

**Directorate General Small and Medium Industry  
Ministry of Industry**

# **Small and Medium Industry Development Policy**

**Workshop on Enhancing the Competitiveness of SMEs in the OIC Member States  
Ankara, June 13<sup>th</sup> 2012**

**Bayu Fajar Nugroho**



# Agenda

---

- ✕ United in Diversity
- ✕ Small and Medium Industry
- ✕ Policies

# Republic of Indonesia



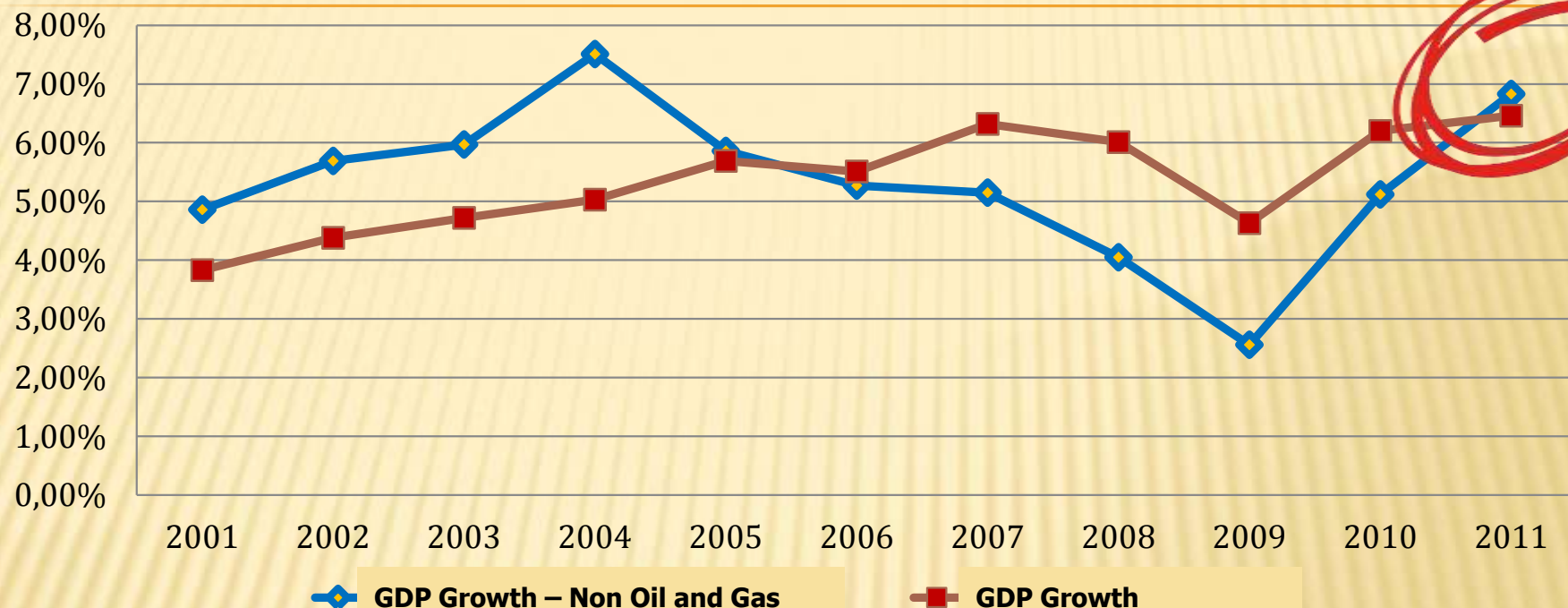
- ✖ Population : 238.000.000 (2011.)
- ✖ *total: 1,919,440 sq km*  
*land: 1,826,440 sq km*  
*water: 93,000 sq km*
- ✖ Islands : 17,508
- ✖ Median Age :  
*total: 26.8 years*  
*male: 26.4 years*  
*female: 27.3 years*
- ✖ GDP per capita : \$ 4.600
- ✖ GDP real growth rate : 5.4 %
- ✖ Currency : Rupiah (Rp) = 1 USD = Rp. 9,500





# Indonesia – Economy and Industrial Growth

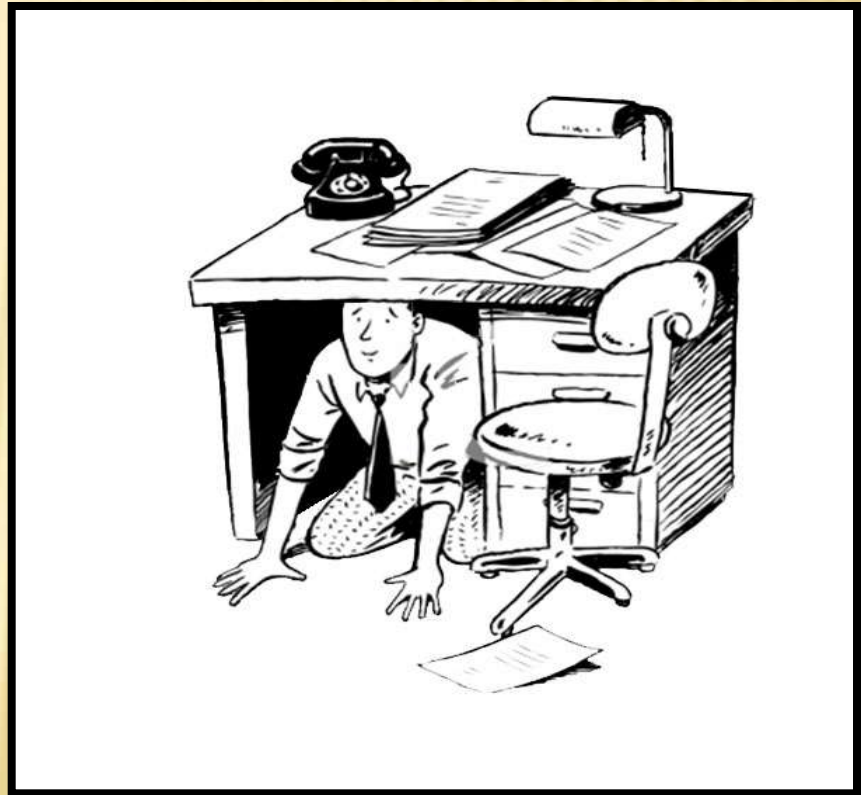
## 2001 – 2011



GDP Growth – Non Oil and Gas										
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
4,86%	5,69%	5,97%	7,51%	5,86%	5,27%	5,15%	4,05%	2,56%	5,12%	6,83%
GDP Growth										
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3,83%	4,38%	4,72%	5,03%	5,69%	5,51%	6,32%	6,01%	4,63%	6,20%	6,46%

Sumber: BPS diolah Kemenperin

# The Advantage of SMEs



# Criteria

---

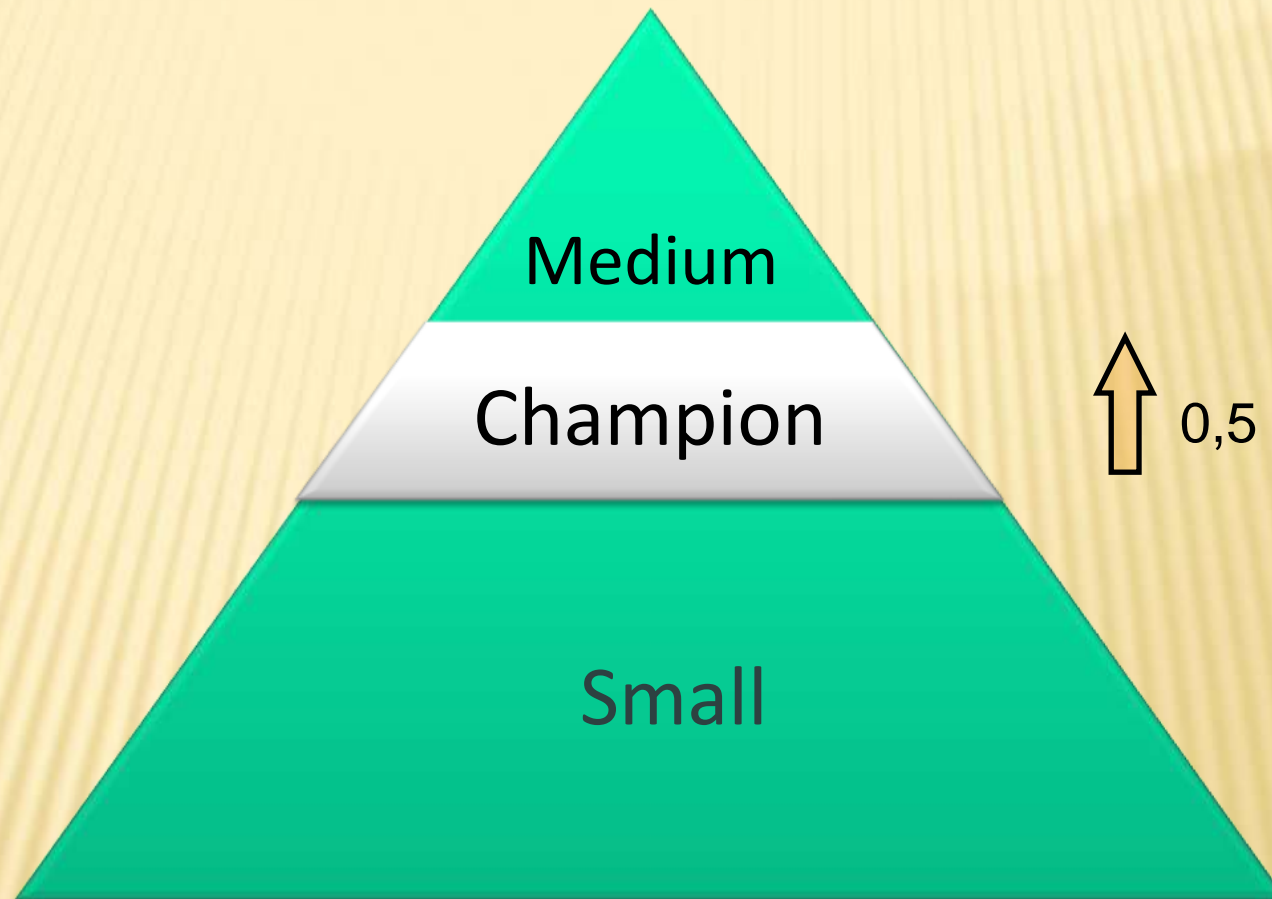
Labor

**Micro : < 7 Persons**

**Small : < 19 Persons**

**Medium : < 99 Persons**

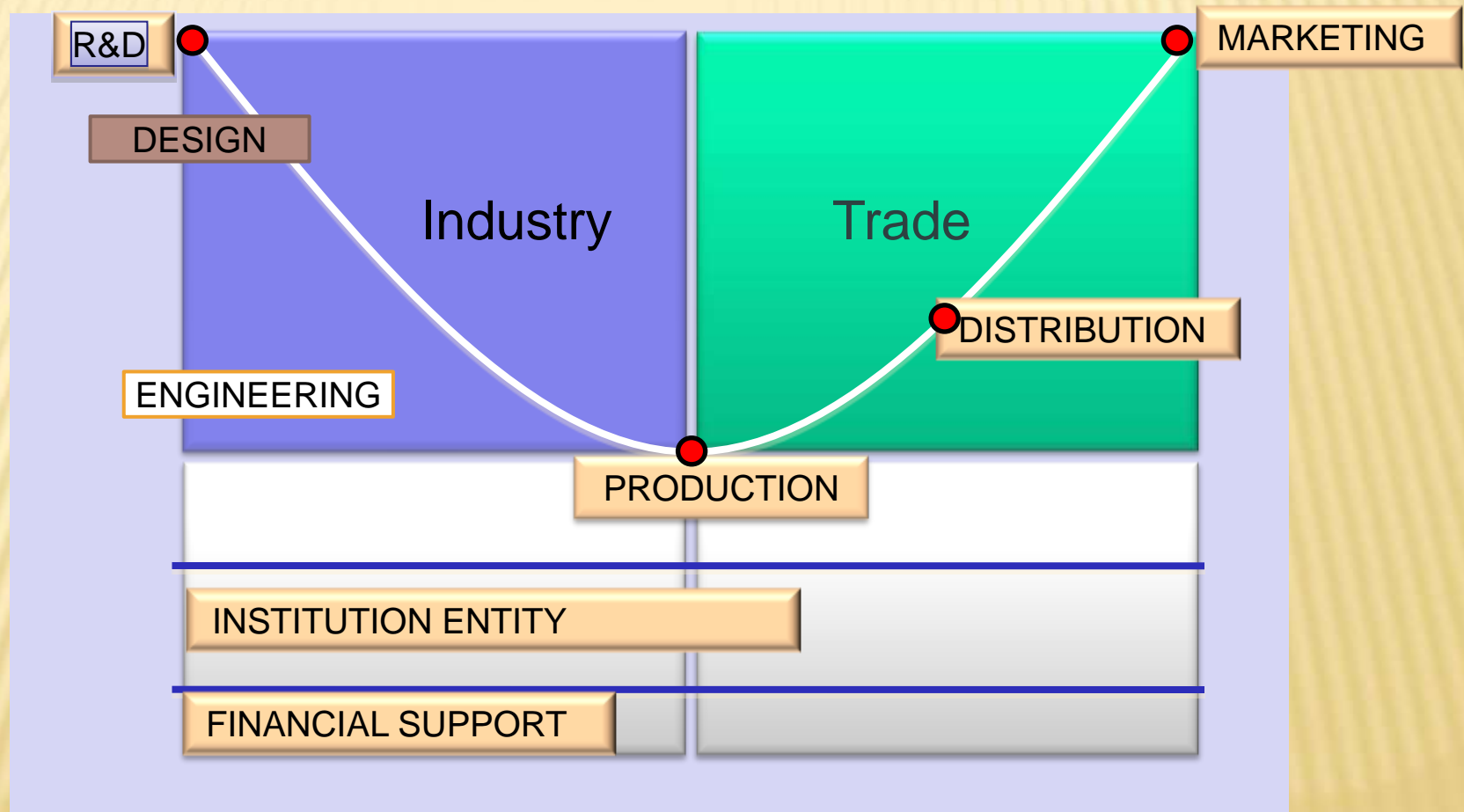
# Populations



SMEs = 3,8 Million



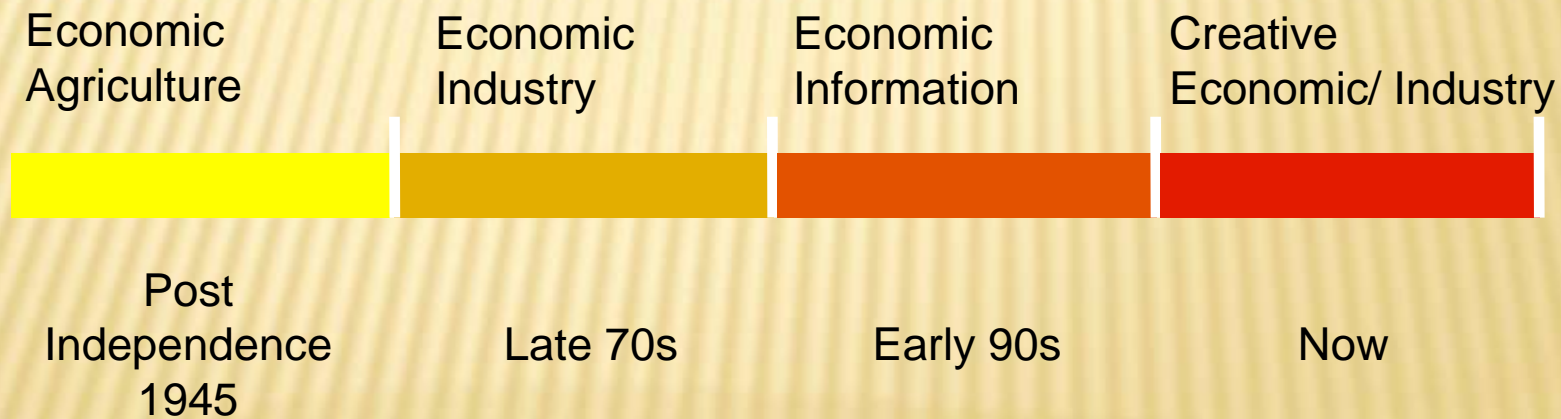
# Area of Competence





# Development of Manufacturing SMEs Indonesia: Creative Economy

Now Indonesia is  
in The Creative Economy / Industry era...



# Towards World-Class Industry

INDUSTRY



Human Resources

→ Services

Product



→ Goods

Competence

Meet Standard

Needs

Quality

Meet Standard

Needs

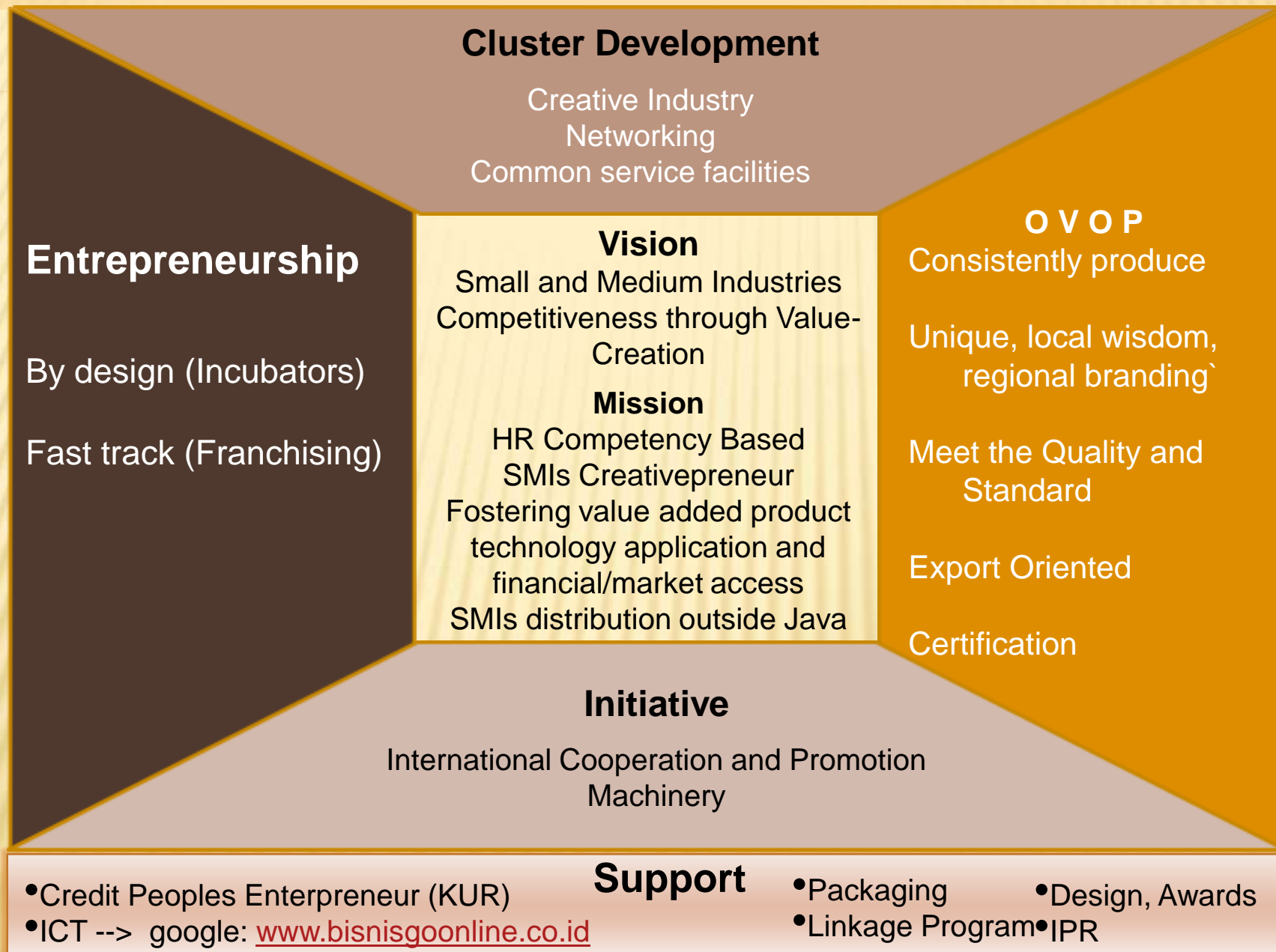
- Commodity Specialist and Designer
- Business Management Expertise
- Consultancy Services

- International Standard
- Domestic Regulation (eg. SNI)

World Class



# The Four Pillars of SME Development

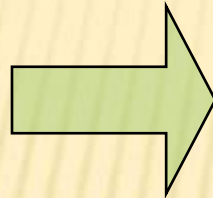




# Cluster Development

## MANDATE

- Law no. 32/2004 on the Local Government
- Presidential Decree no. 28/2008 on the National Industrial Policy
- Presidential Decree no. 32/2011 on the Master Plan for Acceleration and Expansion of Indonesia Economic Development (MP3EI) 2011-2025
- Presidential Instruction no. 6/2009 on the Development of Creative Economy
- Presidential Instruction no. 6/2007 on the Policy of Accelerating the Development of Real Sector and SME



Food Industry



Craft & Jewelry



ICT (Animation & Multimedia Content)



Fashion



Essential Oil



Salt



Pottery & Art Products

South and Central Sulawesi Cases

# Cluster scheme

---

- ✗ Identify
- ✗ Collaboration
- ✗ Forum Group Discussion → Action Plan
- ✗ Implementation

# Entrepreneurship

---

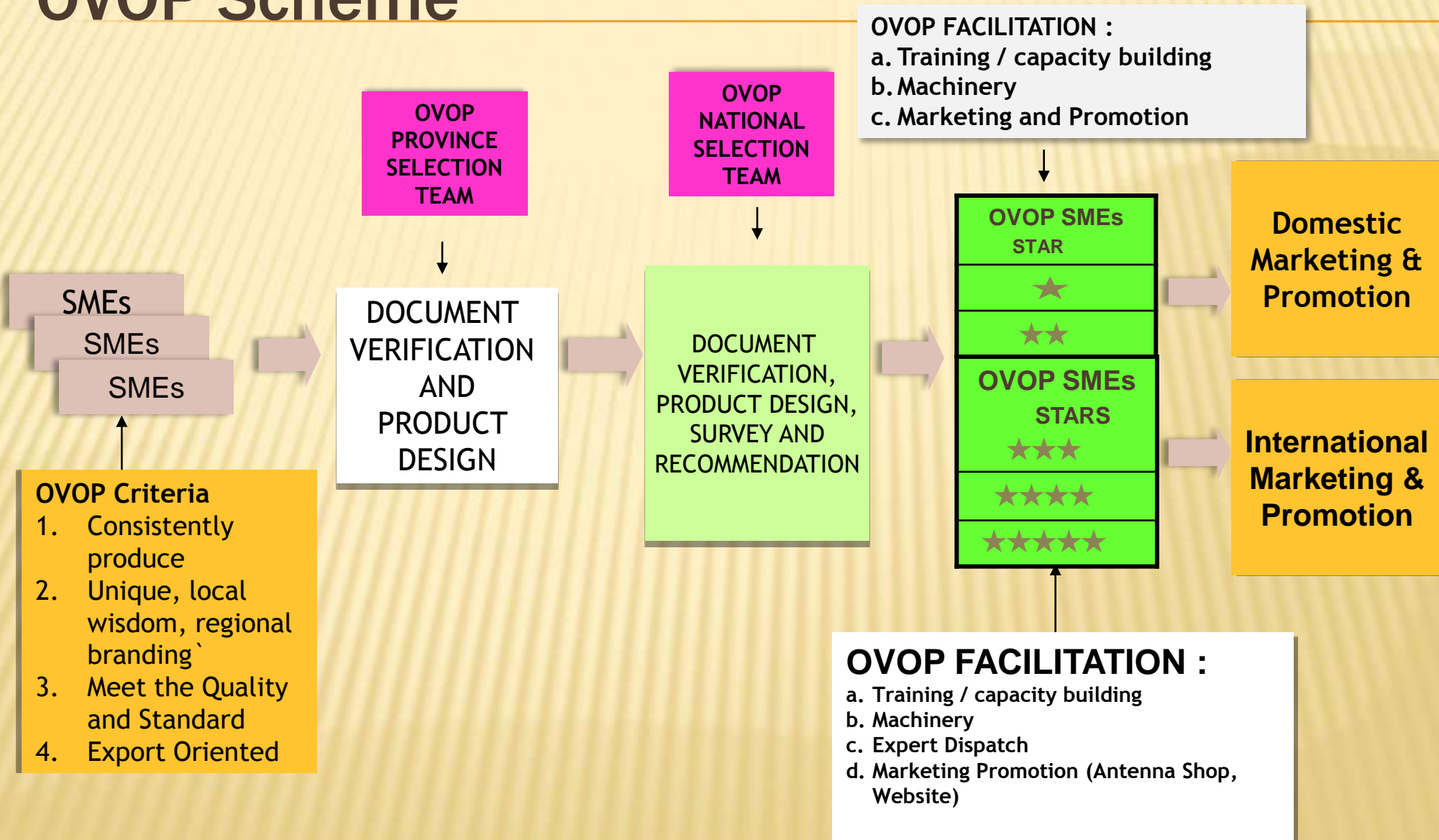
- ✗ Industry Distribution 70% : 30% to 60% : 40%
- ✗ Investment welcome outside Java island – Infrastructure is there
- ✗ Most raw material located outside Java island



# One Village One Product

- ✗ A bottom-up policy
- ✗ Prof. Morihiro Hiramatsu – Governor of Oita, Japan (1980).
- ✗ Basic Principles
  1. Local yet global
  2. Self reliance and creativity
  3. HRDs were there

# OVOP Scheme



# The Results Achieved based on Four Pillars of SMI Development

## Entrepreneurship

- ☛ New entrepreneurs created: 2,418

## One Village One Product (OVOP)

- ☛ Centers developed through OVOP approach: 128
- ☛ The 6th International OVOP Seminar was held in Bali of Indonesia.
- ☛ Trophy award for 5 designers in ASEAN SILK and FABRIC DESIGN COMPETITION in Bangkok, Thailand

## Cluster Development

- ☛ Standardization of quality system by SMIs: 20 GMP, 420 Halal certificates, 9 HACCP, 23 ISO, 3 SNI (Indonesian National Standard), 396 QCC (GKM), 22 cleaner production, 20 QSEAL, 6 CE-Mark
- ☛ SMIs Common Services Facilities improvement: 26

## Technology Restructuring

- ☛ SMIs receiving machinery/equipment restructuring: 45 (USD 3,3 Million)

## Support

- ☛ Intellectual Property Right registration: 228 brands, 4 industrial designs and 26 copyrights
- ☛ SMIs utilizing fund resources: 240
- ☛ Machinery/equipment procurement for craftsmen groups



---

# Thank You

[www.kemenperin.go.id](http://www.kemenperin.go.id)