been beneficial to both its members and the broader industry.

As with all SENADA technical programs, this initiative required technical and financial commitment from APRISINDO to be successful. Unfortunately, SENADA quickly learned that it did not have full support from the APRISINDO Board of Directors. Despite having buy-in from the association's director, the two organizations could not reach an agreement to collaborate. SENADA did leave APRISINDO with a comprehensive assessment and detailed plan for institutional strengthening and member upgrading should the association choose to carry out future programs independent of SENADA.

QSEAL NATIONAL SEAL OF QUALITY MARCH 2007–JULY 2009

OVERVIEW OF ACTIVITY

SENADA assisted three primary investors— SOI, IATO, and ASBEKINDO—to develop and launch Indonesia’s first national seal of quality for automotive components, known formally as QSEAL. QSEAL is a market-driven quality certification service managed by SOI where primarily second-tier producers who have the potential to meet Original Equipment Manufacturer (OEM) market-based product and process standards are identified, evaluated, upgraded, and certified by SOI for a fee. QSEAL provides domestic manufacturers both product and process quality certification for high-value, fast-moving, and common products (brake shoes, gaskets, mufflers, rubber parts, and chain and gears are covered for two-wheeled vehicles; oil filters, air filters, gaskets, fuel filters, and mufflers for four-wheeled vehicles). Upon certification, firms’ products receive a QSEAL “seal of quality certification” sticker, which is placed on the product.

With QSEAL certification, smaller producers are better able to enter OEM supplier networks due to their obvious commitment to quality and upgrading, and if they use QSEAL as a “brand enhancer,” they can obtain higher market segmentation for their non-branded and branded goods. QSEAL has been fully marketed to hundreds of producers through ASTRA’s YDBA Foundation, the Association of Automotive Component Producers (GIAMM), and the Ministry of Industry’s SME network. QSEAL has also been marketed to a network of 345 ASBEKINDO and PT Fuboru service stations and retailer partners to the consumer market to ensure that the value added of QSEAL is understood, recognized, and priced accordingly. Since July 2008, QSEAL has enabled 17 auto parts manufacturers to raise quality to international standards, increase sale prices, access profitable OEM production chains, and tap into new markets.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **March 2007:** Domestic component upgrading chosen as programmatic focus for auto parts value chain.
- **June 2007:** Report entitled *Component Value Chain Overview - Market Justification and Strategies for Domestic Component Market Upgrading* broadly disseminated throughout value chain.
- **July 2007:** MOUs signed with SOI, IATO and ASBEKINDO as key QSEAL implementation partners.
- **August 2007:** Ten QSEAL product lines selected after completion of comprehensive market survey.
- **September 2007:** Short-term technical advisor (STTA) Doreen Castro completed design of QSEAL process standard assessment and evaluation systems. Process standards presented for feedback publicly at SENADA-sponsored roundtable discussion, “Alternative Models for Indonesian Automotive Supplier Upgrading” in Jakarta.

- **January 2008:** QSEAL product standards and re-engineering processes finalized by Balai Besat Teknologi Kekuatan Struktur (B2TKS, or Technology Center for Strength of Structures; see www.b2TKS-bppt.cpm) and IATO.
- **March 2008:** QSEAL distribution and market penetration strategy completed by STTA Basuki Rahardjo.
- **May 2008:** QSEAL successfully launched with the Ministry of Industry.
- **June 2008:** First three QSEAL clients secured.
- **August 2008:** PT Cipta Kreasi Prima Muda mirror product line certified by QSEAL.
- **September 2008:** First QSEAL certified product entered the market, distributed in three auto part shops.
- **October 2008:** SOI expanded technical consultation offerings and started allowing firms to apply QSEAL process and product certification separately.
- **December 2008:** PT NIPRESS, top national producer of batteries, secured as QSEAL's fourth client.
- **January 2009:** SENADA began the full institutionalization of QSEAL under SOI management with seed capital provided by SENADA's BIF.
- **February 2009:** Ninety automotive producers participated in a SOI/QSEAL panel discussion on *Indonesian Auto Parts Industry and the Global Economic Crisis: Strategies and Perspectives*.
- **March 2009:** In partnership with U.S.-based SAE International, QSEAL provided four SAE professional development courses to 100 senior automotive engineers from 43 firms and 20 additional universities and industry association observers.
- **April 2009:** Two additional QSEAL parts became available in the market, selling in 61 retailers nationwide.
- **May 2009:** Ministry of Industry (Land Transportation Equipment Directorate) contracted SOI to conduct upgrading program for 74 firms in QSEAL process standards.
- **June 2009:** QSEAL teamed up with PT Fuboru Indonesia—QSEAL's first certified client—to conduct QSEAL Mechanic Training and Marketing Gathering for more than 800 senior mechanics from 145 service stations in Surabaya. Ministry of Industry (SME Directorate) contracted SOI to conduct 14 QSEAL evaluations.
- **July 2009:** Through partnerships with MOI, QSEAL expanded portfolio to 17 clients. SOI completed three full (product and process) QSEAL certifications, bringing the total QSEAL parts in the market to four. QSEAL parts now found in 219 service stations throughout Java.
- **August 2009:** QSEAL was fully institutionalized within SOI, achieving financial sustainability and full management independence from SENADA.

PARTNERS LEVERAGED

- **Society of Automotive Indonesia (SOI).** SENADA's primary institutional partner on the QSEAL program. SOI is the owner and operator of the QSEAL trademark and manages all QSEAL staff and programs. QSEAL is fully institutionalized in SOI.
- **Society of Automotive Engineer Indonesia (IATO).** Institutional partner to SOI team, responsible for developing and maintaining QSEAL product standard development and testing (through B2TKS testing house). Maintains international QSEAL standards database for industry (www.iato-indonesia.com/elibrary).
- **Indonesian Service Station Association (ASBEKINDO).** Institutional partner to SOI team, responsible for marketing (and some cases distributing) QSEAL products through network of more than 200 service stations.
- **Astra Dharma Bakti Foundation (YDBA).** Marketed QSEAL services and training through network of tier-two ASTRA suppliers and provided free meeting space for QSEAL marketing presentations.
- **Indonesian Ministry of Industry (MOI):** Supported program from inception, both technically, with direct support given to product standards development, and through marketing the program throughout its large SME network. Two MOI Directorates (SMEs and Land Transportation Equipment) contracted SOI to provide QSEAL training, evaluations, and certifications to 74 firms, valued at \$230,000.
- **Society of Automotive Engineers (SAE) International:** Possible long-term partner/benefactor to QSEAL, SOI, and IATO. Signed MOU with IATO to provide up-to-date information on industry standards. Gave SENADA and QSEAL a 40 percent discount on four SAE professional development courses that SAE experts provided to 100 senior automotive engineers from 43 firms.

MAIN OUTPUTS

- **Workshops/Training Conducted.** In total, 1,210 individuals were trained from 176 firms, 145 service stations and 20 universities/associations over the course of five QSEAL technical workshops.
 - Ninety automotive producers participated in a SOI/QSEAL panel discussion on *Indonesian Auto Parts Industry and the Global Economic Crisis: Strategies and Perspectives*. (February 2009)
 - Society of Automotive Engineers (SAE) International and QSEAL provided four SAE professional development courses (*SAE Managing Integrated Product Development*, *Product Design Reviews*, *Quality Function Deployment*, and *Failure Measurement and Effect Analysis*) to 100 senior automotive engineers from 43 firms and 20 universities and industry association observers. (March 2009)
 - MOI SME Directorate training for 14 SMEs in QSEAL standards. (June 2009)
 - MOI Land Transportation Equipment workshop for 60 firms in QSEAL standards. (June 2009)
 - QSEAL and PT Fuboru Indonesia conducted *QSEAL Mechanic Training and Marketing Gathering* for over 800 senior mechanics from 145 service stations in Surabaya. (June 2009)
- **Modules Developed and Disseminated.** Six modules developed and disseminated to 17 QSEAL clients.
 - *QSEAL Process Standard Documentation*. (July 2009)

- *QSEAL Environment, Health and Safety*. (July 2009)
- *QSEAL Design Engineering*. (July 2009)
- *QSEAL Production Engineering*. (July 2009)
- *QSEAL Assembling and Delivery*. (July 2009)
- *QSEAL Development System (Basic Factory Management and Continuous Improvement)*. (July 2009)
- **Media Citations.** QSEAL programming resulted in 80 media citations.
- **Reports Written and Disseminated.** Two reports or articles were published and disseminated:
 - *Automotive Component Value Chain Overview—Market Justification and Strategies for Indonesian Domestic Component Manufacturers Upgrading* (June 2007–2008) (SENADA—June 2007). Technical Report #55.
 - “*Not Your Standard Set of Standards.*” (May 2008). *Competitiveness at the Frontier—May Edition*.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Firms Standards and Production Capacity Upgraded.** 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. QSEAL has been marketed and socialized to hundreds of companies resulting in a current portfolio of 17 clients, three of which have successfully completed QSEAL product and process certification.² Seventy-four firms have completed QSEAL self-evaluation assessments of their productive capacity. There are four QSEAL parts in the market sold in 219 service stations throughout Java (see Table 29).

TABLE 29: QSEAL PARTS AVAILABLE IN MARKER

QSEAL Certified Parts In Market	Manufacturer (Location)	Certification Achieved (Status)
Back Mirror (Hino Truck and Innova)	PT CKPM (Jakarta)	QSEAL Product and Process (Aug. 2008)
Battery (Cars and Motorcycles)	PT NIPRESS (Bekasi)	QSEAL Product and Process (July 2009)
Rubber Parts (Cars and Motorcycles)	PT Fuboru (Surabaya)	QSEAL Product and Process (July 2009)
Gasket (Cars and Motorcycles)	PT Fuboru (Surabaya)	QSEAL Product and Process (July 2009)
Production Process Only	PT Sinar Agung (Semarang)	QSEAL Process (In Process)
Production Process Only	PT Atax Otomotif (Sidoarjo)	QSEAL Process (In Process)
Production Process Only	PT Suyuti (Semarang)	QSEAL Process (In Process)
Production Process Only	UD. Barokah Jaya (Sidoarjo)	QSEAL Process (In Process)
Production Process Only	PT Sinarjaya (Bandung)	QSEAL Process (In Process)
Production Process Only	PT Mejistar (Jakarta)	QSEAL Process (In Process)
Production Process Only	Surya Teknik (Jakarta)	QSEAL Process (In Process)
Production Process Only	PT Alpha (Bandung)	QSEAL Process (In Process)
Production Process Only	PT Berdikari (Bandung)	QSEAL Process (In Process)
Production Process Only	CV. Dexafindo (Bandung)	QSEAL Process (In Process)
Production Process Only	PT Karya Putra (Bandung)	QSEAL Process (In Process)

² The average cost of a full QSEAL certification is approximately US\$5,000 for both process and product certifications.

QSEAL Certified Parts In Market	Manufacturer (Location)	Certification Achieved (Status)
Production Process Only	Batarasura Mulia (Jakarta)	QSEAL Process (In Process)
Production Process Only	PT Heksa (Bandung)	QSEAL Process (In Process)
Production Process Only	PT Agronesia (Bandung)	QSEAL Process (In Process)
4 Parts/14 Production Processes	17 Producers	3 Product & Process/14 Process

To date, 3,112 QSEAL parts have been sold. Data collected suggests that QSEAL certification—although applying to individual parts—tends to positively benefit overall company strength (in terms of ability to manufacturer quality parts and increase sales volume) more than individual part performance (increases in unit value or volume). Despite a decrease in the annual sales and volume growth between 2007–2008 and 2008–2009 (attributed to the global economic slowdown), QSEAL firms did achieve 10 percent overall sales and volume growth for both years (showing the positive impact that QSEAL is having on on firms). PT Fuboru Indonesia, in particular, has documented successful and sustained increases in productivity and efficiency since the company completed QSEAL upgrading and certification.

- **Industry Support Institution Created and Sustainable.** With strong SENADA assistance, SOI, through QSEAL, has been developed into a potentially strong market support institution that has the budding capacity to drive the development of market-driven standards that will upgrade smaller automotive producers and increase penetration of locally produced parts sold in the domestic and export aftermarkets. Before SOI, there were no industry organizations (associations or otherwise) providing this type of critical industry assistance.

PROGRAMMATIC SUSTAINABILITY

- **SOI.** Leveraging SENADA’s BIF, QSEAL activities 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 finalizing all remaining professional management systems required to expand QSEAL’s client portfolio (accounting software and client database). 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.

AUTOMOTIVE TECHNICAL TRAINING SERVICE PROVIDER DIRECTORY APRIL 2007–JUNE 2009

OVERVIEW OF ACTIVITY

Based on the results of a market survey on automotive business service suppliers completed in March 2007, SENADA designed a methodology and identified institutional partners to develop Indonesia's first national technical training service provider directory, modeled on noted global ranking publications such as ones provided by *J.D. Power and Associates* (specifically for the automotive sector) and *U.S. News and World Report* (all sectors). The directory was to be first of its kind in Indonesia and to use comprehensive, independent evaluation and surveying methodology to rank Indonesian automotive-related technical service providers. In May 2008, SENADA and partner Wahana Pengembangan Usaha (WPU) published a pilot *Technical Training Service Provider Directory—Metal Stamping Edition*. This directory provided detailed information and analysis of 15 metal stamping technical service providers throughout the country and sold more than 500 copies nationwide. With the success of the pilot, SENADA decided to continue with the full directory with a new partner, Institute Technology Bandung (ITB-CIEL). In June 2009, the *Technical Training Service Provider Directory—Full Edition* was published.

The full edition expanded to 12 technical areas relevant to the auto parts industry, including drawings, welding, die-making, computer numerical control (CNC) programming, and more, offering information on both training and outsourcing providers. In addition to practical information on the services each provider offered, along with pricing and contact information, the directory rated Indonesia's 46 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 gives auto parts producers a source of complete and unbiased information, allowing them to choose the services that will best enhance their quality and productivity. To ensure that the directory can be sustainable, ITB-CIEL has partnered with Gramedia bookstores to offer the book for sale starting in August 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.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **March 2007.** Market survey on automotive technical business service suppliers completed.
- **July 2007.** MOU signed with WPU to publish pilot directory.
- **August 2007.** Pilot technical service provider directory model and survey methodology finalized. Metal stamping selected as target service provider industry for analysis.
- **October 2007.** Surveys of 15 metal stamping technical training service providers completed by WPU.

- **January 2008.** Two focus group discussions conducted on draft pilot directory in Bandung with 13 technical training service provider and 80 stakeholders from producers, donors, government, universities, and business associations.
- **June 2008.** Directory registered and ISBN number obtained (978-979-18091-0-8). Gramedia Indonesia bookstores secured to distribute the directory throughout their outlet network.
- **July 2008.** *Technical Training Service Provider Directory—Metal Stamping Edition* published and distributed through Gramedia bookstores.
- **August 2008.** SENADA discontinued its relationship with WPU for the full directory edition due to a change in WPU’s core business focus from automotive components to energy services.
- **September 2008.** ITB-CIEL secured as institutional and technical partner for full edition of directory.
- **May 2009.** Surveys completed of 100 technical service providers throughout Indonesia. Forty-six full evaluations and ratings completed by ITB-CIEL.
- **June 2009:** Focus group discussions conducted in Bandung with 20 key automotive stakeholders to validate rating results and to get final feedback from industry.
- **July 2009:** *Technical Training Service Provider Directory—Full Edition* published and 750 editions to be distributed through Gramedia bookstores.

PARTNERS LEVERAGED

- **Wahana Pengembangan Usaha (WPU).** Institutional partner for *Technical Training Service Provider Directory—Metal Stamping Edition*. Discontinued work on full edition of the directory due to a change in WPU’s core business focus from automotive components to energy services.
- **Center for Innovation, Entrepreneurship and Leadership—Institute Technology of Bandung (ITB-CIEL).** Institutional partner for *Technical Training Service Provider Directory—Full Edition*. ITB-CIEL has expressed strong commitment to 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.

MAIN OUTPUTS

- **Media Citations.** Directory activities resulted in six media citations.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Business Technical Service Provision Strengthened.** This directory is the first of its kind in Indonesia to utilize comprehensive, independent evaluation and surveying methodology to rank Indonesian automotive-related technical service providers (by firm, sector, and technical service capacity). The directory is based on a sustainable model: distributed for a fee to component producers and technical service providers and supported by advertising revenues and other income sources. As a result of two rounds of the directory, 115 technical service providers were surveyed, 61 of whom received full evaluations and rankings. More than 1,500 directories were disseminated through a broad network of bookstores, vocational schools, associations, and technical service providers.

Since the pilot directory only covered one technical area and the full directory was just published in June 2009, it is too early to measure the full technical impact of the program. Initial analysis suggests that on the technical service demand side, the directory will strengthen business service provision throughout the value chain by providing auto part producers with unbiased, empirically based information that they can use to make strategic decisions on how to devote critical investments for training and upgrading. The directory also provides traditional information on technical and training services provided by the automotive subsector; costs, times, and dates of training; and biographies of the best trainers and consultants.

On the supply side, the directory is serving as an incentive to technical service providers to adapt their services to the needs of the market (a major constraint in technical training service provision). The directory informs providers what the market wants and how each provider stacks up against its competitors, showing them how to improve their services. SENADA has already seen tangible examples of this. When the National Vocational Technical Development Center (NVTDC) received a low rank in the pilot edition, it 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.

PROGRAMMATIC SUSTAINABILITY

- **ITB-CIEL.** Leveraging SENADA's BIF, ITB-CIEL built the necessary professional management team (and infrastructure) to continue publication and dissemination of the current directory and provide the directory in subsequent years. ITB-CIEL has long tried to position its university as a national leader in automotive technical service provision, and its senior staff has expressed strong commitment to the future sustainability of this initiative (they currently plan to publish an updated *National Automotive Technical Training Service Provider Directory Edition II* in July 2010). With SENADA ending, ITB has signed an MOU with the Indonesian Chamber of Commerce—West Java (Kadin Jabar) to pool financial and staffing resources between the two institutions for this initiative.

LEGAL WOOD UPGRADING PROGRAM (HOME FURNISHINGS) JUNE 2007–JULY 2009

OVERVIEW OF ACTIVITY

SENADA's legal wood upgrading program enhanced value chain competitiveness by exploiting the growing demand for legally certified wood products. This demand is driven by both consumer preferences and recent regulatory developments in the key U.S. and European markets. On the regulatory front, the European Union is seeking to develop Voluntary Partnership Agreements (VPA) with wood exporting countries to prevent the export of wood-based products manufactured from illegal wood. The first of these VPA agreements came in to effect in 2008 and they are likely to result in a stepwise market closure over a defined timeframe. There are also numerous bilateral agreements between the Government of Indonesia and countries concerned about preventing illegal logging including the United States, the United Kingdom, Japan, Norway, and China.

SENADA sought to increase use of legal or FSC-certified wood by Indonesian producers in order to increase their access to the market for sustainably produced goods—a market that is growing and has much potential. Because the availability of FSC-certified wood is limited, SENADA chose a stepwise approach, which started in Year 3 with direct technical assistance to producers to help them obtain certification of legal origin. SENADA technical advisors provided long-term technical support to 40 lead producers to help them successfully complete legal wood audits and obtain legal wood certifications from international wood certifying agencies. SENADA helped firms implement the necessary systems to improve their environmental and social performance by ending the purchase of products that contain timber from illegal or controversial sources and by continuously increasing the proportion of forest products purchased that contain timber from credibly certified forests. SENADA also helped firms systematize how they tracked their timber from forest to the end user. Finally, SENADA prepared firms to be certified by third parties such as the Forest Stewardship Council (FSC). In addition to direct technical assistance, SENADA developed one-day introductory training sessions—*Legal Wood Certification* and *Procurement/Chain-Of-Custody Certification*—that were provided to hundreds of firms. These activities were met with overwhelming commitment from hundreds of furniture producers and Indonesia's major furniture association, ASMINDO.

In Year 4, SENADA shifted to a more sustainable approach that sought to institutionalize its legal wood support program in ASMINDO. SENADA and ASMINDO set up *ASMINDO Certification Care (ACC)*, a business unit within the association that is responsible for providing legal wood certification consulting services on a sustainable basis. The new unit began operating in mid-2008 and was commercially launched in October. SENADA also designed and produced a comprehensive set of *Legal Wood Modules* for wide dissemination and application by Indonesian firms and other stakeholders. The modules documented SENADA's entire Year 3 technical assistance program that had been successfully provided to 40 producers. The seven completed modules include Background and the Importance of VLO, General

System Requirements, Quality System Requirements, Requirements for Suppliers, Requirements for Subcontractors, Requirement for Producers, and VLO Audit Preparation. In collaboration with partners Eco Exotic and ASMINDO, SENADA distributed a total of 2,450 copies of the *Legal Wood* modules to producers, buyers, government entities, associations, training centers, NGOs, universities, and other donors.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **June 2007.** A comprehensive assessment was conducted on Indonesian furniture manufacturers' preparedness to participate in the responsible timber purchasing/legality program.
- **July 2007.** Four *Introduction to Verification of Legal Origin (VLO)* workshops conducted in Jepara, Semarang, Surabaya, and Pasuruan. Twenty furniture producers registered in SENADA's *Legal Wood* upgrading program.
- **September 2007.** MOUs signed with two key stakeholder organizations—ASMINDO and Rainforest Alliance—to participate in *Legal Wood* program.
- **October 2007.** Number of firms participating in SENADA's *Legal Wood* upgrading program increased to 40.
- **November 2007.** MOUs signed with two international certification bodies—TUV Rheinland and SGS Indonesia—to assist companies to achieve certification.
- **February 2008.** Partnerships established with two additional certification bodies—BVQI and BM Trada Indonesia—to provide VLO certification services.
- **March 2008.** To build public awareness of the value added benefits of wood certification, SENADA conducted three media training sessions in Jakarta, Surabaya, and Yogyakarta to 125 journalists.
- **August 2008.** ASMINDO technical competency building program launched to institutionalize *Legal Wood* technical assistance program in ASMINDO.
- **September 2008.** SENADA terminated its direct VLO technical assistance program with 22 audits completed and 21 VLO and/or FSC certificates obtained. Program officially transferred to ACC.
- **March 2009.** ACC marketing and promotion events conducted in Semarang, Surabaya, Yogyakarta, and Surakarta, as well as at the Indonesian furniture Trade show (IFFINA) in Jakarta.
- **June 2009.** Comprehensive *Legal Wood* modules completed and launched in seminars in Yogyakarta, Surabaya, and Bali, and distributed widely to thousands of producers and other stakeholders.

PARTNERS LEVERAGED

- **ASMINDO:** SENADA's institutional partner on *Legal Wood* program. Provided technical assistance and training throughout program and in September 2008 launched ACC to replace SENADA by providing legal wood services on a commercially sustainable basis.
- **Rainforest Alliance-Smartwood.** Smartwood was an invaluable technical resource. Smartwood provided technical training on VLO and FSC standards to SENADA staff and furniture producers, to ASMINDO members in Bogor in 2008, and to ACC members in Yogyakarta in June 2009. Support

was also given to *Legal Wood* modules. Smartwood signed an MOU with ACC to continue support after SENADA finished.

- **TUV-Rheinland Indonesia.** TUV-Rheinland provided technical support and training on VLO and FSC to program stakeholders. TUV-Rheinland was also a key certification body, certifying total of 16 furniture producers. TUV also reviewed and provided feedback for *Legal Wood* modules.
- **SGS Indonesia.** SGS provided certification services and technical support to *Legal Wood* program.
- **BVQI Indonesia.** VLO/FSC certification body for program. BVQI also reviewed and provided feedback for *Legal Wood* modules.
- **BM Trada Indonesia.** VLO/FSC certification body for program. BM Trada also reviewed and provided feedback for *Legal Wood* modules. Served as trainer at *Legal Wood* workshop in Central Java.
- **WWF-GFTN:** Primary role. WWF-GFTN collaborated with SENADA in training, seminars, and reviewed and provided feedback for *Legal Wood* modules.
- **LPPMKO, LAPIM, PPMKO, DEMAK LANTERN, and CEFED.** Five private training and technical consulting firms/organizations that have worked closely with SENADA to adopt the *Legal Wood* services.
- **PT Perhutani:** As a key state-owned FSC wood supplier based in Java, PT Perhutani participated as a speaker at numerous SENADA events and supported the initial SENADA 2007 assessment.

MAIN OUTPUTS

- **Workshops/Training Conducted.** Thirty-four training programs were carried out for 1,148 participants from 478 firms and organizations throughout SENADA *Legal Wood* upgrading program. They included:
 - *Introduction to Verification of Legal Origin.*
 - *Procurement and Chain of Custody Documentation.*
 - *VLO and FSC Certification (For Certification Bodies).*
 - *ASMINDO Legal Wood Capacity Building Program.*
 - *Introduction to the Legal Wood Modules.*
- **Media Citations.** Seventy media citations were generated in regional and national media.
- **Reports/Tools Produced and Disseminated.** Four reports/tools were completed and disseminated.
 - *Furniture Industry Value Chain Analysis Report* (Adam Grant—November 2007). Technical report #5.
 - *Report on Scarcity of Consulting Firms and Certifier Services in Verification of Legal Origin Scheme* (SENADA).
 - *Seven Legal Wood Modules* on CD (SENADA—May 2009).

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Number of Firms Obtaining VLO and/or FSC Certification.** This was SENADA's principal objective for the wood certification program. SENADA, with ACC, certified 31 companies during the two-year period of implementation, missing our ambitious target of 32 firms by one firm (see Table 30). More importantly, ACC had already recruited 17 companies, surpassing its goal of 10. Five of these firms (marked in red and asterisked below) completed the auditing process with internationally recognized auditors and all have received certification.

TABLE 30: FIRMS OBTAINING VLO AND/OR FSC CERTIFICATION

Firm Name	City	Region	Date Audit	Date Certified	Certifying Body
Accacia Nusantara Indah	Surabaya	East Java	21-22 Feb 08	15-Apr-08	TUV (VLO)
East Kolonial	Kudus	Central Java	20-21 Feb 08	17-Apr-08	Smartwood (COC-FSC)
Hartco	Semarang	Central Java	28-29 Nov 07	30-Jun-08	Smartwood (VLO)
Jawa Furni Lestari	Yogyakarta	Central Java	18-19 Feb 08	1-Mar-08	TUV (VLO)
Mekar Jati	Jepara	Central Java	14-15 Jan 08	23-May-08	Smartwood (VLO)
Prima Putra Bengawan	Solo	Central Java	14-15 Dec 07	1-Mar-08	Smartwood (COC-FSC)
Sultan Agung Craft	Ponorogo	East Java	3-Mar-08	21-Apr-08	TUV (VLO)
Sultan Agung Putra	Ponorogo	East Java	4-Mar-08	21-Apr-08	TUV (VLO)
Wisanka	Klaten	Central Java	26-27 Nov 07	4-Jun-08	Smartwood (VLO)
Sultan Agung Craft	Ponorogo	East Java	5-Mar-08	30-Apr-08	TUV (COC-FSC)
Sultan Agung Putra	Ponorogo	East Java	5-Mar-08	30-Apr-08	TUV (COC-FSC)
Golden Furniture	Surabaya	East Java	10-11 June 08	17-Jul-08	TUV (VLO)
Terang Fajar Perkasa	Sidoarjo	East Java	12-13 June 08	24-Jul-08	BVQI (VLO)
Mulia Perkasa	Surabaya	East Java	18-Jun-08	5-Aug-08	TUV (VLO)
Mulia Perkasa	Surabaya	East Java	19-Jun-08	6-Jul-08	TUV (COC-FSC)
Kayu Manis	Jogjakarta	Central Java	1-Jul-08	5-Sep-08	SGS (COC-FSC)
Rimba Sentosa	Solo	Central Java	1-Jul-08	19-Sep-08	TUV (VLO)
Griya Kriasta Nugraha	Yogyakarta	Yogyakarta	3-4 July 08	11-Oct-08	Smartwood (COC-FSC)
Decorus	Ambarawa	Central Java	22-23 July 08	14-Oct-08	SGS (COC-FSC)
Bina Megah Indowood	Surabaya	East Java	6-7 July 08	21-Sep-08	Smartwood (FSC-COC)
Nathania Furniture	Surabaya	East Java	28-29 July 08	28-Dec-08	BVQI (VLO)
Geristha Agung	Surabaya	East Java	26-28 Nov 08	12-Feb-09	TUV (VLO)
Katwara	Surabaya	East Java	04-05 Dec 08	24-Feb-09	TUV (VLO)
Citra Jepara	Semarang	Central Java	6-7 Dec 08	3-Mar-09	Smartwood (FSC COC)
Bogowonto Primalaras	Semarang	Central Java	12-13 Nov 08	3-Jan-09	BMTRADA (FSC COC)
Capung Kencana*	Yogyakarta	Yogyakarta	16-17 Dec 08	17-Apr-09	BMTRADA (FSC COC)
Traditional Art*	Yogyakarta	Yogyakarta	18-19 Dec 08	31-Mar-09	BMTRADA (FSC COC)
Eden Karya Talenta	Yogyakarta	Yogyakarta	10-11 Dec 08	1-Apr-09	BMTRADA (FSC COC)
Mahkota Sakti*	Surabaya	East Java	23-24 Mar. 09	1-Apr-09	TUV (VLO)
Delta Furniture*	Semarang	Central Java	24-25 April 09	5 June 09	Smartwood (FSC COC)
Kernell Potential*	Surabaya	East Java	20-21 April 09	26 May 09	TUV (VLO)
TOTAL					31 Certifications

- **Export Sales Generated.** Overall there was a 9.8 percent increase in exports of home furnishings producers receiving direct assistance from SENADA. This number would have been much higher had the global economic crisis not occurred in 2008–2009. After an increase of more than 25 percent in exports in 2008, the crisis resulted in a 15.8 percent decrease in 2009. This was, however, less negative than the industry average, which has been reported by reliable international sources (such as the *Economist*) as between -30 to -40 percent.
- **Productivity Gains.** The systems developed by SENADA resulted not only in obtaining certification, but also in significant improvements in efficiency. SENADA measured productivity between 2008 and 2009. The results showed an 11.96 percent improvement among SENADA assisted firms.

PROGRAMMATIC SUSTAINABILITY

- **ASMINDO Certification Care (ACC).** 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 partnered with ASMINDO and built its capacity to provide the services needed by its members to prepare for and complete certification audits. SENADA and ASMINDO set up 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 or FSC certification. More certification activities are in the pipeline. In addition, ACC is continuing to build its internal capacity, is considering expansion to Solo, and scheduled “train-the-trainer” sessions for its consultants on FSC with Smartwood in June 2009 and beyond. All these signs point to the future sustainability of the ACC business unit.

BUSINESS INNOVATION FUND (BIF) JUNE 2007–JULY 2009

OVERVIEW OF ACTIVITY

SENADA's BIF provided grants to a diverse range of institutions including private companies, NGOs, and industry associations. Grant funding was provided to develop and commercialize innovations to increase the competitiveness of core producers, suppliers, and distributors in SENADA's target value chains as well as for integral service providers, including finance, internet communication technology, business development services, technology development, legal services, and research and development. When the fund closed in December 2008, BIF's grant portfolio had provided vital seed capital and technical support to 40 promising innovations in technology, business processes, equipment, human capacity building tools, and ICT.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **June 2007:** USAID approved start-up of SENADA's BIF.
- **August 2007:** BIF public awareness campaign launched with a national event, BIF Roadshow, print media blast, mass mailing campaign, and website (www.senada.or.id/innovation). First BIF proposals received.
- **September 2007:** First BIF grant approved.
- **February 2008:** iMULAI 1.0 National Business Innovation Competition completed with Microsoft. Three winners selected and awarded with BIF grants.
- **December 2008:** iMULAI 2.0 National Business Innovation Competition completed with Microsoft. Three winners selected and awarded with BIF grants.
- **January 2009:** BIF portfolio closed with 40 grants awarded from 314 proposals received.
- **July 2009:** BIF program ended with \$880,504 in grant funds disbursed.

PARTNERS LEVERAGED

- **Microsoft.** Co-sponsored two iMULAI national business innovation competitions in 2007 and 2008. Marketed BIF and iMULAI programs to thousands of ICT players in their network generating hundreds of proposals. Provided direct financial support and equipment valued at more than \$154,000.
- **Ministry of Research and Technology.** Interested government counterpart to BIF from inception. Actively marketed BIF throughout network, invited SENADA to present BIF at two major ministry-sponsored national conferences on innovation in 2007 and 2008, and provided initial seed capital for the Business Innovation Center (BIC), an independent organization based on the concept of BIF whose mission institutionalizes the BIF spirit of innovation to improve industry competitiveness.

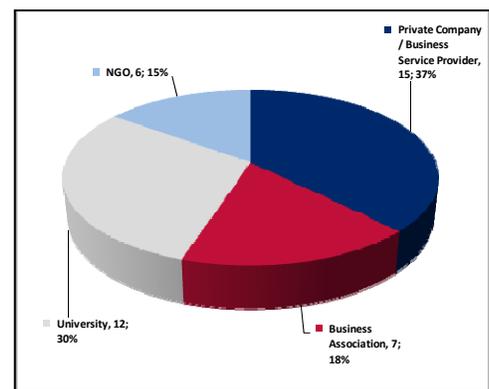
MAIN OUTPUTS

- **Exceeded Grant Portfolio Targets:** From August 2007–August 2008, SENADA conducted BIF Roadshows for 245 organizations reaching 1,217 individuals. These promotional efforts resulted in 314 formal proposals submitted to BIF for review. In December 2008, the BIF portfolio was closed with 40 BIF grants awarded for a total value of US\$880,504 (see Figures 4 and 5). SENADA provided grant funding for innovations designed to increase the competitiveness of industry value chains and their core producers, suppliers and distributors, and services integral to selected industries, including finance, internet communication technology, business development services, technology development and support, legal services, and research and development.

GRANT DISTRIBUTION BY INSTITUTION TYPE

SENADA provided grants to four main types of institutions (see Figure 2). Given BIF’s focus on innovation and potential for commercialization of products or services, most grant recipients were private businesses and consulting firms. Not surprisingly, 12 of these 15 grantees were from the ICT sector, focusing on software development. Universities, especially ones with strong technical and/or science programs, submitted the largest percentage of BIF proposals and represented the second largest BIF recipient. Many were not funded because they lacked overall business experience and did not have viable commercialization plans. Universities (6 of 12) that partnered with private firms to help with marketing, commercial production, or distribution tended to be more successful. NGO grantees focused on standards development and certification, while business associations focused on member services and information provision.

FIGURE 2: GRANT DISTRIBUTION BY INSTITUTION TYPE



GRANT DISTRIBUTION BY INDUSTRY VALUE CHAIN

BIF was open to both industry-specific and crosscutting innovations (see Figure 3). Given the high ICT and consulting service focus of BIF and requirement for broad positive externalities, 50 percent of all innovations selected were for multiple industries. Eleven of 20 crosscutting grants came from SENADA’s two largest private partnership programs with Microsoft and CISCO. BIF’s industry-focused grants were mostly in the home furnishings and automotive sectors, mirroring SENADA’s significant and early IVC work in these two sectors. It also reflected SENADA’s strong relationships with many key value chain players and their relative strengths compared to the garments and footwear sectors.

FIGURE 3: GRANT DISTRIBUTION BY IVC

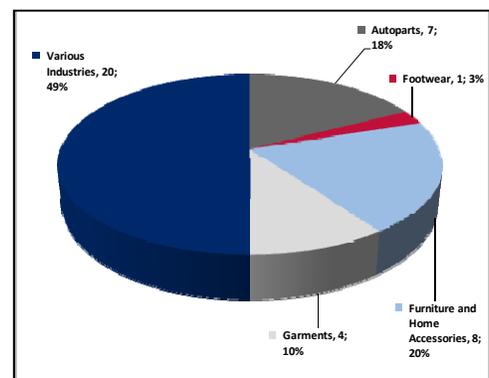


FIGURE 4: BIF DISBURSEMENT (2007-2009)

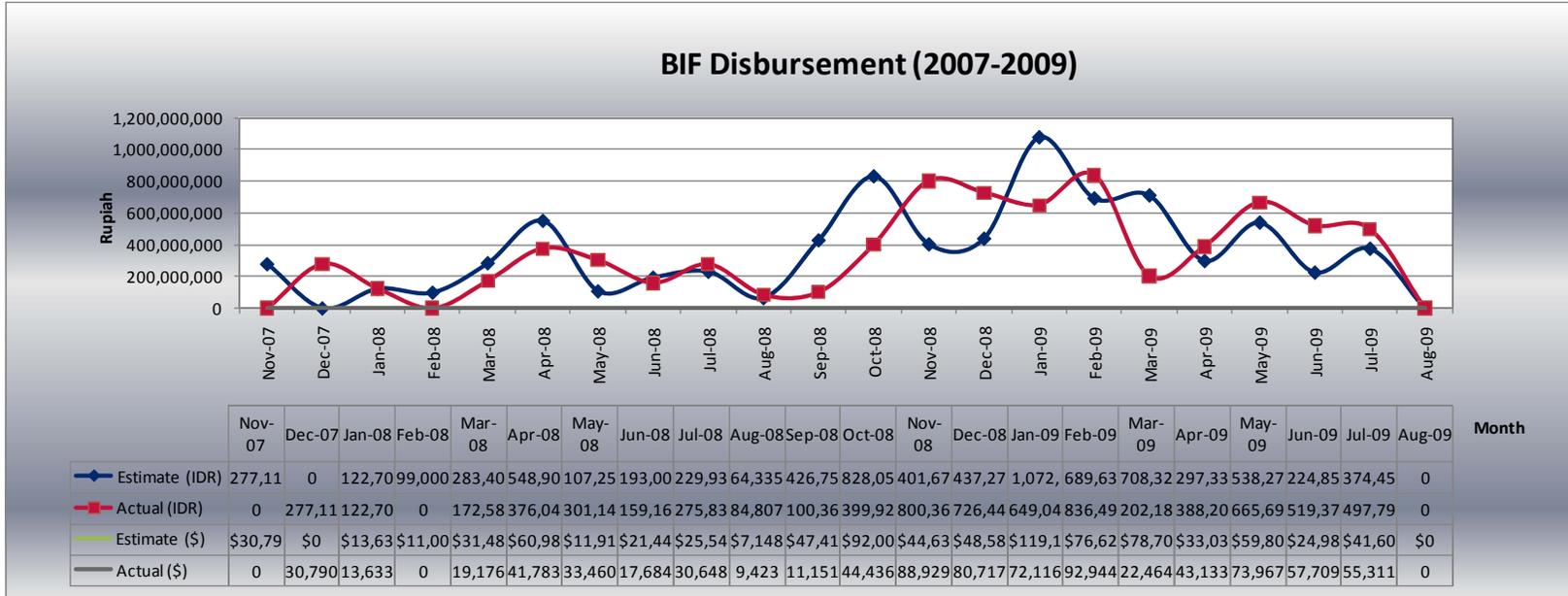
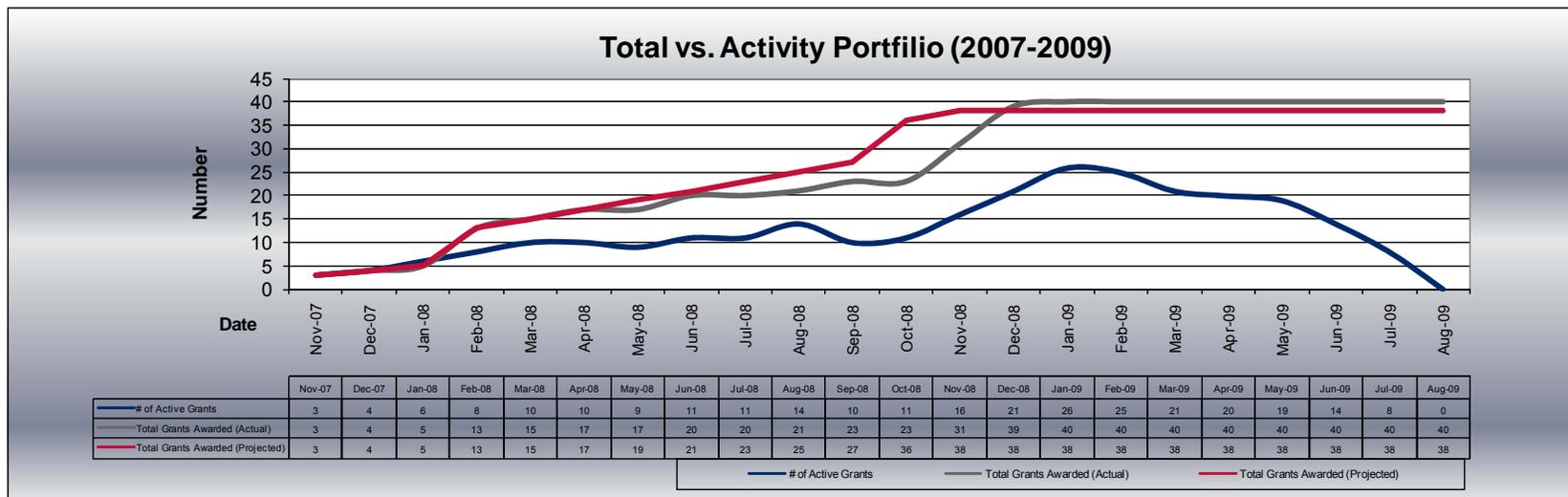


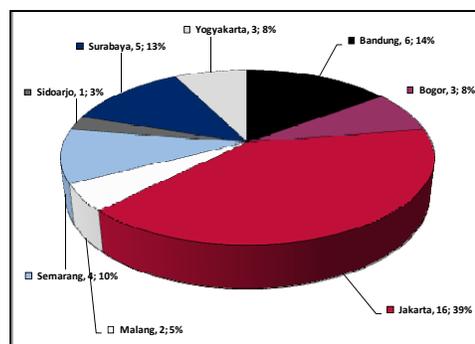
FIGURE 5: TOTAL VS. ACTIVITY PORTFOLIO (2007-2009)



GRANT DISTRIBUTION BY REGION

SENADA provided grants throughout Java Island in Indonesia predominately focused around eight geographical regions (see Figure 6). The majority of BIF grantees (74 percent), not surprisingly, mirrored the geographical presence of the SENADA project where most of the BIF marketing and promotion activities took place and the relationships with IVC players were the strongest. Jakarta (more specifically Jabotabek area) saw the highest overall concentration of BIF grants mostly due to the overall size of the metropolitan area, the availability of resources, and higher overall capacity of institutions. Bandung and Surabaya were strongly represented in BIF mostly due to the strong concentration of universities in both cities.

FIGURE 6: GRANT DISTRIBUTION BY REGION



- **Training Conducted.** Although the central focus of BIF was not training provision, 457 individuals received training or other forms of capacity or skill building.

TABLE 31: TRAINING CONDUCTED THROUGH THE BIF PROGRAM

Grantee Name	#	Training Name	Individuals Trained
Servitama Consulting	1	Problem Solving Improvement	51
UNDIP	3	Standard Operating Procedures Certification for Brake Drums	25
ICCOSH	4	Occupational Safety and Health and Industrial Hygiene	14
Sigma Training Center	5	Continuous Variable Transmission and Fuel Injection	108
MAPI	9	Bamboo Clump Management and Pressure Tank Operation	30
CEFED	10	Furniture and Processed Woods Professional Certification	12
NU	16	Community Forest and FSC Certification Training of Trainer	104
APRISINDO	17	CAD/CAM Technology	14
PT. Jawa Furniture	38	E-COC Software	50
MASTEL	39	Financial Sustainability of Rural Internet Centers	15
IGTC	40	Full Package Merchandising	34

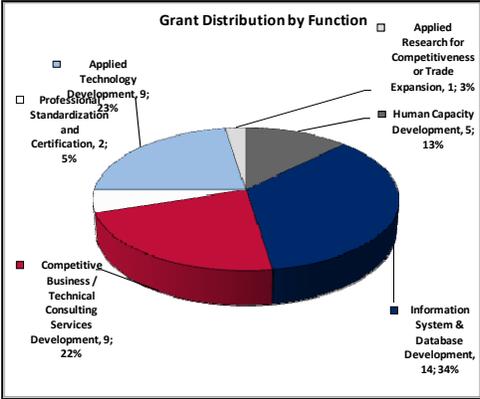
- **Number of Media Citations.** BIF (including iMULAI) generated more than 100 media citations from news sources such as *Jakarta Post*, *Kompas*, *Bisnis Indonesia*, *Sinar Harapan*, *Jawa Pos*, *Pikiran Rakyat*, *Sindo*, *Bhirawa*, *Surya*, *Suara Merdeka*, and *Koran Sore*.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Industry Innovation Improved.** As expected, the 40 individual grants financed under BIF had greatly varied degrees of success and impact. Innovation by definition involves risk, and the relative administrative and technical capacities of the grantees also varied greatly. Also, the short timeframe (six months) and small grant ceiling (\$25,000) were limiting factors. Nevertheless, performance of the grantees was very good overall, and several initiatives achieved outstanding success. Pt. Bluemoon-Pixel's (#027) jBatik v.2 software was an instantaneous national success with accolades coming from industry and government players alike. UNDIP and PT. Sinerga's (#018) hypoallergenic and bio-friendly Chitosan fabric made from crab waste has the promise to create an entirely new niche textile

industry (see Figure 7 for information on the types of BIF innovation grants). Moreover, the BIF clearly had an impact that transcends the sum of its grants. The program drew the attention of important stakeholders such as the Ministry of Research and Technology and Microsoft, who teamed with SENADA in the name of innovation. The Ministry established a new quasi-private organization, BIC, dedicated to spurring innovation and Microsoft summoned its phenomenal outreach capacity to spread the word about BIF and innovation in general. These programs, in addition to the examples made by many of the individual BIF grants, showed Indonesian potential innovators that they too can take ideas and turn them into tangible products or services relatively quickly and at a relative low cost that benefits their bottom line. For information on the impact of each grant, refer to Annex I.

FIGURE 7: BIF INNOVATIONS BY PRODUCT OR SERVICE



MARKET LINKAGE PROGRAM (GARMENT IVC) JULY 2007–JUNE 2009

OVERVIEW OF ACTIVITY

In the exceptionally competitive global market for garment and textile products, Indonesian producers were losing ground due to their inability to acquire information or leverage opportunities that would bring them into closer, faster contact with potential buyers in overseas markets. Without these important linkages, Indonesian producers were missing out on vital information on global fashion trends, new international market opportunities, improvements in technology, and new, reliable sources of high-quality raw materials. To mitigate this constraint, SENADA designed a two-pronged initiative that focused on increasing garment producers' access to timely market information using web-based tools and bringing buyers and producers together to begin sharing important market information and having discussions that could lead to lasting, profitable, long-term commercial relationships.

SENADA first teamed up with PT Gaindo Pratama (a local garments consulting firm) to redesign its traditional information-only website into Indonesia's first e-commerce web portal. The result was *Indotextiles* (found at www.indotextiles.com), a commercially sustainable web business that provides garment manufacturers with both timely market information and a virtual e-marketplace where buyers and producers interact and trade goods. The portal is still used widely and includes such features as Latest Market News, Market Trends Analysis and Expert Perspectives, Product Search, Featured Companies, and information on Product Development and New Technology. The website is sustainably supported by users (both producers and suppliers) who pay to access information, sell goods, and find customers. PT Gaindo has also secured partnerships with Pisang Raja (web developer) and the Indonesian Textile Producers Association (API) to support Indotextiles with web design and marketing support.

The second market-linkage-strengthening initiative SENADA launched was known as Link and Match, a series of regular sourcing events where international and domestic buyers and Indonesian suppliers gathered and met. For the suppliers, the events allowed them to meet potential buyers on a regular basis, promote their products, acquire market information on general market trends, and generate new orders. For buyers, the events were an effective way to meet a sizable group of potential suppliers in one place who had already been vetted for basic production capacity. Link and Match events held between August 2007 and June 2009 attracted enthusiastic participation and led to immediate benefits in the form of information exchange and new relationships. Now that participants have had an opportunity to make use of the information and relationships, producers are reporting tangible results in the form of sales to new buyers.

TIMELINE TO ACHIEVE ACTIVITY MILESTONES

- **August 2007.** Needs assessment completed and e-commerce trading portal conceptual design drafted.
- **September 2007.** Link and Match I conducted with API at International Textile and Apparel Fair in Jakarta.

- **October 2007.** Survey of potential portal hosts completed. PT Gaindo Pratama was selected over Indo.com, Textileweb.com, API, and International Garment Training Center (IGTC).
- **January 2008.** Indotextiles.com redesigned and upgraded to an e-portal with new innovative features.
- **June 2008.** Website content population completed. Website launched as commercial web-based service.
- **July 2008.** Nationwide marketing campaign launched throughout garment value chain. Brochure and e-mail blast conducted and marketing events conducted in Jakarta, Bandung, Solo, and Bali.
- **September 2008.** Link and Match II conducted in Jakarta with Indotextiles.
- **December 2008.** Link and Match III conducted in Jakarta with Indotextiles.
- **April 2009.** Link and Match IV conducted in Bandung with API.
- **June 2009.** Link and Match V conducted in Bogor with IGTC.

PARTNERS LEVERAGED

- **PT. Gaindo Pratama.** Institutional parent and owner of Indotextiles.com. Driven by two young entrepreneurs, Redma Gita and Yuliab, PT. Gaindo Pratama manages and maintains Indotextiles.com—enriching content, updating data, and administering the online market place daily.
- **Pisang Raja.** Commercial partner with PT. Giando Pratama on Indotextiles.com, responsible for all website and e-commerce portal development, design, and maintenance.
- **Indonesian Textile Producers Association (API).** Supports Indotextiles by actively promoting website’s services to API members. Co-hosted Link and Match I and IV in Jakarta.
- **International Garments Training Center (IGSC).** Sponsored and co-hosted Link and Match V in Jakarta.

MAIN OUTPUTS

- **Media Citations.** Since inception, 28 media citations have been generated. Indotextiles.com has generated 10 and Link and Match (see Table 32) 18.
- **Workshops/Market Linkage Events Conducted.** Five rounds of Link and Match conducted for 128 suppliers, 51 buyers, and 24 fabric mills. More than 350 business sessions were conducted.

TABLE 32: LINK AND MATCH EVENTS

Link and Match Round	Date	Location	Co-Host	# Suppliers	# Buyers	# Fabric Mills	# Buyer Sessions
Link and Match I	Sept. 2007	Jakarta	API	21	14	-	32
Link and Match II	Sept. 2008	Jakarta	Indotextiles	23	14	-	80
Link and Match III	Dec. 2008	Jakarta	Indotextiles	18	7	-	40
Link and Match IV	Apr. 2009	Bandung	API	17	-	12	40
Link and Match V	June 2009	Bogor	IGTC	49	16	12	160
5 Events	-	3 Cities	3 Hosts	128	51	24	352

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Access to Market Information Increased.** SENADA completed work with Indotextiles.com in July 2008. The portal remains commercially viable and has continued to expand with over 700 selling, buying, and product leads valued at more than US\$190 million. A total of 1,432 textiles and garments companies are listed on the website and 65 factory clients are currently paying for, and benefiting from, its services. This site has received 23,000 visitors and 700,000 hits since it was launched in May 2008.
- **Value chain market linkages strengthened.** Through five successful rounds of the Link and Match program, nine successful business transactions have been generated—valued at more than US\$2 million. SENADA recently interviewed garment industry executives that have taken part in one or more Link and Match events to identify concrete outcomes. A number of companies report increased exports. For example:
 - PT. Necis Indah Cemerlang, a medium-sized producer in Bandung, has already shipped US\$77,000 worth of knitwear products to Germany for the buyer Karl Rupert.
 - PT. Sutera Indah of Jakarta delivered 28,000 T-shirts with a value of US\$108,000 to Dubai for Ames International.
 - CV. Cahyo Nugroho Jati, a Solo-based company, has shipped garments valued at approximately US\$660,000 to Germany for buyer S. Oliver.

These promising figures suggest that many more sales will ultimately result from Link and Match. Other producers described to SENADA their upcoming meetings with buyers for sample development and factory evaluation, steps that are typically conducted by buyers in anticipation of placing orders.

PROGRAMMATIC SUSTAINABILITY

- **PT Gaindo Pratama.** The founder and owner of Indotextiles.com continues to manage the portal as a commercial viable service. The company has staked its future on the success of the e-commerce portal.
- **IGTC/Garment Partnership Indonesia (GPI).** The success of the Link and Match program has energized the leaders of GPI, an industry group of progressive garment companies institutionalized in IGTC, to plan for future meetings beyond the conclusion of SENADA. With several smooth-running events concluded, organizers are confident they know how to plan and conduct Link and Match activities that will attract producers and buyers alike.

INTERNATIONAL GLOBAL SOURCING CENTER JULY 2007–JUNE 2009

OVERVIEW OF ACTIVITY

Outside of a few tier-one, major auto part producers managed by international joint ventures, Indonesian auto parts producers' ability to proactively and globally source new export markets remains very weak. During Year 3, SENADA completed an export market assessment that explored various models for improving export market penetration to access first-tier export markets in Japan, the European Union, and the United States, as well as rest-of-world export markets, particularly within the Association of South-East Asian Nations (ASEAN) trading bloc.

SENADA engaged PT Gobizx, a consulting firm based in Jakarta, lead development of an Indonesian Global Sourcing Center (IGSC) to pilot various export promotion efforts. PT Gobizx took full ownership and technical leadership of the IGSC initiative with support from PT Waysase (a local IT company), which was contracted to develop the IGSC e-procurement portal and Automotive Supplier Information System. IGSC also established a relationship with Neutron AG (one of the biggest global automotive sourcing companies in Germany) to provide Indonesian suppliers with valuable information on global procurement opportunities and Original Equipment Manufacturers (OEM) Requests for Quotations. After the launch in June 2009, IGSC and PT Gobizx also secured an important agreement with the Indonesian Automotive Part and Components Industries Association (GIAMM) to provide IGSC services to its members—10 of which have been the first firms to sign up for IGSC services.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **July 2007:** SENADA began development of an automotive component export promotion strategy.
- **October 2007:** SENADA's export market analysis *Exporting Automotive Components Globally - Market Justification and Strategies for Indonesian Automotive Component Export Promotion* published.
- **December 2007:** StarPerforma consulting company selected as main investor in IGSC.
- **April 2008:** Partnership negotiations with StarPerforma ended after consulting company failed to meet SENADA-USAID contracting and procurement requirements.
- **May 2008:** PT Gobizx and PT Waysase identified and secured as primary IGSC investors.
- **June 2008:** IGSC business plan finalized. Safety glass, aluminum casting, wheels, motor handles, car grilles, mirrors, molding, lighting parts, and window regulators selected as main IGSC export markets.
- **July 2008:** IGSC was officially registered and launched by PT Gobizx.

- **August 2008:** IGSC started development of core business services, including market intelligence, supplier global sourcing support, and supplier development and information system (known as FASTDEV).
- **December 2008:** SENADA began the full institutionalization of IGSC under the management of PT Gobizx with seed capital provided by SENADA's BIF.
- **July 2009:** IGSC's Automotive Supplier Information System, FASTDEV, went online with 10 clients secured.

PARTNERS LEVERAGED

- **PT Gobizx Consulting Group.** SENADA's primary institutional partner on the IGSC program. PT Gobizx is owner and operator of IGSC and manages all staff and technical services. IGSC is fully institutionalized in PT Gobizx, having achieved financial sustainability and full management independence.
- **PT Waysase Citapadu:** IGSC's main IT partner, providing full oversight over IGSC's Automotive Supplier Information System, FASTDEV, and website.
- **Indonesian Automotive Part and Components Industries Association (GIAMM):** Markets IGSC's services throughout the association. GIAMM members are the first firms to populate FASTDEV database.

MAIN OUTPUTS

- **Media Citations.** IGSC resulted in 25 print and online media citations.
- **Reports Written and Disseminated.** One report was published and disseminated:
 - *Exporting Automotive Components Globally - Market Justification and Strategies for Indonesian Automotive Component Export Promotion* (Dann Johnson, October 2007). Technical Report #18.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Access to Export Market Information and Procurement Opportunities Increased.** Gobizx registered and launched IGSC late in SENADA's Year 4, the full impact of this service on either individual suppliers who participate in the program or on the broader value chain is yet unknown. Despite the unknown impact, IGSC is a fully market-driven consulting service currently available in the market and its e-procurement portal, the IGSC Automotive Supplier Information System (housed at www.igsc.co.id) is online and fully operational. To date, IGSC has secured 10 clients, three of which—PT Pakoakuina (wheels), PT Mulia Glas (car windows), and PT Wijaya Karya (metal casting)—have completed full assessments and have been populated into the information system, website, and database.

The Ministry of Industry, GIAMM, and IGSC clients secured have all expressed praise for the new service, noting that it offers “valuable services for both companies looking for suppliers and companies that hope to supply them.” For companies seeking suppliers, the most attractive feature of the information system is FASTDEV, which assists procuring companies and global sourcing agents to evaluate Indonesian firms and their capacity to fulfill Requests for Quotations (global procurement opportunities announced by tier-one suppliers such as Honda, Toyota, Ford, and so on). FASTDEV

records and analyzes Indonesian 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. All of this is supplied for a fee, which covers the operating expenses for IGSC.

For suppliers, FASTDEV provides up-to-date export market information on global procurement opportunities and global Requests for Quotations. The website also allows suppliers to enter and update company profiles online with secure access and communicate with global buyers if necessary. Finally, the website provides additional information on the business climate that is important to suppliers, such as Indonesian regulations, clearance procedures, tax matters, and labor regulations. Firms pay a fee to access the site and be included in the supplier database. As mentioned, 10 clients have signed up to date.

PROGRAMMATIC SUSTAINABILITY

- **PT Gobizx.** Leveraging SENADA's BIF, PT Gobizx has a professional management team and critical ICT infrastructure in place to continue IGSC sustainably, funded through fees obtained from both automotive suppliers and procurers. IGSC currently generates income from a variety of sources including a "supplier membership fee," fees from securing business-to-business transactions, consulting fees for technical upgrading, and paid automotive advertising and promotional events. IGSC is a registered nonprofit organization, but PT Gobizx (supported by PT. Waysase) is a private sector company located in Jakarta providing the financial and technical resources to sustain IGSC. If PT Gobizx's board of directors continues to see IGSC as beneficial to the industry, they should seek to secure its future. PT Gobizx recently noted that its "vision for IGSC is long-term" and its goal "is to make first tier producers around the world consider Indonesia as the top low-cost global sourcing partner in Asia." Although the long-term future of IGSC is far from certain, PT Gobizx has achieved all short-term goals of securing initial IGSC sustainability and independence from SENADA.

DECENTRALIZATION OF WAIVERS FOR FURNITURE SAMPLES (BEE) AUGUST 2007–NOVEMBER 2008

OVERVIEW OF ACTIVITY

In collaboration with the Regional Development Institute (REDI), SENADA published *Analysis of Policy Constraints on the Furniture Industry—Case Studies from Central Java* in August 2007 that highlighted five key policy burdens negatively affecting the furniture value chain. Out of the five policy burdens, the Minister of Finance Decree KMK 140/KMK 05 1997 (which details procedures related to fees associated with the importation of furniture samples) was chosen by SENADA for further advocacy work. It was selected because even though there was a policy to allow furniture producers to receive a waiver for import duties, the rules governing the waiver were complicated, expensive, and time consuming, and many producers choose not to, or did not how to, receive their waiver.

Equipped with a legal review of the regulation completed by Tesalonika and Partners Legal Counselor and Attorney at Law, SENADA worked with ASMINDO to persuade the Customs and Excise Department of the Ministry of Finance to decentralize the waiver application process for duty free importation of furniture samples. The Ministry of Finance's Customs Office promptly formed a team to review two overlapping regulations, KMK 140/1997 and KMK 140/2007, in order design a new implementation guide (JUKLAK) for decentralization. By September 2008, the Ministry of Finance's Customs Office delegated the furniture samples import duty waiver process to regional offices, drafted a new implementation guide to regulate the waiver application process at the provincial level, and provided guidance to national and regional offices on how to implement the new policies as recommended by SENADA.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **August 2007:** SENADA completed *Analysis of Policy Constraints on the Furniture Industry—Case Studies from Central Java*, identifying Minister of Finance Decree KMK 140/KMK 05/1997 as one of the top regulatory burdens affecting furniture producers in Indonesia.
- **January 2008:** Tesalonika and Partners Legal Counselor and Attorney at Law completed a six-month legal review of the regulations and presented recommendations on how KMK No. 140/1997 and PMK 140/PMK. 04/2007 could better facilitate exemptions of import duties through decentralization.
- **February 2008:** Advocacy campaign launched with ASMINDO to decentralize import waiver process.
- **May 2008:** SENADA and ASMINDO jointly sent legal review with recommendations to Director of General Custom and Clearance Anwar Supriyadi. Minister of Finance Sri Mulyani and Head of Agency of Fiscal Analysis of the Minister of Finance Anggito Abimanyu agreed to consider decentralization.

- **June 2008:** ASMINDO conducted several media interviews to raise awareness and a conducted official meetings with Directorate of Customs and Duties officials on possible reform strategies related to a new decentralization process. Director of Customs Agung Kuswandono formed internal task team to study, review, and revise the ministerial regulation on import samples.
- **July 2008:** ASMINDO and Ministry of Finance Customs Office met to discuss decentralization. Head of Customs Muhammad Purwantoro verbally confirmed regulation would be amended.
- **Aug 2008:** Ministry of Finance Customs Office formed a team and completed field survey on best mechanisms for simplification of import waiver process with regional Customs offices.
- **October 2008:** Ministry of Finance Customs Office confirmed revisions to Minister of Finance Decree KMK 140/KMK 05 1997 delegating import waiver process to regional Ministry of Finance Customs Offices. New implementation guide (JUKLAK) to regulate the waiver application process disseminated at the provincial level.
- **November 2008:** SENADA and ASMINDO completed joint monitoring program in Semarang and Surabaya to verify and ensure that procedures had indeed been decentralized and furniture producers could obtain import duty waivers at the local level.

PARTNERS LEVERAGED

- **ASMINDO National Furniture Association.** SENADA’s main advocacy and institutionalization partner with strong counterparts with national and local-level Ministry of Finance Customs offices.
- **Directorate Custom and Duties** (specifically Head of Administration Ircham Habib, Director of Custom Agung Kuswandono and Head of Directorate Custom Muhammad Purwantono): Main counterpart in Ministry of Finance Customs Office providing SENADA/ASMINDO full access to internal task force.
- **Directorate General Tax—Ministry of Finance** (specifically Jonas Zacharias): Provided initial contact and opened relationship with the Ministry of Finance Directorate of Custom and Duties.
- **Tesalonika and Partners Legal Counselor:** Provided a comprehensive legal review of Minister of Finance Decree KMK 140/KMK. 05/1997 that served as basis of advocacy program.
- **Regional Development Institute (REDI):** Conducted initial research that highlighted five key policy burdens negatively affecting the furniture value chain.

MAIN OUTPUTS

- **Reports Written and Disseminated.** SENADA published and disseminated two reports:
 - *Analysis of Policy Constraints on the Furniture Industry—Case Studies from Central Java* (Regional Development Institute [REDI], August 2007). Technical Report #31 saved on TAMIS and DEC.
 - *Legal Review on Constraint Policy Study for Furniture Industry Study at East Java and Central Java* (Tesalonika and Partners Legal Counselor, March 2008). Technical Report #49 saved on TAMIS and DEC.

- **Media Citations.** This advocacy effort resulted in six media citations in the *Jakarta Post*, *Republika*, *Kompas*, and *Media Indonesia*.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Furniture Import Waiver Process Decentralized.** The Ministry of Finance's Customs Office revised Minister of Finance Decree KMK 140/KMK 05 1997 in October 2008 to delegate the furniture samples import duty waiver process to regional offices, disseminated a new implementation guide to regulate the waiver application process at the provincial level, and provided guidance to national and regional offices on how to implement the new policies as recommended by SENADA's advocacy campaign. This policy change greatly improve furniture firms' ability to obtain waivers exempting them from paying import duties on all samples (sometimes as high 60 percent of sample value) from their foreign buyers.

PROGRAMMATIC SUSTAINABILITY

- **ASMINDO** is committed to ensuring that the new furniture samples import duty waiver process is adequately implemented. Given the association's political clout and access to the Ministry of Finance Customs Office, SENADA is confident that the new regulations will continue to be closely followed and furniture producers will continue to benefit.

SUBCONTRACTOR PERFORMANCE MANAGEMENT AUGUST 2007–JULY 2009

OVERVIEW OF ACTIVITY

SENADA's Subcontractor Performance Management program focused on strengthening value chains by improving the transfer of skills and knowledge between upstream and downstream subcontracted suppliers. By providing an effective model and software application for strengthening this critical producer-subcontractor relationship, SENADA hoped to improve just-in-time supply arrangements and increase the capability of producers to accurately identify, develop, and deliver the necessary mix of skills and knowledge needed by subcontractors to realize tangible operational improvements. Using PT InforSys' subcontractor performance management (SPM) software *Bonastoco* developed especially for SENADA, 12 lead producers from our furniture, footwear, and garments value chains were trained to make better and more effective use of their 393 subcontractors. Because of the program, lead firms were able to improve subcontractor delivery times, increase product quality, increase order-shipping compliance, and reduce rejects. A final assessment of the impact of the SPM software, published and disseminated in July 2009, revealed that 10 out of 12 participating lead firms documented improvements to their ability to manage subcontractors and acknowledged that they planned to continue using the SPM software after SENADA technical support ended.

TIMELINE TO ACHIEVE ACTIVITY MILESTONES

- **August 2007.** Subcontractor performance management program launched.
- **October 2007.** Assessment of 16 potential lead firms completed.
- **November 2007.** Subcontractor management software prototype completed and launched.
- **December 2007.** Three lead footwear firms selected. Subcontractor improvement plans completed.
- **February 2008.** Prototype subcontractor management software installed in three lead footwear firms.
- **May 2008.** Two home furnishings and three garment firms selected. Subcontractor improvement plans completed. SPM indicators collected for eight lead firms.
- **June 2008.** Subcontractor performance management software *Bonastoco* developed and pilot initiated.
- **September 2008.** Four additional firms selected. Twelve lead firms now actively participating in the subcontractor performance management program, positively affecting 393 subcontractors.
- **October 2008.** Subcontractor performance management software *Bonastoco* successfully installed.
- **December 2008.** *Bonastoco* subcontractor management software available commercially through PT Inforsys.

- **July 2009.** Published and disseminated a final assessment of program, revealing that 10 out of 12 participating lead firms documented significant improvements to their ability to manage subcontractors.

PARTNERS LEVERAGED

- **Inforsys.** Primary ICT partner for program, responsible for developing the subcontractor performance management software *Bonastoco* used to improve subcontractor management. Three technical staff were assigned to develop the software application, write the manual/guide, and train lead firms.

MAIN OUTPUTS

- **Workshops/Training Conducted.** Twelve lead firms and 393 subcontractors received training in:
 - *Subcontractor Performance Management* (12 lead firms). (December 2007–June 2008)
 - *Purchasing and Inventory Systems* (12 lead firms). (June 2008)
 - *Towards Customer Service Excellence* (12 lead firms). (April 2009).

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Subcontractor Performance Management of Targeted Lead Firms Strengthened.** SENADA concluded that its Subcontractor Performance Management technical work with 12 lead firms improved their 381 subcontractors performance through deployment of the *Bonastoco* subcontractor performance management (SPM) application. The final assessment on the impact of the SPM software in July 2009 found that 10 out of 12 participating lead firms documented improvements to their ability to manage subcontractors and 11 of 12 firms acknowledged that they planned to continue using the SPM software after SENADA technical support ended. The top three positive benefits noted from the program included increased subcontract order compliance, reduced reject rates, and improved delivery time. Full impact on subcontractor performance management in these three key areas is noted in Table 33.

TABLE 33: SUBCONTRACTOR PERFORMANCE

Lead Firm Name	Average Order Shipment Compliance			Average Reject Rate			Average Delivery Time Variance		
	Baseline	Final	Variance	Baseline	Final	Variance	Baseline	Final	Variance
Basama Soga	96.0%	99.5%	3.5%	3.5%	1.2%	-2.3%	-6.3	-2	4.3
Golfer	94.2%	99.0%	4.8%	3.6%	2.2%	-1.4%	-5.1	-3	2.1
Sumber Kreasi Fumiko	81.2%	99.0%	17.8%	3.0%	1.4%	-1.6%	-4.2	-3.8	0.4
Siji Life Style	99.5%	99.0%	-0.5%	2.6%	1.0%	-1.6%	4.8	-1	-5.8
Tashinda Putraprima	99.2%	100.0%	0.8%	5.5%	0.0%	-5.5%	-3.4	-6	-2.6
Harpa Inti Mandiri	100.0%	100.0%	0.0%	0.6%	0.0%	-0.6%	-0.4	0	0.4
Mendong Jaya	92.7%	95.0%	2.3%	0.5%	1.1%	0.6%	0.1	0	-0.1
Orca	93.8%	100.0%	6.2%	3.8%	1.0%	-2.8%	2.7	-1	-3.7
Lunar Kreasi Mulia	100.0%	100.0%	0.0%	1.7%	2.0%	0.3%	-0.5	0	0.5
Ladunni Globalindo	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0	0	0.0
Eden Kasya Talenta	100.0%	-	-100.0%	0.0%	-	0.0%	-9.0	-	9.0
Tumutu Pulung Jaya	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	7.9	-1	-8.9
	Average ³		3.2%	Average ⁴		-1.7%	Average ⁵		-0.4

³ Average does not include data from Eden Kasya Talenta.

Additionally, the following notable impacts were achieved:

- **Subcontractor Data Collection Improved.** Before this program, only one firm collected information on subcontractors regularly. After the program, 11 of 12 firms collected data regularly—four firms now collect data every day to anticipate a large number of incoming finished goods, four firms collect it every week and three firms collect information every month, since their number of incoming products relatively small.
- **Subcontractor Data Used in Making Key Management Decisions.** After the program only one firm admitted that although they collect the data, they did not use it for any key management decisions. Four firms now use the data to give monthly subcontractor feedback, one firm uses it to allocate purchase orders and six firms use the data to both provide subcontractor feedback and allocate purchase orders.
- **Top Benefits of Using SPM Software.** Three firms noted that the SPM software’s most important benefit was that it “enabled easier, faster and more accurate management of their subcontractors.” For seven firms the most important benefit was that “subcontractors and inventory could be monitored simultaneously.”
- **Top Subcontractor Upgrading.** This program positively affected 393 subcontracts. The most common firm support to subcontractors was to help them to upgrade or maintain production equipment, source higher quality finishing of raw materials, or improve certain key production processes affecting orders.
- **Improvements Needed for SPM Software.** Five firms noted that the top improvement they would like to see to the software was to integrate it with financial management software. Three firms want to see the data input functions simplified. Two firms wanted the software built for lower hardware specifications. Seven firms would like to see this software integrated into full enterprise resource planning (ERP) software for all business processes.

PROGRAMMATIC SUSTAINABILITY

- **PT Inforsys.** Although technical work with the 12 lead firms and their 393 subcontractors ended with SENADA’s program, the key sustainability mechanism for improving firms’ ability to manage their subcontractors is PT Inforsys’ *Bonastoco* SPM application. The application is now for sale throughout Indonesia at a market price most SMEs can afford. This software is also a gateway application to a more sophisticated (and more expensive) ERP software that will allow firms to upgrade their software to more advanced applications as they become necessary to improving their business processes. This sustainability, however, is fragile, as it hinges on PT Inforsys’ commitment to the continued commercialization and marketing of their small business *Bonastoco* application. Unfortunately, the trend for large service providers like PT Inforsys is not to dedicate adequate resources to the marketing and future development of small business applications, because markets for these products are still nascent and their large corporate clients dominate the resources for marketing and software application development. It is too early to tell how long *Bonastoco* supply chain management software will be offered by PT Inforsys without the backing of an international donor to stimulate market demand and subsidize costs.

⁴ Average does not include data from Eden Kasya Talenta, Ladunni Blobalindo or Tumutu Pulung Jaya.

⁵ Average does not include data from Eden Kasya Talenta.

GARMENT PARTNERSHIP INDONESIA (GARMENT IVC) OCTOBER 2007–JUNE 2009

OVERVIEW OF ACTIVITY

SENADA's comprehensive value chain assessment in late 2007 found that most Indonesian manufacturers were operating in the lowest value assembly 'cut-make-trim' (CMT) market where the ability to compete is determined mainly by labor costs. Furthermore, SENADA found that there was little to no industry coordination to improve industry competitiveness. Based on these assumptions, SENADA conceptualized, designed, and successfully implemented a broad industry upgrading and promotion program known collectively as Garment Partnership Indonesia (GPI).

GPI is an industry-based partnership initiative formalized under a broad mission to encourage the adoption of sustainable business practices and raise manufacturing standards in order to create a competitive garments industry benefiting producers, workers and buyers. GPI is driven by a network of participating partners representing brands and retailers, garment producers, associations, and business service providers. GPI represents a convergence of industry interests, providing buyers with access to manufacturers committed to achieving high ethical standards; providing producers with the means to offer full-package services by improving product quality, productivity, and profitability; and providing benefits to workers in the form of better compensation and a safer working environment. Although GPI struggled to become a formalized sustainable entity, it was able to encourage strong engagement from 12 international brands (including international buyers and buying agents such as NIKE, LiFung, Liz Claiborne, Itochu, Dewhirst Menswear, and Nutexmoda) and 45 domestic manufacturers.

GPI's signature technical program is known as the Executive Development Program (EDP). Under EDP, GPI set an ambitious target that 50 percent of all SENADA-assisted firms were to complete full package upgrades. The program engaged participating factories in a systemic and continuous improvement of manufacturing social and technical standards, and introduced improvement of business practices. EDP was organized into six modules where 'full package' upgrades were most critical—Fabric Sourcing, Full Package Merchandising, Quality Assurance, Productivity, Human Resource Management and Benefits of Compliance. SENADA and GPI also teamed up with the major industry consulting group Neville Clarke to add a Lean Sigma for Garment Industry upgrading module to the program.

TIMELINE TO ACHIEVE ACTIVITY MILESTONES

- **October 2007.** Value chain assessment completed for garment and textile industries. GPI conceptualized, EDP upgrading program designed, and first versions of EDP modules completed.
- **November 2007.** GPI website, www.gpin.info, launched to market program throughout industry.
- **March 2008.** EDP I completed in Jakarta with IGTC.
- **August 2008.** EDP II conducted in Semarang with Sekolah Tinggi Teknologi Tekstil (ST3).

- **November 2008.** Fabric Sourcing training modules published and disseminated throughout value chain.
- **December 2008.** EDP training-of-trainer workshop I conducted. Forty-five firms confirmed as members in GPI.
- **January 2009.** EDP modules upgraded by a team of international experts. GPI Brand Forum I conducted.
- **February 2009.** Lean Sigma for Garment Industry upgrading program launched and piloted.
- **March 2009.** EDP III conducted in Jakarta and Bogor with IGTC. GPI Brand Forum II conducted.
- **April 2009.** Apparel Merchandising and Production, Productivity and Quality Assurance training modules published and disseminated throughout value chain. EDP trainer-of-trainer workshop II conducted.
- **May 2009.** GPI Brand Forum III conducted on social compliance issues.
- **June 2009.** EDP IV conducted in Jakarta, Solo and Bogor with IGTC. GPI (and EDP) programs institutionalized and transferred to IGTC.

PARTNERS LEVERAGED

- **International Garment Training Center (IGTC).** SENADA's institutional partner for GPI. Since August 2008, IGTC has co-managed the EDP program and since June 2009, it has taken over full management control. All technical resources, methodology, and expertise are institutionalized in IGTC under the GPI framework.
- **Sekolah Tinggi Teknologi Tekstil (ST3).** Supported EDP Fabric Sourcing module and handbook.
- **Neville Clarke.** Co-designed and piloted Lean Sigma for Garment Industry consulting service and module. Lean Sigma technical services still offered to garment companies on a commercial basis.
- **PT Dayani Garment Indonesia.** Supported development of EDP Productivity Improvement module.
- **International Testing and Social Compliance Audit House, Intertek, TUV Rheinland and Omega Compliance.** All supported development of EDP Social Compliance module and participated as trainers.
- **Lead Garment Manufacturers** (including Sritex, Ungaran Sari Garment, Multigarmen Jaya, Panca Prima and Buana Lautan). All served as trainers for multiple rounds of EDP upgrading.
- **International Buyers and Buying Agents** (including NIKE, LiFung, Liz Claiborne, Itochu, Dewhirst Menswear and Nutexmoda). Active, although informal, partners with GPI and EDP. Participated in GPI's three *Brand Engagement Forums* on social compliance and served as trainers in multiple rounds of EDP.

MAIN OUTPUTS

- **Workshops/Training Conducted.** Since inception, GPI EDP upgrading activities have upgraded the skills and capacity of 771 managers from 188 firms.

TABLE 34: GPI EDP WORKSHOPS/ TRAINING

EDP Round	Date	Location	Co-Host	# Firms	# Managers
EDP I (6 Sessions)	21 Feb-4 Mar. 08	Jakarta and Bandung	IGTC	21	193
EDP II (6 Sessions)	8 July-28 Aug. 08	Semarang	ST3	16	69
Lean Sigma I	19 Sept. 08	Jakarta	Neville Clarke	14	28
EDP TOT I	10 Dec. 08	Bogor	IGTC	-	11
IT & Human Resource Management	13 Dec. 08	Solo	DataOn	-	15
Lean Sigma II	4 Feb. 09	Solo	Neville Clarke	14	28
Lean Sigma III	10 Feb. 09	Jakarta	Neville Clarke	22	44
EDP III (6 Sessions)	14 Jan-4 Mar. 09	Jakarta and Bogor	IGTC/GPI	28	155
EDP - Productivity Supervision	12 Mar. 09	Bogor	IGTC	12	40
EDP TOT II	10 Apr. 09	Bogor	IGTC	-	11
EDP IV (6 Sessions)	5 May-11 June 09	Jakarta, Solo and Bogor	IGTC/GPI	61	177
4 Events	-	3 Cities	5 Hosts	188	771

- **Media Citations.** Seventy media citations were generated in regional and national media.
- **Upgrading Handbooks Published and Disseminated.** Seven technical upgrading handbooks and modules were published and disseminated on CD and in hardcopy to more than 250 factories.
 - Fabric Sourcing (hard copy, CD and electronic) (November 2008).
 - Lean Sigma for Garment Manufacturing (offered only through Neville Clarke) (February 2009).
 - Apparel Merchandising and Production (hard copy, CD, and electronic) (April 2009).
 - Productivity (hard copy, CD and electronic) (April 2009).
 - Quality Assurance (hard copy, CD and electronic) (April 2009).
 - Benefit of Compliance (electronic only) (April 2009).
 - Human Resource Management (electronic only) (April 2009).

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Firm-level Competitiveness Improved.** ‘Competitiveness improvement’ as defined by SENADA meant that garment firms increased their capacity to carry out higher-value ‘full package’ production services for global buyers. A short-term impact survey conducted in June 2009 revealed that the majority of SENADA-assisted firms implemented targeted full package or competitiveness upgrades to their production lines in line with GPI EDP training program technical suggestions. Eighty-five percent 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. On average, firms completed eight technical upgrades over the past year. Additionally, 15 firms invested in and

employed the PT. DataOn Sunfish small business human resource management software developed through SENADA's BIF, increasing their technological capacity to management their labor force.

Notable results of GPI EDP firm-level upgrading include:

- PT Bina Busana Internusa (PT BBI) Pulogadung implemented a set of "5S" (Sort, Set in order, Shine, Standardize, Sustain) productivity improvement upgrades. The company redesigned their production layout and implemented a new flow process based on EDP recommendations. Within four months, BBI Pulogadung experienced concrete, cost-savings. They increased productivity by 16 percent and reduced their space by 49 percent, from 2632 to 1334m². They slashed their 'work in progress' by 40 percent. They cut their lead time from cutting to finishing from 10 days to 8, and have plans to reduce it to 6.
- PT *Dayani* implemented similar upgrades and reported a remarkable 16 percent productivity and 40 percent efficiency improvement in only six months. PT Mondrian, PT Semar Mas, and PT Teratai *Wijaya* reported similar performance improvement after implementing production line upgrading.
- Three months after implementing a series of Lean Sigma productivity improvements, PT Dharma Maruwa in Cibitung documented a 3 percent increase in overall productivity.

PROGRAMMATIC SUSTAINABILITY

- **IGTC/Garment Partnership Indonesia (GPI).** SENADA identified IGTC in early October 2008 as the institutional partner best suited for long-term sustained GPI activities. In December 2008, SENADA leveraged the BIF to assist IGTC to establish all necessary internal infrastructure, mechanisms, and management to carry out the GPI (and EDP) programs independently from SENADA. SENADA completed full institutionalization of GPI within IGTC in June 2009.

Although IGTC has the broad institutional capacity to carry out GPI programming without SENADA support, it is unclear if IGTC has the management commitment to sustain GPI brand engagement and network development activities as they were initially conceptualized. IGTC has, however, shown a strong interest in continuing EDP upgrading. EDP was designed as a commercial training service, fully supported by market-based fees paid by training participants. IGTC has already tentatively scheduled EDP V for January 2010, although it is not known yet if IGTC will continue EDP in its commercial form as SENADA has suggested or if it will adapt the program to a more traditional, free training service as its other technical services are provided. It may also focus on the EDP modules it tends to favor the most and solidify a partnership with the training house ST3 to provide the rest.

Regardless of how this plays out, the combination of IGTC's continuation of the GPI and EDP and the mass dissemination of the EDP methodology throughout the value chain will ensure that some aspect of GPI network development and EDP-type full package upgrading continues.

IMULAI BUSINESS INNOVATION COMPETITION OCTOBER 2007–JULY 2009

OVERVIEW OF ACTIVITY

SENADA teamed up with Microsoft Indonesia to conduct an annual national software innovation competition known as iMULAI (or “iStart” in the Indonesian language). The competition sought to cultivate a nationwide spirit of innovation and entrepreneurship. The competition promoted the importance of ICT and innovation to business entrepreneurs and the general public, with the dual goal of improving Indonesia’s IT competitiveness and developing a thriving local software economy. The larger vision of the program was not only to help the six winners bring their software ideas to commercial fruition, but also to provide evidence to the business community at large that innovation is key to Indonesia’s future economic development. The competition also served indirectly to achieve massive public awareness for Microsoft and SENADA’s social and economic goals in Indonesia. iMULAI competitions were conducted in 2007 and 2008, reached millions of IT professionals and hundreds of software producers, and resulted in the creation of six innovative commercial business improvement software applications that are now openly available for sale in the market.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **October 2007.** Microsoft and SENADA secured partnership to conduct iMULAI competitions. Program design, website (www.imulai.com) and marketing campaign built.
- **November 2007:** iMULAI 1.0 launched in Jakarta. Public awareness campaign launched to raise awareness on importance of ICT and innovation, spanning print, online, and radio media. Millions reached.
- **December 2007:** iMULAI 1.0 contest closed to new applications. One hundred and six proposals received.
- **January 2008:** iMULAI Entrepreneurship Conference conducted for 98 top Indonesian software innovators.
- **February 2008:** iMULAI 1.0 winners were announced; they received BIF seed capital and Microsoft equipment/software for software development, commercialization, and marketing.
- **October 2008:** Three iMULAI 1.0 winners completed software development and commercialization.
- **November 2008:** iMULAI 2.0 launched in Jakarta. Program marketed through large public awareness campaign combined with iMULAI Knowledge Building workshops conducted throughout Java.
- **December 2008:** iMULAI Innovation Day conducted. iMULAI 2.0 closed with 64 proposals received.
- **February 2009:** iMULAI 2.0 winners were announced and received BIF seed capital and Microsoft equipment/software for software development, commercialization, and marketing.

- **July 2009:** Three iMULAI 2.0 winners completed software development and commercialization.

PARTNERS LEVERAGED

- **Microsoft.** Main implementing partner for the iMULAI innovation competitions. Program tapped six technical, marketing, and public relations experts to help in iMULAI program management and leveraged Microsoft's massive network of ICT professionals for iMULAI's major nationwide public relations print, internet, and radio effort that reached millions. Microsoft also used their in-house expertise to develop the iMULAI website and innovation learning portal in Microsoft Indonesia's web-space. Additionally, Microsoft provided \$154,000 in start-up development equipment and software to help with commercialization.

MAIN OUTPUTS

- **Exceeded Public Awareness Targets.** iMULAI's business innovation competitions received a strong positive response from Indonesia's ICT community, reflected by more than 2,000 registered website members, more than 250 posted thread conversations on the iMULAI web-forum, and 170 submitted proposals. By the end of the program, iMULAI's public awareness campaign had generated 99 print and online media citations, received significant press time at Microsoft's annual National Bloggers Conference in 2007 and 2008, and reached millions of others across Indonesia, fulfilling a major iMULAI goal of communicating the importance of innovation on economic competitiveness nationwide.
- **Workshops/Training Conducted.** More than 330 developers, innovators, and entrepreneurs attended iMULAI's national seminars and knowledge-building skill workshops.
 - National iMULAI Entrepreneurship Conference conducted in Jakarta for 98 innovators. (January 2008)
 - Five iMULAI Knowledge Building workshops conducted for 56 developers throughout Java. (November 2008)
 - iMULAI Innovation Day conducted in Jakarta for 176 innovators. (December 2008)

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Innovation Fostered.** Two successful iMULAI competitions in December 2007 and 2008 facilitated the birth of six software innovations, which not only helped the six innovators bring their software ideas to commercial fruition, but also provided evidence to the broader business community that innovation is the key to Indonesia's future economic development. iMULAI innovators brought new products to market that both benefited the companies that purchased them (through increase efficiencies or cost savings) and contributed to the healthy business operations of the winning companies themselves (two of which were commercial start-ups).

TABLE 35: NEW SOFTWARE APPLICATIONS

Software Application	Company (Location)	Impact Achieved to Date
PortMAP	PT Dycode (Bandung)	PortMAP allows users to manage a wide variety of port activities, including docking schedules, cargo loading, berthing times, and departure dates so Indonesian ports can raise their performance to international standards. The Batam Port Office started to pilot PortMAP in all 111 ports on Batam Island in January 2009. Given the scope of the pilot, the software was not commercially launched until upgrades were completed from the Batam Island pilot. Software will be nationally launched (on a newly developed open source platform) in August 2009, at an asking price of \$35,000 per application.
Consload	ITS University (Surabaya)	Consload software allows shipping and logistics services providers to consolidate and ship small firms' products more efficiently, resulting in cost savings for SMEs. Consload software has been available in the market since February 2009 for \$1,500 to \$5,000 per application, but has not secured clients, given that most clients operate on open source platforms. APL, a major logistics company, was considering purchase as of July 2009. New open source and web-based versions of the software will be finalized by ITS by October 2009.
Mobile Inventory Management	PT Sentra Solusi (Jakarta)	Mobile Inventory Management application using RFID (radio frequency identification) technology to allow companies to conduct up-to-the-minute inventorying. The application was field-tested and commercialized as of January 2009. To date the company has secured five clients (PT Narumi Indonesia, PT Samick, PT Sub Semiconductor, Nike Indonesia and one garment company). Software sells for between \$3,000 and \$9,000 depending on features.
Mobile@Act	Grafika Valley (Jakarta)	Mobile@Act allows users to use the web or cell phones to perform tasks such as accessing company information in real time, obtaining alerts and notification, giving immediate responses to procurement requests, or performing authorizations of work processes from outside the work area. The application, launched commercially in July 2009, also enables external parties such as customers, vendors, suppliers, and other work partners to be able to interact and be involved in the company's business process independently.
Collaborative e-Business System (CES)	PT. Azadirachta	CES streamlines and organizes business-to-business 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).
Internet Radio Broadcasting	PT. Immedia Visi Solusi (Bogor)	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.

PROGRAMMATIC SUSTAINABILITY

- **Microsoft.** iMULAI as a program was not initially designed with institutional sustainability in mind. However, sustainability was integrated into the relationships both Microsoft and SENADA had with the six winners, as iMULAI was not a conventional competition in the sense that the relationship between the contestant and organizer ended once the prizes were delivered. Throughout iMULAI, winners were monitored closely to ensure that software development reached all previously agreed upon requirements, timelines, deliverables, and budget. Additionally, all winners had to develop and submit a full business plan for their innovation, ensuring that each company at least had thought about the long-term commercial sustainability of their product. Monitoring of the winners to date suggests that most of them are following their business plans. Microsoft has also committed itself to a long-term relationship with the six innovators on the software development side and continues to provide technical support and possible new market opportunities for the winners. This type of innovative commercial partnership is a cornerstone of Microsoft's software development strategy in Indonesia.

Despite not initially planning on conducting an iMULAI 3.0 in November 2009, Microsoft (as of May 2009) has expressed interest in continuing the contest independent of SENADA (possibly with BIC as an implementing partner). With the departure of Tony Chen (Microsoft Indonesia's CEO for the past seven years) in August 2009, the probability of future iMULAI competitions has diminished significantly, given his strong support for the program during his tenure.

EXO EXOTIC MARKET EXPANSION ACTIVITIES (HOME FURNISHINGS) DECEMBER 2007–JULY 2009

OVERVIEW OF ACTIVITY

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 ecofriendly 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.

Eco Exotic was created to forge local private sector support and commitment to developing a sustainable home furnishings industry in Indonesia. With support from SENADA and other international partners, nine companies collaborated to introduce Indonesia as a source for sustainable home furnishings. The members participated in European and U.S. trade shows, generating more than US\$2.5 million in sales to 52 new international buyers. In late 2008, Eco Exotic obtained legal status and developed strategic and operational plans for member services and future sustainability. Eco Exotic is led by a board of directors charged with managing its institutional development and core services (buyer relations and a resource center). The institution’s modest budget is now fully self-financed, although Eco Exotic will actively seek future donor support to expand its activities.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **December 2007:** SENADA facilitated a working group discussion among home furnishings producers on the possible organization of a core group of companies committed to sustainable practices and products.
- **February 2008:** Sustainable home furnishings working group Eco Exotic created and functioning.
- **March 2008:** Plan finalized between SENADA and Eco Exotic working group to promote Indonesian sustainable home furnishings and to attend three international trade fairs.
- **May 2008:** Promotional campaign for Indonesia’s sustainable home furnishings industry developed.
- **June 2008:** Seven Eco Exotic companies formally accepted for membership in the International Sustainable Furnishings Council (SFC).
- **August 2008:** Eco Exotic firms successfully attended the Las Vegas World Market Center tradeshow.

- **September 2008:** Eco Exotic working group started formal establishment of an organization to support and represent a growing sustainable home furnishings industry and begins operations.
- **November 2008:** Eco Exotic formalized as a legal, operational entity with a developed institutional strategy.
- **December 2008:** Eco Exotic secured three orders from U.S. buyers because of the Las Vegas Market Show.
- **February 2009:** Eco Exotic institutional one-year operational plan developed.
- **February 2009:** Eco Exotic attended three international trade shows ahead of schedule: IMM (Cologne, Germany); Ambiente (Frankfurt, Germany); and Las Vegas Market Show (United States).
- **March 2009:** Eco Exotic marketing strategy developed and initiated.
- **March 2009:** Six new orders from 19 international buyers received by Eco Exotic members.
- **May 2009:** Eco Exotic successfully attended Hospitality Design Show in Las Vegas and established a formal relationship with U.S. sales representative.
- **June 2009:** Effective international promotion campaign of Eco Exotic and its members sustained and amplified through e-marketing instruments and e-marketing training.
- **July 2009:** Eco Exotic institutionalization consolidated with hiring of full-time staff, standard operating procedures implemented, member services initiated, and an austere financial plan approved to assure sustainability.

PARTNERS LEVERAGED

- **Eco Exotic Core Members.** SENADA carried out a rigorous selection process to identify a core group of nine home furnishings companies dedicated to sustainability. Initially, SENADA facilitated the participation of these companies in international trade shows, eventually leading to the creation of a formal organization. Nine companies dedicated their time and significant financial resources to access international markets, implement sustainable practices, and build a sustainable institution.
- **Sustainable Furnishings Council (SFC).** This international organization of sustainable furnishings institutions provided support and counsel to Eco Exotic starting in late 2007, beginning with the assessment carried out by SFC President Susan Inglis. The SFC helped sponsor Eco Exotic's participation in three U.S.-based trade shows; developed sustainability standards for Eco Exotic members, and initiated promising relationships with international buyers. Six members of Eco Exotic applied to and received SFC certification during the project.
- **Swiss Import Promotion Program (SIPPO).** SENADA collaborated with SIPPO in organizing international trade fair support to Eco Exotic members. SIPPO provided Eco Exotic and its members with financial support (totaling US\$33,932) and technical assistance to attend the IMM and Ambiente trade shows in Europe.

MAIN OUTPUTS

- **Workshops/Training Conducted.** Three main formal workshops were conducted and significant technical assistance in marketing and trade show preparation was provided throughout the program.

- Trade Show Preparation workshop for Eco Exotic members. (July 2008)
- Eco Exotic two-day Strategic Planning Workshop facilitated by STTA Hendrarto. (December 2008)
- One-month E-marketing virtual workshop conducted for 40 owners and key managers of Eco Exotic by STTAs Ted Barber and Tony Cochran. (July 2009)
- **Reports Written and Disseminated.** SENADA published and disseminated eight reports:
 - *Agents for Global Buyers in Home Furnishings Industry.* (Ngurah Citra, August 2007). Technical report 20.
 - *Global Sustainable Home Accessories Market* (Susan Inglis, September 2007). Technical report 19.
 - *Home Furnishings End Markets Study* (Ted Barber, December 2007). Technical report 19.
 - *Sustainable Indonesia: A Program to Market Indonesian Home Furnishings Products* (Wan Lie, October 2008).
 - *Post Mortem Report: Las Vegas Market Show.* (Buck Jones, July 2008). Technical report 39.
 - *Eco Exotic Strategic Action Plan.* (Hendrarto, February 2009).
 - *Eco Exotic Institutional Strengthening* (Andrea Chartock, July 2009).
 - *Participation at the Hospitality Design Show 2009* (Linda Sullivan, June 2009). Technical Report 47.
- **Media Citations.** Twelve media citations were generated in regional, national, and international media, including periodicals with international circulation such as *Furniture Today* and *Furniture World*.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Export Sales Generated.** Overall, there was a 9.8 percent increase in exports by Eco Exotic members. This number would have been much higher had the global economic crisis not occurred in 2008–2009. After an increase of more than 25 percent in exports in 2008, the crisis resulted in a 15.8 percent decrease in 2009. This was, however, less than the industry average. Specifically, in 2008, total export sales generated from four SENADA supported trade shows—IMM (2008), Ambiente (2008), PPE (2008), and Las Vegas Market Show (2008)—was US\$1,269,085. In 2009, Eco Exotic members secured 26 new contracts from 19 buyers worth US\$500,022 from January to March 2009. Since 2008, Eco Exotic members have attended six major international trade fairs, securing 75 orders from 52 international buyers because of SENADA-supported promotional efforts.
- **International Recognition and Market Access Achieved.** Because of SENADA support in international marketing and trade show attendance, Eco Exotic members have been widely exposed to U.S. and European markets. Eco Exotic communicates regularly with its database of hundreds of international buyers, which has led to a continuous flow of promising inquiries.

PROGRAMMATIC SUSTAINABILITY

- **Eco Exotic.** Because the Eco Exotic core group of companies was empowered by SENADA from the start, this organization has assumed full responsibility to expand Indonesia’s sustainable home furnishings industry. 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. Eco Exotic's active members were coordinating on a weekly basis as of the end of SENADA. They are implementing a three-year strategy and one-year operational plan consisting of two main member services: a resource center for information and services in sustainable production practices and buyer relations services to market Eco Exotic members and to manage inquiries and contract logistics. Eco Exotic has its own staff and office facilities financed by member dues and a 5 percent commission for all contracts facilitated by the association.

SENADA has helped to create a viable, independent service-based organization in under two years. The institution's future ability to expand its membership base and to strengthen the industry overall will depend in part on its ability to secure additional donor financing. Eco Exotic is exploring relationships with the German-supported BTC to participate in European Union grants under the Switch Asia Program. It will also continue to receive support from SIPPO. Future potential support from USAID will also be explored under planned sustainable forestry initiatives.

SUSTAINABLE PRACTICES UPGRADING (HOME FURNISHINGS) DECEMBER 2007–JULY 2009

OVERVIEW OF ACTIVITY

The Sustainable Practices Activity was designed to provide Indonesia's home furnishings industry with the know-how and tools required to meet international standards in sustainability and, in turn, to access sustainable markets. SENADA's strategy began with an intensive initiative to expose Indonesia's key stakeholders and producing firms to information about growing sustainable markets and the most effective methods producers can use to transform their businesses. The activity consisted of two "Sustainability 101" seminars, followed by a series of assessments and intensive technical assistance programs to a reduced number of committed (lead) firms. The assistance, provided by SENADA's full-time industry advisors, culminated in "sustainability statements" prepared by all lead firms outlining their status in meeting international sustainability standards. In addition to the status reports, concrete sustainable action plans were developed with each firm, providing them with tools to continue monitoring their progress toward sustainability.

Based on the strong interest and initial commitment from Indonesian firms in becoming sustainable, SENADA designed and produced a comprehensive set of Sustainable Production Modules for wide dissemination and application by Indonesian firms and other stakeholders. The modules were tested with several home furnishings companies, vetted with other value chain actors including services and input suppliers, and revised accordingly. The six completed modules include Why is Sustainability Important to your Business?; Design and Materials; Implementing Sustainable Practices in Manufacturing; Social Responsibility: Investing in Workers and Communities; Managing for Sustainability; and Marketing: Accessing Markets for Sustainable Products. In collaboration with partners Eco Exotic and ASMINDO, SENADA distributed 2,450 copies of the Sustainable Production Modules to producers, buyers, government entities, associations, training centers, NGOs, universities, and other donors.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **December 2007:** "Sustainability 101" seminar was completed for 15 firms in Yogyakarta.
- **February 2008:** Second of two planned Sustainability 101 seminars conducted with 19 attendees.
- **February 2008:** SENADA facilitated expert international technical assistance to develop sustainability profiles, assessments, and workplans for lead home furnishings firms.
- **February–September 2008:** Twelve home furnishings firms received eight months of intensive technical assistance from SENADA in internationally accepted sustainable production practices.
- **June 2008:** SENADA initiated intensive research project to collect and analyze information on sustainable practices. This information was used to develop sustainable production modules.

- **July 2008:** SENADA successfully facilitated 11 Indonesian home furnishings firms' acceptance as members of the SFC.
- **March 2009:** Sustainable Production modules tested and finalized for production. Six CD- and web-based, user-friendly modules produced.
- **May 2009:** Sustainable Production modules disseminated widely through national workshops in Yogyakarta, Bali, and Surabaya. Modules also delivered on CD to thousands of key industry stakeholders.

PARTNERS LEVERAGED

- **Sustainable Furnishings Council (SFC).** The SFC, a worldwide nonprofit association committed to sustainable furnishings, provided ongoing technical support to this initiative. The SFC participated in a major national seminar on sustainable home furnishings, carried out two "Sustainability 101" workshops, and conducted comprehensive assessments and scorecards of Indonesian firms.
- **Williams-Sonoma Inc. (and other U.S.-based buyers).** Williams-Sonoma, the largest retailer of home furnishings in the United States, provided significant technical input into the development of the Sustainable Production Modules. The company's involvement was led by Williams-Sonoma's Director of Sustainability, who reports directly to the Chief Executive Officer. Williams-Sonoma has adopted the modules for internal training and to assist and provide quality control for its international suppliers. In addition to Williams-Sonoma, SENADA and its Indonesian counterparts successfully solicited support and feedback from several other retailers and wholesalers in the United States. Among these was Moenia Design, a U.S.-based home furnishings retailer. At no cost, Moenia Design's Chief Executive Officer participated as a featured speaker in all three of the Sustainable Production Modules dissemination seminars.
- **Association of Indonesian Handicraft Exporters (ASEPHI).** This organization assisted SENADA in conducting preliminary studies of home accessories producers.
- **PT Propanraya.** A major supplier of paints and solvents, Propanraya provided information and participated as an ongoing partner in training SENADA lead firms in eco-friendly finishing. Propanraya participated on numerous occasions as a presenter in SENADA-organized workshops and seminars.
- **PT Sumalindo.** One of Indonesia's largest wood and wood products suppliers, Sumalindo conducted ongoing training to SENADA lead firms.
- **ASMINDO.** Indonesia's primary furniture association supported the program by dissemination of Sustainable Practices Modules throughout value chain.

MAIN OUTPUTS

- **Workshops/Training Conducted.** Five workshops were carried out benefitting 323 participants from Indonesian home furnishings producers and input suppliers.
 - Four-day Sustainable Design workshop with Goldsmith College conducted for 52 attendees. (January 2008)
 - Two "Sustainability 101" seminars conducted for 34 producers. (February 2008)

- Intensive eight-month Sustainable Practices technical assistance program carried out for 12 home furnishings companies. (September 2008)
- Input suppliers training conducted. (September 2008)
- Sustainable Production Modules seminars conducted in Yogyakarta, Bali, and Surabaya. (May 2009)
- **Reports and Tools Produced and Disseminated.** SENADA completed and disseminated the following reports and tools:
 - *Agents for Global Buyers in Home Furnishings Industry.* (Ngurah Citra, August 2007). Technical report 20.
 - *Home Furnishings Firms Survey and Interviews* (Indah Murnihati, October 2007). Technical report 12.
 - *Report on Sustainable Practices Capacity Building* (David Mahood, January 2008). Technical report 23.
 - *Six Sustainable Production Modules on CD* (Ted Barber and SENADA Advisors, May 2009).
- **Media Citations.** Sixty-eight media citations were generated in regional and national media.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Sustainable Production Practices Improved.** In SENADA’s closing months, Eco Exotic firms submitted to assessments of their sustainable production practices. All firms met or exceeded the basic requirements as established by the SFC. Additionally, the assessment revealed the results shown in Table 36 in contributing to environmental sustainability that resulted from SENADA Sustainable Practices capacity-building efforts:

TABLE 36: SUSTAINABILITY PRODUCTION PRACTICE IMPROVEMENTS

Sustainability Practice Improved	Improvement Made
Raw Materials Usage	Reduction per product by 15–20 percent.
Electricity Consumption	Reduction in usage by 20–25 percent.
Wood-Paper Based Office Stationary	Reduction in usage by an average of 15 percent.
Carbon Emissions	Reduction caused by product shipments up to 15 percent.

PROGRAMMATIC SUSTAINABILITY

- **ASMINDO Certification Care (ACC) and Eco Exotic.** SENADA employed several strategies to ensure the sustainability and growth of the Sustainable Practices program in Indonesia. First and most importantly, two key institutions, Eco Exotic and ACC, developed technical services programs and other tools in sustainable practices. These services are delivered using a market-driven approach and charging fees for services. Secondly, the Sustainable Production Modules were developed and widely disseminated (through ASMINDO networks and others) to expand the application of sustainable practices in producing firms. We believe that the growing implementation of sustainable practices and the resulting success in accessing growing sustainable markets will have a demonstration effect on other firms.

REGMAP REGULATORY ANALYSIS AUGUST 2007–JULY 2009

OVERVIEW OF ACTIVITY

Regulatory reform involves deregulation and regulatory simplification processes that directly ease difficulties of doing business and stimulating investment. Despite improvements over the past five years, the regulatory burden remains a huge hindrance to doing business in Indonesia. After wide-ranging discussions and a careful review of international experience, SENADA determined that it could provide a stronger basis for regulatory reform in Indonesia by developing a process that identified, mapped, and evaluated the impact of myriad regulations affecting business operations. RegMAP, as SENADA’s regulatory program is known, was initially applied to five targeted industry sectors operating in Java—auto parts, garments, footwear, furniture, and home furnishings. Through a series of industry focus groups, RegMAP identified 1,000 burdensome national and local regulations and mapped and inventoried them. SENADA staff used a regulatory review process based on several regulatory best practice criteria to filter and prioritize these regulations in accordance with the degree of constraints they imposed on business, resulting in the identification of 136 “most burdensome” regulations.

The results of the RegMAP 2008 analysis were then used as a demonstration effect for other sectors and other parts of Indonesia. SENADA first supported a USAID program to conduct intensive training in regulatory analysis in the United States for 20 Indonesian professionals. The program included applying RegMAP and RIA techniques to case studies, assessing the impact of regulations in Indonesia (see SENADA report *Regulatory Impact Assessments and the Private Sector in Indonesia* for mini-case studies drafted by 15 program participants). RegMAP 2008 analysis results were then published and disseminated to hundreds of stakeholders through a series of seminars in early 2009. A RegMAP database (found at www.regmap.org) launched later in May includes a prioritized list of 1,000 regulations and more than 4,000 reports on related analyses. SENADA transferred the database to Bappenas for its use and upkeep. Because of the dissemination process, officials from the Ministry of Industry, Ministry of Trade, State Secretariat, Ministry of Home Affairs, Ministry of Law and Human Rights, and provincial and local governments have expressed interest in further RegMAP training.

With momentum and interest growing among government counterparts, SENADA further developed the RegMAP process and created a user-friendly, accountable, and flexible e-learning software application (supported by a Bahasa Indonesian e-learning manual) that facilitates RegMAP application to a wide range of Indonesian counterparts. The tool includes two options for analysis—RegMAP Brief and RegMAP Comprehensive—with the earlier applicable for a large number of regulations that have to be filtered quickly and the latter more robustly applying regulatory best practice criteria for a deeper analysis. SENADA successfully tested the new RegMAP tool and methodology in cooperation with the Yogyakarta Provincial Government and then broadly disseminated it in collaboration with Bappenas to more than 900 national, provincial, and local government stakeholders, universities, and select industry associations. Bappenas, with its mandate for improving the legal certainty in Indonesia, found the

RegMAP process highly valuable and has committed financial and human resources to using RegMAP for improving how legal departments throughout Indonesia review the efficacy of regulations.

TIMELINE TO ACHIEVE ACTIVITY MILESTONES

- **December 2007.** Initial RegMAP methodology finalized and ready for piloting. Center for Economic and Social Studies (CESS) selected as implementing partner for pilot and first RegMAP analysis.
- **January 2008.** RegMAP piloted with local governments from Jabodetabek and West, Central, and East Java. RegMAP methodology revised and finalized.
- **February 2008.** RegMAP full analysis commenced. Stakeholder consultations held throughout Java.
- **June 2008.** Initial inventory of 1,000 regulations completed.
- **September 2008.** Filter One completed for 1,000 regulations, resulting in more than 3,000 reports and supporting analyses. Shortlist of 351 regulations identified.
- **December 2008.** Filter Two completed for 351 regulations, resulting in 1,053 reports and supporting analyses. Clustered into 20 topical areas, 147 identified as most problematic or burdensome.
- **January 2009.** Filter Three completed on 136 regulations involving 10 focus group discussions with government and industry associations. Top 10 most problematic clusters of regulations identified.
- **March 2009.** RegMAP Summary Report completed and presented at National Seminar at Bappenas.
- **May 2009.** Regional RegMAP Seminars completed in Bandung, Yogyakarta, Semarang, and Surabaya to present 2008 RegMAP analysis results and introduce tool to local governments. RegMAP database www.regmap.org launched with a list of 1,000 regulations and 4,000 reports and related analyses.
- **June 2009.** RegMAP methodology simplified and piloted with seven local governments. SENADA launched RegMAP Software (with accompanying E-Learning training module) endorsed by Bappenas.
- **July 2009.** *National Seminar of Regulatory Reform in Indonesia* conducted in cooperation with Bappenas. Bappenas announced nationally that they will continue implementation of RegMAP to improve how legal departments throughout Indonesia review the efficacy of regulations.

PARTNERS LEVERAGED

- **National Development Planning Agency (Bappenas).** SENADA's institutional partner on RegMAP regulatory analysis program. Specifically, Bappenas' Directorate for the Analysis of Laws and Regulations (DAPP), through a team of seven experts, supported SENADA's effort to promote intensively the importance of regulatory reform to key stakeholders. Bappenas has been involved in conducting the filtering process of RegMAP exercises since July 2008 and has used its institution to disseminate RegMAP results and tools broadly. The most essential contribution is their adoption of the RegMAP framework as the foundation for the *Regulatory Simplification* concept in the draft of *Mid-Term National Development Plan (RPJM 2010-2014)* and *Annual National Development Plan (RKP 2010)* which will sustain RegMAP after the SENADA project closes.

MAIN OUTPUTS

- **Workshops/Training Conducted.** In total, 893 key government, association, and university stakeholders have been trained in RegMAP regulatory analysis methodology and tools.

- RegMAP focus group discussions with 128 key industry/government stakeholders. (January 2008)
- RegMAP stakeholder consultation meetings with 112 key industry stakeholders. (February 2008)
- Technical workshop on RegMAP for 20 DAPP-Bappenas staff. (July 2008)
- Technical workshop on RegMAP for 25 National Law Development Agency (BPHN) staff of the Ministry of Laws and Human Rights. (November 2008)
- RegMAP and MCA score card focus group discussions with 190 key industry, association and government stakeholders. (January 2009)
- Technical workshop on RegMAP for 16 Ministry of Industry staff. (April 2009)
- Technical workshop on RegMAP for 40 provincial, district and municipal government officials from Yogyakarta province. (June 2009)
- RegMAP 2008 results and Introduction to RegMAP Tool workshops conducted for 240 participants in Bandung, Yogyakarta, and Semarang. (May 2009)
- National Seminar on Regulatory Reform (and launch of RegMAP software) conducted at Bappenas for 125 participants. (July 2009)
- **Training Modules Developed and Disseminated.** SENADA developed and disseminated one training module and tool to more than 900 government, association, and industry stakeholders.
 - RegMAP E-Learning Training Module and Tool. (June 2009)
- **Media Citations.** Since inception, RegMAP generated 29 media citations nationwide.
- **Reports Written and Disseminated.** Five reports were published and disseminated to thousands:
 - *Regulatory Impact Assessments and the Private Sector in Indonesia* (SENADA, March 2009). Technical Report #43.
 - *RegMAP: Institutionalizing Regulatory Reform in Indonesia* (SENADA, March 2009). Technical Report #44.
 - *SENADA Policy Brief Series—Labor, Investment, Capital Goods, Transport and Wood*. (SENADA, July 2009). Technical Report #45 saved on TAMIS and DEC.
 - *Institutionalizing Regulatory Reform in Indonesia* (Gary Goodpaster, May 2009). Technical Report #46 saved on TAMIS and DEC. (July 2009)
 - *Regulatory Reform in Indonesia: Opportunities and Challenges*. (Steve Parker and Usmento Njo, July 2009). Technical Report #54 saved on TAMIS and DEC.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Priority Burdensome Regulations Identified.** RegMAP first identified problems faced by firms through a series of focus group meetings within our five value chains. A filtering process based on several regulatory best practice criteria was then used to prioritize regulations in accordance with the “degree of constraint” they imposed on business, resulting in the identification of 136 “most burdensome” regulations. Amazingly, from just four SENADA-targeted sectors on Java, SENADA

identified more than 1,000 regulations at the national and local levels that potentially influence business operations of large and small firms alike. Our analysis also identified that before RegMAP, the Indonesian government had no systematic inventory of existing regulations affecting these value chains, nor was there a way to cross-reference the impact of different and potentially overlapping regulations (especially between national and local-level regulations).

The impact of the RegMAP 2008 analysis was significant and we hope it will serve as the impetus for future regulatory reform. Although it is too early to measure the full impact of this research, SENADA is confident that the 2008 RegMAP analysis will lead to some level of regulatory reform, given the strong positive feedback from government and industry officials to whom the research was presented. The 134 key stakeholders who were surveyed in May 2009 noted that the most important findings from RegMAP were that the majority of all regulations were often not effectively targeted to the desired policy objective, were often used as back-door taxes to generate revenue (especially at local levels), and, most fundamentally, regulatory enforcement processes do not achieve the state policy objective efficiently (with minimum compliance burdens). Other RegMAP findings noted as important include:

- Regulations tend to be unnecessarily long and complex, especially licensing and permit processes.
- Renewals for permits are often unnecessary and, when needed, are applied too frequently.
- Stated objectives for regulations are inconsistent with their actual content.
- Regulations tend to overregulate compared to best practice criteria of minimum effective regulations. In some cases, regulations are not required at all, and in others they impose unnecessarily costly regulatory/enforcement burdens on businesses.
- Regulatory enforcement often allows too much discretion for officials, creating opportunities for corruption and higher regulatory burdens.
- Some regulations compel private companies to use facilities of regulated state-owned enterprise monopolies, limiting competition and increasing costs.
- Many regulations affect several or all value chains, suggesting a systematic problem. The number of problematic sector-specific regulations is relatively limited.

A results database from this exercise (found at www.regmap.org) brought online in May 2009 includes a prioritized list of 1,000 regulations and more than 4,000 reports and related analyses. It is now transferred to Bappenas for their use and upkeep.

- **Indonesian Government Capacity and Political Will to Enact Regulatory Analysis Increased.** One of the key findings of the 2008 RegMAP analysis was that the Indonesian government (at all levels—national, provincial, and local) lacked “any serious procedures or criteria in government legislative processes for assessing the effectiveness of existing or new regulations.” Given that SENADA’s RegMAP tool was just released in June 2009, it is too early to measure the full impact of our program in addressing this important issue. Nevertheless, from initial RegMAP pilots SENADA has shown concrete evidence that the combination of increased knowledge on regulatory mapping, inventory, and analysis combined with a user-friendly, accountable, and flexible RegMAP software application has increased the Indonesian government’s capacity to enact regulatory analysis. Yogyakarta provincial government officials found the tool “very effective” in helping them review two regulations (one draft and one enacted law) resulting in them drafting a regulation concerning *the*

Mechanism to Form Provincial Regulations, potentially stipulating RegMAP as the tool that will provide all future review of new and existing provincial regulations. Seven provincial and municipal governments have expressed a commitment to institutionalize the use of this new tool immediately.

Another strong positive feedback is that the RegMAP tools “maximized usability.” The RegMAP application includes two options for analysis—*RegMAP Brief* and *RegMAP Comprehensive*—with the earlier applicable for a large number of regulations that have to be filtered quickly and the latter more robustly applying regulatory best practice criteria for a deeper analysis. This means that any government agency, no matter how small or large it is, can benefit from RegMAP. Other results garnered from a recent survey of 50 government officials on their initial impressions of the RegMAP e-learning module, tool, and overall process are included in Table 37.

TABLE 37: GOVERNMENT OFFICIALS’ IMPRESSIONS OF REGMAP

Statements	Response
RegMAP tool is easy to use.	100% agree
RegMAP tool is user friendly.	96.2% agree
RegMAP tool is accountable.	77.8% agree
RegMAP main statements are easy to understand.	96.2% agree
RegMAP supporting criteria are easy to understand.	81.5% agree
Supporting statements are easy to fill up with good arguments.	74.1% agree
RegMAP tool can be used to review the quality of regulation.	100% agree
RegMAP tool can be used to review the quality of a draft regulation.	88.9% agree
RegMAP Brief can be used to review existing regulation quickly.	51.9% agree
RegMAP comprehensive can review the quality of regulation faster than other review tools.	88.9% agree
RegMAP comprehensive can speed up the review process of a draft of regulation.	96.2% agree
The government agencies will have a better performance if equipped by RegMAP skills.	100% agree
RegMAP technical training is important for local government.	100% agree
RegMAP tool need to be disseminated to support regulatory reform initiatives.	96.3% agree

PROGRAMMATIC SUSTAINABILITY

- National Development Planning Agency (Bappenas).** DAPP-Bappenas, with its mandate for improving legal certainty in Indonesia, found the RegMAP process highly valuable as a foundation for improving how legal departments throughout Indonesia review the efficacy of regulations. SENADA has supported DAPP’s institutionalization of a systematic RegMAP-type effort for improving Indonesia’s regulatory system after SENADA has concluded programming. Their planned program, which will be linked to the Government of Indonesia’s 2010 *Annual Work Plan (RKP 2010)* and the Medium-Term Development Plan (RPJM 2010–2014), is expected to require all legal departments in Indonesia, as part of their functional responsibilities, to review more carefully (using RegMAP if possible) all regulations covered under their mandate, leading to “regulatory action plans” that aim to revoke or streamline regulations as needed. Importantly, the link to RKP and RPJM would provide critical funding and a conceptual mandate for systematically improving Indonesia’s regulatory system.

INDUSTRY ATTACHMENT PROGRAM (IAP) MARCH 2008–JULY 2009

OVERVIEW OF ACTIVITY

SENADA and Cisco entered into partnership in 2008 to launch a unique program—known as the Industry Attachment Program (IAP)—that enhanced 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 ICT sophistication or literacy. The goal of IAP was to use “internships” to strengthen the competitiveness of SMEs by improving their knowledge and use of ICT while strengthening the human capacity of future ICT technical experts. IAP placed 100 students (selected from graduates of Cisco’s Network Academy, a global IT skill-building program that operates within universities worldwide) with 85 firms in SENADA’s focus industries (footwear, home furnishings and accessories, auto parts, and garments). IAP students received intensive technical support from SENADA, Cisco, and their host universities throughout the program. This included an intensive four-day ICT “business consulting 101” immersion, the “ICT Bootcamp,” and several additional technical workshops that built their understanding of how to apply ICT to improving business operations, covering such topics as How to Conducting Diagnostic ICT Assessments and Long and Short-Term ICT ‘RoadMapping.’

During 77 days of the internship 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. Firms were also entitled to US\$500 equipment vouchers that they could use to invest in Cisco equipment for their own networks (49 percent of participating firms took advantage of this, spending an average of US\$800 per firm). The centerpiece of the interns’ work was the development of an “ICT road map” or upgrading plan to guide each firm’s long-term ICT development. 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 Jose.

To ensure that these universities created a framework for selecting, training, managing, evaluating, and debriefing IAP students now and in the future, SENADA and Cisco partnered with five universities—Universitas Indonesia (UI), Universitas Bina Nusantara (BINUS), Universitas Ciputra, Institut Teknologi Sepuluh Nopember (ITS), and Universitas Gadjah Mada (UGM)—to institutionalize IAP. This unique program could not have been conducted—and certainly would have had no chance for being institutionalized—without the development of strong supporting infrastructure in these five IAP partner universities.

TIMELINE TO ACHIEVE ACTIVITY MILESTONES

- **March 2008:** SENADA presented IAP concept paper to Cisco top management to seek their support.
- **June 2008:** SENADA-Cisco partnership formalized. Project design, budget, and timeline finalized.
- **July 2008:** Partnerships finalized with five IAP universities from Cisco Network Academy.

- **August 2008:** Cisco, SENADA, and universities started recruitment of IAP students and firms.
- **October 2008:** Firm and student recruitment finalized.
- **November 2008:** IAP launched. IAP ICT Bootcamp conducted for 100 IAP students.
- **December 2008:** IAP interns placed in 85 firms. Four IAP Regional Kick-off Workshops conducted.
- **January 2009:** Regional ICT technical workshops on business and ICT analyses conducted. Students completed 85 firm ICT diagnostic assessments and six-month ICT improvement plans.
- **April 2009:** Regional ICT technical workshops on ICT Roadmap Development conducted.
- **June 2009:** IAP internship period officially ended. Sixty-one students submitted ICT roadmaps for their firms.
- **July 2009:** IAP 2008–2009 closing ceremony conducted in Yogyakarta. Project assessment and survey completed and top three IAP students selected to visit Cisco headquarters in November 2009.

PARTNERS LEVERAGED

- **Cisco Corporation (including Cisco Network Academy).** Primary institutional partner for IAP. Specifically responsible for managing the five university partners and 100 IAP students. Assigned Cisco Network Academy regional top executive from Singapore and Cisco Indonesia Marketing Directory to oversee program. Provided full access to Cisco technical teams and public relations resources valued in excess of \$120,000 and provided over \$200,000 in direct cash contribution to program expenses.
- **Universitas Indonesia (UI).** One of two university partners from Jakarta region. Managed 25 IAP students.
- **Universitas Bina Nusantara (BINUS).** One of two university partners from Jakarta region. Managed 25 IAP students.
- **Universitas Gadjah Mada (UGM).** Main university partner in Yogyakarta region. Managed 25 students. One of two universities expressing full commitment to IAP in 2009–2010.
- **Universitas Ciputra.** One of two university partners from Surabaya region. Managed 15 students (including five students from Petra University). One of two universities expressing full commitment to IAP in 2009–2010.
- **Institute Teknologi Sepuluh Nopember (ITS).** One of two university partners from Surabaya region. Managed 10 students.

MAIN OUTPUTS

- **Workshops/Training Conducted.** One hundred students and 85 firms trained over the course of 12 workshops and one intensive four-day immersion ICT Bootcamp:
 - Four-day ICT Bootcamp conducted in Bogor for 100 students. (November 2008)
 - Four Regional Kick-off Workshops conducted at UI, BINUS, UGM, and ITS. (December 2008)

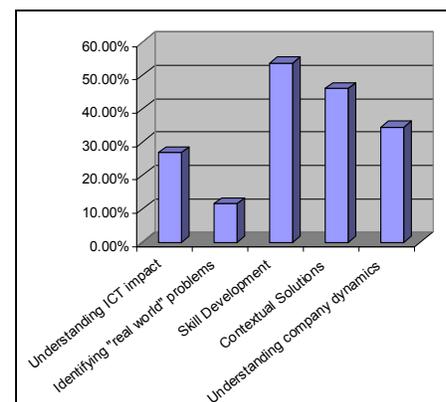
- Four regional technical workshops conducted for Business and ICT Analysis at UI, BINUS, Ciputra, and UGM. (January 2009)
- Four regional technical workshops conducted for ICT Road Map Development conducted at UI, BINUS, UGM, and ITS. (April 2009)
- IAP closing impact workshop and awards ceremony held in Yogyakarta in July with 250 interested stakeholders attending. (July 2009)
- **Media Citations.** IAP generated 47 media citations nationwide.
- **Training Modules Developed and Disseminated.** Four modules were developed and disseminated:
 - ICT Bootcamp Training Manual—Operational, Business and Technology and Strategic IT support. (November 2008)
 - Short-term ICT Work Planning. (December 2008)
 - How to Conducting Diagnostic ICT Assessments. (December 2008)
 - ICT Long Term Planning—Introduction to an ICT Roadmap. (May 2009)

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Future ICT Human Resource Capacity Increased.** IAP closed with 61 IAP students completing the program. The program’s 60 percent success rate was a considerable achievement given its rigorous requirements (to “graduate,” IAP students had to fulfill at least 77 days assisting firms between December 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. Seventy-eight students were surveyed regarding their experience in IAP, of which 77 percent stated the program had a “positive long-term benefit to their future professional career.” The following are the top benefits cited (see Figure 8):

- *Understanding ICT Impact.* Twenty-seven percent of students reported that their internship experience gave them a better understanding of how SMEs can best use ICT to improve their day-to-day business operations. They learned most about how ICT can positively affect SMEs’ financial transactions, website enhancement, IT network development, human resource management, and branch management.
- *Skill Development.* Fifty percent of students reported improved “technical” and “soft” ICT skills. Students noted that they encountered ICT problems in their firms that required a more comprehensive technical knowledge than their classroom education prepared them for. Twelve percent of students reported that this experience was gained through “finding real solutions” to “actual problems” that companies face. Although students were introduced to conceptual problems in the classroom setting, students noted that they were better able actively identify solutions when SMEs required real ICT assistance. Additionally, they noted they

FIGURE 8: STUDENT BENEFITS



developed “soft skills” such as time management, communication skills, team collaboration, and professional integrity.

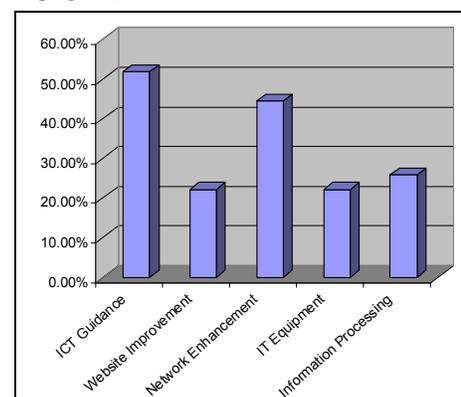
- *Developing Contextual Solutions.* Forty-four percent of the students reported that they learned how to “improvise” and “innovate” solutions that were specific to the SME context. Students recognized that many of the theories and concepts they were taught in the classroom setting were “applicable only for large companies” and were “not useful to SMEs.”
- *Understanding SME dynamics.* Thirty-five percent of students reported that they were able to “gain a deeper understanding of the dynamics of an SME.” Operating under a budget, dealing with company bureaucracy, and observing business processes were all dynamics that students experienced, giving them insight into the workings of an SME and a better understanding of the industry in which they worked.

- **Firm ICT Literacy Increased.** IAP worked with 75 SMEs and 10 nonbusinesses (including business associations and local government bodies). Thirty-eight organizations participated in the IAP impact survey, of which 85 percent said the program was beneficial their firm or organization and that they would participate again in IAP if the program was available. Top positive benefits of the program noted include (see Figure 9):

- *ICT Guidance.* Fifty percent of organizations reported that they benefited “from the ICT knowledge provided by their interns.” SMEs also reported that interns’ ICT Roadmaps had the largest positive benefit.
- *Website Improvement.* Twenty-two percent of SMEs reported that their websites were enhanced because of the interns’ assistance.
- *Network Enhancement.* Forty-five percent of SMEs reported that students helped them “improve the operation of their networks.” Improving internet performance, developing local area networks, and integrating computer systems were deemed the most important enhancements. This is not surprising, given that the focus of the Cisco Network Academy curriculum is network development/maintenance.

- *IT Equipment.* Twenty percent of SMEs surveyed reported making an ICT acquisition that resulted in a “direct benefit to the company.” This included new hardware (wireless routers) and software (accounting and human resource software). Apart from the survey, Cisco reported that US\$500 network vouchers were used by 40 firms (or 47 percent of the total), mostly for local area network or wireless equipment. On average, firms spent US\$800 per firm.

FIGURE 9: PROGRAM BENEFITS TO SME



Three strong examples of actual firm-level improvements are shown in Table 38.

TABLE 38: FIRM-LEVEL IMPROVEMENTS FROM ICT IAP

Student/Firm Information	Impact
Company: Surfer Girl Group Student: Maria Tjahjadi University: Ciputra Location: Kuta, Bali	The Surfer Girl general manager was very impressed by the IAP opening presentation and requested two IAP interns to be placed in two divisions. One of the interns, Maria Tjahjadi, impressed the management right away. Within the first month of the internship, Maria convinced Surfer Girl to procure and implement one of the SENADA sponsored solutions, SunFISH Human Resources SBE software, for Surfer Girl's human resource and payroll needs.
Company: PT Indometal Student: Dennis Harfin University: BINUS Location: Jakarta	Dennis Harfin was placed in a company that wanted to maximize its use of ICT while keeping their ICT investments to a minimum. The owner of the company is a young and smart and computer enthusiast who wanted to upgrade the company's entire inventory of computers (many of which were purchased in the early 1990s). Dennis was assigned to identify new low-cost software options and solutions for upgrading the computers, and helping to install the ICT solutions once purchased. Dennis designed a plan for the company to implement LTSP (Linux Terminal Server Project).
Company: CV Kayu Manis Student: Irma Susanti University: UGM Location: Yogyakarta	Irma Sustanti was placed in CV Kayu Manis, an export-oriented reclaimed wood furniture company. In addition to assisting the company improve its networking facilities; Irma designed and developed reclaimed wood inventory software to enable the company to better manage their raw materials. Irma worked with her personal contacts and formed a technical working group of local developers to develop a web-based application from scratch for the company's inventory management. The prototype software was developed in record time and the functionality of the application was later extended to not only handling their wood inventory, but also other areas such as management reporting and customer relationship management.

PROGRAMMATIC SUSTAINABILITY

- **Cisco (including Cisco Network Academy).** Cisco plans to expand the program not only in Indonesia, but also in Malaysia, Cambodia, and Singapore. Cisco is currently developing an IAP National Blueprint (2009–2010) that will be presented at Cisco Regional Headquarters before the IAP 2008–2009 students visit Cisco headquarters in San Jose, California in November 2009. Cisco is also considering hiring SENADA's IAP ICT technical advisor full-time to manage future IAP programming.
- **IAP Universities (UI, BINUS, UGM, ITS and Ciputra).** SENADA completed exit interviews with all IAP 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), all evaluations were strongly positive for IAP 2008–2009. Using IAP Institutionalization Grants, all five universities made human and physical infrastructure upgrades necessary for future IAP internships to continue after SENADA support ended (some administrative costs were also covered, such as small student travel stipends and staffing costs). For example:
 - UI financed the creation of an Industry Interface Unit (IIU) 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.

- All five universities developed websites, blog spots, online IAP portals, and internet discussion forums including www.ee.ui.ac.id/iiu, <http://iap.binusian.org>, <http://iap.its.ac.id/>, and <http://iap.te.ugm.ac.id/>.

At least two current IAP universities—Ciputra and UGM—have already committed resources (financial and human) to conducting a 2009–2010 round of IAP.

CONTAINER HANDLING FREIGHT PRICE REFORM (BEE) MAY 2008–APRIL 2009

OVERVIEW OF ACTIVITY

Working closely with the Export-Import Association (IEI), SENADA conducted a strategic advocacy campaign focused on improving the competitiveness of less-than-container-load (LCL) container freight services (CFS) price agreements at Lini 2 Tanjung Priok Port. With public support for the initiative built through a series of targeted focus groups with key industry players, SENADA-IEI's analysis and recommendations on how they could amend the agreement to reduce price burdens and increase healthy competition were submitted to the Ministry of Transport (DGSC) and the Competition Commission (KPPU). The recommendations led to the formation of a senior-level governmental working group that designed a viable market-based tariff structure and enforcement codes. In April 2009, the government revoked the old LCL-CFS tariff agreement for Lini 2 (issued May 2007) and replaced it with a new, clarified nine-tier tariff structure for LCL-CFS Lini 2 Tanjung Priok Port effective June 2009 with maximum tariff ceilings and a new oversight and enforcement body. The Port Administration of Tanjung Priok, IEI, and KPPU will continue to monitor the new rules to assess the economic impacts of the new tariff.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **June 2008:** SENADA conducted initial analysis with IEI and launched an advocacy program to improve the competitive regulatory framework of LCL-CFS price agreements at Lini 2 Tanjung Priok Port.
- **October 2008:** Working with IEI, draft analysis and recommendations for improving CFS arrangements at Tanjung Priok were shared and discussed in focus group discussions with DGSC, KPPU, Maersk Shipping, the Indonesian Logistics Association (ALI), the Port Administration of Tanjung Priok, and the Indonesian Forwarder Association (GAFEKSI).
- **November 2008:** KPPU and Port Administration of Tanjung Priok announced preliminary agreement to resolve the LCL-CFS tariff issue for Lini 2 Tanjung Priok Port.
- **December 2008:** SENADA's final report, *Issues Related to the Release of Goods - Lini 2 Container Service of Tanjung Priok Seaport*, was presented at a national seminar, Dialogue to Find Solutions to Problems in CFS Lini 2 Tanjung Priok Port. Final key recommendations on reducing the price burden of CFS arrangements submitted to DGSC and KPPU.
- **January 2009:** Based on SENADA recommendations, Port Administration of Tanjung Priok formed a senior "tariff team" including 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. The new team was tasked with designing new tariff limits for LCL CFS at Lini 2.

- **April 2009:** Burdensome LCL-CFS tariff agreement for Lini 2 (issued May 2007) revoked.
- **June 2009:** New transparent LCL-CFS tariff agreement for Lini 2 went into effect. Director General of Sea Transport now imposes sanctions on service providers who fail to comply with the issued guidelines.

PARTNERS LEVERAGED

- **Indonesian Exporter and Importer Association (IEI).** IEI worked with SENADA on the advocacy effort from inception, providing analysis, port data, and other evidence regarding violation of the price agreement. IEI also brought together its members for the December 2008 seminar and individual meetings with KPPU and other key stakeholders. Currently, IEI serves as industry watchdog to monitor the new tariffs' impact on importers and to report abuses.

MAIN OUTPUTS

- **Media Citations.** In total, this advocacy effort resulted in eight media citations in such media outlets as *Kompas*, *Jakarta Globe*, *Bisnis Indonesia* and *Investor Daily*.
- **Reports Written and Disseminated.** SENADA published and disseminated one report:
 - *Issues Related to The Release of Goods - Lini 2 Container Service of Tanjung Priok Seaport* (SENADA, December 2008). Technical Report #50 saved on TAMIS and DEC.
- **Workshops/Training Conducted.** Approximately 100 individuals attended workshop and six focus groups to build awareness on LCL-CFS issues at Tanjung Priok Seaport. There were additional focus groups sponsored by Port Administration of Tanjung Priok that is not enumerated below.
 - With IEI, six focus group discussions held with Maersk Shipping, Indonesian Logistics Association (ALI), DGSC, KPPU, Port Administration of Tanjung Priok, and Indonesian Forwarder Association (GAFEKSI). (October 2008)
 - *Dialogue to Find Solutions to Problems in CFS Lini 2 Tanjung Priok Port* workshop conducted for DGSC, KPPU, and key industry stakeholders. (December 2008)

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Tariff Structure For LCL-CFS Lini 2 Tanjung Priok Port Improved.** SENADA and IEI advocacy efforts led to a November 2008 statement that announced KPPU and Port Administration of Tanjung Priok had reached a preliminary agreement to resolve LCL-CFS tariff issues jointly at Lini 2 Tanjung Priok Port. Later in February 2009, Port Administration of Tanjung Priok formed a senior “tariff team” that included such senior representatives as 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. The new team defined and promulgated a set of rules for tariff levels related to port services such as delivery, cargo shifting, and storage. In 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 went into effect in June 2009 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 comply with the issued guidelines. The team is continuing to meet regularly to address additional stakeholder concerns about Lini 2’s functioning.

These new tariff rates with maximum ceilings and a new enforcement regime to oversee the regulation were a major step forward for the port. First, the new tariffs are viewed as more realistic and market-based, removing incentives for collusion that occurred under the previous informal “black market” tariff system that was followed when government-set tariffs were ignored. The new regulation also established a clear framework for opening competition of service provision to new providers that may inject some much-needed competition into port service provision. Finally, with an empowered Director General of Sea Transport to enforce the new agreement, the chances that the regulations will be followed under the new regime are higher.

PROGRAMMATIC SUSTAINABILITY

- **Port Administration of Tanjung Priok** and its senior tariff team will continue to monitor and track impact of the new maximum LCL-CFS Lini 2 Tanjung Priok Port tariffs until December 2009. IEI and KPPU have also continued to monitor separately the economic impact of the tariff and to assess their effectiveness in facilitating fair and open competition among service providers and users.

SHIPPING LAW AND PORT DEVELOPMENT (BEE) APRIL 2008–JULY 2009

OVERVIEW OF ACTIVITY

In April 2008, the Indonesian government approved a new Shipping Law (Law No. 17/2008), which announced the removal of constraining public sector monopoly powers over Indonesia's port sector, and allowed for the injection of much needed competition through private sector participation. With this new law and the announcement of the Indonesian government's intention to overhaul the Indonesian port sector, SENADA embarked on a program to support the development, planning, and implementation of this new regulation. SENADA's program focused on two main initiatives.

The first initiative began with a strategic analysis of the new Shipping Law conducted between April and August 2009. The completed analysis, *Indonesian Port Sector Reform and the 2008 Shipping Law*, was presented at a number of events including a major stakeholders' roundtable at the World Bank, the 2008 National Transport and Logistics Conference, and a series of internal meetings at the Coordinating Ministry for Economic Affairs. SENADA received positive feedback on its initial analysis and recommendations and was invited by the Directorate General for Sea and Transportation (DGST) to provide private sector and international best-practice input on regulations governing ports at the SENADA-DGST workshop in December 2008. These key recommendations were later documented and disseminated in a report, *Indonesia Port Policy Memo—Guidance Memo for Development of Implementing Regulations for Shipping and Port Act, No. 17/2008*, published and presented to DGST and the Coordinating Ministry for Economic Affairs in early 2009. This report led to a DGST request for additional USAID support to design a supporting regulatory and institutional framework for the implementation of the port-related chapter of the new Shipping Law. SENADA, with support from STTAs David Wagnall and Donald D'Druz, designed an institutional structure consisting of port authorities, job specifications for key personnel, and human resources training as well as benchmarks for port performance and management. *Developing Port Authorities—Indonesia* was published and disseminated at a national workshop with DGST in July 2009.

The second initiative, begun in November 2008, laid the initial groundwork for the development a new sea port in Central Java (as made possible by the new Shipping Law) that will potentially help overcome logistics constraints affecting furniture, footwear, and garment manufacturers in the province. Leveraging BIF funds in December 2008, a prefeasibility study for a new container port in Kendall, Central Java was completed by CV Wijaya Engineering and presented nationally to the Governor of Central Java, DGST, Coordinating Board of National Investment (BKPM), and key potential investors in May 2009. These activities resulted into two major achievements. First, Kendall Port received a location permit (*ijin lokasi*) from the Minister of Transportation, the first major regulatory step in development of a new sea port—it will help local government attract local and foreign investors. Second, the Kendall region is receiving special economic zone status through a future presidential decree that will be passed in November after the Law on Special Economic Zones is enacted.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **April 2008.** Indonesian government enacts a new Shipping Law that provides the foundation for a comprehensive reform of the Indonesian port sector. SENADA team initiates program to support government in developing and planning the implementation of this law.
- **May 2008:** SENADA presented draft analysis from the *Indonesian Port Sector Reform and the 2008 Shipping Law* report at a World Bank workshop on Indonesian port sector reform and the 2008 Shipping Law.
- **July 2008:** SENADA cooperated with Local Development Agency (Bappeda) and local government officials to host a seminar in Semarang on strategies to improve transportation of commodities in Central Java.
- **August 2008:** *Indonesian Port Sector Reform and the 2008 Shipping Law* final report published and disseminated.
- **September 2008:** Port sector reform report presented at 2008 National Transport and Logistics Conference and at series of internal meetings at the Coordinating Ministry for Economic Affairs.
- **November 2008:** CV Wijaya Engineering was awarded a BIF grant to conduct a pre-feasibility study on and location permit (*ijin lokasi*) for a potential new container port for Kendal Port, Central Java.
- **December 2008:** In partnership with DGST, SENADA conducted a workshop with port specialist David Wignall on international best practices on regulations related governing ports.
- **January 2009:** *Indonesia Port Policy Memo—Guidance Memo For Development Of Implementing Regulations For Shipping And Port Act* published to DGST and the Coordinating Ministry for Economic Affairs.
- **April 2009:** SENADA commenced work with STTAs David Wignall and Donald D’Druz on designing a supporting regulatory and institutional framework necessary for the DGST’s Port Authorities to implement port related management regulations of the new Shipping Law.
- **May 2009:** CV Wijaya Engineering (WEC) presented pre-feasibility study for a new container port in Kendal, Central Java nationally to the Governor of Central Java, DGST, Coordinating Board of National Investment (BKPM), and key potential investors.
- **June 2009:** Kendal regent and Head of Central Java Board of Investment submitted application to be approved as “alternative port which incorporated in the special economic zone” as designated by Shipping Law. David Wignall presents preliminary findings to the Directorate General Sea and Transportation on a Tanjung Priok Jakarta, Tanjung Perak Surabaya, and Belawan Medan port assessment.
- **July 2009:** SENADA, with STTAs David Wignall and Donald D’Druz, published and disseminated port framework *Developing Port Authorities—Indonesia* at a SENADA-DGST national workshop.

PARTNERS LEVERAGED

- **Directorate General Sea and Transportation (DGST).** With support of Directorate General, Director of Ports and Dredging, Head of Planning Division, DGST coordinated with all port authorities directing

them to participate and provide information for SENADA port authority study. They also provided information directly to SENADA on how coordination currently occurs between the port authorities.

- **PT. Pelindo.** Gave official access to SENADA for an assessment of Medan and Tanjung Perak ports, providing information on how the ports were managed and how they coordinated with other agencies. Information became foundation of the port authority framework developed by SENADA.

MAIN OUTPUTS

- **Reports Written and Disseminated.** SENASA published and disseminated four reports:
 - *Indonesian Port Sector Reform and the 2008 Shipping Law* (SENADA, August 2008). Technical Report #37 saved on TAMIS and DEC.
 - *Indonesia Port Policy Memo—Guidance Memo for Development of Implementing Regulations for Shipping and Port Act, No. 17/2008* (David Wignall, January 2009). Technical Report #31 saved on TAMIS and DEC.
 - *Executive Summary on Kendal Port Pre-feasibility Study* (CV Wijaya Engineering, May 2009).
 - *Final Report on Developing Port Authorities* (David Wignall and Donald D’Druz, July 2009). Technical Report #52 saved on TAMIS and DEC.
- **Workshops/Training Conducted.** SENADA conducted six workshops conducted for more than 200 stakeholders on port-related issues and recommendations for improvement:
 - World Bank–SENADA best practices workshop conducted on Indonesia port sector reform and the 2008 Shipping Law attended by 50 people. (May 2008)
 - SENADA–Bappeda seminar in Semarang on strategies to improve transportation of commodities in Central Java attended by 70 people. (July 2008)
 - 2008 National Transport and Logistics Conference. (September 2008)
 - SENADA—DGST stakeholders’ roundtable conducted on international best practices on regulations related to governing ports attended by 76 government officials. (December 2008)
 - CV Wijaya Engineering workshop on Kendall Port pre-feasibility study with Governor of Central Java, DGST, Coordinating Board of National Investment (BKPM), and key potential investors. (May 2009)
 - National Workshop “Recommendations on Implementation Program and Support Requirements for Port Authorities” in which David Wignall and Donald D’Druz presented their port framework *Developing Port Authorities—Indonesia*. (July 2009)
- **Number of Media Citations.** This activity received 30 media citations from online and print media associated with *Jakarta Post*, *Republika*, *Kompas*, and *Media Indonesia*.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Critical Milestone to Modernized Port Infrastructure Investment in Central Java Achieved.** With August 2009 approvals of the Kendall Port Location Permit (*ijin lokasi*) (DGST) and Special Economic Status (Governor of Central Java), Indonesia’s port sector took a significant step toward modernization.

With these approvals, Kendall Port can now start development by allowing the local government to attract bidders for new port services from both local and foreign investors. This process could not happen without these two critical bureaucratic milestones achieved.

- **Ministry of Transport (DGST) Capacity to Implement Shipping Law Increased.** SENADA provided DGST with a comprehensive set of recommendations and guidelines to develop a supporting regulatory and institutional framework necessary to implement the port-related chapter of the new Shipping Law. The draft framework offers a wide breadth of recommendations on new internal port regulations, management structures, job specifications for key personal, human resources systems, and a training roadmap. With this plan, DGST has the required information necessary to set out a long-term plan for reform that will equip it with the skills and management structure necessary to carry out its increased mandate under the new shipping law.

PROGRAMMATIC SUSTAINABILITY

- **Kendall Port.** With approval from the Central Government, the Governor of Central Java and local government of Kendall have committed staff and financial resources to continue the Kendall Port's development with local and international private investors.
- **Ministry of Transportation.** Although there are questions about DGST's institutional capacity to carry out its newly expanded mandate, there is a strong commitment from DGST senior staff (and Bappenas) to carry out long-term reform based on the comprehensive set of recommendations and guidelines and the supporting draft regulatory and institutional framework presented to them by SENADA.

BUILDING AND LAND USE PERMITS REFORM (BEE) JUNE 2008–JULY 2009

OVERVIEW OF ACTIVITY

Through the development and dissemination of a series of reports and targeted technical workshops, SENADA’s advocacy efforts provided a clear set of recommendations on how to improve legislation concerning disturbance-planning bylaws (*izin gangguan*), and detailed guidelines and templates for urban planners to use to revise old or develop future building permit (known as IMB) and land use permit legislation. This guidance was directed to national government officials (mainly from the Ministry of Home Affairs), local government officials, academics, NGOs, and Ministerial Regulation drafting teams.

TIMELINE TO ACHIEVE THE ACTIVITY MILESTONES

- **June 2008:** Disturbance-Planning and Building and Land Use regulation identified as “most problematic” for SMEs after filter one of *2008 RegMAP Regulatory and Policy Analysis* was completed.
- **July 2008:** Urban planning expert Don Elliot presented a clear set of recommendations for the drafting team of the Ministerial Regulation governing the use of disturbance-planning bylaws (*izin gangguan*).
- **August 2008:** STTA Don Elliot’s report *Nuisance Permit Systems—A Report on Disturbance Control* published and disseminated. Findings presented to Ministry of Home Affairs regulation drafting committee.
- **December 2008:** STTA Don Elliot teamed up with officials from two local governments (Bekasi and Cimahi Regencies) and researchers from Bandung Trust Institute and CESS to complete an empirical study on procedural applications for obtaining building (IMB) and land use permits. Findings disseminated to Ministry of Home Affairs, the Asia Foundation and World Bank.
- **January 2009:** STTA Don Elliot’s report *Building Permits (IMB) and Local Investment—Key Problems and Recommendations* report published highlighting major problems with local regulations on building permits.
- **March 2009:** SENADA worked with Asia Foundation to introduce new procedures for obtaining IMB building and land use permits in Bekasi local government’s newly launched “one stop shop” business license service. User satisfaction survey conducted in Bekasi, Jakarta, Tangerang Regency, and Pemda Kota Cimahi.
- **April 2009:** Ministry of Home Affairs submits new draft regulation on disturbance (nuisance) permits to Minister for approval. No approval has been given to date.
- **May 2009.** Don Elliot conducted presentations to 30 stakeholders from Bekasi local government and later to USAID on March 2009 Bekasi “one-stop shop” user survey findings and U.S. and Canadian best practices in building and land use permit legislation development.

- **July 2009.** Don Elliot’s report *Key Local Planning and Building Regulations Affecting Investment in Indonesia and the IMB Permit Best Practice Toolkit* (with template IMB regulations) published and widely disseminated.

PARTNERS LEVERAGED

- **The Asia Foundation.** Provided SENADA and researchers with full information on their one-stop shop program and how it related to applying for specific building (IMB) permits in Cimahi.
- **Bandung Trust Advisory Group.** Assisted SENADA in building a solid relationship with Cimahi Regency local government and provided targeted support to SENADA’s IMB survey/research on IMB and whether it was improved with one-stop shop service provision.
- **CESS Consortium.** Assisted SENADA in building a solid relationship with Bekasi Regency local government and provided targeted support to SENADA’s IMB survey/research on IMB and whether it was improved with one-stop shop service provision.
- **Directorate General Department of Home Affairs.** Provided targeted support to SENADA for research on simplification strategies on nuisance permit template regulation. Shared recommendations on disturbance permit reform with corresponding government agencies (as well as their own regulation drafting committee) responsible for this type of regulation.
- **Local Governments—Cimahi, Bekasi, and Tangerang.** Participated in survey on local impact of IMB building permits and licensing, including how one-stop shop services were helping to improve efficiency.

MAIN OUTPUTS

- **Workshops/Training Conducted.** Approximately 80 individuals were trained over the course of six workshops on disturbance (nuisance) permit and building (IMB) and land use permit best practices.
 - Workshop conducted for drafting team of the Ministerial Regulation governing the use of disturbance-planning bylaws (izin gangguan). (July 2008)
 - Nuisance Permit Systems Best Practices workshop conducted for Ministry of Home Affairs regulation drafting committee. (August 2008)
 - IMB Building and Land Use Permit Best Practices workshop conducted for 20 stakeholders from Ministry of Home Affairs, the Asia Foundation and World Bank. (December 2008)
 - IMB Building and Land Use Permit Best Practices workshop conducted for 10 Cimahi Regency local government officials. (May 2009)
 - IMB Building and Land Use Permit Best Practices workshop conducted for Bekasi Regency attended 30 local government and “one stop shop” service officers. (June 2009)
- **Reports Written and Disseminated.** Three reports were published and disseminated:
 - *The Nuisance Permit System—A Report on Disturbance Control* (Don Elliot, August 2008). SENADA Technical Report #33, saved on TAMIS and DEC.
 - *Building Permits (IMB) and Local Investment—Key Problems and Recommendations* (Don Elliot, January 2009). SENADA Technical Report #42, saved on TAMIS and DEC.

- *Local Planning and Building Regulations Affecting Investment in Indonesia* (Don Elliot, July 2009). SENADA Technical Report #48, saved on TAMIS and DEC.
- Modules Developed and Disseminated. One module was developed and disseminated to 50 IVC and local government stakeholders:
 - *IMB Permit Best Practice Toolkit* (with template IMB regulations). (July 2009)

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Regulations Related to Disturbance Permits Improved.** Specific recommendations presented to the Directorate General Department of Home Affairs’ legislation drafting committee have positively affected the new draft regulation that was submitted to the Minister for approval in April 2009. Specifically, they removed the “communality consent” requirement that was seen as most burdensome to SMEs. SENADA expects disturbance “nuisance” permit legislation to be signed into law by December 2009.
- **Regulations Related to Building (IMB) Permits Improved.** Although specific recommendations were presented to the numerous government agencies (including three progressive local governments in Bekasi, Cimahi, and Tangerang), there have been no confirmed cases identified yet that suggest recommendations or improvements have been made to local building permit legislation. SENADA expects the widely disseminated *IMB Permit Best Practice Toolkit (with template IMB regulations)* to make more of an impact because it contains practical recommendations that can be easily incorporated into local governments regulations. Given the recent dissemination, it is too early to measure tangible impact.

IBISA ICT MARKET LINKAGE PROGRAM

SEPTEMBER 2008–JULY 2009

OVERVIEW OF ACTIVITY

The SENADA ICT market linkage program set three ambitious objectives to bridge the ICT use gap. Our strategy combined programs to develop new ICT business applications, increase ICT literacy in SMEs, and facilitate market transactions among ICT service vendors and SMEs in need of services. Through a series of technical workshops, trade fairs, and targeted financial, technical, and marketing support to 16 innovative ICT solutions (as well as 21 websites), SENADA built important domestic market linkages between the ICT providers who produce affordable, applicable, and effective products and services and firms (mostly SMEs) that demand these services. To ensure the greatest impact possible and to increase sustainability of these linkages, SENADA recruited local vendors, universities, and other stakeholders to serve as strategic and organizing partners. This activity culminated with collaboration among SENADA, Duta Wacana University, and Ciputra University on two high-profile iBISA ICT Business Solution Fairs in Yogyakarta 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 43 technical ICT workshops. These ambitious programs had mixed results, but served as an informative laboratory for future ICT development.

TIMELINE TO ACHIEVE ACTIVITY MILESTONES

- **September 2008.** Targeted financial, technical, and marketing support started for 16 innovative solutions.
- **December 2008.** Partnership finalized with Universitas Ciputra and Universitas Kristen Duta Wacana to conduct two regional iBISA ICT Business Solution Fairs.
- **April 2009.** iBISA ICT Business Solution Fair sponsorship, recruitment, and marketing began. Yogyakarta Business Association roundtable and MASTEL Jakarta ICT Breakfast Meeting conducted.
- **May 2009.** iBISA ICT Business Solution Fair conducted with Universitas Kristen Duta Wacana in Yogyakarta.
- **June 2009.** iBISA ICT Business Solution Fair conducted with Universitas Ciputra in Surabaya.

PARTNERS LEVERAGED

- **Universitas Kristen Duta Wacana (UKDW).** Primary implementing partner for conducting iBISA ICT Business Solution Fair in Yogyakarta. University committed 10 full-time staff and 15 students to organize the event, provided its university campus (including its main auditorium) for the event, and provided select university professions as speakers and lecturers.
- **Universitas Ciputra.** Primary implementing partner for conducting iBISA ICT Business Solution Fair in Surabaya. From planning to execution, Ciputra provided seven senior lecturers to the iBISA

organizing committee. During the event Ciputra mobilized 40 students as volunteers. Ciputra also recruited sponsors that contributed \$44,000 to the event.

- **MASTEL Association.** Indonesia’s largest ICT and telecommunication association supported *iBISA* by marketing the program throughout their network and helping recruit corporate sponsors.

MAIN OUTPUTS

- **Workshops/Training Conducted.** SENADA’s two *iBISA* ICT Business Solution Fairs in Yogyakarta and Surabaya featured exhibitions from 40 ICT software, hardware, and service vendors, and provided a series of 43 educational plenary seminars and technical workshops on a variety of key ICT issues and technical products. The two events were attended by more than 200 SMEs. Table 39 are the *iBISA* seminars and workshops offered:

TABLE 39: IBISA SEMINARS AND WORKSHOPS

Location	Session/Workshop	Type	Attendees
Yogyakarta	Plenary Session—Strategies To Improving Competitiveness Through ICT.	Seminar	168
Yogyakarta	Workshop Fast React	Workshop	5
Yogyakarta	Workshop SAP—Careers In SAP	Workshop	82
Yogyakarta	Workshop Accurate	Workshop	11
Yogyakarta	Workshop Aosi—Open Source Solution	Workshop	9
Yogyakarta	Workshop SAP Solution For SMB	Workshop	33
Yogyakarta	Tax Consultation For Start-Ups And SMEs	Workshop	2
Yogyakarta	Workshop AOSI - ERP Using Open Source	Workshop	15
Yogyakarta	Workshop Web 2.0	Workshop	20
Yogyakarta	Workshop AOSI—Pasarkreatif.Com	Workshop	6
Yogyakarta	Workshop INIXINDO: Hands-On Workshop In Blog And Web 2.0	Workshop	24
Surabaya	Plenary Session—Entrepreneurial ICT Survival Strategies	Seminar	77
Surabaya	Low Budget IT Solutions For Managing Hotels	Workshop	9
Surabaya	Case Studies—Integrated Business Management Solutions For SMEs	Workshop	13
Surabaya	Intelligent Power Infrastructure For Your Business Continuity	Workshop	15
Surabaya	Boost Your Innovation Through It Product Design And Modeling	Workshop	18
Surabaya	Expose Your Tourism Business Using Your Own Creation Website!	Workshop	20
Surabaya	Computerize Your Accounting Within Days, Not Months	Workshop	20
Surabaya	Integrated Solution For Healthcare Providers	Workshop	18
Surabaya	Smart IT Investment For Hospitals	Workshop	20
Surabaya	Comprehensive IT Solutions For Hospital Information Systems	Workshop	23
Surabaya	Storing The Maximum Amount Of Data For The Lowest Possible Cost	Workshop	25
Surabaya	Cisco Small Business Solution	Workshop	17
Surabaya	Reliable, Secure, and Cost Effective Office Systems Using Open Source	Workshop	16
Surabaya	Security Monitoring Using IP-Based Camera	Workshop	13
Surabaya	Simple Ways To Manage Your Human Resources with ICT	Workshop	25
Surabaya	Finding The Best Communication Solutions For Your Small Business	Workshop	27
Surabaya	Pasarkreatif.Com—A Low Cost Solution For SME E-Commerce	Workshop	30
Surabaya	Leverage Social Networking for Web-based Marketing to SMEs	Workshop	32
Surabaya	Open Source ERP	Workshop	25
Surabaya	Entrepreneurial Supply Chain Management	Workshop	25
Surabaya	CONSLOAD: Shipment Consolidation Software	Workshop	25
Total:			868

- **New Products and Services Available in Market.** SENADA’s targeted financial, technical, and marketing assistance led to the creation and commercialization of 16 ICT market solutions (including web-based services, software, and hardware) to help SMEs improve efficiency and productivity or access information on new markets, standards, or important industry regulations. SENADA programs also supported development of 21 websites. Table 40 is a complete list of SENADA ICT solutions supported to date.

TABLE 40: SENADA ICT SOLUTIONS

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

- **Media Citations.** ICT market linkage programs generated 29 media citations nationwide.

ACTIVITY IMPACT (QUANTITATIVE AND QUALITATIVE)

- **Sustainable Market Linkages Built between ICT Suppliers and SMEs.** SENADA had mixed results in achieving its ambitious and ultimately unrealistic objectives in seeking to bridge Indonesia’s ICT use gap in less than one year. From a pure output perspective, SENADA was able to achieve significant results. In terms of the long-term sustainable impact of our program, however, the full impact cannot be realistically measured. SENADA’s program did result in the development of 16 ICT business applications, but the commercialization of these applications has not met our expectations. Several of the applications, as described above, have found their way into the markets; most have not. The large service providers have not dedicated adequate resources to marketing the new applications because they continue to focus on their large corporate clients. The small service providers lack the resources and skills to effectively market their new products.

iBISA showed promise as a means to both strengthen ICT literacy and expose SME firms to the array of ICT services available in the local market. Although an impressive 200 SME and 40 vendors did participate in iBISA events, the numbers were short of our initial expectations. SENADA learned that the successful implementation of ICT trade fairs requires substantially more resources, time, and specialized skills in trade fair organization as well as specific ICT industry knowledge. Because

iBISA's attempt to offer ICT solutions across all industries diluted the overall impact, SENADA advises that if ICT trade fairs are implemented in the future they be implemented on an industry-specific basis. This would allow for tailoring of solutions.

PROGRAMMATIC SUSTAINABILITY

- **Universitas Ciputra.** SENADA and Ciputra learned that major ICT trade fairs are very challenging and expensive to organize without strong corporate sponsorship (which admittedly is very difficult to secure without years of corporate relationship building). Ciputra leadership has a strong commitment to making the university a “true ICT business partner” and seems ready to commit the necessary financial and human resources to making this happen. The university senior foundation staff and Rector have also expressed strong interest in conducting future ICT trade fairs, although it is too early to tell if the corporate parent company of the university is willing to again commit the necessary resources without direct donor participation.

ANNEX I: BUSINESS INNOVATION FUND— GRANT SUMMARIES

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)	Date approved by USAID
1	Servitama Consulting (CLOSED)	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	19-Sep-07
2	IATO Indonesia (CLOSED)	Automotive Product and Process Standards E-Library	Business Association	Autoparts	Jakarta	1-Nov-07	1-May-08	201,850,000	\$22,428	5-Oct-07
3	Diponegoro University (UNDIP) (CLOSED)	Break Drum Industry Standardization Program	University	Autoparts	Semarang	1-Nov-07	30-Apr-08	161,500,000	\$17,944	22-Oct-07
4	LSK-K3 (ICCOH) (CLOSED)	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)	19-Nov-07
5	Sigma Training Centre (STC) (CLOSED)	Advance Motorcycle CBT Training Center	Private Company/Business Service Provider	Autoparts	Surabaya	28-Jan-08	28-Jul-08	166,700,000	\$18,522	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)	Date ap- proved by USAID
6	Indonesian Textile Association (API) (CLOSED)	Garment/Textile Industry Virtual Business Forum	Business Association	Garments	Jakarta	21-Jan- 08	21-Jul- 08	122,643,415	\$13,627	4-Jan-08
7	ASPILOW (CLOSED)	Engineer Roll Machine for Tractor Tire Production	Business Association	Autoparts	Sidoarjo	25- Feb-08	25-Aug- 08	82,150,000	\$9,128	8-Feb-08
8	Quantum Design Engineering (CLOSED)	ISO9000 Compliance Software	Private Company/Bu siness Service Provider	Various Industries	Jakarta	25- Feb-08	25-Aug- 08	180,100,000	\$20,011	8-Feb-08
9	Mangrove Action Plan Indonesia (CLOSED)	Building Bamboo Pressure Treatment Facility	NGO	Furniture and Home Accessories	Yogyakarta	25- Feb-08	25-Aug- 08	211,800,000	\$23,533	8-Feb-08
10	Center for Furniture Design and Development (CLOSED)	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	8-Feb-08
11	PT. Sentra Solusi Integrasi (iMULAI) (CLOSED)	Mobile Application Development for Inventory Management	Private Company/Bu siness Service Provider	Various Industries	Jakarta	2-Jun- 08	2-Dec- 08	220,000,000	\$24,444	13-Feb-08
12	PT. Dycode Cominfotech Development (iMULAI) (CLOSED)	Port Management Portal (PORTMAP)	Private Company/Bu siness Service Provider	Various Industries	Bandung	2-Jun- 08	2-Dec- 08	225,000,000	\$25,000	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)	Date approved by USAID
13	ITS - Surabaya (iMULAI) (CLOSED)	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	13-Feb-08
14	CV Rafindo Raya (CLOSED)	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	3-Apr-08
15	PT IndoDev Niaga Internet (DataOn Corporation) (CLOSED)	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	3-Apr-08
16	GNKL-NU (CLOSED)	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	7-May-08
17	APRISINDO West Java (CLOSED)	Computer Based Pattern Making Service Development in W. Java	Business Association	Footwear	Bandung	11-Aug-08	11-Feb-09	224,587,500	\$24,954	7-May-08
18	Diponegoro University UNDIP) (CLOSED)	Chitosan Anti-Bacterial Agent for Garment Fabrics	University	Garments	Semarang	4-Aug-08	4-Feb-09	220,150,000	\$24,461	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)	Date ap- proved by USAID
19	Langlangbua na University (UNLA) (CLOSED)	Mendong Waste Production Technology for Fancy Paper	University	Furniture and Home Accessories	Bandung	4-Aug- 08	4-Feb- 09	225,000,000	\$25,000	26-Jun-08
20	Vocational Education Development Center (VEDC) (CLOSED)	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	26-Jun-08
21	Darma Persada University (UNSADA) (CLOSED)	Hybrid GHE Solar Dryer for Tanned Leather	University	Various Industries	Jakarta	13-Oct- 08	13-Apr- 09	225,000,000	\$25,000	4-Sep-08
22	Business Innovation Center (BIC) (CLOSED)	Intermediary Linkage Service for Innovation and Investment	NGO	Various Industries	Jakarta	4-Nov- 08	4-May- 09	225,000,000	\$25,000	29-Sep-08
23	CV Wijaya Beringin Consulting (CLOSED)	Pre-Feasibility Study on Kendal Port Development	Private Company/Bu siness Service Provider	Various Industries	Semarang	11- Nov-08	11- May-09	216,000,000	\$24,000	29-Sep-08
24	ASMINDO Furniture Association (CLOSED)	ASMINDO Certification Care (ACC)	Business Association	Furniture and Home Accessories	Surabaya	25- Nov-08	25- May-09	224,400,000	\$24,933	17-Nov-08
25	Society of Automotive Indonesia (SOI) (CLOSED)	QSEAL National Seal of Quality	NGO	Autoparts	Jakarta	25- Nov-08	25- May-09	224,900,000	\$24,989	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)	Date approved by USAID
26	Institute Technology Bandung (ITB) (CLOSED)	National Technical Training Service Provider Directory	University	Autoparts	Bandung	25- Nov-08	25- May-09	224,800,000	\$24,978	17-Nov-08
27	PT. Bluemoon - Pixel (CLOSED)	Batik Fractal 2.0 Software	Private Company/Bu siness Service Provider	Garments	Bandung	1-Dec- 08	1-Jun- 09	225,000,000	\$25,000	17-Nov-08
28	University Indonesia (UI) (IAP) (CLOSED)	Industry Attachment Program	University	Various Industries	Jakarta	10- Dec-08	10-Jun- 09	224,975,000	\$24,997	17-Nov-08
29	BINUS University (IAP) (CLOSED)	Industry Attachment Program	University	Various Industries	Jakarta	10- Dec-08	10-Jun- 09	224,875,000	\$24,986	17-Nov-08
30	ITS - Surabaya (IAP) (CLOSED)	Industry Attachment Program	University	Various Industries	Surabaya	16- Dec-08	16-Jun- 09	135,000,000	\$15,000	17-Nov-08
31	UGM (IAP) (CLOSED)	Industry Attachment Program	University	Various Industries	Yogyakarta	10- Dec-08	10-Jun- 09	225,000,000	\$25,000	17-Nov-08
32	Ciputra University (IAP) (CLOSED)	Industry Attachment Program	University	Various Industries	Surabaya	16- Dec-08	16-Jun- 09	89,550,000	\$9,950	11-Dec-08
33	PT Sumber Alam Inovasi Nusantara (SAINS) (CLOSED)	Innovative Technology for Transforming Feldspar Rocks into Decorative Ceramics	Private Company/Bu siness Service Provider	Furniture and Home Accessories	Bandung	9-Jan- 09	9-Jul-09	202,500,000	\$22,500	8-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)	Date ap- proved by USAID
34	Grafika Valley (iMULAI) (CLOSED)	Mobile@ACT	Private Company/Bu siness Service Provider	Various Industries	Jakarta	12-Jan- 09	12-Jul- 09	224,000,000	\$24,889	7-Jan-09
35	PT Azadirachta Mandiri (CLOSED)	Collaborative e- Business System (CES)	Private Company/Bu siness Service Provider	Various Industries	Bogor	12-Jan- 09	12-Jul- 09	225,000,000	\$25,000	7-Jan-09
36	PT Global Business (Gobizx) (CLOSED)	WAYDEV Automotive Components Supplier Database	Private Company/Bu siness Service Provider	Autoparts	Jakarta	14-Jan- 09	14-Jul- 09	207,000,000	\$23,000	7-Jan-09
37	PT Immedia Visi Solusi (CLOSED)	Internet Radio Broadcasting for Business Communication	Private Company/Bu siness Service Provider	Various Industries	Malang	12-Jan- 09	12-Jul- 09	224,250,000	\$24,917	7-Jan-09
38	PT Jawa Furni Lestari (CLOSED)	Chain of Custody Certification Software (e-CoC)	Private Company/Bu siness Service Provider	Furniture and Home Accessories	Yogyakarta	15-Jan- 09	15-Jul- 09	155,000,000	\$17,222	8-Jan-09
39	Masyarakat Telematika Indonesia (MASTEL) (CLOSED)	Rural Internet Centers (RIC)	Business Association	Various Industries	Jakarta	15-Jan- 09	15-Jul- 09	184,850,000	\$20,539	8-Jan-09
40	International Garment Training Center (IGTC) (CLOSED)	Institutionalization of Garment Partnership Indonesia (GPI)	NGO	Garments	Bogor	15-Jan- 09	15-Jul- 09	112,500,000	\$12,500	12-Jan-09

SENADA BUSINESS INNOVATION FUND - GRANT IMPACT STATEMENTS

NO	GRANTEE/CONTRACTOR	IMPACT STATEMENT
1	Servitama Consulting (CLOSED)	After only three months of technical support, all five pilot firms were able to make tangible improvements to their manufacturing processes after Servitama's coaching, which included brainstorming sessions in which dozens of managers and over 750 line staff were shown how to develop innovative solutions to their problems. For example, one firm reduced machine change-over time from an average of 61 to 55 minutes. Another firm cut its reject rate in half, dropping it from 19.6 percent to 9.8 percent. Servitama's SME Competitiveness Improvement consulting service is still fully operational and is currently taking clients.
2	IATO Indonesia (CLOSED)	IATO's e-library contains literature on standards set by international certification bodies, including JIS (Japanese Industrial Standards), JASO (Japanese Automotive Standards Organization), and SAE (Society of Automotive Engineers). Material in the library illuminates the need for and technical purpose of each of the recognized automotive standards—essential information for automotive manufacturers that wish to remain competitive. Established within the official IATO website, the e-library can be viewed at www.iato-indonesia.com/elibrary . It already contains approximately 200 documents.
3	Diponegoro University (UNDIP) (CLOSED)	The grant capitalized on six years of research already completed by UNDIP, which had invented a material composite formula that improved tension capacity and fatigue strength of brake drums by 17 to 20 percent. The grant provided the resources needed to take that research and turn it into a set of Standard Operating Procedures (SOP) that SMEs can use to guarantee improved and consistent quality when mass-manufacturing brake drums. The Research Institute produced a 90-page SOP manual, along with a 34-page Workshop Manual explaining technical specifications and a Product Quality Control Manual of 24 pages. Grant may lead to a new high value market for local autoparts manufactures.
4	LSK-K3 (ICCOSH) (CLOSED)	ICCOSH completed and submitted two operational safety and health (OSH) certifications (SKKNI) for Ministry of Manpower approval— <i>Occupational Safety and Health</i> and <i>Institutional Hygiene</i> . The objective of these two national standards are to ensure basic workplace health and safety standards implemented in industries nationally. SKKNI certification for <i>Occupational Safety and Health</i> was signed into law 11 March 2008 (received 30 May 2008) by Minister Dr. Erman Suparno (Ministry of Manpower and Transmigration). The SKKNI approved is KEP#42/MEN/III/2008. <i>Institutional Hygiene</i> completed the "expert drafting" and "national comment" stages during the grant and is currently awaiting the Minister's signature.
5	Sigma Training Centre (STC) (CLOSED)	Sigma Training Center (STC) launched East Java's first publically accessible advanced technologies motorcycle training center in Surabaya. The center offers two advanced training packages — one on continuous variable transmissions and one on fuel injection — on a regular basis. STC's two current training sessions are highly innovative, using a competency based training (CBT) methodology that allows students to train directly on one of STC's five newly purchased training motorcycles. To date, six rounds of training have been offered for 107 participants from Surabaya, Jombang, Sidoarjo and Gresik. STC also developed a partnership with LSP Teknisi Otomotif, East Java's private sector professional certification body (LSP) for automotive component maintenance. LSP Teknisi Otomotif moved into the STC training center and now offers the competency certification for motorcycle and automotive technicians. To date, 20 STC graduates have been assessed for certification.
6	Indonesian Textile Association (API) (CLOSED)	Indonesian Textile Association (API) created a professionally designed, comprehensive website and information exchange portal to provide essential information to members, educate the public, and strengthen the image of Indonesia's textile industry as a global player. The website (found at www.indonesiatextile.com) offers members immediate access to insights on technological innovations, labor issues, and market opportunities.

SENADA BUSINESS INNOVATION FUND - GRANT IMPACT STATEMENTS

NO	GRANTEE/CONTRACTOR	IMPACT STATEMENT
7	ASPILOW (CLOSED)	ASPILOW designed and launched a metal roll machine that allows tractor tire frames to be made with greater quality control and economies of scale. ASPILOW completed construction of the machinery as planned, testing and adjusting the design during the process to ensure that it met the needs of the local tractor tire producer market. In field tests conducted after construction, one operator was able to produce 200 frames per day, a ten-fold increase in productivity.
8	Quantum Design Engineering (CLOSED)	PT Quantum Design Engineering (QDE) developed and pilot-tested a complete package of services, including software, seminars, consulting, and an external audit, that is designed to culminate in obtaining ISO 9000 certification at approximately half the cost of hiring a consultant. The QDE software uses tutorials to take companies step-by-step through the learning, implementation, and documentation process required before an ISO 9000 audit can be completed. This computer-based instruction is supplemented by six seminars that introduce the ISO 9000 concept and teach companies how to use the software effectively. Also included in the package are three days of individualized consulting services and two audits: an ISO audit by QDE for compliance and an external internationally certified auditor who gives a second opinion. QDE is now pilot-testing the package with three firms. QDE has copyrighted and replicated its software and started marketing its consulting services. It expects to commercially launch <i>QDMS-P02.001 for SMEs</i> at Gunung Agung and Gramedia bookstores in December 2008.
9	Mangrove Action Plan Indonesia (CLOSED)	Mangrove Action Plan Indonesia (MAPI) teamed up with CV Sahabat Bambu, an associate company of MAPI, to launch a commercial Vertical Soak Diffusion (VSD) bamboo processing facility in Yogyakarta. This VSD facility consists of a large tank and supporting equipment such as a vacuum machine, pressure machine, and fluid tank and uses borates of low toxicity to cure bamboo and prevent infestation. With the new technology, local treatment capacity has increased ten-fold. Now bamboo can be treated in a few hours and dried in one to two days. The plant's capacity has also expanded from 2,000 medium to large poles/month to 6,000, and an additional 10,000 small diameter poles/month can also be processed.
10	Center for Furniture Design and Development (CLOSED)	CEFED established a LSP-FOK and developed 10 sets of industry labor standards defined for various activities related to furniture production (saw mill operation, wood treatment, kiln drying, finishing, and packaging and loading), with each set containing from 5 to 40 individual competency units. A total of 12 assessors were trained, eight in the areas of professional competencies, two in licensing, and two in equipment certification. Once trained, assessors become registered consultants that can be hired by furniture companies independently to build and certify human resource competencies.
11	PT. Sentra Solusi Integrasi (iMULAI) (CLOSED)	PT Sentra Solusi, also an iMULAI winner, developed a mobile application using RFID (radio frequency identification) technology to allow companies to conduct up-to-the-minute inventories. The application is now commercially available, and the companies that field-tested it have both opted to install all the modules that the application offers.
12	PT. Dycode Cominfotech Development (iMULAI) (CLOSED)	PT Dycode, an iMULAI winner, developed a software application called PortMAP that manages a wide variety of port activities, including docking schedules, cargo loading, berthing times and departure dates so Indonesian ports can raise their performance to international standards. The Batam Port Office has announced that all 111 ports on Batam Island are implementing PortMAP.
13	ITS - Surabaya (iMULAI) (CLOSED)	The Laboratory of Logistics and Supply Chain Management at ITS, the final iMULAI winner, used its grant to create software that allows shipping and logistics services providers to consolidate and ship the products of small firms more efficiently, resulting in cost savings for SMEs. This software, called Consload, has just been introduced to logistics services providers and is now available for sale.

SENADA BUSINESS INNOVATION FUND - GRANT IMPACT STATEMENTS

NO	GRANTEE/CONTRACTOR	IMPACT STATEMENT
14	CV Rafindo Raya (CLOSED)	Rafindo designed two rubber pressing and shaping machines that combine a simple, inexpensive and effective manual clamping toggle system with automatic controls for time, pressure, and temperature. The new tools produce higher quality results with lower defect levels and enable small producers to fill larger orders more quickly at a better price. Rafindo marketed the prototypes to Indonesian SMEs that supply Hitachi (under the Hitachi Global Quality and Procurement Activity Program). Rafindo also sold the machine blueprints, along with the associated formula for rubber composition, to other machine workshops that service rubber component customers. Rafindo fee based consulting services for prototype production and servicing are also now available in the market.
15	PT IndoDev Niaga Internet (DataOn Corporation) (CLOSED)	IndoDev created and launched the Small Business Edition (SBE) of the Sunfish HRIS software. The SBE includes the functions deemed necessary for competitive SMEs, such as employee record-keeping, time management, payroll calculation and processing, tax management, and reporting and analysis. Because it is open-source, the SBE can be freely downloaded from the Internet and the source code is available for examination and modification, making it very simple for SMEs to upgrade and add new features as they grow.
16	GNKL-NU (CLOSED)	NU failed to achieve any substantial results in creating a model of community forest management, developing trading networks, initiating training activities, and ultimately increasing the supply of wood from community certified forests. This occurred mostly due to the lack of commitment and capacity by NU to carry out the proposed objectives of the grant. Training-of-trainer activities were conducted with a focus on pedagogical strategies, but there was no training on forestry and certification issues as planned (nor did CD-based training materials produced specifically address community forest management issues). A planned new forestry center to provide staff, equipment, and training products did not get underway, although a facility to house the new site was identified. Only 15 percent of the grant funds were expended.
17	APRISINDO West Java (CLOSED)	Overall the grant failed as planned to expand West Javan footwear SMEs access to, and knowledge of, internationally recognized design and pattern making software known in the industry as CAD/CAM. Deliverables were not met due to a combination of factors that included weak association management capacity, a 25 percent depreciation of Rupiah and new import tariffs which doubled the cost of CAD/CAM software, and import issues which has held the purchased technology in customs since January 2009. Although an international best practice manual on pattern making was developed and published for the industry (and over 20 companies trained), only one CAD/CAM software (from a proposed two) was purchased and even these limited CAD/CAM rental services were not made available to the industry. Despite the grant closing in March, APRISINDO expects Customs to release the software and technology in April and to make the services available to the industry shortly thereafter. SENADA will continue to monitor progress of the activity.
18	Diponegoro University UNDIP (CLOSED)	UNDIP's Research Institute and PT Sinerga (its commercial partner) collaborated to develop optimal chitosan (waste shells from crustaceans such as crab and shrimp which are abundant throughout Indonesia) extraction, application and production methods for manufacturing anti-bacterial garments. Their work culminated in a pilot test of the feasibility of mass garment production through the manufacturing of anti-bacterial t-shirts that demonstrated the effectiveness of their new processes. The grantees have found suitable means for producing about three tons of chitosan per month and have begun disseminating information to the garment industry in central and west Java, also making presentations to the medical industry, international buyers, and the media. CV Sinerga has begun to market the chitosan and offer treatment to permanently fix it to fabric for garment manufacturers.

SENADA BUSINESS INNOVATION FUND - GRANT IMPACT STATEMENTS

NO	GRANTEE/CONTRACTOR	IMPACT STATEMENT
19	Langlangbuana University (UNLA) (CLOSED)	Researchers at the University of Langlangbuana (UNLA) developed the chemical processes and designed two sets of prototype machines for screening, cutting and refining mendong (a local Javanese grass used to create woven products such as mats, tote bags, and table runners) waste to produce fancy paper for the home furnishings and craft industries. To make the technical process commercially feasible, UNLA partnered with PT Metrika Tehnik, a firm that produces machinery for workshops, to develop strategies for replicating and marketing the cutting, pulping and screening prototypes. On the creative and marketing side, UNLA cooperated with PT Suhuf, a company that has for years supplied banana-stalk-based fancy paper, to develop market samples that showcase the novel and varied paper designs that can be produced with the mendong paper. PT Suhuf is actively marketing mendong-based fancy paper to its customers, such as the national bookstore/office supply chains Gramedia and Gunung Agung and various gift stores in Greater Jakarta area.
20	Vocational Education Development Center (VEDC) (CLOSED)	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.
21	Darma Persada University (UNSADA) (CLOSED)	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. 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. 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.
22	Business Innovation Center (BIC) (CLOSED)	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 also strengthened its technical capacity to serve as an "innovation intermediary" where BIC would help investors and innovators formalize commercial relationships. BIC's database and intermediary systems are now enough 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) 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 memoranda of understanding to formalize investor-investee relations.
23	CV Wijaya Beringin Consulting (CLOSED)	WEC <i>Pre-Feasibility Study on Kendal Port Development Project in the Special Economic Zone of Kenda</i> completing analysis needed to enable the local and provincial government of Semarang to apply for a location permit (<i>izin lokasi</i>) from the national government for a new port at Tanjung Emas in Semarang. Application for the <i>izin lokasi</i> 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 <i>izin lokasi</i> 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.

SENADA BUSINESS INNOVATION FUND - GRANT IMPACT STATEMENTS

NO	GRANTEE/CONTRACTOR	IMPACT STATEMENT
24	ASMINDO Furniture Association (CLOSED)	ASMINDO established ASMINDO Certification Care (ACC) charged with promoting certification efforts within Indonesia's wood furniture industry and offering the consulting services to prepare firms to successfully complete an independent certifications 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. During eight months of operations the ACCs have signed 21 contracts and successfully completed technical services delivery to six of these. ACC has also established a web portal (www.asmindocertificationcare.com) that promotes ACC services to potential clients.
25	Society of Automotive Indonesia (SOI) (CLOSED)	This grant was used to provide SOI with the necessary 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. Although the long term future of QSEAL is far from certain, 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.
26	Institute Technology Bandung (ITB) (CLOSED)	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. 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. 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. 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.
27	PT. Bluemoon - Pixel (CLOSED)	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. 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 shoes or wood furniture. 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. 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.
28 To 32	University Indonesia (UI) BINUS University ITS-Surabaya UGM Ciputra University (IAP) (CLOSED)	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.

SENADA BUSINESS INNOVATION FUND - GRANT IMPACT STATEMENTS

NO	GRANTEE/CONTRACTOR	IMPACT STATEMENT
33	PT Sumber Alam Inovasi Nusantara (SAINS) (CLOSED)	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. SAINS also developed a set of standard operating procedures that document both the mechanical and chemical procedures for utilizing the machinery and new formula. 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.
34	Grafika Valley (iMULAI) (CLOSED)	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.
35	PT Azadirachta Mandiri (CLOSED)	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. 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); 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.
36	PT Global Business (Gobizx) (CLOSED)	IGSC developed an on-line Automotive Supplier Information System (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. FASTDEV also indicates production quality levels, international standards achieved, a history of units produced and any price changes. 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. 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, and tax matters.

SENADA BUSINESS INNOVATION FUND - GRANT IMPACT STATEMENTS

NO	GRANTEE/CONTRACTOR	IMPACT STATEMENT
37	PT Immedia Visi Solusi (CLOSED)	This iMULAI 2.0 winner an Internet Radio Broadcasting Management Application. 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 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. 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.
38	PT Jawa Furni Lestari (CLOSED)	Jawa Furni used the funds to create 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. 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.
39	Masyarakat Telematika Indonesia (MASTEL) (CLOSED)	The grant attempted to develop rural community internet centers through the leverage of 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. Two pesantren (boarding schools operated by Moslem religious leaders) in Sukabumi, West Java opened Rural Information Centers (see http://ric.web.id/ for more information), and a pesantren in Cihideung, West Java opened a Community Information Center. MASTEL assisted the new centers to install 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. Permanent infrastructure was put into place, including an office, website and online help desk. To help community members make the most of the new technology, MASTEL and POSS-UI offered technical assistance and provided training through workshops at the University of Indonesia (attended by pesantren administrators and community representatives), on the topics of Open Source technology and entrepreneurship; financial sustainability; and infomobilization and telecenter management.
40	International Garment Training Center (IGTC) (CLOSED)	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.

ANNEX II: INDEX OF SENADA REPORTS AND PUBLICATIONS

SENADA INVENTORY OF REPORTS (2005–2009)

#	TITLE OF REPORT (DATE PUBLISHED)	AUTHOR	IVC
1	Annual Workplans		
1.1	Workplan Year One (March 2006)	SENADA	ALL
1.2	Workplan Year Two (Dec. 2006)	SENADA	ALL
1.3	Revised Workplan Year Two (June 2007)	SENADA	ALL
1.4	Workplan Year Three (Oct. 2007)	SENADA	ALL
2	Annual Reports		
2.1	Year One Annual Report (Oct. 2006)	SENADA	ALL
2.2	Year Two Annual Report (Nov. 2007)	SENADA	ALL
2.3	Year Three Annual Report (Oct 2007 - Sept 2008) (Nov. 2008)	SENADA	ALL
3	Quarterly Reports		
3.1	Quarterly Report - April until June 2006 (Y1Q3) (July 2006)	SENADA	ALL
3.2	Quarterly Report - July until September 2006 (Y1Q4) (Oct. 2006)	SENADA	ALL
3.3	Quarterly Report - October until December 2006 (Y2Q1) (Jan. 2007)	SENADA	ALL
3.4	Quarterly Report - January until March 2007 (Y2Q2) (Apr. 2007)	SENADA	ALL
3.5	Quarterly Report - April until June 2007 (Y2Q3) (July 2007)	SENADA	ALL
3.6	Quarterly Report - July until September 2007 (Y2Q4) (Oct. 2007)	SENADA	ALL
3.7	Quarterly Report - October until December 2007 (Y3Q1) (Jan. 2008)	SENADA	ALL
3.8	Quarterly Report - January until March 2008 (Y3Q2) (Apr. 2008)	SENADA	ALL
3.9	Quarterly Report - April until June 2008 (Y3Q3) (July 2008)	SENADA	ALL
3.10	Quarterly Report - July until September 2008 (Y3Q4) (Oct. 2008)	SENADA	ALL
3.11	Quarterly Report - October until December 2008 (Y4Q1) (Jan 2009)	SENADA	ALL
3.12	Quarterly Report - January until March 2009 (Y4Q2) (Apr. 2009)	SENADA	ALL
3.13	Quarterly Report - April until June 2009 (Y4Q3) (July 2009)	SENADA	ALL
4	Monthly Reports (Monthly reports discontinued and replaced with quarterly reports beginning May 2006)		
4.1	Monthly Report - Ending November 2005 (Dec. 2005)	SENADA	ALL
4.2	Monthly Report - Ending December 2005 (Jan. 2006)	SENADA	ALL
4.3	Monthly Report - Ending January 2006 (Feb. 2006)	SENADA	ALL
4.4	Monthly Report - Ending February 2006 (Mar. 2006)	SENADA	ALL
4.5	Monthly Report - Ending March 2006 (Apr. 2006)	SENADA	ALL
4.6	Monthly Report - Ending April 2006 (May 2006)	SENADA	ALL
5	Technical Reports, Presentation and Product Deliverables		
5.1	Indonesia's Competitive Environment - Current Condition Report (Mar. 2006) (Eng)	SENADA	All
5.1	Indonesia's Competitive Environment - Current Condition Report (Mar. 2006) (Ind)	SENADA	All
5.2	Research And Analysis Of Financial Services Supply And Demand (Feb. 2007) (Eng)	Janet Buresh	EI
5.3	Research And Analysis Of Footwear Material Input. (Feb. 2007) (Eng)	Yudi Komarudin and Jusuf Suhari	FW

#	TITLE OF REPORT (DATE PUBLISHED)	AUTHOR	IVC
5.4	Footwear And Leather Industry Competitiveness Report (July 2007) (Eng)	James Parchman	FW
5.5	Furniture Ivc End Market Analysis (Nov. 2007) (Eng)	Adam Grant	FN
5.6	Furniture Ivc End Market Analysis (Nov. 2007) (Ind)	Adam Grant	FN
5.6	Automotive Component Value Chain Overview (Aug. 2007) (Eng)	Abdul Manaf & Yanli Rachman	AP
5.7	Automotive Component Value Chain Overview (Aug. 2007) (Eng)	Abdul Manaf & Yanli Rachman	AP
5.7	Improving Penetration Of International Garment Markets (June 2007) (Eng)	Andres Saldiaz Pozo	GA
5.8	Garment, Footwear, Automotive And Furniture Value Chain Reviews (Feb. 2007) (Eng)	Richard Currey	ALL
5.9	Garment, Footwear, Automotive And Furniture Value Chain Reviews (Feb. 2007) (Ind)	Richard Currey	ALL
5.9	Global Sustainable Home Accessories Market (Sept. 2007) (Eng)	Susan Inglis	HF
5.10	Qseal Branding Campaign Strategy (Oct. 2007) (Eng)	Wanlie	AP
5.11	Four Edp Training Modules (Nov. 2007) (Ind)	M Riza Radyanto	GA
5.12	2007 Presentation Of The Results Of Home Accessories Survey (Sept. 2007) (Eng)	Indah R Murnihati	HF
5.13	Firm-Level Competitiveness: Lessons From The Senada's Enterprise Improvement (Ei) Program (Oct. 2007) (Eng)	Dionisius Narjoko	EI
5.14	Mapping And Review Of Regulations Impacting Senada's Industry Value Chains (Regmap) (Nov.2007) (Eng)	Richard Waddington	BEE
5.15	Indonesian Private Sector Associations And Regulatory Reform (Dec. 2007) (Eng)	Gary Goodpaster	BEE
5.15	Indonesian Private Sector Associations And Regulatory Reform (Dec. 2007) (Ind)	Gary Goodpaster	BEE
5.16	Qseal Pre-Evaluation And Certification Methods (Dec. 2007) (Eng)	Gatot Herianto	AP
5.17	End Market Study For Indonesian Home Accessories (Dec. 2007) (Eng)	Ted Barber	HF
5.18	Automotive Components Exporting Globally (Oct. 2007)(Eng)	Dann R Johnson	AP
5.19	QSEAL Process Standards (Sep.R 2007) (Eng)	Doreen M Castro	AP
5.20	Agents For Global Buyers In The Home Accessories Product Industry (Aug. 2007) (Eng)	Ngurah Citra	HF
5.21	End Market Study For Indonesian Apparel Producers (Jan. 2008) (Eng)	Tim Armstrong	GA
5.22	A Review Of Select Policies Of The Indonesia Ministry Of Industry (Mar. 2008) (Eng)	Erin Weiser	BEE
5.22	A Review Of Select Policies Of The Indonesia Ministry Of Industry (Mar. 2008) (Ind)	Erin Weiser	BEE
5.23	Sustainable Practices Training And Consultancy For Indonesian Home Accessories Industry (Jan. 2008) (Eng)	David Mahood	HF
5.24	Analysis Of Human Resource Management Practices In Indonesia (Feb. 2008) (Eng)	Henrietta Lake	BEE
5.25	Tembi Design Center Strategic Development Plan (Jan. 2008) (Eng)	Feraldi Loeis	HF
5.26	Social Accountability Report (Nov. 2007) (Eng)	Phoebe Clarke	GA
5.27	Asbekindo Market Penetration Strategy (Qseal) (Apr. 2008) (Eng)	Setyo Basuki	AP
5.28	Pilot Bds Tssp Directory - Metal Stamping Industry (May 2008) (Ind)	SENADA	AP
5.29	Leather Directory (July 2007) (Eng)	SENADA	FW
5.29	Leather Directory (July 2007) (Ind)	SENADA	FW
5.30	Indonesian Footwear Promotion Film (Nov. 2007) (Eng)	SENADA	FW
5.31	Analysis On Policy Constraint For Furniture Industry (Aug. 2007) (Eng)	REDI	FW
5.31	Analysis On Policy Constraint For Furniture Industry (Aug. 2007) (Ind)	REDI	FW
5.32	Qseal Product Standard And Testing Final Report (May 2008) (Eng)	B2TKS	AP
5.32	Qseal Product Standard And Testing Final Report (May 2008) (Ind)	B2TKS	AP

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5.33	The Nuisance Permit System - A Report On Disturbance Control (July 2008) (Eng)	Don Elliot	BEE
5.33	The Nuisance Permit System - A Report On Disturbance Control (July 2008) (Ind)	Don Elliot	BEE
5.34	Indonesian International Design Center (Iidc) Business Plan (July 2008) (Eng)	Eddy Junarsin	HF
5.34	Indonesian International Design Center (Iidc) Business Plan (July 2008) (Ind)	Eddy Junarsin	HF
5.35	Report On Scarcity Of Verification Of Legal Origin (Vlo) Consulting Firms Services (July 2008) (Eng)	SENADA	HF
5.35	Report On Scarcity Of Verification Of Legal Origin (Vlo) Consulting Firms Services (July 2008) (Ind)	SENADA	HF
5.36	2008 Export Competitiveness Report (Aug. 2008) (Eng)	Dionisius Narjoko	All
5.36	2008 Export Competitiveness Report (Aug. 2008) (Ind)	Dionisius Narjoko	All
5.37	Indonesian Port Sector Reform And The 2008 Shipping Law (Sept. 2008) (Eng)	SENADA	BEE
5.37	Indonesian Port Sector Reform And The 2008 Shipping Law (Sept. 2008) (Ind)	SENADA	BEE
5.38	Innovation Week (Nov. 2008) (Eng)	Hitendra Patel	BIF
5.39	Post Mortem Report - Las Vegas Market Show (July 2008) (Eng)	Buck Jones	HF
5.40	HF Marketing Report (Jan. 2009) (Eng)	Jay Freelander	HF
5.41	Port Policy Memo (Jan. 2009) (Eng)	David Wignall	BEE
5.41	Port Policy Memo (Jan. 2009) (Ind)	David Wignall	BEE
5.42	IMB Report (Jan. 2009) (Eng)	Don Elliot	BEE
5.42	Imb Report (Jan. 2009) (Ind)	Don Elliot	BEE
5.43	Regulatory Impact Assessment And The Private Sector In Indonesia (Apr. 2009) (Eng)	SENADA	BEE
5.43	Regulatory Impact Assessment And The Private Sector In Indonesia (Apr. 2009) (Ind)	SENADA	BEE
5.44	Regmap : Institutionalizing Regulatory Reform In Indonesia (Mar. 2009) (Eng)	SENADA	BEE
5.44	Regmap : Institutionalizing Regulatory Reform In Indonesia (Mar. 2009) (Ind)	SENADA	BEE
5.45	Private Sector Associations (Dec. 2007) (Eng)	Gary Goodpaster	BEE
5.45	Private Sector Associations (Dec. 2007) (Ind)	Gary Goodpaster	BEE
5.46	Institutionalizing Regulatory Reform (June 2009) (Eng)	Gary Goodpaster	BEE
5.46	Institutionalizing Regulatory Reform (June 2009) (Ind)	Gary Goodpaster	BEE
5.47	HD Expo Report (June 2009) (Eng)	Lynda Sullivan	HF
5.48	IMB Report And Template (July 2009) (Eng)	Don Elliot	BEE
5.48	IMB Report And Template (July 2009) (Ind)	Don Elliot	BEE
5.49	Tesalonika Law - Furniture Regulation Legal Review (Mar. 2008) (Eng)	SENADA	HF
5.50	Less Than Container Load Container Freight Handling (LCL CFS) Report (Jan. 2009) (Eng)	SENADA	BEE
5.50	Less Than Container Load Container Freight Handling (LCL CFS) Report (Jan. 2009) (Ind)	SENADA	BEE
5.51	Eco Exotic Recommendation Report (July 2009) (Eng)	Andrea Charcock	HF
5.52	Final Report On Developing Port Authorities (Aug. 2009) (Eng)	David Wignall	BEE
5.52	Final Report On Developing Port Authorities (Aug. 2009) (Ind)	David Wignall	BEE
5.53	ICT For Smes Engagement (May 2007) (Eng)	Janet Buresh & Eka Ginting	ICT
6	Activity Updates		
6.1	Semarang Office Launch (Dec. 2006)	SENADA	ALL
6.2	Footwear Training of Trainer (Dec. 2006)	SENADA	FW
6.3	IVC Competitiveness Summary Report (Feb. 2007)	SENADA	ALL

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6.4	Knowledge Development Training in West Java (Apr. 2007)	SENADA	KD
6.5	Footwear Training Event (May 2007)	SENADA	FW
6.6	Garment Training Workshop (June 2007)	SENADA	GA
6.7	Launch of BIF (July 2007)	SENADA	BIF
6.8	Business Licensing Gedang (July 2007)	SENADA	FN
6.9	Autoparts' MOU Signing (July 2007)	SENADA	AP
6.10	Knowledge Development Training (Aug. 2007)	SENADA	KD
6.11	Publication of Indonesia Leather Profile (Aug. 2007)	SENADA	FW
6.12	Autoparts' MOU Signing (SENADA - WPU) (Aug. 2007)	SENADA	AP
6.13	Autoparts's MOU Signing (SENADA -Konjaya) (Aug. 2007)	SENADA	AP
6.14	BPPT Seminar and Workshop (Aug. 2007)	SENADA	BIF
6.15	VLO Workshop (Aug. 2007)	SENADA	FN
6.16	RegMAP Roundtable (Aug. 2007)	SENADA	BEE
6.17	iMulai Entrepreneur Seminar (Jan. 2008)	SENADA	ICT
6.18	Spoga Roundtable (Feb. 2008)	SENADA	HF
6.19	Labor Workshop (Feb. 2008)	SENADA	GM
6.20	Home Furnishing Design Workshop (Jan. 2008)	SENADA	HF
6.21	Furniture Capacity Building (May 2008)	SENADA	FN
6.22	Subcon Management (June 2008)	SENADA	ALL
6.23	Shipping Law (May 2008)	SENADA	BEE
6.24	Service Provider Directory (June 2008)	SENADA	AP
6.25	Subcon Application Development (June 2008)	SENADA	ICT
6.26	Media Wood Certification Roundtable (June 2008)	SENADA	FN
6.27	Prototype Software (July 2008)	SENADA	KD
6.28	Furniture Tax Reform (August 2008)	SENADA	FN
6.29	Sustainable Home Furnishings Producers Impress International Buyers (Sept. 2008)	SENADA	HF
6.30	Government Learns To Identify Problem Regulations with RegMAP Tools (Sept. 2008)	SENADA	BEE
6.31	Link And Match Event Brings Quality Garment Makers Together With Enthusiastic Buyers (Sept. 2008)	SENADA	GM
6.32	Nuisance Law (Sept. 2008)	SENADA	BEE
6.33	Productivity Workshop (Sept. 2008)	SENADA	GM
6.34	SENADA Research Promotes Dialog On Enhancing Indonesia's Export Performance (Oct. 2008)	SENADA	BEE
6.35	QSEAL Product (Nov. 2008)	SENADA	AP
6.36	Developing ACC (Nov. 2008)	SENADA	HF
6.37	GPI Productivity Workshop (Nov. 2008)	SENADA	GM
6.38	RegMAP Strengthens BAPPENAS Capacity (Nov. 2008)	SENADA	BEE
6.39	SIPPO Workshop (Nov. 2008)	SENADA	GM
6.40	iMULAI 2.0 Competition Attracts Strong Interest From Indonesia's Innovators (Jan. 2009)	SENADA	ICT
6.41	Sponsored Expert Urges Private Sector, Researchers and Government to Collaborate on Innovation (Jan. 2009)	SENADA	BIF
6.42	LINI 2 Port of Tanjung Priok Workshop (Jan 2009)	SENADA	BEE
6.43	BPHN (Jan. 2009)	SENADA	BEE
6.44	Industry Attachment Program Enables SMES to Better Utilize Information and Communications Technology (ICT) (Feb. 2009)	SENADA	ICT
6.45	Indonesian Civil Society Representatives Learn to Apply International Best Practices to Regulatory Impact Analyses (Feb. 2009)	SENADA	BEE

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6.46	SAE International Offers Recommendations to Auto Parts Manufacturers on Surviving Economic Crisis (Apr. 2009)	SENADA	AP
6.47	New Tool Provides Framework to Reduce Regulatory Burden on Indonesian Business (Apr. 2009)	SENADA	BEE
6.48	Auto Parts Manufacturers Learn Best Practices in Product Development from Global Automotive Industry Leader (Apr. 2009)	SENADA	AP
6.49	Department of Industry Officials Respond Enthusiastically to Training on Analyzing Regulations for Reform (May 2009)	SENADA	BEE
6.50	Indonesian Furniture Firms Impress Las Vegas Trade Show Attendees and Generate Leads (June 2009)	SENADA	HF
6.51	SENADA Presents Modules to Ensure Sustainable Production Training has Long-Term Benefits to Industry (July 2009)	SENADA	HF
6.52	East Java's Mechanics Learn how QSEAL Products Offer Quality and Support Local Industry (July 2009)	SENADA	AP
6.53	iBISA Fairs Overcome SME Misconceptions about Using Information and Communications Technology (July 2009)	SENADA	ICT
6.54	SENADA Panel and Exhibition Showcase Lasting Achievements in Building Indonesian Competitiveness (July 2009)	SENADA	ALL
7	Success Stories		
7.1	UD. Duta Kulit (Aug. 2006)	SENADA	FW
7.2	Damarta Collection (Oct. 2006)	SENADA	FW
7.3	Training of Trainers (Jan. 2007)	SENADA	AP
7.4	Reksa Motor Group (Jan. 2007)	SENADA	EI
7.5	Mada Wikri Tunggal (Jan. 2007)	SENADA	EI
7.6	Competitiveness Forum (Jan. 2007)	SENADA	EI
7.7	Pt. Immedia Visi Solusi (Mar. 2007)	SENADA	EI
7.8	Halimjaya Sakti (Mar. 2007)	SENADA	EI
7.9	Business Licensing Program (Mar. 2007)	SENADA	BEE
7.10	CV Mulia (May 2007)	SENADA	EI
7.11	Amico (May 2007)	SENADA	EI
7.12	Kharisma (July 2007)	SENADA	EI
7.13	Spoga Trade Show (Jan. 2008)	SENADA	HF
7.14	QSEAL Launching (June 2008)	SENADA	AP
7.15	Green Certification (June 2008)	SENADA	FN
7.16	Software Prototype July 2008	SENADA	KD
7.17	Website Development (Sept. 2008)	SENADA	HF
7.18	Trade Portal (Oct 2008)	SENADA	GM
7.19	Wood Certification Goals Exceeded (Oct. 2008)	SENADA	FN
7.20	Fabric Handbook Launch (Dec. 2008)	SENADA	GM
7.21	Link and Match Program Help Garment Producers Increase (Feb. 2009)	SENADA	GM
7.22	ACC Client Portfolio Expands (Apr. 2009)	SENADA	HF
7.23	iMULAI 1.0 Winners (Jan. 2009)	SENADA	ICT
7.24	SENADA Research Galvanizes Port Authorities to Improve LINI 2 Tariff System (June 2009)	SENADA	BEE
7.25	Garment Manufacturer Reports Measurable Efficiency Improvements After Training (June 2009)	SENADA	GM
7.26	RegMAP Enthusiastically Welcomed by Policy Makers Seeking Tools for Reform (July 2009)	SENADA	BEE
7.27	QSEAL Certification Results in Efficiency Improvements and Cost Savings (July 2009)	SENADA	AP
7.28	SENADA Advocacy Results in Simplified Import Procedures for Producers	SENADA	HF

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7.29	Novel Internship Program Upgrades Firms' ICT Usage and Future ICT Capabilities, Offers Lessons for Future (July 2009)	SENADA	ICT
7.30	Future Looks Bright for SENADA-Assisted Group of Home Furnishings Producer (July 2009)	SENADA	HF
8	BIF Grant Profiles		
8.1	Servitama Shows Companies How to Solve Problems, Improve Quality and Raise Productivity. (June 2008)	SENADA	AP
8.2	IATO Provides Auto Industry with its first comprehensive bahasa Indonesia Engineering Standards. (June 2008)	SENADA	AP
8.3	Diponegoro University Turns its Research Into Practical Procedures To Help Small and Medium Brake Drum Producers. (June 2008)	SENADA	AP
8.4	Worker Rights Improved as Internationally Accepted Occupational Health and Safety Standards Become Law. (Aug. 2008)	SENADA	AP
8.5	New Sigma Training Center Strengthens Competency in Advanced Motorcycle Fuel Injection Production and Maintenance (Sept. 2008)	SENADA	AP
8.6	New Web Portal Offers Textile Industry A Competitive Edge Through Faster Information and New Insights (Sept. 2008)	SENADA	GM
8.7	Local Metal Industry Association Makes Tractor Tire Manufacturing More Efficient By Applying New Technology (Oct. 2008)	SENADA	AP
8.8	Engineering Consulting Firms Creates A Software And Services Package That Enables Small Firms To Achieve ISO 9000 Certification (Oct. 2008)	SENADA	BIF
8.9	New Bamboo Treatment Facility Increases Home Furnishings Producers Ability To Meet Local and Export Demand (Oct. 2008)	SENADA	HF
8.10	Furniture Stakeholders Standardize and Certify Human Resource Competencies That Lead to Better Quality and Safety (Nov. 2008)	SENADA	HF
8.11	Sentra Solusi (Jan. 2009)	SENADA	ICT
8.12	Locally Produced Innovative Software Has Potential To Revolutionize Port Management in Indonesia (Dec 2008)	SENADA	ICT
8.13	New Supply Chain Management Software Assists Shipping Companies to Tackle the Complexities of Small Business Shipment Consolidation (Dec. 2008)	SENADA	BIF
8.14	Innovative Tools to Vulcanize Rubber Promise to Benefit Automotive, Footwear and Garment Industries (Feb. 2009)	SENADA	BIF
8.15	Small Business Now Able To Access Leading Application for Human Resource Management (Dec 2008)	SENADA	ICT
8.16	Community Forest Certification Project Takes First Steps but More Work is Needed (Apr. 2009)	SENADA	HF
8.18	Antibacterial Garments Developed by Collaborating Researchers and Private Sector Will Enhance Indonesian Competitiveness (Mar. 2009)	SENADA	GM
8.19	Innovative Process for Producing "Fancy" Paper Benefits Both the Environment and Industry (Mar.2009)	SENADA	HF
8.20	New Advances in Wood Drying Technology Promise Increased Cost Efficiency and Decreased Environmental Waste (May 2009)	SENADA	HF
8.21	Innovative Leather-Tanning Technology Promises Enhanced Competitiveness in Light Manufacturing Industries (May 2009)	SENADA	GM
8.22	Simple Technology Builds Important Link Between Indonesia's Business Innovators and Potential Investors (June 2009)	SENADA	BIF
8.23	First Steps Towards A New Port in Central Java Promise Development of Vital Economic Infrastructure (July 2009)	SENADA	BEE
8.24	Newly Launched ASMINDO Business Unit Delivers Green Certification Consulting Services to Furniture Firms (July 2009)	SENADA	HF
8.25	Foundation Established to Ensure Sustainability for Indonesia's First National	SENADA	AP

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	Seal of Quality for Automotive Components (July 2009)		
8.26	Directory Enables the Auto Parts Industry to Assess and Invest in Training and Technical Assistance Opportunities (July 200)	SENADA	AP
8.27	Software Enables Batik Designers to Combine Tradition with Innovation to Create Striking New Designs (July 2009)	SENADA	GM
8.28-31	Universities Build Sustainable Foundation to Carry on Innovative Internship Program (July 2009)	SENADA	ICT
8.33	New Ceramics Production Technology Helps Ceramic Producers More Efficiently Use Indonesia's Natural Resources (July 2009)	SENADA	HF
8.34	Innovative Application Allows Small Firms to Solve Problems Faster When Out of the Office (July 2009)	SENADA	BIF
8.35	Innovation Opens the Door to Small Firms Seeking to Find Affordable Yet Power Supply Chain Management Software (July 2009)	SENADA	BIF
8.36	Global Sourcing Center Helps Global Corporations Source Indonesian Auto Parts Suppliers (July 2009)	SENADA	AP
8.37	Innovative Use of Internet Technology Offers a Promising Avenue for Business to Reach Consumers (July 2009)	SENADA	BIF
8.38	New Software Allows Home Furnishings Industry to More Efficiently Document the Chain of Custody of Legally Sourced Wood (July 2009)	SENADA	HF
8.39	Rural Communities Introduced to the Power of the Internet and Open Source Software (July 2009)	SENADA	BIF
8.40	International Garment Training Center Takes on Responsibility for Sustaining Important Garment Industry Support Initiative (July 2009)	SENADA	GM
9	Competitiveness on the Frontier		
9.1	Competitiveness Overview (June 2007)	SENADA	All
9.2	Foreign Direct Investment (July 2007)	SENADA	All
9.3	Green Business (August 2007)	SENADA	All
9.4	Innovation (Sept 2007)	SENADA	All
9.5	Human Capital (Oct 2007)	SENADA	All
9.6	Export Promotion (Nov 2007)	SENADA	All
9.7	Transportation & Logistics (Dec 2007)	SENADA	All
9.8	Branding (Feb 2008)	SENADA	All
9.9	The Power of Associations (March 2008)	SENADA	All
9.10	Trade Shows (April 2008)	SENADA	All
9.11	Standards and Certifications (May 2008)	SENADA	All
9.12	Corporate Social Responsibility (June 2008)	SENADA	All
9.13	Value Chain (July 2008)	SENADA	All
9.14	Access to Finance (August 2008)	SENADA	All
9.15	Business Development Services (September 2008)	SENADA	All
9.16	Manpower Best Practices (November 2008)	SENADA	All
9.17	National Single Window (December 2008)	SENADA	All
9.18	Subcontractor Management (February 2009)	SENADA	All
9.19	IT and SMEs (March 2009)	SENADA	All
9.20	Local Government Organization (April 2009)	SENADA	All
9.21	Marketing Environmental & Social Sustainability (May 2009)	SENADA	All
9.22	Regulatory Reform (June 2009)	SENADA	All
9.23	The Future of Competitiveness (July 2009)	SENADA	All

**SENADA-INDONESIA COMPETITIVENESS PROGRAM
BRI II TOWER, 8TH FL, SUITE 805
JL. JENDERAL SUDIRMAN NO. 44-46
JAKARTA 10210
WWW.SENADA.OR.ID**