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SENADA QUARTERLY REPORT

October – December 2008 (Year 4 Quarter I)

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1. PROJECT ADMINISTRATION AND FINANCE

CONTRACT MODIFICATION EXECUTED

After several months of negotiation between DAI and USAID, Contract Modification No. 13 was signed on October 13, 2008. The modification consisted of the following revisions:

1. Article 2 — Scope of Work: Changes to reflect minor programmatic changes.
2. Article 8 — Workdays Ordered: Lowered from 34,507 to 26,340.
3. Article 9 — Ceiling Price: Reduced by USD 1 million to USD 18,679,570 (approximately 5 percent decrease from the original price).
4. Incorporation of the mandatory provision on Voluntary Population Planning Activities.

None of these modifications will affect DAI's ability to meet all contract terms, including technical quality and impact.

BUDGET ANALYSIS

Although the budgetary constraints affecting SENADA were finally resolved during the previous quarter, it wasn't until the Contract Modification date of October 13 that SENADA could commit to funding many of the activities originally programmed for year three as well as activities programmed for early year four. Another factor resulting in lower expenditures was the sudden devaluation of local currency against the dollar. Almost 40% of project expenditures are in local currency. Together these factors resulted in lower than planned quarterly expenditures of USD 1,121,853. October 2008 was most severely affected, with expenditures of only USD 296,138.

Despite these factors outside of SENADA's control, overall project expenditures remain close to target. As shown in Annex A, as of December 31, 2008 over 75 percent of the budget had been spent, whereas 83 percent of the project period has expired. Given the anticipated large expenditures in grant disbursements and employee severance payments, we fully expect to expend the entire budget by the project end date.

OTHER ADMINISTRATIVE AND FINANCIAL MATTERS

As planned, DAI Bethesda carried out an internal audit of SENADA accounting records and internal control procedures. The test period covered was September 2005 through September 2008. A number of minor findings and recommendations were made, all of which were fully resolved by SENADA management during the same quarter. As a result of the audit, the SENADA project was classified as "low risk" within DAI's internal rating system. This is the lowest level of risk. The audit was an excellent exercise to ensure SENADA's control systems are adequate and that weaknesses are addressed. We are confident that systems are in place to ensure an orderly completion and closedown of the SENADA project.

While SENADA's technical programs remain in full swing, the reality is that the orderly closedown of a project requires nearly 12 months of planning and execution. During the quarter we already began this process for SENADA by preparing a comprehensive closedown and by initiating its implementation. Among a number of tasks that were initiated was our consultation with an Indonesian law firm to ensure that SENADA fully complies with the Indonesian labor law. We will continue to closely monitor the closedown plan during the second quarter of year four. We will upload the plan to DAI's TAMIS system, allowing both home office and field staff to follow up and monitor the plan on a daily basis.

2. TECHNICAL PROGRAMS

2.1 INDUSTRY VALUE CHAIN STRENGTHENING PROGRAM

2.1.1 HOME FURNISHINGS INDUSTRY VALUE CHAIN

Summary

SENADA's Home Furnishings program met planned milestones during the quarter. Development of the *Sustainable Production* and *Wood Certification* is on track. These modules represent the culmination of SENADA's technical research and services program. We expect they will be widely used, especially as practical tools for hundreds of producer companies. In parallel, SENADA continued to support the further institutionalization of the two industry organizations committed to sustainable practices — Eco Exotic and ASMINDO Certification Care. Although we are on track, it is worth noting that that SENADA's ambitious goals to build a strong foundation for a new sustainable home furnishings industry are at odds with the very limited time remaining in the SENADA project.

The program to access global markets advanced as scheduled, although in truth its outcomes are threatened by the global economic crisis. With support from SENADA, Eco Exotic followed up on global buyer inquiries and planned for its active participation at four major international trade fairs in 2009. Not surprisingly, there was a 10 percent decrease in export sales of home furnishings companies compared to the quarter ending in September 2008. Fortunately, we have yet to see the impact of the economic downturn on employment, which went unchanged compared to the previous quarter.

Activity Descriptions and Deliverables

► **Sustainable upgrading.** During the quarter SENADA completed development of the content for the *Sustainable Production* modules. 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:

1. Introduction: Why is Sustainability Important to your Business?
2. Design and Materials
3. Implementing Sustainable Practices in Manufacturing
4. Social Responsibility: Investing in Workers and Communities
5. Managing for Sustainability
6. Marketing: Accessing Market for Sustainable Products

SENADA also completed developing the content of the *Wood Certification Modules*. They were similarly tested with lead furniture firms and reviewed by international certification bodies. The seven modules include:

1. Background and Importance of Wood Certification
2. General Systems Requirements
3. Quality Systems Requirements
4. Requirement for Suppliers
5. Requirements for Sub-contractors
6. Requirements for Producers
7. VLO Audit Preparation

Formatting and copying editing of both the Sustainable Production and Wood Certification Modules began in December as planned. SENADA will contract a production company early Q2 to convert the modules into a user friendly, multimedia format for wide distribution to the industry.

Planned milestones were also achieved to institutionalize Eco Exotic and the new ASMINDO Certification Care (ACC) program. Eco Exotic obtained legal status in October as a non-profit industry associated dedicated to sustainable home furnishings production. This was followed by a comprehensive institutional strategy retreat in November. The ACC program progressed with technical support from SENADA in business planning, customer service and administrative strengthening. The ACC has been established as an independent profit center in three regional ASMINDO offices: Yogyakarta, Semarang and Surabaya. During the quarter ACC continued to provide technical services to seven initial clients — five of whom have already



Panel group discussion at the launch of *ASMINDO Certification Care (ACC)* in Surabaya in October 2008.

been audited by international certification bodies. Although we have observed a strong commitment from ASMINDO to successfully implement the ACC program, the institution is in a start-up mode and has understandable weaknesses, most notably in the areas of client relations and promotion.

Deliverables:

- *Sustainable Production and Wood Certification* modules tested and finalized for production. (December 2008)
- Eco Exotic formalized as a legal, operational entity with a developed institutional strategy. (November 2008)
- ASMINDO Certification Care established and running in three cities. (November 2008)

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

The home furnishings industry has been particularly hard hit by the global economic crisis. Despite this, Eco Exotic remains resolute in its commitment to invest in accessing sustainable markets. During the quarter SENADA assisted Eco Exotic in following up with inquiries from the August 2008 Las Vegas Market Show. Several international buyers showed a high level of interest by travelling to Indonesia and visiting the Eco Exotic firms. They have a strong interest in Eco Exotic mainly because of the members’ capacity to supply environmentally and socially sustainable products; but they are also interested in Eco Exotic because of the organization’s ability to consolidate shipments involving multiple suppliers and its willingness to customize sustainable designs. Eco Exotic secured contracts from three new buyers during the quarter — Lamp Plus, Willow Green and IMAX. Buyers also expressed enthusiasm about the knowledge they gained from Eco Exotic firms about sustainability which will enable them to more effectively market their products to consumers.

Much of SENADA’s energy was focused on preparing for four major international trade shows to be attended by Eco Exotic in 2009, including: IMM (January, Cologne); Las Vegas Market Show (February); Ambiente (February, Frankfurt); and Hospitality Design Expo (May, Las Vegas). SENADA worked with Eco Exotic in planning all promotional and logistical aspects of the four shows and in selecting the most appropriate product lines to highlight in the shows. SENADA has joined with the Swiss Import Promotion Program (SIPPO) to jointly support Eco Exotic’s participation in the two European shows.

Deliverables:

- Eco Exotic secured three orders from U.S. buyers resulting from the Las Vegas Market Show in 2008. (December 2008)

2.1.2 GARMENTS INDUSTRY VALUE CHAIN

Summary

SENADA led an intensive program of garments industry activities to build demand for and interest in *Garment Partnership Indonesia (GPI)*, a multistakeholder initiative to institutionalize critical support needs to the industry. Through GPI, SENADA implemented a full round of *Executive Development Program (EDP)* workshops. As part of EDP, we published and disseminated Indonesia’s first *EDP Fabric Sourcing Handbook*, a comprehensive technical manual that helps garment manufacturers source fabric knowledgeably and quickly, and the *EDP Productivity Module*, a guide for garment manufacturers to implement continuous productivity improvement. SENADA conducted another successful GPI *Link and Match* market linkage event that engaged seven buyers, 18 garment manufacturers, and nine textiles mills.

Activity Descriptions and Deliverables

- **Manufacturing practices upgrading.** In November, SENADA published and disseminated the *EDP Fabric Sourcing Handbook*, a comprehensive manual containing fabric information, including explanations and swatches of materials, weaves, and yarns, along with the processes used to create them and evaluations of relative quality. The goal of the book — the first of its kind in Indonesia — is to make it easier for the garment industry to source fabric knowledgeably and quickly; at the same time encouraging the use of locally supplied fabric (80 percent of the fabric currently used by Indonesian garment makers is imported). To that end, the book also includes a complete vendor database of Indonesian fabric suppliers.

Demand for the book exceeded SENADA's target; eighteen copies were sold at the launching event at Sekolah Tinggi Teknologi Tekstil (ST3) in Bandung, and queries quickly began to come in from other sources, such as the buying agent Linmark and even Wal-Mart. The book was initially published only in Bahasa Indonesia, but due to stronger than anticipated demand, SENADA now plans to produce and sell an English version which will be ready in April 2009. The launch was well attended by 25 garment manufacturers, 23 fabric mills, seven service industry firms and eight buyers.



As part of SENADA's institutionalization strategy for EDP and GPI, SENADA worked closely with the International Garments Training Center (IGTC) in Bogor to co-implement training programs and to transfer GPI secretariat management and activities to IGTC facilities. Other successful upgrading activities under GPI included:

- An EDP productivity seminar was conducted in October at the GPI office at IGTC's campus in Bogor to disseminate the *EDP Productivity Module*. The best practice module was presented by well-known EDP trainer Tatsuro Araki and attracted 50 garment manufacturer's owners and managers. The event presented how PT. Dayani Garment Indonesia gained 60 percent productivity improvement and reduced reject rates from 10 to one percent. Araki emphasized and encouraged garment manufacturers to devote human and capital resources to continuous manufacturing improvement to sustain business and increase competitiveness.
- A training of trainers (TOT) workshop was conducted in December for 11 EDP trainers. EDP trainers were motivated by experienced senior trainers from throughout the industry on how to build an interactive training environment and how to better prepare training presentations.
- An *IT Solutions in Human Resource Management (HRM)* workshop was conducted in Solo in December in partnership with internet technology firm DataOn. The workshop trained 15 Central Java garments company managers in *Sunfish Small Business Edition* HRM software, which had previously been developed under a SENADA Business Innovation Fund (BIF) grant.
- In December, SENADA released a revised version of its informative GPI website (www.gpin.info) with newly added new features such as manufacturers testimonials on GPI activities, a calendar of events, photo gallery from GPI activities and a technical resource library.

Finally, SENADA had planned on rolling the full 10-day *Lean Sigma for Garment Industry* upgrading program in partnership with Neville Clarke this quarter. Due to this being the peak manufacturing season for the industry, the program was postponed until Y4Q2. To ensure strong participation at launch, SENADA continued providing introductory workshops on Lean Sigma methodology.

Deliverables:

- IGTC in Bogor formally established as GPI secretariat and activities transferred to IGTC. (October 2008).
- *EDP Productivity Module* disseminated to 50 garment manufacturers. (October 2008)
- *EDP Fabric Reference Book* published and disseminated to industry organizations (November 2008).
- GPI website www.gpin.info version II completed and online. (December 2008)
- *IT Solutions in Human Resource Management* workshop conducted in Solo with DataOn for 15 garment factories. (December 2008)

- **Increasing supply chain links and access to markets.** SENADA continued activities throughout the quarter to strengthen key industry linkages and to increase access of local firms to international markets. More than 21 brands (at their international headquarter level) and eight brand local sourcing offices in Jakarta were contacted about GPI engagement and sponsorship opportunities. Much of this engagement took place at the annual *Business for Social Responsibility (BSR)* conference in New York that was attended by STTA Henrietta Lake on behalf of SENADA in November. Several brands have since expressed strong interest in the program, most notably Wal-Mart, Li&Fung, Jones Apparel and Columbia. The GPI team is working to turn this interest into a firm commitment of technical and/or financial support. Other brands that have expressed interest in supporting GPI include Ann Taylor, Primark and Eddie Bauer. Another 14 brands have given reasons for not becoming involved at this time, although some have said they will be open to future engagement.

The challenge for GPI has been to find brands whose local sourcing representatives and headquarters offices' key managers value the GPI model enough to invest resources of time and money in the program. Due to the economic downturn many brands are understandingly looking carefully at how they allocate their resources and are more cautious about committing to a program like GPI than they would have been before the crisis. Consequently, the December 2008 deadline for signing up two brands to GPI as "partners" has been postponed back to Y4Q2.

Other notable market expansion achievements this quarter include:

- In December, the successful *GPI Link and Match* program brought together seven buyers and 18 garment manufacturers, nine textiles mills and four supporting industries to exchange current market information and to explore potential business transactions. This was the third *Link and Match* event conducted since the program launch in September 2007. To date the program has generated three successful business transactions that SENADA is aware of and has led to serious buyer follow-up in the form of pro-forma invoices, audits and sample development requests from buyers.
- In partnership with the Swiss Import Promotion Program (SIPPO), GPI conducted a trade fair facilitation and buyer communication workshop for garment manufacturers in November. The workshop was used by SIPPO to interview and select three home textile vendors for the upcoming *International Home Textile Fair* in Frankfurt on 14-17 January 2009.
- Indotextiles.com e-trading garments portal continued to expand with over 330 selling, buying and product leads valued at over USD \$120 million. A total of 1,311 textiles and garments companies are listed on the website and over 60 factory clients are currently paying for, and benefiting from its services. This site has received over 40,000 visitors since launched in May 2008.



SIPPO and GPI trade fair facilitation and buyer communication workshop for garment manufacturers in November.

Deliverables:

- *GPI Link and Match III* event conducted for seven buyers, 18 garment manufacturers and nine textiles mills. (December 2008).

2.1.3 AUTO PARTS INDUSTRY VALUE CHAIN

Summary



By the end of Q1, the QSEAL national seal of quality completed its first full assessment and certification. The first QSEAL certified parts entered the market. QSEAL secured a major component manufacturer as a third client and fully transferred day-to-day management from SENADA to Society of Automotive Indonesia (SOI). PT. Gobizx, SENADA's local partner for export market development, started the initial stages of development on Indonesia's first national automotive component supplier database as planned, and is on schedule to launch the new site in Q3. Finally, the Institute Technology Bandung (ITB) completed the initial design and development of the full technical service directory, which will be published as scheduled in Q2.

Activity Descriptions and Deliverables

- ▶ **Auto part supplier upgrading.** In Q1 SENADA focused on institutionalizing the QSEAL national seal of quality technical program with SOI. Although SOI has been co-managing QSEAL since program launch in June 2008, SENADA continued to provide significant technical and management oversight to SOI. Leveraging Business Innovation Fund (BIF) financial support, SOI assumed full management responsibility and control over QSEAL and identified a senior business manager to provide direct full time management. By December, SENADA was providing only minimal support and oversight to the program.

With the global economic crisis as a backdrop, the QSEAL program continued to expand slowly. SOI sustained the QSEAL marketing campaign launched last quarter, focusing on securing industry partnerships with other associations and consulting firms who may directly support or indirectly promote QSEAL to its client base. Notable partnerships now include YDBA, ASTRA's automotive component supplier association and Infinite Consulting. Other QSEAL milestones achieved in Q1 include:

- QSEAL marketing posters and leaflets disseminated to and displayed in service stations throughout Java in October.
- PT Cipta Kreasi Prima Muda back mirrors became the first parts bearing the QSEAL label to enter the market in October in Jakarta and Bekasi.
- NIPRESS Tbk, the largest producer and exporter of batteries in Indonesia, joined the QSEAL program in December. This is QSEAL's first public company.
- The first full QSEAL assessment was completed for PT. Fuboru in December. They are currently upgrading production systems and expect to be fully QSEAL certified in early Q2.

SENADA also finalized arrangements for the upcoming *QSEAL Professional Automotive Development Courses* that will be launched in Q2 in with U.S. based Society of Automotive Engineering (SAE) International, GIAMM Indonesian automotive components association and SOI. This two week seminar is the first SAE International training in Indonesia. It will consist of four main topics provided to approximately 100 senior automotive engineers from top automotive producers throughout the country. The training will also be used to publically introduce SAE International and its expert trainers to Indonesia's automotive industry and USAID. Trainings topics will include *Managing Integrated Product Development*, *Design Reviews for Effective Product Development*, *Quality Function Deployment*, and *Failure Modes and Effects Analysis*.

Deliverables:

- First QSEAL certified parts commercially enter market. (October 2008)
 - Direct management of QSEAL fully transferred from SENADA to SOI. (December 2008)
- ▶ **Export market development.** With the successful launch of the *Indonesian Global Sourcing Center (IGSC)* last quarter, in October SENADA invited PT. Gobizx to submit a BIF proposal for the development of

Indonesia's first national automotive supplier database and export e-procurement portal. The WAYDEV Supplier Information System proposal was approved in December by BIF and PT. Gobixz commenced work on developing the initial global sourcing system requirements and supplier development and verification methodology. WAYDEV is scheduled to be online in Q3.

Deliverables:

- PT. Gobixz approved for BIF funding to design and launch the WAYDEV national automotive component supplier database and e-procurement portal. (November 2008)

- ▶ **Technical service and training linkage development.** Leveraging BIF support, the Bandung Institute of Technology (ITB-CIEL) started work on the development of the full edition of the automotive *Technical Training Service Provider (TSSP)* directory. Thus far ITB-CIEL has demonstrated strong commitment and has made excellent progress on the directory in a timely manner. By December, ITB finalized the Directory's rating methodology, secured the list of technical service providers to be surveyed, launched an advertisement campaign, completed the design, layout and the survey questionnaires, finalized distribution arrangements with Gramedia, and obtained an ISBN number from the Indonesian national library. The full TSSP is on schedule and will be published and disseminated in Q2.



Final mock up of the full edition of the automotive *Technical Training Service Provider (TSSP)* directory.

Deliverables:

- ITB-CEIL approved for BIF funding to publish and disseminate full edition of automotive *Technical Training Service Provider (TSSP)*. (December 2008)

2.2 CROSS CUTTING PROGRAMS

2.2.1 BUSINESS ENABLING ENVIRONMENT

Summary

Implementation of SENADA's priority RegMAP analysis advanced as planned. Filter two was completed for a short list of approximately 350 regulations and filter three was started on the final short list of 150 regulations. Additionally, institutionalization of RegMAP continued with the full incorporation of senior officials from the Directorate for Regulatory Analysis at BAPPENAS into the RegMAP filter two and three process. Finally, BEE's advocacy programs advanced with the public release of a report on import logistics issues at the port of Tanjung Priok as well as an important and timely seminar to provide best international practices on port authority management.

Activity Descriptions and Deliverables

- ▶ **Industry regulatory mapping and policy analysis.** The primary RegMAP milestone achieved this quarter was the completion of filter two. Approximately 350 regulations (short-listed through the filter one process) were subjected to three separate reviews using 10 'RIA-inspired' questions. Responses to these questions were then quantified to allow overall scoring for each regulation. The top (i.e. potentially most problematic) 150 regulations were then short-listed for further review as part of the filter three process, to be finalized in Q2. In order to ensure the RegMAP analysis is completed on schedule in Q2, the filters two and three were simplified. The most notable change was the decision not to develop the 150 two-page Regulatory Impact Statements (RIS) for the 30 most problematic regulations. Instead SENADA will publish a summary RegMAP report on RegMAP findings in Q2, as a precursor to the full report to be completed in Q3.



Second round of RegMAP training for BAPPENAS and the National Law Reform Commission in Jakarta.

SENADA intensified efforts to institutionalize RegMAP within the Directorate for Regulatory Analysis at BAPPENAS. In November SENADA provided the second round of RegMAP training to BAPPENAS (and additional participants from the National Law Reform Commission) with three one-day filter two workshops in Jakarta, Bandung and Surabaya. The workshops were notable for the enthusiastic discussion and debate about the application of filter two to a selection of regulations. With the completion of the training, BAPPENAS officials began active involvement in filter two reviews in three locations (Jakarta, Bandung and Surabaya) alongside the RegMAP team.

Finally, SENADA commenced work on building BAPPENAS' capacity to host and manage the RegMAP database and website. RegMAP data acquired to date was transferred to BAPPENAS for uploading on the website, and two interns were identified through the SENADA – CISCO Industry Attachment Program (IAP) to assist BAPPENAS in further developing the website and database. The RegMAP website is online (in basic form only) at www.regmap.org and will be fully constructed by end-Q2.

Outside of government, SENADA initiated, sponsored and facilitated a five day training program on Regulatory Impact Analysis (RIA) in Washington DC (delivered by Scott Jacobs and Associates and funded by Academy for Education Development (AED)) for select SENADA partners, including those from business associations, media, and NGOs/research groups. To further cement the RegMAP-driven relationship, three BAPPENAS officials were included in the training program. In total 24 Indonesian experts participated in the training, including one SENADA industry advisor. All participants will play a key role in the dissemination and institutionalization of the RegMAP in the final months of the SENADA project.

Deliverables:

- Technical filter two RegMAP workshop completed for 31 staff from BAPPENAS and the National Law Reform Commission, focusing on the application of filter two (November 2008)
- Filter two of the RegMAP process completed on 350 short-listed regulations. (December 2008)
- RIA training program in Washington DC for SENADA partners conducted. (December 2008)

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

1. Container Handling Freight Services (CFS) For Less Than Container Load (LCL) Importers. A report highlighting the high costs associated with CFS on imported LCL goods was finalized and disseminated at a well-attended workshop in Jakarta in December. Following the presentation of the report and some robust discussion among 92 affected stakeholders (mainly importers), senior port and government officials vowed to implement new tariff arrangements and to take action against alleged anti-competitive behavior to ensure CFS users lower costs and reduce price uncertainty



December SENADA workshop in Jakarta to address long-standing difficulties at the Lini 2 Port of Tanjung Priok.

2. Building and Land Use Permits Reform. In December, expert Don Elliot carried out research and interviewed government officials and other stakeholders regarding current regulations and procedures for building and land use permits. These permits, and land use issues in general, had been identified through

the RegMAP as being consistently burdensome for new investors. His comprehensive report and recommendations will be finalized and broadly disseminated in Q2.

3. Shipping Law and Port Development. Implementing draft regulations for the Shipping Law are now being drafted by the Ministry of Transport (MoT) and will be completed by April 2009. To provide much-needed private sector and international best-practice input on the all-important regulations governing ports, SENADA in close coordination with the MoT and the Coordinating Ministry for Economic Affairs (CMEA), held a one day workshop with 76 government officials and representatives of the private sector in December. This provided an important opportunity for drafters to hear the perspectives of international shipping lines and port experts. In Q2 this will be followed up with a policy memo to MoT with key recommendations for the draft regulations governing ports. Also this quarter the BIF-funded and BEE-supervised pre-feasibility study for a new container port in Central Java was commenced by CV Wijaya Engineering. It will be completed in early Q3.
4. Decentralization of Waivers on the Import of Furniture Samples. With approval obtained by the Ministry of Finance's Customs Office for decentralization of furniture samples import duty waivers to the regional offices, SENADA concluded its advocacy activity this quarter after verifying that the waiver process was indeed decentralized. This was confirmed through site visits and by receipt of a letter from DG Customs addressed to SENADA confirming all new regulations were in place.

Deliverables:

- Building and land permits report disseminated to Ministry of Home Affairs' drafting committee. (October 2008)
- Report on key problems and recommendations regarding current CFS arrangements at the Port of Tanjung Priok completed, publically disseminated and submitted to the MoT and the Competition Commission (KPPU). (December 2008)
- Stakeholder conference conducted on implementing regulations for the port sections of the 2008 Shipping Law for 76 experts. (December 2008)
- Successful reform activity completed with Ministry of Finance's Customs Office on the decentralization of furniture samples import duty waivers to regional offices (December 2008)

- **IVC Expert Competitiveness Report.** Building on the *2008 Export Competitiveness Report: Footwear, Furniture, Autoparts, and the Garment Industry* released in Y3Q4, SENADA held a successful workshop in October to showcase the findings of the Report and to stimulate dialogue. It was attended by nearly 100 representatives from business associations and government, as well as local and national media (for whom a special briefing was held to communicate the Report's key points). The Report was widely disseminated and is available on-line at www.senada.id.or.



Bapak Djimanto Deputy Chairman, APINDO, speaking at Export Report workshop.

Deliverables:

- Public workshop on SENADA's 2008 export competitiveness report conducted. (October 2008)

2.2.2 INFORMATION & COMMUNICATIONS TECHNOLOGY (ICT) / KNOWLEDGE DEVELOPMENT

Summary

During the quarter, SENADA completed the merger of the ICT and Knowledge Development technical programs, both of which were focused on expanding access to and absorption of key business development solutions. All quarterly objectives were met including the completion of iMULAI 2.0, the second annual SENADA-Microsoft's national business innovation competition, the launch of the SENADA-CISCO Industry Attachment program, which trained and placed 100 CISCO network academy interns in 100 companies, and the successful continuation of SENADA' subcontractor management technical support program for 12 lead firms and 393 subcontractors from the home furnishings, garments and footwear industries.

Activity Descriptions and Deliverables

► **Expand access to and utilization of ICT products and services.** Notable achievements were made this quarter on a series of targeted initiatives to expand SME access to ICT products and services:

1. *ICT Solutions.* Through value chain activities and the BIF, SENADA supported key private partners to develop web-based applications and software to improve SME competitiveness. SENADA expanded its portfolio of potential SME business solutions completed or under development to 16. The new additions that started this quarter include:

- Specialized design software that supports Batik manufacturers and artists.
- Internet radio broadcasting technology for marketing and public relations.
- A web and cell phone based application that enables small business employees, customers and suppliers to perform daily tasks such as accessing company information in real time.
- A mobile enterprise resources planning (ERP) application designed specifically for small business-to-business communication.
- Software to implement wood chain-of-custody certification for home furnishings companies.
- Web-based automotive component supplier and procurement database.

Below is the status of all SENADA *ICT Solutions* developed to date:

ICT SOLUTION	STATUS	DATE AVAILABLE ON THE MARKET
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 <i>ISO 9000 Compliance</i> Software (BIF)	Completed	September 2008
PT InfoDev <i>SumFISH</i> Human Resource Mgt Software (BIF)	Completed	October 2008
PT InforSys <i>Bonastoco</i> Subcontractor Performance Management Software (ICT - Knowledge Development IVC)	Completed	December 2008
PT Sentra Solusi Integrasi <i>Mobile Inventory</i> Software (iMULAI 1 0)	Completed	February 2009
PT Dycode <i>PortMap</i> Software (iMULAI 1 0/BIF)	Completed	February 2009
ITS <i>Consload</i> Shipment Consolidation Software (iMULAI 1 0)	Completed	February 2009
RegMAP Regulations Portal (for Government) (BEE)	In Development	February 2009
BIC <i>Business Innovation Linkage Web-based Database</i> (BIF)	In Development	April 2009
PT Blue Moon <i>Batik Fractal Art Design</i> Software (BIF)	In Development	June 2009
PT Immedia Visi Solusi <i>Internet Radio Broadcasting</i> (iMULAI 2 0)	In Development	July 2009
PT Azadirachta Mandiri <i>Collaborative eBusiness (CES)</i> (iMULAI 2 0)	In Development	July 2009
CV Grafika Valley <i>Mobile@Act</i> Software (iMULAI 2 0)	In Development	July 2009
PT Jawa Furni <i>Chain of Custody Certification</i> Software (<i>e-COC</i>) (BIF)	In Development	July 2009
PT Gobizx <i>WAYDEV Automotive Supplier Database</i> (BIF)	In Development	July 2009

Additionally, SENADA finalized the program design of three *ICT Business Solutions Fairs* that will take place in Jakarta, Yogyakarta and Surabaya in Q2 to increase access to and the penetration of SME specific ICT software, hardware and services throughout the value chains (including the SENADA Solutions mentioned above). SENADA locked in strategic partnerships with three universities that will be our primary partners and take full ownership over this program: Bina Nusantara University (Jakarta), Universitas Ciputra (Surabaya) and Universitas Kristen Duta Wacana (Yogyakarta).

2. *iMULAI 2.0*. Due to the success and interest generated from first round of iMULAI in 2007, SENADA and Microsoft launched the iMULAI 2.0 national business innovation competition in November. The month long competition generated interest from tens of thousands of potential innovators and 64 proposals. All competitors received targeted support for participating in the event including assistance in preparing business plans and proposals as well as membership in BizSpark. BizSpark is a Microsoft program that provides young companies access to Microsoft tools and technologies and production licensing for hosted solutions, along with access to technology and entrepreneurial experts.



November launch of iMULAI 2.0 in Jakarta with SENADA, Microsoft and other distinguished guests.

Microsoft program that provides young companies access to Microsoft tools and technologies and production licensing for hosted solutions, along with access to technology and entrepreneurial experts.

In December, SENADA and Microsoft selected three iMULAI 2.0 winners: Grafika Valley industry group for Mobile@Act; PT. Azadirachta for Collaborative e-Business System (CES); and PT. Immedia Visi Solusi Internet Radio Broadcasting. Each winner was awarded US \$25,000 in seed funding (from BIF) as well as Microsoft products and other hardware worth US \$10,500 each to develop, maintain and market their ideas.

3. *Subcontracting Performance Management System Development*. SENADA's knowledge development portfolio continues to work with 12 lead firms from the home furnishings, footwear and garment sectors. The program benefits over 651 lead firm employees and over 5,566 subcontractor employees. SENADA continued to collect key performance data from the 12 lead firms and their 393 subcontractors.

Deliverables:

- Key performance data collected from 12 lead firms on subcontractor performance. (December 2008)
- Inforsys *Bonastoco* subcontractor management software available commercially. (December 2008)
- Work commenced on six new *ICT Business Solutions*. (December 2008)
- iMULAI 2.0 business innovation competition completed and three winners announced. (December 2008).

- **Expand SME ICT literacy and investment in ICT products and services.** In November, SENADA, Cisco and five key university partners (UI, BINUS, ITS, Ciputra and UGM) launched the Industry Attachment Program (IAP) in Jakarta, Surabaya and Yogyakarta to strengthen the competitiveness of SMEs by improving ICT absorption and utilization. The launch took place in Jakarta with over 150 industry stakeholders, and featured U.S. Ambassador Cameron R Hume. Following the launch, a four day technical *LAP Bootcamp* was held for 100 students in Ciawi that provided practical operational, business and technology ICT skills training. Training was provided by SENADA, CISCO and ICT industry partners including: University Indonesia (UI), PT InfoDev, Avery Qulette of USAID, Dr. Onno S. Purbo, a renowned independent ICT expert and Open Source evangelist, and Prof. Dr. Indrajit from ABFI Banking Institute. In December, 100 students were successfully placed in 85 firms and four *Regional Kick-off Workshops* were conducted in Jakarta, Surabaya and Yogyakarta for firms and students to prepare the upcoming ICT firm-level assessment and IAP internship workplan development. IAP internships will start early January.



SENADA and CISCO technical staff with 100 IAP students at November IAP Bootcamp in Ciawi.

Deliverables:

- IAP successfully launched and 100 students successfully complete *LAP Bootcamp*. (November 2008)
- 100 IAP students placed in 85 firms from five SENADA industries. (December 2008)
- Four *Regional Kick-off Workshops* conducted in Jakarta, Surabaya and Yogyakarta. (December 2008)

3. BUSINESS INNOVATION FUND

Summary

The quarter marked the official end of the open proposal submission period for the Business Innovation Fund. SENADA exceeded all planned Business Innovation Fund targets this quarter by approving and signing 17 grants. Our total portfolio increased to 40 grants valued at \$873,688, a net increase of \$370,300 from the previous quarter. This amount exceeds the revised contract grants budget of \$850,000.

Activity Descriptions and Deliverables

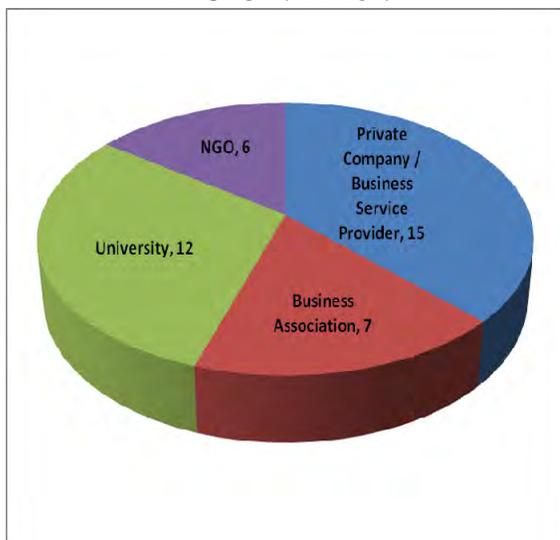
- **Business Innovation Fund proposal evaluation, selection and approval.** With 66 additional proposals generated from the iMULAI 2.0 innovation competition launched in November 2008, SENADA received a total of 86 proposals during the quarter, bringing total proposals received to 314. Since launch, SENADA has maintained an average of four proposals a week over a 78 week period, a significant achievement that was critical to the program exceeding targets in number of grants and total funding.

During the quarter, 20 proposals were recommended for the BIF External Evaluation Committee review, maintaining SENADA's average of recommendation rate of 12.4 percent of all proposals received. USAID approved 17 proposals during the quarter for \$370,300. USAID and the external review committee's approval rate is currently 76 percent. Grants approved this quarter include:

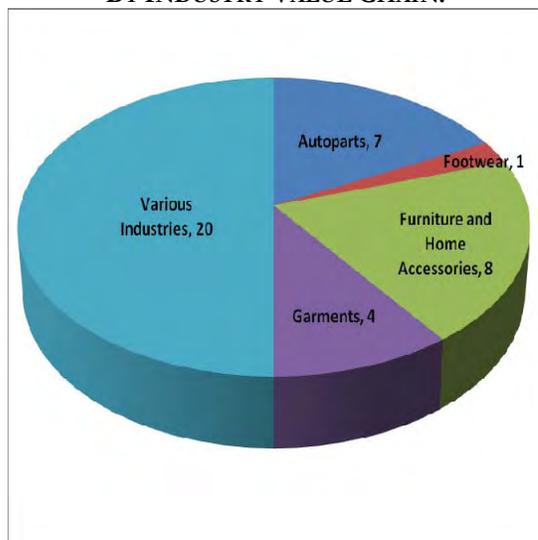
- Industry Attachment Program – Jakarta (University Indonesia) — \$24,997.
- Industry Attachment Program – Jakarta (BINUS University) — \$24,986.
- Industry Attachment Program – Yogyakarta. (UGM University) — \$25,000.
- Industry Attachment Program – Surabaya. (ITS University) — \$15,000.
- Industry Attachment Program – Surabaya. (Ciputra University) — \$10,000.
- QSEAL National Seal of Quality (Society of Automotive Indonesia) — \$24,989.
- Technical Training Service Provider Directory (Institute of Technology Bandung) — \$24,978.
- Batik Fractal 2.0 (PT. Bluemoon) — \$25,000.
- ASMINDO Certification Care (ACC) (ASMINDO Furniture Association) — \$24,933.
- Technology for Transforming Feldspar into Decorative Ceramics (PT SAINS) — \$22,500.
- Chain of Custody Certification Software (e-COC) (PT Jawa Furni Lestari) — 17,222.
- Garment Partnership Indonesia (GPI) (IGTC) — \$12,500.
- WAYDEV Automotive Supplier Database (PT Gobizx) — 23,000.
- Mobile@ACT (Grafika Valley Group) — \$24,889.
- Collaborative e-Business System (CES) (PT. Azadirachta Mandiri) — 25,000.
- International Radio Broadcasting for Business Communications (PT Immedia Visi Solusi) — 24,927.
- Rural Internet Centers (MASTEL Association) — \$20,539.

As part of the success of BIF's broad based national marketing campaign and open selection and evaluation system, SENADA's final portfolio of grants is diverse in terms of type of organization, geography and industry value chain. The pie charts below show a breakdown of the SENADA's final grant portfolio. A full description of SENADA current Business Innovation Fund grant portfolio can be found in Annex F or on our website at www.senada.or.id/innovation.

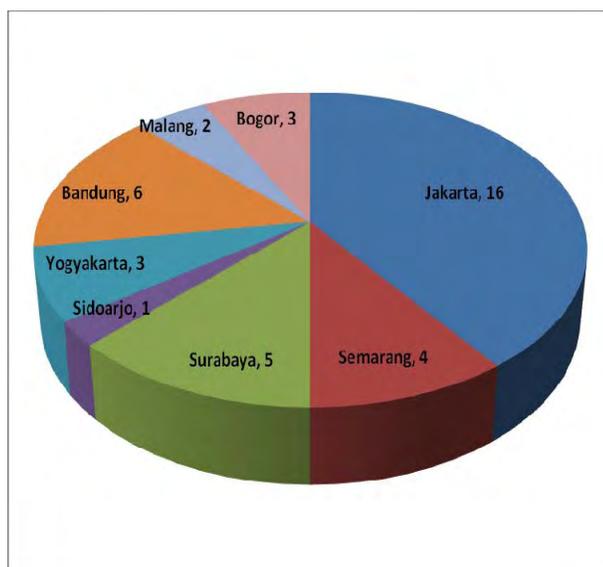
BY ORGANIZATION



BY INDUSTRY VALUE CHAIN:



BY GEOGRAPHY:



- **Business Innovation Fund grant monitoring, evaluation and reporting.** At the end of the quarter SENADA had 26 active grants and had disbursed \$421,831 in grant funds. There was \$451,857 in disbursements outstanding. For the active grants in the portfolio, grant implementation progressed with minimal programmatic and administrative issues

SENADA has completed monthly performance evaluations, mid-term reports and final technical reports for all grantees. Five grants were closed during the quarter and SENADA completed detailed *Grant Profiles* updates for each grantee (see Communication Section 4 and Annex C for more information). Notable achievements from these grants include:

- *Center for Furniture Design and Development (CEFED) (#010) — Semarang/Home Accessories.* 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.

- *PT. Dycode (#012) — Bandung/All Industries.* 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.
- *PT. Sentra Solusi Integrasi (#013) — Jakarta/All Industries.* 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.
- *Institute Technology Surabaya (ITS) — Surabaya/All Industries.* 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.
- *PT. IndoDev — Jakarta/All Industries.* 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.

Deliverables:

- 40 BIF grants approved to date valued at \$873,688. (December 2008)
- Five BIF grants successfully closed this quarter. 14 grants successfully closed to date. (June 2008)

4. COMMUNICATIONS CROSS CUTTING SUPPORT

Summary

With the start of the fourth and final year of SENADA's programming, reporting and dissemination of concrete results of our value chain activities has been a top priority. Twenty-four SENADA publications (including press releases, technical reports, success stories, activity updates and grant profiles) were developed and published during the quarter along with two new additions of the popular *Competitiveness at the Frontier*. Additionally, 76 electronic and newspaper media citations were generated by SENADA's technical program activities.

Activity Descriptions and Deliverables

► **Provide communications support in implementing technical program activities.** During the quarter, SENADA has effectively used communications to achieve notable results:

- SENADA conducted a highly visible public relations campaign to support its partnerships with CISCO and Microsoft. The launch of the SENADA – CISCO Internship Attachment Program (IAP) was attended by over 150 industry stakeholders, including U.S. Ambassador Cameron R Hume. Additionally, communications support was provided to the *LAP Boot Camp* (Ciawi, November) and three *Regional Kick Off Workshops* (Surabaya, Yogyakarta and Jakarta, December). The events generated national attention and 26 media citations. The second annual iMULAI 2.0 SENADA-Microsoft national innovation competition was launched in Jakarta in November. The event was attended by Erwin Aksa, Chairman of Indonesia Young Entrepreneurs Association (HIPMI), Dr. Ilham Habibie, Chairman of The Habibie Centre, and Tony Chen, President Director of Microsoft Indonesia. iMULAI 2.0 received 64 innovation proposals from which three winners were selected. The communications campaign (mostly conducted via the web) reached hundreds of thousands, resulting in over 10,000 hits on www.imulai.com and the generation of 39 media articles in national and local electronic and print media.
- Communications support was also provided to SENADA's business enabling activities. In October, SENADA held a successful workshop in October to showcase the *2008 Export Competitiveness Report: Footwear, Furniture, Autoparts, and the Garment Industry*. It was attended by nearly 100 representatives from business associations and government, as well as local and national media. In collaboration with the Indonesian Importer and Exporter Association, SENADA disseminated a report highlighting the high costs associated with CFS on imported LCL goods at a well-attended workshop in Jakarta in December. Following the presentation of the report and some robust discussion from 92 affected stakeholders (importers), senior port and government officials vowed to implement new tariff arrangements and to take action against alleged anti-competitive behavior to ensure CFS users lower costs and greater price certainty. There were 16 articles and eight articles respectively generated from these two events.
- SENADA conducted several highly visible events for the Garments value chain. In October, SENADA conducted a workshop to disseminate the *EDP Fabric Sourcing Handbook*. The launch was well attended by 25 garment manufacturers, 23 fabric mills, seven supporting industry and eight buyers. SENADA also conducted the *Link and Match III* event in December bringing together seven buyers and 18 garment manufacturers, nine textiles mills and four supporting industries to exchange current market information discuss potential business transactions.

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

Press Releases:

- *SENADA's 2008 Export Competitiveness Report*. (October 2008)
- *Fabric Handbook to Help Indonesian Garment Industry Increase Competitiveness*. (November 2008)
- *Cisco and SENADA Industry Attachment Program (IAP) Launched*. (November 2008)
- *Collusion and High Cost Undermining Competitiveness in Lini 2 Port of Tanjung Priok*. (December 2008)
- *Link and Match Event Expand Garment Industry's Export Opportunities* (December 2008)

Technical Reports and Papers:

- *Post Mortem Analysis — Las Vegas Market Show* (July 2008)
- *DR. Hitendra Patel Summary Exit Report* (November 2008)

Competitiveness at the Frontier:

- *Man Power Best Practice* (November 2008)
- *National Single Window* (December 2008)

Deliverables:

- SENADA website (www.senada.or.id) and communications materials upgraded. (November 2008)
- 2 *Competitiveness at the Frontier* monthly issues published and disseminated. (December 2008)
- 5 press releases published and disseminated. (December 2008)
- 2 technical reports published and disseminated. (December 2008)
- 76 media international, national and regional media citations generated. (December 2008)

- **Effectively communicate SENADA project information and achievements.** SENADA continues to regularly distribute project publications and updates to USAID and counterparts, including government officials, industry leaders, business associations, universities, the media and other donor projects. The distribution lists for these documents, continually revised, has grown to 470 targeted individuals. Y4Q1 proved to be one of SENADA's most productive in terms of achieving and documenting project milestones. A total of 15 technical update and reports were disseminated during the quarter, including:

Success Stories:

- *Wood Furniture Industry Exceeds SENADA's Certification Target and Showcases Benefits.* (October 2008)
- *Demand for New Fabric Handbook Outstrips Expectations.* (December 2008)

Activity Updates:

- *SENADA Research Promotes Dialog on Enhancing Indonesia's Export Performance.* (October 2008)
- *First Products Carrying the QSEAL Mark of Quality are Marketed to Consumer.* (November 2008)
- *SENADA Supports ASMINDO Certification Care to Ensure Sustainable Industry Focus on Responsible Timber Sourcing.* (November 2008)
- *SENADA's Productivity Message Delivered at Garment Partnership Indonesia Event.* (November 2008)
- *Workshop Guides Indonesian Garment Companies on Accessing European Markets.* (November 2008)
- *SENADA Uses RegMap to Strengthen BAPPENAS Capacity to Analyze Regulations.* (November 2008)
- *Workshop Guides Indonesian Garment Companies on Accessing European Markets.* (October 2008)

Grant Profiles:

- *Local Metal Industry Association Makes Tractor Tire Manufacturing More Efficient by Applying New Technology.* (October 2008)
- *Engineering Consulting Firm Creates a Software and Services Package that Enables Small Firms to Achieve ISO 9000 Certification.* (October 2008)
- *New Bamboo Treatment Facility Increases Home Furnishings Producers Ability to Meet Local and Export Demand.* (October 2008)
- *Furniture Stakeholders Standardize and Certify Human Resource Competencies that Lead to Better Quality and Safety.* (November 2008)
- *Small Business Now Able to Access Leading Application for Human Resource Management.* (December 2008)
- *Locally Produced Innovative Software has Potential to Revolutionize Port Management in Indonesia.* (December 2008)

Deliverables:

- 7 activity updates published and disseminated. (December 2008)
- 2 success stories published and disseminated. (December 2008)
- 6 grant profiles published and disseminated. (December 2008)

5. PERFORMANCE MONITORING

We have monitored the Performance Monitoring Plan (PMP) this quarter and updated data on 10 of 12 of SENADA's performance indicators. Two indicators (one ICT-KD and one BEE) were only for the 2007-2008 Year 3 programmatic period. The current status of data collection for each performance indicator is as follows:

YEAR 4 PERFORMANCE TARGETS	STATUS
Auto Parts — 3% percentage increase in the unit value and 5% volume of Seal of Quality Certified automotive components sold in aftermarket.	Y4Q1 started strong with unit value increasing (on average) 28% and volume 2.2%.
Auto Parts — 200 total retail outlets selling Seal of Quality or branded service station products.	No additional service stations were added in Y4Q1. To date, 14 service stations sell QSEAL certified products.
Home Furnishings — 20 firms legally verified and/or FSC certified through SENADA's <i>Legal Wood</i> program.	Although five additional VLO/FSC audits were completed by the ACC Y4Q1, there were no reported certifications documented this quarter.
Home Furnishings — 25% increase in annual export sales of SENADA target group of Home Furnishing (furniture or home accessories) manufacturers using green, sustainable, legally verified and/or certified raw materials.	SENADA reported a significant drop in annual exports sales for Y4Q1 (compared to last year) of an annualized rate of -21%. This is a result of the global economic crisis and is on average for negative trends across the industry.
Garments — 50% of SENADA GPI assisted firms who complete full-package and competitiveness upgrades.	Y4Q1 was a strong quarter with 11 firms reporting the completion of upgrades. The average number of upgrades by firm was 3.4. With this positive data, SENADA expects to exceed the Y4 annual target.
Business Enabling Environment — Advocacy campaign has been developed and implemented with and by industry stakeholders for 3 regulations.	No additional advocacy campaigns were started in Y4Q1 to date, although the quarter did see completion of 4 advocacy campaigns started in Year 3.
ICT/ Knowledge Development — 3 ICT business software solutions made available in market through public-private sector initiatives.	Year 4 target already exceeded. Y4Q1 saw the number of ICT solutions in development expand upward significantly to 16. Eight solutions are already available for use or purchase in the market.
OP Indicator 1 — 3% positive change in total effective employment (salaried, contract, casual) by SENADA-assisted firms.	No data collected. Year 4 employment data is collected on annual basis in July 2009.
OP Indicator 2 - EG 6.2 (Private Sector Productivity) — 1,000 firms receiving USG supported assistance [to improve their management practices].	SENADA completed 401 trainings in Y4Q1. SENADA is on schedule to exceed the Y4 annual target.
OP Indicator 3 - EG 5.2 (Agricultural Sector Productivity) - 5 public-private partnerships formed as a result of USG assistance.	1 additional public private partnership (PPP) was initiated by SENADA in Y4Q1 for a total of 24 PPPs initiated to date. SENADA is on schedule to exceed the Y4 target.

SENADA PROGRAM PERFORMANCE SUMMARY TABLE (2005-2009)

Program Area	Performance Indicator	Unit of Measure	Baseline Value	2006 Actual	2007 Actual	2008 Actual	2009 Target (for Q1-Q4)	2009 Actual (as of Q1)
Auto Parts	Average percentage increase in the unit value and volume of Seal of Quality Certified automotive components sold in aftermarket	Percentage (Value)	\$39,09*	n/a	n/a	5.7%*	3.0%	28.7%**
		Percentage (Volume)	298,099*	n/a	n/a	-4.6%*	5.0%	2.2%**
	Number of retail outlets selling Seal of Quality or branded service station products	Number	0	n/a	n/a	14*	200	0
Home Furnishings Furniture	Average increase in annual export sales of SENADA target group of Home Furnishing (furniture or home accessories) manufacturers using green, sustainable, legally verified and/or certified raw materials	Percentage	\$1,195,247	n/a	n/a	25.6%	25.0%	-21.4%**
	The number of firms legally verified and/or FSC certified through SENADA's Responsible Timber Purchasing Program	Number	0	n/a	n/a	22	20	0
Garments	Number of SENADA assisted Indonesian garment manufacturing firms classified as <i>full package manufacturers</i> .	Number	23.29	n/a	n/a	n/a	50%	39.3%
Business Enabling Environment	Number of regulations for which an advocacy campaign has been developed and implemented with and by industry stakeholders	Number	0	n/a	1	4	3	0
	Number of regulations from ReqMap	Number	0	n/a	n/a	1,000	n/a	n/a
ICT / Knowledge Development	Number of lead firms and subcontractor suppliers improving subcontractor / supplier performance management capability	Number	0	n/a	n/a	393	n/a	n/a
	# of ICT business software solutions made available in market through public-private sector initiatives	Number	0	n/a	n/a	3	3	8
OP Indicators	1. Percent change in total effective employment (salaried, contract, casual) by SENADA-assisted firms	Percentage	0.0%	n/a	8.3%*	6.9%*	3.0%	TBD
	2. EG 6.2 (Private Sector Productivity) - Number of firms receiving USG supported assistance [to improve their management practices]	Number	0	165	973	1,194	1,000	401
	3. EG 5.2 (Agricultural Sector Productivity) - Number of public-private partnerships formed as a result of USG assistance	Number	0	0	9	13	5	1

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

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

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

ANNEXES

B. SENADA YEAR FOUR PROJECT DELIVERABLES

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

#	Section	Deliverables	Status	Explanatory Note
1. HOME FURNISHINGS INDUSTRY VALUE CHAIN (COMBINED HOME ACCESSORIES AND FURNITURE)				
Q2	1.1	Sustainable upgrading and VLO training modules tested and finalized for production.	Completed	To date, a set of seven Wood Certification Modules and a set of six Sustainable Productions Modules have been tested and finalized. Translation into English (Wood Certification) and into Indonesian (Sustainable Practices) are underway and will be ready for production in early Q2.
Q2	1.2	Eco Exotic formalized as a legal, operational entity with a developed institutional strategy.	Completed	Eco Exotic formalized as a legal entity and finalized a strategic plan in October. The Strategic Plan will serve as a road map for Eco Exotic for the next 4 years.
Q2	1.3	ASMINDO Certification Care in three cities established and running.	Completed	ACC established in Semarang, Jogjakarta and Surabaya technical services are available. At the end of Q1, ACC Semarang was serving two company clients; ACC Surabaya two company clients and ACC Jogjakarta four company clients. Out of these eight company clients, five companies have been independently VLO or FSC audited.
Q3	1.4	Sustainable Upgrading and VLO modules widely disseminated to thousands of firms and sub-contractors; minimum of five workshops and seminars held.		
Q3	1.5	Sustainable standards developed and established as requirement for membership to Eco Exotic.		
Q3	1.6	10 furniture companies assisted under ASMINDO Certification Care service.		
Q3	1.7	Effective international promotion campaign of Eco Exotic and its members sustained and amplified.		
Q3	1.8	Eco Exotic attendance at a minimum of two international trade shows.		
Q3	1.9	Orders for sustainable products received by Eco Exotic members from at least 10 international buyers.		

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

#	Section	Deliverables	Status	Explanatory Note
Q3	1.10	Capacity to formulate and carry out international promotion established within Eco Exotic.		
2. GARMENTS INDUSTRY VALUE CHAIN				
Q1	2.1	GPI website version II launched.	Completed	www.gpin.info version 2.0 launched and is online.
Q1	2.2	<i>Fabric Reference Book</i> published and disseminated throughout IVC.	Completed	In November, SENADA published and disseminated the <i>EDP Fabric Sourcing Handbook</i> . Demand for the book exceeded SENADA's target; eighteen copies were sold at the launching event. The book was initially published only in Bahasa Indonesia, but due to strong than anticipated demand, SENADA now plans to produce and sell an English version which will be ready in April 2009.
Q2	2.3	2 international brands endorse the GPI program.		
Q3	2.4	Two rounds of Lean Sigma training conducted for a minimum of 6 firms.		
Q3	2.5	At least 2 ICT software products offered through GPI.	Partially Completed	<i>Sunfish Small Business Edition</i> Human Resources software offered through GPI in Q1. Program revised and will no longer to seek to offer additional software though GPI.
Q3	2.6	30 promotional meetings conducted.		
Q3	2.7	30 firms signed up as members of GPI.		
Q3	2.8	45 firms participate in, and benefit from, a minimum of two additional rounds of EDP upgrading.		
Q3	2.9	2 <i>Brand Working Group Forums</i> conducted with at least 5 brands participating.		
Q3	2.10	3 <i>Link & Match</i> events conducted with at least 50 firms participating.		

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

#	Section	Deliverables	Status	Explanatory Note
3. AUTO PARTS INDUSTRY VALUE CHAIN				
Q1	1.1	QSEAL fully institutionalized in SOI as a financially and operationally sustainable entity.	Partially Complete	Full management control of QSEAL fully institutionalized in SOI with SENADA only providing minimal technical support to the program. SOI is not yet operationally sustainable and will not be until Q3.
Q1	1.2	50 TSSPs surveyed and rated using unbiased, empirically based evaluation methodology.	Delayed	ITB-CEIL completed all survey methodology and planning and will complete surveying of 64 TSSPs in early Q1.
Q2	1.3	At least 50 firms upgraded through SAE - QSEAL international upgrading seminars.		
Q2	1.4	IGSC supplier database designed, developed and available for data population.		
Q2	1.5	800 12-sector automotive components TSSP directories published and disseminated.		
Q3	1.6	20 firms successfully complete QSEAL product and / or process certification.		
Q3	1.7	TSSP Directory fully institutionalized in ITB as a financially and operationally sustainable service.		
4. BUSINESS ENABLING ENVIRONMENT (CROSS CUTTING)				
Q1	4.1	1,000 regulations put through the RegMAP process.	Delayed	Filter one and two complete and a short list of 350 regulations finalized. Filter three started in Q1 and will be completed in Q2.
Q1	4.2	150 Regulatory Impact Statements RIS (30 for each IVC) completed.	Cancelled	Due to time constraints, RIS component has been deleted from RegMAP deliverables.
Q1	4.3	RegMAP training modules developed and disseminated in at least three government agencies.	Delayed	To be completed in Q3.
Q1	4.4	Publish report and conduct press conference outlining key problems and issues surrounding current CFS arrangements.	Completed	Report disseminated at a December 2008 stakeholder workshop.

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

#	Section	Deliverables	Status	Explanatory Note
Q1	4.5	Evidence secured and published showing import samples waiver process has been decentralized.	Completed	Site visit for verification completed, and letter received from DG Customs confirming process has been decentralized.
Q1	4.6	Nuisance permit report finalized and submitted to Ministry of Home Affairs drafting committee.	Completed	Submitted in October 2008 to Ministry of Home Affairs.
Q1	4.7	Stakeholder conference conducted on implementing regulations for the port sections of the 2008 Shipping Law. Recommendations paper(s) submitted to Ministry of Transport.	Partially Completed	Stakeholder conference conducted in December. Recommendations memo to be sent to the Ministry of Transport in Q2.
Q2	4.8	Regulatory Impact Reports (RIR) for each IVC completed.		
Q2	4.9	RegMAP final report completed and disseminated, and associated media campaign carried out		
Q2	4.10	Pre-feasibility study for Kendal port completed and <i>izin lokasi</i> permit application submitted.		
Q3	4.11	Institutionalization of BAPPENAS completed and RegMap methodology and website transferred.		
5. INFORMATION AND COMMUNICATIONS TECHNOLOGY / KNOWLEDGE DEVELOPMENT (CROSS CUTTING)				
Q2	5.1	Three two-day SENADA Knowledge Development ICT Fairs conducted.		
Q2	5.2	Five iMULAI 2.0 technical upgrading workshops conducted.	Partially Completed	Four iMULAI 2.0 workshops conducted in November 2008. Surabaya workshops were canceled due to lack of participants.
Q3	5.3	3 iMULAI 2.0 business software solutions selected, funded and launched.	Completed	Three iMULAI 2.0 business software solutions selected, funded and launched. SENADA and Microsoft selected: Grafika Valley industry group for Mobile@Act; PT. Azadirachta for Collaborative e-Business System (CES); and PT. Immedia Visi Solusi Internet Radio Broadcasting.
Q4	5.4	<i>Subcontractor Management Performance Monitoring</i> case study published and disseminated.		

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

#	Section	Deliverables	Status	Explanatory Note
Q4	5.5	Eight BDS ITC solutions finalized, marketed and broadly disseminated throughout the IVC.		
Q4	5.6	100 IAP internships successfully completed in 100 SMEs.		
Q4	57	IAP program institutionalized in four universities and business plan for 2009-10 IAP finalized.		
6. THE BUSINESS INNOVATION FUND (CROSS CUTTING)				
Q1	6.1	Business Innovation Fund marketed to at least 1,300 individuals from dozens of key IVC institutions through marketing road show and joint IVC-Business Innovation Fund public relations events.	Completed	SENADA conducted 245 direct BIF meetings to over 1,217 potential innovators. iMULAI 1.0 and 2.0 public relations events reached over 500 individuals.
Q3	6.2	\$850,000 in total grant funds disbursed to at least 30 grantees	In progress.	40 BIF grants approved to date valued at \$873,688. At the end of the quarter SENADA had 26 active grants and had disbursed \$421,831 in grant funds. There was \$451,857 in disbursements outstanding.
Q3	6.3	Successful monitoring, evaluation, reporting and close-out of entire grant portfolio including dissemination of at least 30 Grant Profiles to key industry stakeholders.	In progress.	Five BIF grants successfully closed this quarter. 14 grants successfully closed to date and Grant Profiles have been developed for each. 26 active grants remain in the portfolio.
7. COMMUNICATIONS (CROSS CUTTING)				
Q4	7.1	At least 12 industry training and upgrading modules produced and disseminated widely via mass communication devices.	Partially Completed	1 industry training and upgrading module (Fabric Sourcing Handbook-garment) has been disseminated.
Q4	7.2	A minimum of 32 regional and national seminars, workshops and events held that avail industry to practical tools and skills.	Partially Completed	11 SENADA workshops/events were conducted in Q1.
Q4	7.3	9 Competitiveness at the Frontier issues published and widely distributed featuring critical topical themes currently confronted by Indonesian industry.	Partially Completed	2 Competitiveness at the Frontier issues published and disseminated in Q1.

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

#	Section	Deliverables	Status	Explanatory Note
Q4	7.4	20 activity updates developed and distributed.	Partially Completed	7 activity updates developed and widely distributed in Q1.
Q4	7.5	12 success stories developed and distributed.	Partially Completed	2 success stories developed and widely distributed in Q1
Q4	7.6	SENADA website updated with news, technical reports and other information.	Completed	SENADA website www.senada.or.id revised and updated with SENADA's event schedule, technical reports , project information and achievements on weekly basis.
Q4	7.7	20 grant profiles developed and distributed highlighting BIF innovations.	Partially Completed	6 grant profiles developed and distributed in Q1. 14 have been developed and disseminated to date.

C. SENADA STTA UTILIZATION

SENADA STTA UTILIZATION (OCTOBER – DECEMBER 2008)

Name	Start / End Date of Performance	# of Days Utilized	Objective of STTA
Carol Walker	10 Dec 07 –Dec 08	125	Reinforced SENADA’s communications capacities with specialized skills in strategic analysis, publications development and top notch English writing skills and also ensured the growing requirements and expectations of SENADA’s communications activities are fulfilled.
Henrietta Lake	12- 30 Oct 08 15-28 Nov 08	46	Enhanced the capacity of Indonesia’s garments industry to meet increasingly demanding international standards in a competitive global marketplace. In line with SENADA’s mission, the sustainability of the GPI is critical to achieving medium to long-term impact. As such, the key value chain players; vendors, buyers and service providers – must participate actively in program development and implementation from inception.
Buck Jones	28 Apr – 30 Oct 08	25	Assisted the SENADA group of home accessories and furniture producer in trade show preparation and promotion and in selling their products to international buyers, especially in the western markets.
Ted Barber	1 June – 31 Oct 08	66	Developed highly practical sustainability guide for home furnishing companies. The guide comprised in fulfilling increasingly demanding market requirements for environmental and social sustainability. Together the modules allowed companies to integrate sustainability into all aspects of their businesses, including operations, production, human resource management and marketing.
Dedy Pabelu	2 June – 31 Dec 08	34	Maximized effort in the development of a lean sigma training module that specifically designed and dedicated for the garment industry. Development of a manual for the training module is one result expected. The other was to develop on site understanding of the practical application in the garment industry in view of improvement efforts that followed up with a marketable lean sigma training module implemented to garment industry.
Dionisius A Narjoko	1 Sept – 17 Nov 08	25	Carried out some early in-depth analysis of regulations based on filter one results, assisted SENADA in the final presentation/discussion with MOI regarding the review of MOI’s industry support measures, and assisted in the dissemination workshop/ press briefing for the SENADA Trade Competitiveness Report.

SENADA STTA UTILIZATION (OCTOBER – DECEMBER 2008)

Name	Start / End Date of Performance	# of Days Utilized	Objective of STTA
John Jay Friedlander	8 Sept – 31 Oct 08	7	Developed highly practical sustainability guide for home furnishings companies. The guide comprised of a series of modules providing information and tools assisting these companies in fulfilling increasingly demanding market requirements for environmental and social sustainability. Together the modules allowed companies integrated sustainability into all aspects of their businesses, including operations, production, human resource management and marketing.
Kurniawan M. Hatta	15 Oct – 19 Dec 08	10	Improved the RegMap website visual quality by providing a design and branding guidance and provide expert assistance on quality assurance of the website.
Kalamullah Ramli	1 Oct – 14 Nov 08	10	Identified and nominated suitable firms in Jakarta with great potential to benefits from the IAP program from their personal and professional SME networks. And also entered the IAP proactive firm recruitment processed and participated directly in firm recruitment, including cold called and site visited presented and discussed the benefit of the IAP program to the firms.
Paulus Insap Santosa	1 Oct – 14 Nov 08	10	Identified and nominated suitable firms in Yogyakarta with great potential to benefits from the IAP program from their personal and professional SME networks. And also entered the IAP proactive firm recruitment processed and participated directly in firm recruitment, including cold called and site visited presented and discussed the benefit of the IAP program to the firms.
Surya Sumpeno	1 Oct – 14 Nov 08	10	Identified and nominated suitable firms in Surabaya with great potential to benefits from the IAP program from their personal and professional SME networks. And also entered the IAP proactive firm recruitment processed and participated directly in firm recruitment, including cold called and site visited presented and discussed the benefit of the IAP program to the firms.
M. Salman Saefudin	15 Oct – 14 Nov 08	10	Identified and nominated suitable firms in Jakarta with great potential to benefits from the IAP program from their personal and professional SME networks. And also entered the IAP proactive firm recruitment processed and participated directly in firm recruitment, including cold called and site visited presented and discussed the benefit of the IAP program to the firms.

SENADA STTA UTILIZATION (OCTOBER – DECEMBER 2008)

Name	Start / End Date of Performance	# of Days Utilized	Objective of STTA
Sri Suning K.	15 Oct – 14 Nov 08	10	Identified and nominated suitable firms in Yogyakarta with great potential to benefits from the IAP program from their personal and professional SME networks. And also entered the IAP proactive firm recruitment processed and participated directly in firm recruitment, including cold called and site visited presented and discussed the benefit of the IAP program to the firms.
Achmad Affandi	3 – 28 Nov 08	10	Identified and nominated suitable firms in Surabaya with great potential to benefits from the IAP program from their personal and professional SME networks. And also entered the IAP proactive firm recruitment processed and participated directly in firm recruitment, including cold called and site visited presented and discussed the benefit of the IAP program to the firms.
Donald S. Bason	1 Nov 08 – 30 Dec 09	18	Developed three (3) highest class training modules
Adi J Raksanagara	3 Nov 08 – 10 Apr 09	45	Provided professional copy editing and writing technical support to CIEL-ITB for the development the full BDS Technical Training Service Provider Directory.
Amrus Ramadhan	3 Nov 08 – 10 Apr 09	45	Provided professional copy editing and writing technical support to CIEL-ITB for the development the full BDS Technical Training Service Provider Directory. Focused on design, implement and manage the graphic design.
Dr. Hitendra Patel	9 – 15 Nov 08	7	Enable BIC in furthering its advocacy program on the urgency of synergic co-operation among the three parties (academics, business and government) to promote innovation and economic growth.
Retno S. Renggana	12 – 18 Nov 08	5	Co-facilitate the SENADA group of home accessories and furniture producer (eco exotic) in developing strategic and action plan meeting.
Hendrarto Supangkat	12 – 20 Nov 08	7	Facilitate the SENADA group of home accessories and furniture producer (eco exotic) in developing strategic and action plan meeting.
Donald Elliot	30 Nov – 6 Dec 08	6	Strengthen RegMAP related analysis of the key local government planning issues and regulations relating build and land use that work to constrain the regional business environment and set out key policy recommendations for both national and sub-national government to remedy these constraints.

SENADA STTA UTILIZATION (OCTOBER – DECEMBER 2008)

Name	Start / End Date of Performance	# of Days Utilized	Objective of STTA
Erin Weiser	8 – 19 Dec 08	10	Upgraded and developed five policy brief that analyzed and provided recommendations on five sets or ‘clusters’ of common regulatory problems confronting businesses in SENADA’s IVCs.
David Wignall	14 – 19 Dec 08	5	Provided input on international best-practice recommendations on port management for the shipping law implementing regulations on ports and assisted in the design and upgrading of a Pre-Feasibility Study on the new container port in Kendal.

D. SENADA MEDIA CITATIONS

MEDIA CITATIONS (OCTOBER – DECEMBER 2008)

NO	DATE	MEDIA	TITLE	TYPE OF MEDIA
Export Competitiveness Report – 21 October 2008				
1	21 Oct	Inilah.	Export Garment to US Market Become More Difficult	Online media
2	21 Oct	Kapan Lagi.	Export Garment to US Market Become More Difficult	Online media
3	21 Oct	Tribun Timur	Attention, Export Garment to US Market, Become More Difficult	Online media
4	21 Oct	Media Indonesia	Export Footwear Declining 3 % Annually	Online media
5	21 Oct	Antarafoto	Photocaption	Online media
6	21 Oct	Kompas	Attention, Export Garment to US Market, Become More Difficult	Online media
7	21 Oct	Kompas	Indonesia Product can compete with India and China	Online media
8	21 Oct	Vivanews	National Footwear Industry Decline 50%	Online media
9	22 Oct	Koran Jakarta	Export to the US Becoming more difficult, Lack of Government Support	Regional general newspaper
10	22 Oct	Investor Daily	Photo Caption “ Indonesia Export Report”	Regional business newspaper
11	22 Oct	Bisnis Indonesia	Photo Caption “ Export Performance”	National business newspaper
12	22 Oct	Neraca	Footwear Domestic Market Dominated by Product Import	Regional general newspaper
13	22 Oct	Rakyat Merdeka	Garment Export to US Down 3%	Regional general newspaper
15	22 Oct	Warta Kota	50% Footwear Domestic Market Dominated by Product Import	Regional general newspaper

MEDIA CITATIONS (OCTOBER – DECEMBER 2008)

NO	DATE	MEDIA	TITLE	TYPE OF MEDIA
16	25 Oct	Kompas	Finding Opportunity in Low Export Market	National general newspaper
iMulai2 Opening Ceremony – 18 November 2008				
1	18 Nov	Detik.com.	iMULAI 2.0, Microsoft Hopes to Local Software	Online media
2	18 Nov	Okezone.com	The New Software Innovation Started From iMULAI 2.0	Online media
3	18 Nov	Inilah.com	Have a Creative Idea? Join iMULAI	Online media
4	18 Nov	Kompas.com	Microsoft's Competition For Entrepreneurship Held Again	Online media
5	18 Nov	Bisnis.com	Indonesia Lack Of IT Entrepreneurs	Online media
6	18 Nov	Republika Online	Collaborate with SENADA, Microsoft Indonesia Organizes iMULAI 2.0	Online media
7	18 Nov	Info Komputer Online	iMULAI 2.0 , Competition Of Business Solution	Online media
8	19 Nov	Kapanlagi.com	Microsoft and SENADA Organize the Second of iMULAI Competition	Online media
9	19 Nov	Bisnis Indonesia	Photo Caption "iMULAI Competition"	Regional general newspaper
10	19 Nov	Bisnis Indonesia	Indonesia Lack Of IT Entrepreneur	Regional business newspaper
11	19 Nov	Investor Daily	Photo Caption " Microsoft Program"	National business newspaper
12	19 Nov	Republika	Photo Caption "Innovation Spirit"	Regional general newspaper

MEDIA CITATIONS (OCTOBER – DECEMBER 2008)

NO	DATE	MEDIA	TITLE	TYPE OF MEDIA
13	19 Nov	Seputar Indonesia	Photo Caption “Competition”	Regional general newspaper
Seminar & Fabric Sourcing Handbook Launching – 19 November 2008				
1	19 Nov	Tempointeraktif.com.	Garment Partnership Indonesia Launch Fabric Sourcing Handbook	Online media
2	19 Nov	Detik.com	Fabric Sourcing Handbook Help Garment Increase Competitiveness	Online media
3	19 Nov	Jabar.go.id.	Garment Industry Still Using a Limited Quantity of Local Fabric	Online media
4	19 Nov	Pikiran Rakyat.com	Target To Middle and Up Market	Online media
5	19 Nov	Foto.detik.com	Photo Caption “GPI launch Fabric Sourcing Handbook	Online media
6	19 Nov	Indotextile.com	Fabric Sourcing Handbook Enhances Competitiveness Garment Industry	Online media
Industry Attachment Program Launching – 24 November 2008				
1	24 Nov	Detikinet.com.	100 Students Join Cisco’s IT Camp	Online media
2	24 Nov	Okezone.com	Information Technology Helps SMEs to Compete	Online media
3	24 Nov	Hupelita.com	Encourage SMEs Utilizing Information Technology	Online media
4	24 Nov	Bisnis Indonesia Online	SMEs Need To Utilize Information Technology	Online media
5	24 Nov	KapanLagi.com	SMEs Need Encouragement to Use Technology	Online media
6	24 Nov	Republika Online	SMEs Need To Be Encourage Using ICT	Online media

MEDIA CITATIONS (OCTOBER – DECEMBER 2008)

NO	DATE	MEDIA	TITLE	TYPE OF MEDIA
7	24 Nov	Bisnis Indonesia Online	Students Join Innovative Internship Program	Online media
8	24 Nov	Technology Indonesia	100 Students Conducting Internship in SMEs	Online media
9	25 Nov	Bisnis Indonesia	SMEs Need to Utilize Information Technology	Regional general newspaper
10	25 Nov	Bisnis Indonesia	Photo Caption “Build Synergy”	Regional general newspaper
11	25 Nov	Jakarta Globe	Students Taking Technology to Small Business	Regional general newspaper
12	25 Nov	Media Indonesia	USAID Develop Technology for SME	Regional general newspaper
13	25 Nov	Investor Daily	Cisci and Senada Collaboration, 100 Students in 100 SME’s	Regional general newspaper
14	25 Nov	Pelita	Cisco and USAID-SENADA Launched Internship Program	Regional general newspaper
15	4 Dec	Swa Magazine	Transfer of Information Technology & Communication, A Manifestation of Student’s High Concern on SME in Indonesia	Business Magazine

Panel Discussion on Less Container Load – 4 December 2008 – Hotel Santika

1	4 Dec	Kompas.com.	Port Component Tariff remains High	Online media
2	4 Dec	Bisnis.com	Upper limit Tariff of Line 2 Priok Port Need To Be Discussed	Online media
3	4 Dec	Indotextile.com	Three Major Problems Disturb 2 nd Line Port at Tanjung Priok	Online media
4	5 Dec	Seputar Indonesia	Illegal fees at Tanjung Priok Still Flaring Up	Regional general newspaper

MEDIA CITATIONS (OCTOBER – DECEMBER 2008)

NO	DATE	MEDIA	TITLE	TYPE OF MEDIA
5	5 Dec	Jakarta Globe	Tanjung Priok Tackles Illegal Fees	Regional general newspaper
6	5 Dec	Koran Jakarta	Needs new agreement on amount of tariff at Line II – Port fees too expensive	Regional general newspaper
7	5 Dec	Bisnis Indonesia	Upper Limit Tariff of Line 2 Priok Will be Discussed	Regional general newspaper
8	5 Dec	Investor Daily	KPPU: Tariff at Line II Priok Set By Government	Regional general newspaper

Link & Match 3 – 10 December 2008 – Menara Peninsula Hotel

1	10 Dec	Kompas.com.	Mid Next Year, Normal Condition	Online media
2	10 Dec	Kompas.com	“Link and Match” Event is More Interesting	Online media
3	10 Dec	Kompas.com	Manufacturer is Market Crave, Buyer Delay Payment	Online media
4	10 Dec	Kompas.com	Selling? OopsStill Weak	Online Media
5	10 Dec	Kompas.com	TPT Export was Predicted Slow	Online Media
6	11 Dec	Koran Jakarta	Manufacturer Not Able to Fullfill Buyer’s Need Yet	Regional general newspaper
7	15 Dec	The Jakarta Post	Garment Export Doing Well Despite Global Crisis Next Year	Regional general newspaper

IAP Kick Off Workshop – Surabaya, Yogyakarta & Jakarta; 18,19,23 December 2008

1	18 Dec	Detiksurabaya	Apprentice university students ready to help introduce ICT to SME’s	Online media
2	19 Dec	Detikinet.com	Many SME’s Haven’t Been IT Savvy	Online media

MEDIA CITATIONS (OCTOBER – DECEMBER 2008)

NO	DATE	MEDIA	TITLE	TYPE OF MEDIA
3	19 Dec	UGMonline	25 Engineering Students Transfer Knowledge onICT Using to SME's	Online media
4	23 Dec	Detikinet.com	Crisis, SME excited Having IT Intern	Online media
5	18 Dec	Surabaya Post	25 University Students Join Internship in 100 SME's	Regional general newspaper
6	19 Dec	Surya Daily	25 University Students Join IAP	Regional general newspaper
7	19 Dec	Radar Surabaya	Three companies conduct joint apprenticeship	Regional general newspaper
8	20 Dec	Harian Yogja	100 University Students Joint Indusy Attachment Program	Regional general newspaper
9	22 Dec	Bisnis Indonesia	Photo Caption: IAP Implementation	Regional general newspaper
10	23 Dec	Kedaulatan Rakyat	25 University Students Transfer Knowledge o ICT to SME's	Regional general newspaper
11	24 Dec	Investor Daily	100 University Students Develop Roadmap on IT Application	Regional general newspaper

F. SUCCESS STORIES, ACTIVITY UPDATES AND GRANT PROFILES



ACTIVITY UPDATE

SENADA RESEARCH PROMOTES DIALOG ON ENHANCING INDONESIA'S EXPORT PERFORMANCE



“This workshop raises awareness of the need to create ‘Indonesia Incorporated’ – a national economy with competitive light manufacturing sectors as part of the backbone – and to further develop and explore the findings from SENADA’s research.”

*–Bapak Djimanto
Deputy Chairman, APINDO*

With the intent of spurring business associations and policy makers to take greater advantage of Indonesia’s export opportunities, SENADA released a comprehensive study analyzing the export performance and competitiveness of several of Indonesia’s key light manufacturing industries. The report, entitled “2008 Export Competitiveness Report: Footwear, Furniture, Autoparts, and the Garment Industry,” analyzes data from 2000 to 2007 to determine Indonesia’s share of global markets and compare its performance to its competitors (the report can be accessed at www.senada.or.id). The report adds new insights to the discussion of Indonesian manufacturing competitiveness by focusing specifically on those products that the country actively exports.

To showcase the findings of the Report and stimulate dialog, SENADA sponsored a half-day seminar at the Commerce Club in Jakarta on 21 October. It was attended by nearly 100 representatives from business associations and government, as well as local and national media (for whom a special briefing was held to communicate the Report’s key points).

SENADA representatives David Ray and Dionisius Nardjoko opened the session with an overview of the Report. This was followed by a panel discussion to review its implications, featuring Arianto Patunru of LPEM FEUI (a research institute devoted to economics and society at the Faculty of Economics, University of Indonesia), Sjamsu Rahardja of the World Bank, Djimanto from APINDO (the Indonesian Employers’ Association), and Henrietta Lake, an internal garments sourcing expert.

Speakers emphasized that Indonesia is capitalizing on some of its opportunities, but can do better in others. Exports of auto components are the strongest, with Indonesia’s global share doubling over the study period. Garments and furniture exports were solid, but in footwear Indonesia has lost over half its share of international markets to regional competitors.

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

ACTIVITY UPDATE

FIRST PRODUCTS CARRYING THE QSEAL MARK OF QUALITY ARE MARKETED TO CONSUMERS



“QSEAL makes my choice easy and gives me confidence when I choose non-original spare parts. I know I am getting good quality at a good price.”

– Pak Yanto

University student and purchaser of QSEAL products

SENADA’s QSEAL program achieved a major milestone on 19 September, when auto parts bearing the QSEAL guarantee of quality were introduced for sale to customers at several service stations in Jakarta and Bekasi. Posters and leaflets designed to persuade consumers that products bearing the QSEAL stamp are their best choice for a combination of price and quality accompanied the newly available products.

QSEAL is a national product and process seal of quality for non-original replacement automotive parts. As Indonesia’s first mid-market certification standard, it provides an opportunity to small suppliers who want to upgrade their production lines to reach higher value part markets and edge out competition from cheap imports. QSEAL standards also provide an important steppingstone for firms interested in reaching full OEM (original parts manufacturers) standards – a necessary springboard for exporting.

SENADA partnered with the Indonesian Automotive Center (SOI), the Indonesian Automotive Engineers Association (IATO), and the Indonesian Service Station Association (ASBEKINDO) to develop the QSEAL concept, create standards, and make QSEAL commercially available to Indonesian manufacturers on a sustainable basis. QSEAL, owned and operated by SOI, launched and signed up its first set of clients in May 2008. One of these early-adopter firms, PT Cipta Kreasi Prima Muda, has now completed the QSEAL certification process and is able to sell its back mirrors bearing the QSEAL label.

The launch of Cipta Kreasi Prima Muda’s QSEAL-labeled products was done under the auspices of a market penetration strategy jointly developed by SENADA and ASBEKINDO. The strategy covers all steps needed to help QSEAL products succeed in the market, including distribution and pricing strategies, packaging guidelines, and standardized materials needed for parts ordering, invoices, packing, etc. Accompanying marketing materials include a poster that attracts attention by advising buyers, “If you don’t want an original part, choose the one with a QSEAL sticker.”

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ACTIVITY UPDATE

SENADA SUPPORTS ASMINDO CERTIFICATION CARE TO ENSURE SUSTAINABLE INDUSTRY FOCUS ON RESPONSIBLE TIMBER SOURCING



“Being a wood certification consultant in ACC has given me a deeper understanding of why wood certification is important for business and the environment. This initiative will bring positive impact to ASMINDO, to firms, and to the planet.”

*–Andriana Swi Maretanti
ACC wood certification
consultant, ASMINDO*

Key to SENADA’s work with the home furnishings industrial value chain is helping wood furnishings producers tap into the international market for goods made with responsibly sourced timber. To access these markets, producers must obtain internationally recognized certifications such as VLO (Verification of Legal Origin) and FSC (Forest Stewardship Council).

SENADA’s efforts have already enabled over 20 companies to achieve these certifications, but these successes are simply the early outcomes of a larger effort toward a broader goal, which is to transform the industry mindset and institutionalize the capability to pursue certifications.

To ensure that certifications become standard practice among producers, over the past year SENADA has trained representatives from ASMINDO (the Indonesian Furniture Industry and Handicraft Association), building the association’s capacity to provide legal wood consulting and certification services.

In October, SENADA entered a new phase of activity by focusing on the development of “ASMINDO Certification Care” (ACC). ACC will act as a business unit within ASMINDO, charged with ensuring that ASMINDO’s consulting and certification efforts are provided on a sustainable basis. ACC’s start-up officially got underway on 24 October, when SENADA facilitated a strategic planning meeting with ACC staff from Semarang, Yogyakarta, and East Java. This was followed soon thereafter by a business skills workshop for ACC members – the first of four – entitled “How to Develop a Business Plan.” Also in October, ASMINDO was awarded a grant under SENADA’s Business Innovation Fund to provide seed capital to establish ACC units in Surabaya, Semarang and Yogyakarta.

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ACTIVITY UPDATE

SENADA'S PRODUCTIVITY MESSAGE DELIVERED AT GARMENT PARTNERSHIP INDONESIA EVENT



“Productivity improvement is a continuous process that never stops. Every factory should have an action plan to improve their internal productivity in 2009.”

*– Tatsuro Araki
Technical Director,
PT Dayani Garment Indonesia*

The Indonesian garment industry faces ongoing challenges that cannot be effectively addressed on a one-off basis. A single machinery upgrade or one training session for employees can contribute to improved productivity, but strong competition from producers in other countries coupled with worrisome global economic trends means that garment industry leaders cannot afford to waver in their commitment to continuous productivity improvement.

This message was forcefully delivered at a 30 October seminar sponsored by Garment Partnership Indonesia (GPI) entitled “Facing the Global Economic Crisis Through Productivity Improvement in the Garment Industry,” held at the International Garment Training Center in Bogor. The main presenter was Mr. Tatsuro Araki, technical director of PT Dayani Garment Indonesia, a firm that has experienced impressive growth in productivity as a result of its strong dedication to staff training and continuous improvement.

GPI's goal in sponsoring the workshop was to broaden awareness within the industry of GPI initiatives and to encourage participation in its Executive Development Program (EDP). GPI is an organization of industry leaders, brought together with help from SENADA, that is committed to increasing industry competitiveness, creating business networks and improving access to global markets. GPI's EDP program, now entering its third round, is a series of six one-day workshops aimed at improving the skills, knowledge and competencies of high-level industry executives regarding key aspects of international best manufacturing practices.

The workshop attracted 75 participants representing 36 firms, including 10 companies that were taking part in an activity facilitated by SENADA for the first time.

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ACTIVITY UPDATE

SENADA USES REGMAP TO STRENGTHEN BAPPENAS CAPACITY TO ANALYZE REGULATIONS



“I believe the RegMAP tool has great potential to become the standard analytical tool used by BAPPENAS regulatory reviewers.”

*—Drs. Purwa Malaysianto, MSi
Deputy Director for Information
on Laws and Regulations,
BAPPENAS*

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

SENADA’s RegMAP tool is a cornerstone of the project’s efforts to assist Indonesian stakeholders in shaping a progressive business enabling environment. RegMAP provides a clearly defined series of steps that allows policy makers to create an inventory of regulations and quickly target those that should be priorities for reform.

At the heart of RegMAP is the application of three filters designed to narrow hundreds of regulations down to the critical top ten. Each filter applies questions that explore legality, economic impact, redundancy, regulatory objectives, and other essential characteristics.

While the creation of the RegMAP tool was an important achievement, the tool itself will have little impact unless Indonesian government officials embrace RegMAP over the long term, fully exploiting its potential by using it properly. For this reason, SENADA is working with BAPPENAS (Indonesia’s national development agency) to thoroughly train staff and give them hands-on experience at conducting regulatory analysis using RegMAP. Following up on work earlier in 2008 that was focused on Filter 1, from November 3 to 5 SENADA held three one-day workshops in Jakarta, Bandung, and Surabaya to give BAPPENAS officials practice at implementing Filter 2. This filter uses 10 detailed questions relating to regulatory objectives, alternatives, targeting, communication, compliance and impact.

In each workshop, participants used Filter 2 to analyze three regulations, chosen to illustrate different types of regulation. This was followed by discussion in which participants focused on weeding out subjectivity and ensuring that each regulation had been completely analyzed. The workshops were led by a team from the Center for Economic and Social Studies and SENADA, and attended by BAPPENAS staff from the Direktorat Analisa Peraturan Perundang-undangan, (Directorate for Regulatory Analysis). The workshops were notable for the enthusiastic discussion generated, as participants proposed and then adopted or discarded various ideas. They also expressed considerable eagerness to carry out similar exercises for Filter 3, a step planned for early 2009.

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ACTIVITY UPDATE

WORKSHOP GUIDES INDONESIAN GARMENT COMPANIES ON ACCESSING EUROPEAN MARKETS



“Last year over 33,500 specialist buyers from 59 countries attended the Global Fashion Fair in Düsseldorf, suggesting that it will provide a great opportunity for Indonesian SMEs.”

*–Eve Bachtold
SIPPO Project Manager*

Despite the world economic downturn, Indonesia’s textile and garment industry still has untapped opportunities to access the European market. These can be exploited to help maintain and expand Indonesia’s export levels. During the second quarter of 2008, the value of textile and garment exports to Europe reached more than USD 5 billion, with the greatest growth occurring in the fashion garment and home textiles segments.

These facts were emphasized at the “SIPPO Kickoff Workshop: Strengthening Market Linkages,” sponsored by the SENADA-supported Garment Partnership Indonesia (GPI) on 6 November at the International Garment Training Center (IGTC) in Bogor. SIPPO (the Swiss Import Promotion Program) promotes imports from emerging countries to the European market. The event was conducted through the cooperative efforts of SENADA, SIPPO, GPI, IGTC, and the National Agency for Export Development (NAFED).

The purpose of the workshop was to recruit small and medium garment and home textile manufacturers to participate in the German trade fair next year that SIPPO is arranging. In 2009, SIPPO will facilitate six Indonesian SME garment and home textile manufacturers to take part in the trade fair, which will be held in both Frankfurt and Düsseldorf. SIPPO will provide manufacturers with technical assistance on trade fair preparations and strategies for accessing the European market.

Thirty participants representing 13 manufacturers attended the SIPPO workshop, which is part of GPI’s efforts to strengthen market access for Indonesian garment firms. GPI is a private-sector initiative facilitated by SENADA.

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GRANTEE PROFILE

LOCAL METAL INDUSTRY ASSOCIATION MAKES TRACTOR TIRE MANUFACTURING MORE EFFICIENT BY APPLYING NEW TECHNOLOGY



“This new equipment demonstrates that the right machinery appropriately used can improve the efficiency of our production processes many times over.”

– Director Mr. Miftakhul Ulum, PT. Atak Otomotif

Innovative technology is a boon to manufacturing companies that seek to stay ahead of the competition: with specialized equipment that incorporates the latest advances, firms can produce higher quality products more quickly at a lower marginal cost. On the flip side, old-fashioned manufacturing methods may be worse than just inefficient – these methods may be incapable of producing parts with the tight tolerances that modern goods require.

This situation is a real constraint for Indonesian SMEs, who often do not have the capital to upgrade to the new, expensive technology they need to stay competitive. Recognizing the problem, ASPILOW (an association of metal industry firms in Sidoarjo, East Java that is affiliated with the Metal Industries Center of Ngingas–Waru), approached SENADA’s Business Innovation Fund with a proposal to help local tractor tire producers gain access to better technology for making tractor tire frames.

Most SMEs in Ngingas have been using manual tools to produce tractor tire frames, resulting in uneven quality, slow production that consumes a large amount of manpower (it takes four operators to make 80 frames/day manually, compared to a demand base of almost 400 frames/day), and difficulty in achieving the necessary degree of precision for dimensions and smoothness.

ASPILOW members proposed to use BIF resources to construct a roll machine that would allow the frames to be made with greater quality control and economies of scale. The purpose of the roll machine is to roll metal rods into the circular frames used to produce tractor tires. The grant awarded to ASPILOW provided Rp 82,150,000 over a six-month period from February 2007 to August 2008. ►►

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In tests conducted after the machinery was constructed, one operator was able to produce 200 frames per day, a ten-fold increase in productivity.

ASPILOW completed construction of the machinery as planned, testing and adjusting the design during the process to ensure that it functions according to local requirements. In tests conducted after it was constructed, one operator was able to produce 200 frames per day, a ten-fold increase in productivity.

ASPILOW (originally established under the name KOWPLOW) was founded in September 2002 with the goal of advancing the local metal industry and assisting members to conduct business transactions with large customers and develop business-enhancing relationships with other firms and the government. The organization, which has grown to about 10 members, has several business units that provide member services, such as workshops for iron plate cutting and die-making.

These units generate income that ASPILOW uses to advance its goals. The new rolling machine will become one of ASPILOW's business units, and the association will also offer engineering support services to local entrepreneurs who want to replicate the machinery at their own sites.

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GRANTEE PROFILE

ENGINEERING CONSULTING FIRM CREATES A SOFTWARE AND SERVICES PACKAGE THAT ENABLES SMALL FIRMS TO ACHIEVE ISO 9000 CERTIFICATION



“The software and the training provided by PT QDE helped us achieve the right mind-set and implement the necessary technical steps that readied us for an official ISO audit.”

*– Mr. Syahwir Danur,
Director, PT Thasima Daya
Sentosa*

Companies that expect to be taken seriously in world markets must prove their compliance with recognized international quality management standards. ISO 9000 offers a series of related standards for certification of quality control and assurance, covering all aspects of business processes. Achieving ISO 9000 certification may not only lead to improved efficiency and quality, it is also an important marketing tool that proves to potential clients, partners and customers that a company is a reliable business associate. Certification of compliance with ISO standards is so ubiquitous in international trade that companies in certain industries such as garments, footwear and automotive components who lack it find it difficult to compete successfully.

However, achieving ISO 9000 certification is usually a costly process. The actual audit is only a small part of the picture. First, companies need to learn about ISO 9000 in detail, figure out how to apply it successfully to their operations, and complete a substantial amount of pre-audit documentation. Hiring a consultant to walk through each step in this process is beyond the means of many SMEs.

Recognizing a potential win-win business opportunity, the consulting firm PT Quantum Design Engineering (QDE) made a successful proposal to SENADA's Business Innovation Fund to develop and pilot-test a package of software and services for small businesses that would make achieving ISO 9000 financially feasible. The grant awarded to QDE provided Rp 180,100,000 over a six-month period from February 2007 to August 2008.

QDE used the funds to design 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 ►►



QDE used the funds to design a complete package of services that is designed to culminate in obtaining ISO 9000 certification at approximately half the usual cost.

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consulting services and two audits: an ISO audit by QDE for compliance followed by an external internationally certified auditor who gives a second opinion.

QDE is now pilot-testing the package with three firms, two of which work with the automobile industry through the assembly of machine parts, and one of which makes dies and stamps for the automotive and other industries. Following the QDE training services, these firms will each spend approximately three months modifying their operations and preparing documentation so that they are fully prepared for an official ISO audit and certification by the official ISO Certification body. Meanwhile, QDE has copyrighted and replicated its software. QDE expects the software package and consulting services to be available at Gunung Agung and Gramedia bookstores by December 2008.

PT Quantum Design Engineering provides consulting services in product development and quality management systems. Its team has solid experience in design, product engineering and achieving ISO standards, and has built sound networks with other engineering companies, institutions and related associations, such as Ikatan Ahli Teknik Otomotif (SAE Indonesia), Sentra Otomotif Indonesia (SOI), Bandung Institute of Technology (ITB), National Research Council (Dewan Riset Nasional or DRN) and Sucofindo (which is an ISO certifying body).

The vision of QDE is to be the partner that helps industries to translate their research and development activities into production, by providing them with the essential documentation and support that ensures production will meet international quality standards and current best practices for quality, cost, and delivery.

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GRANTEE PROFILE

NEW BAMBOO TREATMENT FACILITY INCREASES HOME FURNISHINGS PRODUCERS ABILITY TO MEET LOCAL AND EXPORT DEMAND



“The key successfully marketing Indonesian bamboo lies in innovation, quality treatment and sustainable production. This plant brings us closer to achieving that ideal.”

— Pak Tengku Lukmanul Hakim,
CV Sahabat Bambu

At first glance, it is hard to imagine why Indonesia’s bamboo industry would not automatically thrive: the country boasts more than 60 indigenous and introduced bamboo species suitable for a range of uses. Global demand for bamboo is growing thanks to its well-deserved reputation as a sustainable resource; it is the fastest growing woody plant in the world.

However, Indonesia lags behind countries such as China and Vietnam in the production of quality bamboo products at affordable prices. Those countries have been faster to implement technologies to address the disadvantages inherent to use of bamboo in the construction of home furnishings and other products: untreated, bamboo dries out and cracks quickly, and most significantly it is prone to infestation by the Powderpost Beetle, which infests not only living bamboo stalks but also bamboo products. Without proper treatment, the life of most bamboo products is rarely more than three years. However, most large-scale curing and fumigation efforts are not only environmentally unsound, but impractical given the small and rural nature of bamboo farming done in Indonesia.

The solution to this problem lies with a technology called Vertical Soak Diffusion (VSD), which uses borates of low toxicity to cure bamboo and prevent infestation. Although this is a highly effective treatment, in its most basic form it is time-consuming, with three weeks required for the treatment and drying of each batch of bamboo poles.

To upgrade their approach to VSD, the Indonesian non-governmental organization MAPI, which works with small bamboo producers, applied for and was awarded a grant of approximately \$25,000 to establish a pressure treatment facility, train staff to operate it and teach farmers the necessary bamboo clump management and harvesting practices. ►►



With the new technology, the treatment capacity has increased ten-fold, allowing local farmers to better meet both local demand and export requirements.

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The grant was entitled “Efficient and Effective Bamboo Preservation for Increased Application and Value in the Export Sector of Java’s Home Furnishing Industry,” and its activities took place from February through August 2008.

The new facility was established in Yogyakarta and is now being operated by the private firm CV Sahabat Bambu, an associate company of MAPI. The treatment plant consists of a large tank and supporting equipment such as a vacuum machine, pressure machine, and fluid tank.

With the new technology, the 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 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. This allows local farmers to better meet both local demand (which is primarily for the larger poles) and export requirements (70 percent of the bamboo bought by exporters is the smaller size).

MAPI is the Indonesian affiliate of the Mangrove Action Project, which is based in Trang, Thailand and the State of Washington in the United States. MAPI operates community-based coastal resource management programs in Riau, North Sumatera, Aceh, North and South Sulawesi and Central Java. CV Sahabat Bambu, a registered independent business, was formed as an outgrowth of MAPI’s work to explore the viability of bamboo as a sustainable building resource.

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GRANTEE PROFILE

FURNITURE STAKEHOLDERS STANDARDIZE AND CERTIFY HUMAN RESOURCE COMPETENCIES THAT LEAD TO BETTER QUALITY AND SAFETY



“Indonesia’s natural riches alone are not enough to guarantee our success in international markets.

Professionalizing our production through the use of standardized competencies is essential.”

*–Bernadus Arwin,
owner CV Vina Arya and
Chairman of CEFED*

The outlook for Indonesia’s home furnishings industry holds promise. Exports grew in value from US\$ 1.4 billion in 2002 to approximately US\$ 1.8 billion in 2006. Indonesia has abundant and diverse forestry resources, and leaders of the home furnishings industry are developing greater sophistication regarding the need to ethically source and certify Indonesian wood products, at the same time they are creating designs and marketing campaigns with stronger consumer appeal.

But these efforts will be not be enough to ensure industry growth unless manufacturing and quality improvements are also made. Indonesia has fallen behind its global competitors in the use of modern technology and in the skill levels and productivity of its human resources. Because of this, the goods produced in Indonesia do not always offer the quality and value available elsewhere, and the image of the Indonesian furniture industry as a whole is suffering.

An essential strategy for combating this problem at the source is to develop and enforce universally accepted standards for human resources in the industry. In recognition of this, industry stakeholders founded a Professional Certification Institution of Furniture and Processed Timber (LSP FOK) in Semarang, Central Java in October 2006. The vision behind the creation of LSP FOK was to empower Indonesia’s furniture and processed timber sectors by promoting and certifying labor competence, in keeping with Indonesia’s national standards (SKKNI). LSP FOK assessors themselves must demonstrate their knowledge and competence according to Indonesia’s National Professionalism Certification Body (BNSP).

Fulfillment of LSP FOK’s mission is dependent on the development of a set of relevant competencies, as well as the training and certification of assessors who will work with Indonesia’s manufacturers to develop skilled human resources.

To move LSP FOK forward from vision to functioning organization, the Center for Furniture Design and Development (CEFED) applied for a Business Innovation Fund grant, seeking the resources needed to develop complete sets of competency standards and train qualified assessors who will help industry adopt these standards. BIF awarded ►►



Ten sets of standards were defined and 12 assessors were trained so that companies can correct identified weaknesses and improve the quality of their output.

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Rp 169,300,000 in grant funds (about US\$ 18,800) for a grant entitled “Functioning Furniture and Processed Woods Professional Certification Institute (LSP-FOK)” which operated from February through August 2008.

CEFED utilized grant funds to cover consulting costs associated with developing 10 sets of 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 also 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.

The competency exams also allow factory workers in the furniture production and processed timber industries to take exams administered by LSP-FOK to certify their competency levels, so that employers can increase their productivity by hiring and utilizing workers who have demonstrated their attainment of relevant skills.

CEFED was established in Semarang in 2003 as a joint effort by the Investment Board of Central Java, business representatives in the wood furniture and processed timber industries, the Center for Industrial Pollution Prevention Technology (BBTPPI) at the Ministry of Industry, and the University of Diponegoro. In cooperation with international partners such as *Centro Ricerche-Sviluppo Laboratorio di prove Settore Legno-arredo*, CEFED initiates programs to improve human resources, undertake research and development, and further product design, certification, and quality.

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GRANTEE PROFILE

LOCALLY PRODUCED INNOVATIVE SOFTWARE HAS POTENTIAL TO REVOLUTIONIZE PORT MANAGEMENT IN INDONESIA



“The Port Management Portal developed by PT Dycode has proven its technical superiority in field testing. It enables the Port Authority office to better manage and monitor activities in all of our largest ports.”

*– Heri Kafianto
Head of the Commercial Unit,
Batam Port Authority*

One important barrier to improving the competitiveness of Indonesia’s industry has been the inefficient operation of the nation’s ports, which have fallen behind the systems used in other countries to ensure transparent, rapid and reasonably priced movement of goods. While leaders such as Singapore, Hong Kong and others have instituted integrated information systems that utilize modern technology, Indonesia has continued to rely on outdated and largely manual systems that are slow, expensive, and make it difficult to prevent or detect fraud and corruption.

This is particularly troublesome in light of Indonesia’s exceptional need for good port management, as a nation consisting of many scattered islands. Early attempts by the Batam Port Authority to address this problem were unsuccessful when the software they tested did not enable port activities to be aligned with international best practices in port administration and management.

Confident that it possessed the technical know-how to address this problem, the firm PT Dycode Cominfotech Development submitted a proposal to iMULAI (a special national software innovation competition under SENADA’s Business Innovation Fund that is operated in partnership with Microsoft Indonesia) to develop web-based software capable of bringing Indonesian port activities up to international standards. The firm was one of three iMULAI winners, and received a grant for Rp 225,000,000 between June and December 2008 to create a specialized port management portal.

PT Dycode’s new software, dubbed PortMAP, is designed to manage a wide variety of Indonesian port activities, including docking schedules, cargo loading, berthing times and departure dates. Local engineers and developers created a system that allows effective management of activities at a detailed level in both the Port Authority office and in the field at each port. ►►



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PortMAP has proved an immediate success, performing effectively in Indonesia's six largest ports.

PortMAP is also designed to integrate information on the movement of goods in a manner that permits the Authority to do comprehensive surveillance and monitoring.

Launched publicly on November 26, 2008, PortMAP has proved an immediate success, performing effectively in Indonesia's six largest ports. Following the testing, Port Authority officials requested additional customization of the software so that it can be implemented not only in the biggest ports but also in over 100 additional, smaller ports under the Batam Port Authority.

The PortMAP software is now available for sale in the market by contacting www.dycode.com.

The "Dycode" in the company name "PT Dycode Cominfotech Development" is a combination of the words *dynamic* and *code*. The name was chosen to reflect the dynamic nature of the company's objectives, using code as the tool to accomplish them. The company was founded by six young IT practitioners in April of 2007, and has already grown to a staff of 42 technical and support staff. Its mission is to deliver dynamic, mature and requirement-compliant IT solutions that optimize clients' business value.

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GRANTEE PROFILE

SMALL BUSINESSES NOW ABLE TO ACCESS LEADING APPLICATION FOR HUMAN RESOURCE MANAGEMENT



“This Sunfish SBE software is truly needed by our consulting company and by our clients as well. A simplified system that doesn’t leave out critical features, launched as open-source software, is right for SMEs to adopt and utilize.”

*–M. Syahriansyah
Consultant
PT Ferrier Hodgson*

In an era where sophisticated management software is the norm, any company that does not avail itself of modern information systems will not be highly regarded by clients and customers. A firm that uses outmoded manual systems may lose out to competitors who have more efficient ways of doing business. It is also more difficult for a business to expand its operations when functions such as human resources are not managed using information technology.

Even so, it isn’t necessarily easy for Indonesia’s small and medium businesses to automate. Many core business applications such as accounting, human resource management and enterprise resource planning (ERP) are designed with only large enterprises in mind. The cost alone can prevent SMEs from using them, as can the complexity.

Spotting a win-win business opportunity in this situation, the ICT company PT IndoDev Niaga Internet came up with a plan to develop a Small Business Edition of Sunfish, a highly regarded HRIS (Human Resources Information System) for large multinationals. IndoDev applied to SENADA’s Business Innovation Fund with a proposal entitled “Sunfish: Small Business Affordable HRIS for Indonesian SMEs.” The grant awarded to IndoDev provided Rp 175,551,660 over a six-month period from May to November 2008.

IndoDev used the grant to modify the Sunfish HRIS. Extraneous features were removed from the large-enterprise-oriented platform, and an open-source Small Business Edition (SBE) was created. 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 ►►



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.

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examination and modification, making it very simple for SMEs to upgrade and add new features as they grow.

The effort will pay off for IndoDev with the sales of consulting services to support the installation and use of the free Sunfish SBE. The software also opens an entirely new SME market for IndoDev, who prior to this only focused on large business clients. Immediately following the creation of the software package, complete with user manual and installation guide, IndoDev began marketing its services and obtained its first potential client, which decided to install Sunfish SBE in November 2008.

PT IndoDev Niaga Internet was founded in Jakarta, Indonesia in February 2000 as a partner of DataOn, one of Asia's most successful eBusiness solution providers. DataOn was created in 1999 to target the development of Application Service Providers operating through Internet portal applications. As DataOn's Indonesian arm, IndoDev's vision is to be the leading provider of customized eBusiness solutions by delivering individualized services that meet specific organizational needs. IndoDev currently employs nearly 100 IT professionals and is continuing to grow.

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SUCCESS STORY

WOOD FURNITURE INDUSTRY EXCEEDS SENADA'S CERTIFICATION TARGET AND SHOWCASES BENEFITS



“Not only are companies better managed through the VLO or COC-FSC programs, they also benefit from the market incentives that will drive certification in Indonesia. And as more companies become certified, this will show the world that the Indonesian furniture industry does not contribute to illegal logging.”

*— Johannes Sumarno
Head of ASMINDO East Java
(Indonesian Furniture and Handicrafts Association)*

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When SENADA launched its Wood Certification Program in July 2007, stakeholders were optimistic about the program's potential. SENADA's efforts to educate Indonesian wood furniture manufacturers about the need to “go green” in order to tap lucrative international markets had already begun to generate enthusiasm among producers. After a year of operation, SENADA has significantly surpassed its original goal of enabling 12 firms to obtain Verification of Legal Origin (VLO) or Forest Stewardship Council (FSC) certification by September 2008.

The success of the program owes to SENADA's involvement with various key actors linked to the sustainable furniture value chain. The program has centered on 40 wood furniture companies in Central and East Java and Yogyakarta to implement a “timber progression program” required for certification. SENADA also assisted five internationally recognized certification bodies, including Smartwood, SGS, TUV, BM Trada and BVQI, in better serving the potential growth market of furniture firms here in Indonesia (certification programs tend to focus more on the upstream timber industry). Finally, SENADA has partnered with Indonesia's wood furniture association, ASMINDO, in educating the sector on the benefits of wood certification.

Eleven of the firms have secured VLO certification while six have obtained FSC, and the results have been immediate. The firms are experiencing direct benefits through increased sales at higher prices, but they also note that the audit process helped them to make their production processes more efficient, leading to unintended direct positive impacts on their operations and bottom lines. Moreover, these companies are now models that are inspiring other companies to redouble their efforts so they can reap similar rewards and avoid being left behind.

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SUCCESS STORY

DEMAND FOR NEW FABRIC HANDBOOK OUTSTRIPS EXPECTATIONS



“This book will strengthen the foundations of the garment industry and will create communication between upstream and downstream actors, so that using locally produced materials is not just a slogan but is truly applied, helping Indonesia to improve its competitiveness and its share of world markets.”

*– Ade Sudrajat
Vice Chairman,
Assosiasi Pertekstilan Indonesia
(API)*

A major challenge to Indonesia’s garment industry is to provide international buyers with a fuller package of integrated services. Among the most important of these services is sourcing fabrics that meet exacting international standards. The SENADA-assisted Garment Partnership Indonesia (GPI), working with Sekolah Tinggi Teknologi Textil (STTT), took the first step in meeting this challenge by creating a complete fabric handbook.

The *Fabric Sourcing Handbook* was compiled by STTT experts as a training tool to be used in GPI’s Executive Development Training program. It contains comprehensive fabric information, including explanations of materials, weaves, and yarns, along with the processes used to create them and evaluations of relative quality. Fabric swatches bring the text to life, while a glossary of technical terms ensures readers will understand the content. The goal of the book – the first of its kind in Indonesia – is to make it easier for the garment industry to source fabric knowledgeably and quickly, at the same time it encourages the use of locally supplied fabric (80 percent of the fabric currently used by Indonesian garment makers is imported). To that end, the book includes a complete vendor database of Indonesian fabric suppliers.

Demand for the book was instantaneous and went beyond the original target market. Eighteen copies were sold at the launching event at STTT in Bandung, and queries quickly began to pour in from other sources, such as the buying agent Linmark (which requested a copy for their Thailand office) and even the American retail giant Wal-Mart. The book was initially published in Bahasa Indonesia but due to the diverse demand, GPI now plans to produce and sell an English version which will be ready in April 2009 and which has already been advance ordered by several eager purchasers.

STTT has also reaped rewards from their role in producing the handbook. Representatives of the school note that thanks to their participation, they have strengthened ties with Indonesian garment manufacturers, which is helping their placement efforts for new school graduates.

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