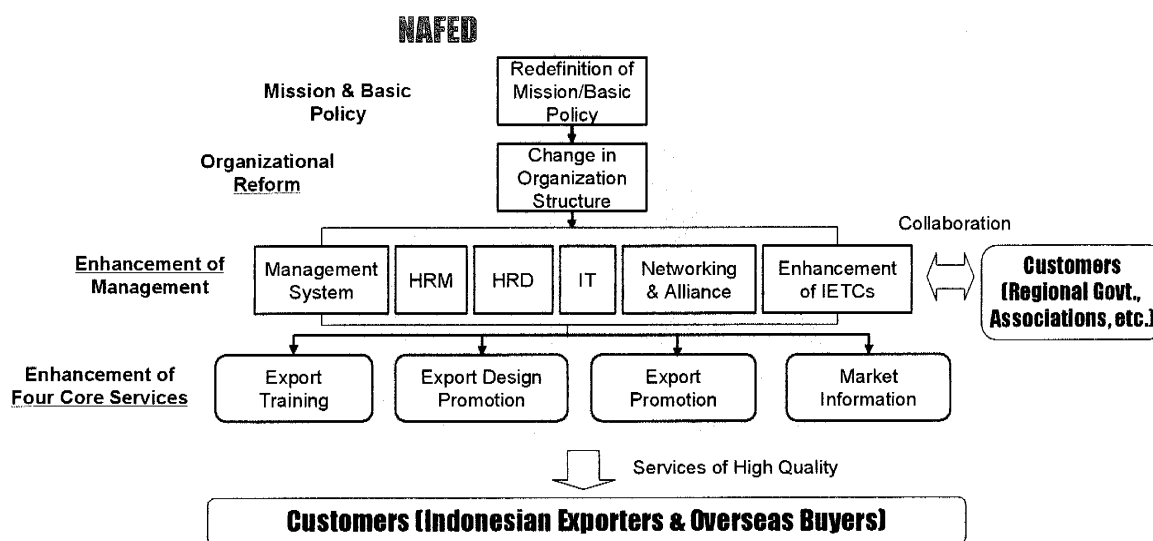


CHAPTER 6 MASTER PLAN FOR NAFED REFORM

6.1 Framework of Master Plan for NAFED Reform

Based on the results of analysis of internal and external factors of NAFED, the Study Team has worked out the Master Plan for NAFED reform and the strengthening of NAFED’s services and functions. The framework of the Master Plan is as illustrated in the following figure.

Figure 6.1-1 Framework of Master Plan for NAFED Reform



Source: JICA Study Team

6.2 Direction and Strategy of NAFED Reform

6.2.1 Overall Direction

The recommended overall direction of NAFED reform is as follows:

As No.1 organization serving for export development in Indonesia, NAFED shall provide excellent services to exporter by the best people.

The overall direction comprises the following three statements:

- a) NAFED should pursue the provision of the best services with the highest customer satisfaction in the area of export promotion, and realize delivery of i) high quality service, ii) prompt service, iii) needs-oriented service, and improvement of iv) access to NAFED’s services;
- b) NAFED should act as the focal point for all the export promotion activities rendered by other ministries and institutions in Indonesia; and

- c) NAFED should upgrade the capability of its staffs, and create customer-orientation and business-mind in its organizational culture.

6.2.2 Strategy of NAFED Reform

It is strongly expected that the reform of NAFED be forged ahead along the following strategies;

(1) Organizational reform

First of all, concerning the organizational set-up, NAFED should pursue the reform based on the following particulars.

- To reorganize NAFED to a functional organization, that is structured by service / function
- To establish an advisory board inviting the representatives from the private sector
- To transform NAFED to a statutory body with more management autonomy in the mid to long term

(2) Creation of customer-oriented culture

In order to create the customer-oriented culture, NAFED should employ the following strategy.

- To establish a customer service center
- To promote constant and frequent communication with private sector
- To introduce the user feedback system through periodical satisfaction survey
- To clarify the tasks and responsibilities of the staffs
- To provide extensive training to staffs for capability building
- To introduce a work-place activity for improvement

(3) Creation of business-minded service

In order to realize business-minded services, NAFED should employ the following strategy.

- To concentrate on and enhance the core services / functions
- To redesign and actively utilize the website service
- To introduce the membership scheme
- To prepare export promotion strategy for major commodities / industries
- To introduce the program planning system, that reflects the needs of private sector
- To promote personnel exchange with private sector
- To utilize the outside experts and introduce mid-career recruitment

(4) Firm foundation of infrastructure

Concerning the development of basic infrastructure for efficient and speedy operation of activities, NAFED should employ the following strategy.

- To actively invest information and communication infrastructure
- To develop and utilize the intranet facility for information / data management
- To further explore and develop the sources of market information / data

(5) Good use of external institutions

Networking and alliance with external institutions is deemed as a key for expansion of NAFED services / functions. NAFED should pursue this along the following strategy.

- To enhance the functions of ITPCs and utilize their resources
- To build the close linkage with industrial associations
- To strengthen the cooperation with regional institutions and establish the contact points in order to enhance the outreach of NAFED in regions
- To strengthen the function for coordination with export promotion programs of other ministries / institutions
- To build alliance with external service providers related to export business

(6) Enhancement of management system

NAFED should also reform its management systems in order to realize the services with customer-orientation. The following particulars are included in the reform of management systems.

- To delegate more authority to the management staff and other staff
- To improve human resource development (HRD) system
- To introduce the system of multicareer path and periodical job rotation
- To introduce the concept of the “Management-by-Objective”
- To introduce performance-based evaluation system
- To revise the salary system in the mid to long term

6.3 New Organizational Structure

6.3.1 Proposed Organization by Service/Function

The Study team concludes that it is necessary to make an organizational change a priority, and proposes a new organizational structure of NAFED based on the benchmark study for other TPOs, job flow analysis, and discussions with the private sector and related institutions, and NAFED staffs which provided many positive suggestions.

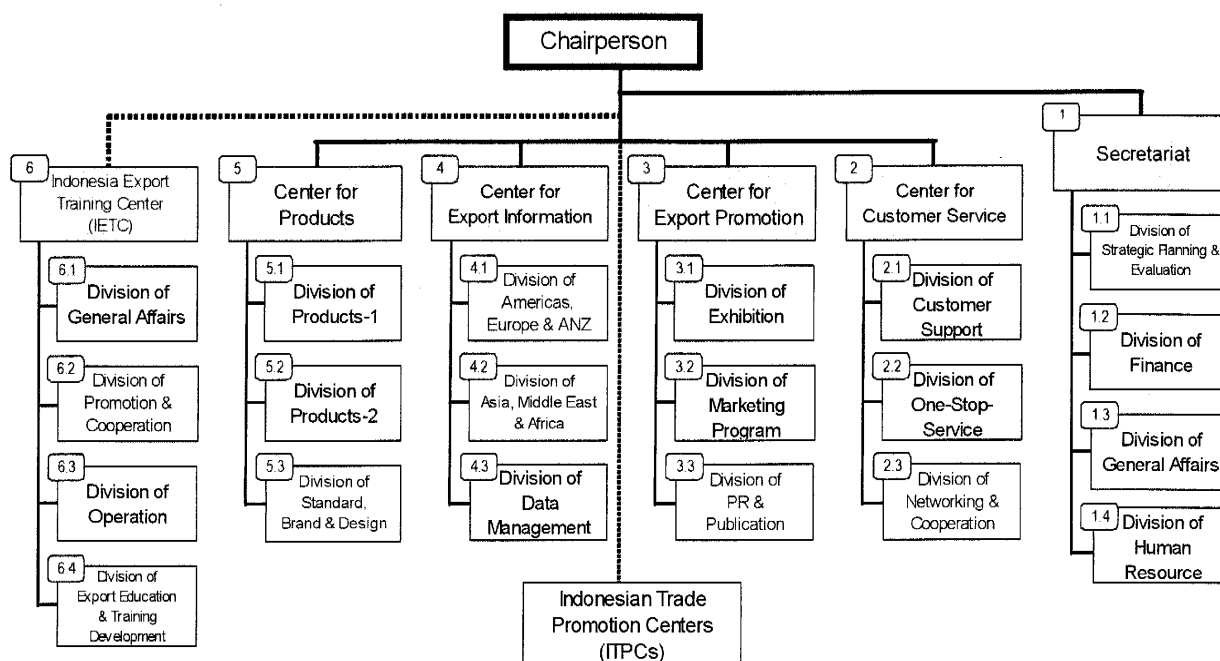
The Study team has drawn a plan of new organization for NAFED, according to the government regulation for the organization of ministries (Presidential Decree No. 9/2005). Facing some constraints arisen from this government regulation, the Study team finds that the proposed organizational structure is not the best one. However, the proposed organizational set-up can resolve the constraints which NAFED currently confronts in its service operation.

The basic concept of new organizational set-up is a change to an organization by service / function. By assigning the same types of service into one unit, the provision of quality service will be possible. Under the proposed organization by service / function, it is also possible for NAFED to render more customer-oriented services effectively, and to accumulate the expertise and know-how necessary for each type of service in the unit in charge.

The proposed organization consists of the secretariat, four centers for provision of functional services, including Center for Customer Service, Center for Export Promotion, Center for Export Information, and Center for Products, and a *balai besar*, Indonesian Export Training Center (IETC).

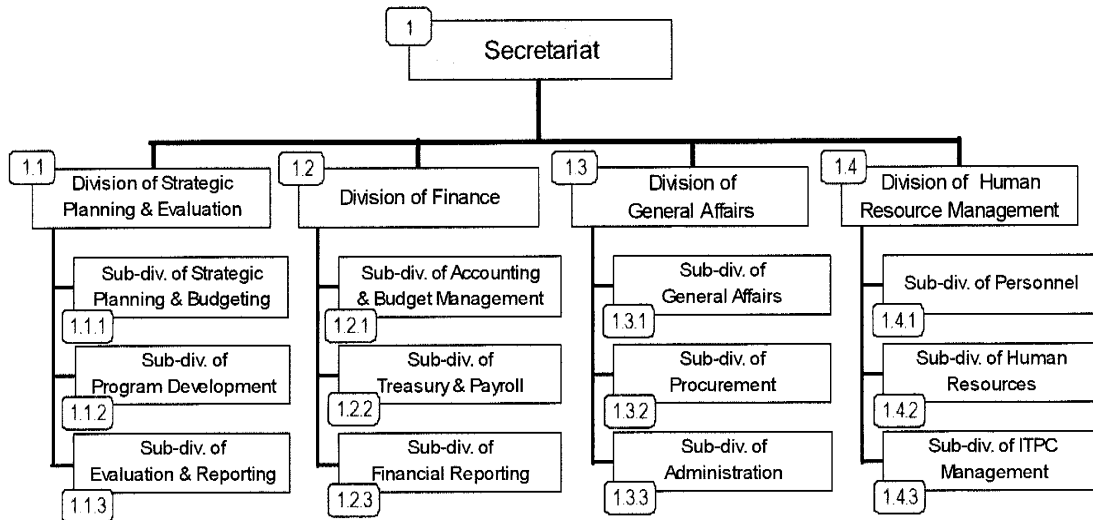
As mentioned above, the proposed organization can enjoy a merit of specialization into the particular services and accumulation of expertise in each unit. However, it is still noted that the close coordination and communication among the units is increasingly essential in order to derive the maximum benefit from this proposed organization.

Figure 6.3-1 Proposed Organizational Structure of NAFED



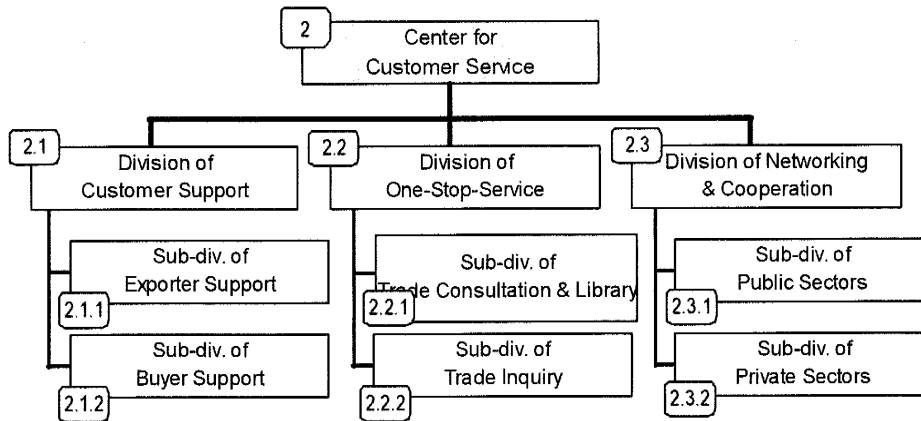
Source: JICA Study Team

Figure 6.3-2 Proposed Organization of Secretariat



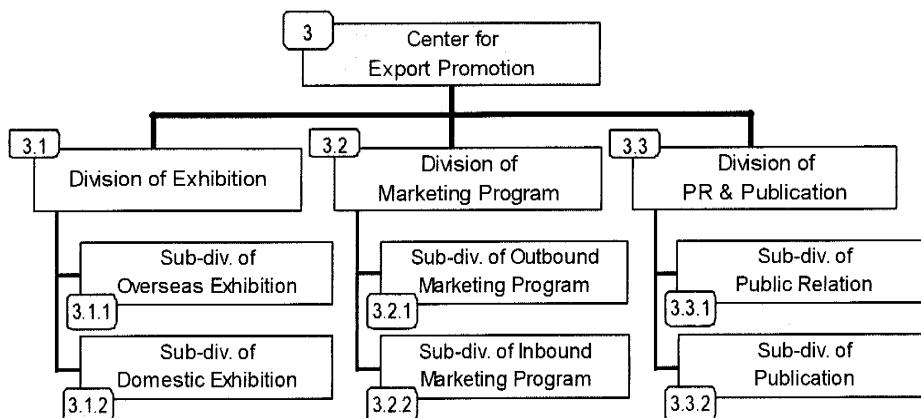
Source: JICA Study Team

Figure 6.3-3 Proposed Organization of Center for Customer Service



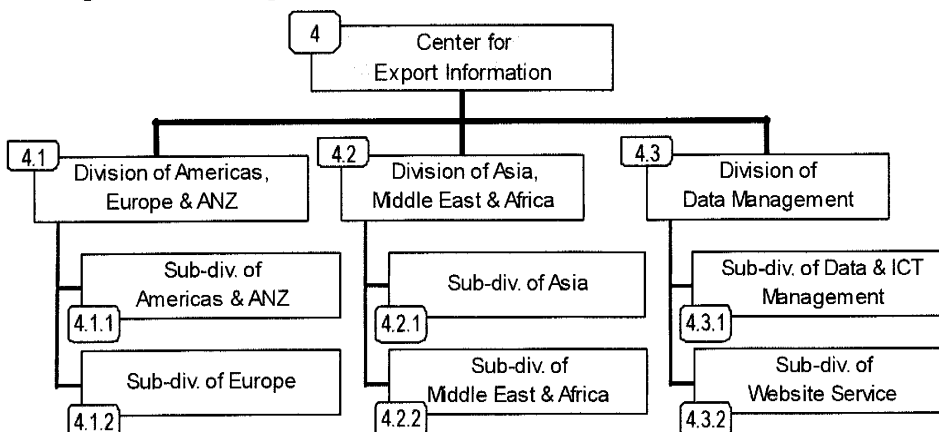
Source: JICA Study Team

Figure 6.3-4 Proposed Organization of Center for Export Promotion



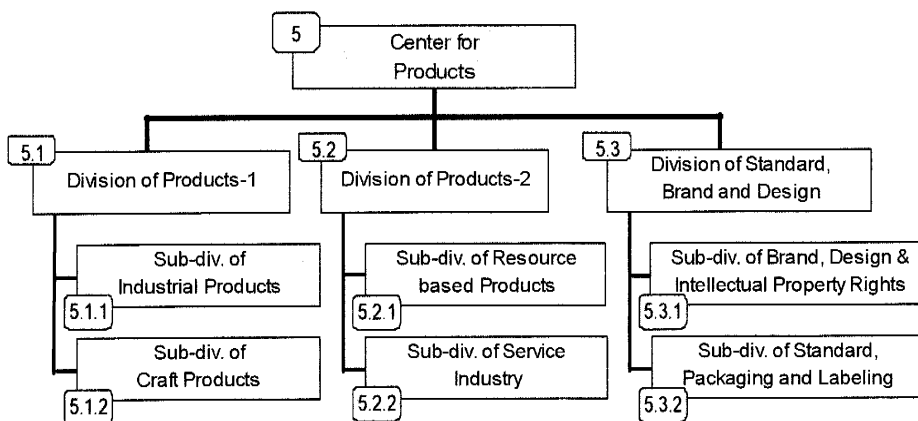
Source: JICA Study Team

Figure 6.3-5 Proposed Organization of Center for Export Information



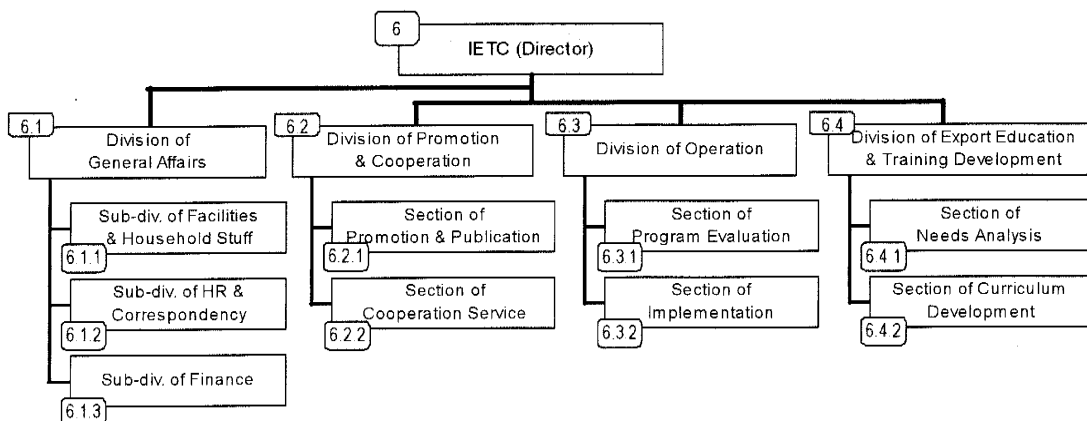
Source: JICA Study Team

Figure 6.3-6 Proposed Organization of Center for Products



Source: JICA Study Team

Figure 6.3-7 Organization of IETC (not changed)



Source: JICA Study Team

6.3.2 Task Description under the Proposed Organization

Task description of each unit under the proposed organization is shown in the table below and appendix. Another table further below presents envisioned units which will take charge of the existing NAFED’s programs in the proposed new organization.

(1) Center for Customer Service

Through the establishment of the Center for Customer Service, the needs and inquiries from individual exporters (overseas buyers) shall be responded. This center shall receive inquiries and questions from the users, and respond to them in collaboration with other units of NAFED. Matching support between Indonesian exporters and overseas buyers will be most highlighted role of this center. Customer Center shall be established in the center and functions as “one-stop-service” window for users. Anyone, whether exporters or buyers, can access to this center, and receive the guidance on NAFED services. This center shall also take charge of facilitating the networking and alliance building with other government institutions (related ministries, regional governments), and private institutions which render financial and trade-related services.

(2) Center for Export Promotion

The Center for Export Promotion shall be responsible for implementation of overseas market development programs such as overseas and domestic trade fairs, trade missions and other newly launched marketing support programs. This center will also engage in PR activities and publication service.

(3) Center for Export Information

The Center for Export Information shall conduct collection, analysis and survey of overseas market information and data, and disseminate such information and data. This center is principally divided by market area. The Division of Data Management shall manage the collected information and data by enhancing ICT application, and be responsible for website service.

(4) Center for Products

The Center for Products shall conduct collection and analysis of overseas / domestic information concerning the domestic industries, products and services. This center shall also be responsible for formulation of export promotion strategy and programs for each major industrial association (based on the dialogue and joint-planning). This center shall also conduct design-related information (including product standards, intellectual property rights) provision and consultation service for the aid of design / brand development by SMEs.

(5) Secretariat

It is recommended that the Secretariat shall not engage in trade fair operation such as Trade Expo., and shall concentrate itself into planning, evaluation, overall coordination, personnel matter, human resources development (HRD), finance / accounting, and other general affairs.

(6) Indonesian Export Training Center (IETC)

The organization and function of IETC are kept same as the existing ones.

(7) Indonesian Trade Promotion Centers (ITPCs)

Considering weak presence of NAFED in overseas, it is recommended that ITPCs be structurally placed under the direct control of NAFED in view of activating their market development support and market intelligence activity in overseas, and strengthening their cooperation with export promotion programs of NAFED. In proposed new organization, ITPC management unit shall be established in the Secretariat in order to play the liaison role between the concerned units of NAFED and ITPCs.

Table 6.3-1 Task Description under the Proposed Organization

Center/Division/ Sub-division	Task
1. Secretariat	Supervising and coordinating: - Planning, monitoring and evaluating overall operation - Institutional, administrative, personnel, financial services for all the units
1.1 Div. of Strategic Planning & Evaluation	Responsible for: - Preparation of strategy, annual plan of operation and budget, and new program development - Organizational and institutional development and improvement - Monitoring, evaluation and reporting of NAFED activity
1.2 Div. of Finance	Responsible for: - Accounting, bookkeeping, treasury, payroll and financial monitoring & reporting
1.3 Div. of General Affairs	Responsible for: - Preparation of internal rule, regulation, procedure, and administrative service - Office equipment, household and clerical affairs - Correspondence and archive affairs
1.4 Div. of Human Resource Management	Responsible for: - Personnel affairs - Preparation and implementation of human resources development plan - Administration of ITPC operation
2. Center for Customer Services	Supervising and coordinating: - Customer support service - Networking and cooperation activity
2.1 Div. of Customer Support	Responsible for: - Exporter support activity and export marketing scheme development - Buyer support activity, and supplier and product finding - Collection and processing of supplier and buyer data
2.2 Div. of One-stop Service	Responsible for: - One-stop service regarding trade consultation, inquiry, and match-making - Management of library service
2.3 Div. of Networking & Cooperation	Responsible for: - Networking activity with public and private sectors for export promotion - Cooperation program with central/regional government and donor
3. Center for Export Promotion	Supervising and coordinating: - Export promotion and market development service - Public relation activity and publication service
3.1 Div. of Exhibitions	Responsible for: - Overseas trade fair service - Domestic international trade fair service

3.2	Div. of Marketing Program	Responsible for: - Trade mission and other market development service (outbound and inbound)
3.3	Div. of PR/Publication	Responsible for: - Public relation activity - Publication of market / trade information
4.	Center for Export Information	Supervising and coordinating: - Market information service and market study / research activity - Information and data management, and website service
4.1	Div. of America, Europe & ANZ	Responsible for: - Market information service concerning the region including America, Europe, and Oceania - Overseas market survey / research, and regional studies for the region
4.2	Div. of Asia, Middle East & Africa	Responsible for: - Market information service concerning the region including Asia, Middle East and Africa - Overseas market survey / research, and regional studies for the region
4.3	Div. of Data Management	Responsible for: - General data collection and processing concerning foreign trade and overseas markets - Information and Communication Technology (ICT) use and database - Website service
5.	Center for Products	Supervising and coordinating: - Products-related activity and service - Design and brand promotion activity - Data collection and provision on design / brand, standards and IPR
5.1	Div. of Products I	Responsible for: - Information / data collection and analysis on industrial and handicraft products - Preparation of export promotion strategy for industrial and handicraft products - Product adaptation support to overseas markets
5.2	Div. of Products II	Responsible for: - Information / data collection and analysis on resource-based products and services - Preparation of export promotion strategy for resource-based products and services - Product adaptation support to overseas markets
5.3	Div. of Standard, Brand & Design	Responsible for: - Information collection, analysis and provision of overseas information on product standard and design - Awareness raising activities for brand / design promotion and IPR. - Brand / design development support for export development
6.	IETC	Same as tasks of the existing unit.
6.1-4	All Divisions	Same as tasks of the existing unit.

Source: JICA Study Team

Table 6.3-2 Existing NAFED's Programs and Units in Charge under New Organization

Center/Division/Sub-division in Proposed Organization			Existing Programs
1. Secretariat			
1.1 Division of Strategic Planning & Evaluation	1.1.1	Sub-division of Strategic Planning & Budgeting	- Technical coordination forum (RETPCs and Dinas) (with other units)
	1.1.2	Sub-division of Program Development	- Management of RETPCs - Public Relation of the entire NAFED - Making / processing of news - Taskforce establishment and management - Printing and publication (NAFED brochure)
	1.1.3	Sub-division of Monitoring, Evaluation & Reporting	- Activity evaluation and report
1.2 Division of Finance	-	-	- Program of Improvement of State Finance Accountancy
1.3 Division of General Affairs	-	-	- Program of Improvement of Facility and Infrastructure
1.4 Division of Human Resources Management	1.4.1	Sub-division of Personnel	- Program of Human Resources Management
	1.4.2	Sub-division of Human Resources Development	
	1.4.3	Sub-division of ITPC Management	- Management and establishment of ITPCs - Technical coordination forum (ITPCs) (with other units)
2. Center for Customer Services			- Customer service (pilot project)
2.1 Division of Customer Support	2.1.1	Sub-division of Exporter Support	- Identification of Export Potential SMEs (forum, visit, selection, database, follow-up) - Management of supplier list - Primaniyarta Award (with other units) - Permanent trade display
	2.1.2	Sub-division of Buyer Support	- Overseas buyers service (inquiry) - Management of buyer list - Matchmaking service - Incoming trade missions (reception)
2.2 Division of One-stop Service	2.2.1	Sub-division of Trade Consultation & Library	- Operation of Customer Desk (pilot project) - Business consultation - Library management
	2.2.2	Sub-division of Trade Inquiry	- Management of "offers to buy-sell service" - Trade inquiry service
2.3 Division of Networking & Cooperation	2.3.1	Sub-division of Public Sectors	- Support for RETPCs - Tele-conference between RETPCs and overseas market (with other units) - Cooperation program with other government (with other units) - Support for exhibitions by other institutions (with other units) - Technical coordination forum (RETPCs and Dinas) (with other units)
		Sub-division of Private Sectors	- Cooperation program with private institutions (with other units) - Support for exhibitions by other institutions (with other units) - Product development via cooperation with TPOs (with other units)
3. Center for Export Promotion			
3.1 Division of Exhibitions	3.1.1	Sub-division of Overseas	- Overseas trade fairs

		Exhibitions	
	3.1.2	Sub-division of Domestic Exhibitions	- Indonesia Trade Expo - Spa exhibition - Support for exhibitions by other institutions (with other units)
3.2 Division of Marketing Program	3.2.1	Sub-division of Outbound Marketing Program	- Trade missions - Marketing missions (pilot project) - Indonesian Week at department stores
	3.2.2	Sub-division of Inbound Marketing Program	- Incoming trade missions (field support) - Marketing Point development
3.3 Division of PR / Publication	3.3.1	Sub-division of Public Relations	- Public relation for trade promotion activities
	3.3.2	Sub-division of Publications	- Printing and publication (Export News, leaflet / brochure of trade promotion activities) - Printing and publication (market information)
4. Center for Export Information			- Tele-conference between RETPCs and overseas markets (with other units)
4.1 Division of America, Europe & ANZ	4.1.1	Sub-division of America/ANZ	- Market intelligence of region in charge
	4.1.2	Sub-division of Europe	
4.2 Division of Asia, Middle East & Africa	4.2.1	Sub-division of Asia	
	4.2.2	Sub-division of Middle East & Africa	
4.3 Division of Data Management	4.3.1	Sub-division of Data & ICT Management	- O&M of information network system including NAFED database, intra-net facility - Updating NAFED database (materials provided by other centers and divisions)
	4.3.2	Sub-division of Website Service	- Virtual Exhibition - Website development / maintenance
5. Center for Products			- Product development via cooperation with TPOs
5.1 Division of Products I	5.1.1	Sub-division of Industrial Products	- Export dialogue (strategy for export promotion of each commodity) (pilot project) - Cluster development of product in charge
	5.1.2	Sub-division of Craft Products	
5.2 Division of Products II	5.2.1	Sub-division of Resource-based Products	
	5.2.2	Sub-division of Service Industry	
5.3 Division of Standard, Brand & Design	5.3.1	Sub-division of Brand & Design and Intellectual Property Rights	- Indonesia Good Design Selection - Design seminar / clinic (pilot project) - Indonesian Design Power (IDP)
	5.3.2	Sub-division of Standard, Packaging and Labeling	
6. Indonesian Export Training Center (IETC)			- Identification of Export Potential SMEs (training portion)

Source: JICA Study Team

6.4 Strategy and Measures to Strengthen the Functions of NAFED

6.4.1 Summary

As for five functions of NAFED, the Study Team has formulated the recommended strategy and necessary measures. Recommended measures can be categorized into five fields, including reform planning, institutional building, capacity building, networking and alliance building, and provision of improved services. Details of recommendations are described in the following sections.

Recommendations on Necessary Measures for Five Functions of NAFED

Market Information Service

Reform Planning

- Assessment of the existing information and related services (short-term)

Institutional Building

- Establishment of unit for processing and management of information / data (short-term)
- Establishment of an organization-wide system for information / data collection (short-term)
- Provision of PC to each staff and development of intranet facility (short-term)
- Establishment of the intra-network with ITPCs (mid & long-term)

Capacity Building

- Development of information / data sources (short-term)
- Improvement of exporter (supplier) list (short-term)
- Expertise building for market intelligence (mid & long-term)

Provision of Improved Services

- Redesign of website service (short-term)
- Publishing of trade guide book (short-term)
- Provision of IT training to the government staffs who are responsible for SMEs support (mid & long-term)

Export Promotion Service

Institutional Building

- Establishment of one-stop customer service (short-term)
- Setting-up of product-based organization (short-term)
- Securing the firm collaboration with ITPCs (short-term)

Capacity Building

- Improvement of export consulting capability (mid and long-term)

Provision of Improved Services

- Establishment of membership scheme (short-term)

- Making trade fairs to be more efficient and business-oriented (short-term)
- More business-oriented trade missions (short-term)
- Refining of website to be more user-friendly and business-oriented (short-term)
- Preparation of export promotion strategy by product/industry (short-term)

Product Development (Brand / Design Promotion) Service

Institutional Building

- Establishment of unit in charge of brand / design promotion (short-term)

Capacity Building

- Learning of basic knowledge on brand / design development (short-term)

Networking and Alliance Building

- Strengthening of collaboration with designers' community and supporting institutions (short-term)

Provision of Improved Services

- Promotion of excellent Indonesian (good design) products through trade fair (short-term)
- Awareness building among SMEs on brand / design development (short-term)
- Collection and dissemination of design information and good practices of brand / design development (short-term)
- Facilitation service for brand / design development of SMEs (mid & long-term)

Export Training Service

Capacity Building

- Accumulation of consulting know-how through export training (mid & long-term)

Networking and Alliance Building

- Building of the closer linkage with RETPCs and Dinas (mid & long-term)

Provision of Improved Services

- More active use of export training as a measure to develop potential exporters (short-term)
- Training for NAFED staffs (short-term)
- Identification of exporters' needs for NAFED services (short-term)

Network and Alliance

Networking and Alliance Building

- Mutual partnership with the major private players (short-term)
- Coordination among the concerned ministries (short-term)
- Alliance with external institutions (short-term)
- Outreaching partnership with regional governments (mid & long-term)
- Networking with the public (mid & long-term)

6.4.2 Market Information Service

(1) Strategy

The collection and analysis of market information / data are the basis of all the activities of NAFED. The enhancement of capability of collecting and analyzing market information / data is an urgent issue in order to totally strengthen the services and functions of NAFED. Accordingly, the following measures should be quickly taken:

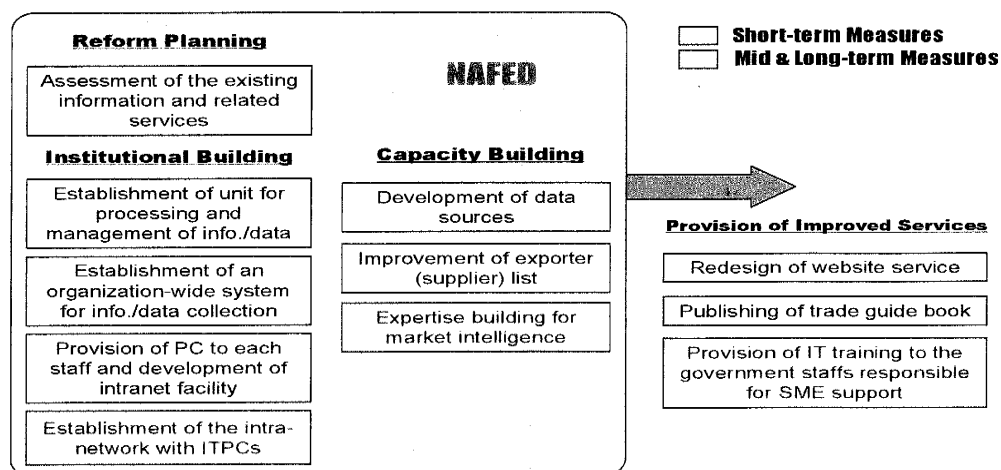
- i) To secure a sufficient number of staffs who engage in market information service;
- ii) To collect basic market information / data and expand information database; and
- iii) To develop a framework (institutional and operational) to enable systematic market intelligence activity.

It is realistic that the market information service would be expanded along with the capacity development for collection and analysis of information / data. In order to change the passive attitude for jobs, NAFED staff, first of all, has to face and seriously accept the evaluation by the users of the market information service.

The result of benchmark survey shows that NAFED’s market information service is inferior to other benchmarked TPOs. The numbers of visitor to NAFED’s website and library are significantly small, compared to other TPOs. The frequency of visit to the website is also quite marginal. The contents of its website relatively lack substances. The low reputation for market information service of NAFED can be attributed to a lack of updating of the website and inconsistency of publicized information, and etc.

It is recommended for NAFED to make significant efforts to gain sound reputation in its market information service, and expand its service on a step by step basis with a particular focus on the capacity development for collection and analysis of market information / data.

Figure 6.4-1 Measures for Market Information Service



Source: JICA Study Team

(2) Necessary measures

(a) Short-term measures

The followings are recognized as measures which should be initiated within a year.

Reform Planning

a) Assessment of the existing information and related services

It is necessary for NAFED to identify the needs of users for market information service in order to avoid a mismatching between their needs and the contents of information / data provided by NAFED.

NAFED staffs, more or less, consider that NAFED is making every effort in the area of information service despite many constraints. Meanwhile, according to the hearing made by the Study Team to several industry associations, they largely evaluate that market information service of NAFED does not sufficiently answer their needs. The comparison with other TPOs supports this result. As a result, the users have little interest in market information service of NAFED, and NAFED has not improved the service with almost no feedbacks from users. Unless NAFED itself approaches to users to ask their evaluation of market information service, it is deemed as difficult for NAFED to face and accept the needs of users.

Firstly, NAFED is expected to establish the taskforce, commence the discussion inviting its staffs from each unit and industrial associations and conduct user survey for market information service. Through the discussion, NAFED should share the evaluation made by private sector, and start reviewing of market information service.

Secondly, based upon the evaluation results, NAFED should examine and clarify what organization-wide measures should be taken to overcome the current problems of market information service and what strategy should be prepared to satisfy the needs of users.

Institutional Building

b) Establishment of unit for processing and management of information / data

It is recommended that NAFED set up a single unit for processing and management of market information / data.

It is necessary for NAFED to develop new information / data sources in view of providing users with more practical information / data. At the same time, since there are still some information / data sources which are not sufficiently utilized, the existing sources need to be also reviewed. Under the current organizational structure, market information / data are separately collected by each center and are not shared in NAFED.

Firstly, NAFED is expected to review and identify what the concerned units will do for collection, processing and dissemination of market information / data. Members from the related units shall establish a taskforce for this review work.

Secondly, it is necessary to work out a development of integrated information / data management system, considering currently available resources and facility. An important point is what the most appropriate system is for NAFED to achieve the higher user satisfaction. All the collected information / data shall be gathered at the unit for processing and management of information / data, and classified according to the content.

c) Establishment of an organization-wide system for information / data collection

It is necessary to establish an organization-wide system including ITPCs to realize efficient and effective collection and sharing of market information / data. Management staff of NAFED should monitor the flow of collected information / data and encourage information sharing among units. Furthermore, the function of information collection and analysis of ITPCs should be strengthened.

d) Provision of PC to each staff and development of intranet facility

It is necessary to provide a PC to each staff and develop intranet facility to activate the use of information within NAFED. Training is also necessary to raise the IT literacy for information handling.

Capacity Building

e) Development of information / data sources

It is necessary to expand and enrich information / data sources in order that NAFED can provide information / data which meet the needs of users. The needs of users become more specific and diversified due to the globalization and rapidly changing business environment. The Study Team observes that the current information / data sources would not apparently answer the requirements of users.

Firstly, it is necessary to sort out information / data which NAFED currently has, such as trade statistics, market reports from ITPCs, exporters' profile, inquiry records, trade mission and exhibition records, etc., from the viewpoints of the frequency of use and usefulness. This aims to clarify to which extent the present information / data sources satisfy the needs of users.

Secondly, based upon the gap between NAFED's internal resources and the needs of users, an improvement plan for information / data source will be formulated. This plan needs to address which potential sources are available and how to collect them.

Information / data sources mean not only those from the statistics and major research institutes, but also those obtained from the customer center of NAFED and seminars that NAFED staffs attend. The latter is deemed as more practical.

f) Improvement of exporters' (suppliers') list

It is necessary to improve the exporter's list because the list currently has a limited value for use. NAFED occasionally contacts the existing and potential exporters, collects their profile, and adds them to the list. However, the number of exporters in the list is too small compared with other TPOs. Exporters' list has another problem of inaccuracy of the profile data. Accordingly, a set of the following measures should be taken to enrich exporters' list and provide more attractive information service.

- To register the exporters eligible for the services of NAFED in the list.
- To enhance the visit by NAFED staff to the potential exporters.
- To enhance the collaboration with KADIN and industrial associations to make their members to be listed.
- To review the data of exporter profile and make the list more attractive to buyers.

Provision of Improved Services

g) Redesign of website service

The website is virtually the window of NAFED. Accordingly, it is inevitable for NAFED to provide a practical and reliable website service. A poor management of website service may affect the credibility of NAFED. Review and redesign of the website service is an urgent task. In redesigning the website, improvement of the contents to be more practical and increase in information / data should be prioritized. At the same time, user-friendliness should be pursued. In addition, the following points should be examined;

- i) Maintenance system of information / data in the website including how the concerned units will coordinate
- ii) Possibility and sustainability of updating information / data
- iii) Monitoring of user access and feedback system

h) Publishing of trade guide book

There is a need for preparation of guide book on export procedure, marketing, overseas markets, etc. in Indonesian language. IETC has an experience and resources for this preparatory work. Trade guide book can be published to enhance the presence of NAFED.

For the publication service, it is desirable for NAFED to set up a committee which is

responsible for publication. The committee shall identify the needs for publication, decide the type / theme of publication and make publication schedule.

(b) Middle and long-term measures

Institutional Building

a) Establishment of the intra-network with ITPCs

For the longer term, it will become quite important to introduce an intranet connecting the NAFED Headquarters to the overseas office ITPCs, IETC and RETPCs. In the information age, the size of information to be transacted will be larger. In the future, the exchange of information among NAFED and ITPCs will be expanded as the result of enhanced market intelligence activity by ITPCs. The intranet will serve as a tool to quickly and securely provide the users with information / data at their requests.

Capacity Building

b) Expertise building for market intelligence

It is desirable for NAFED to acquire the capability to conduct market survey and analysis in order to provide more value-added information service. Strengthening of market intelligence activity will contribute to enhancement of the value of NAFED.

NAFED should be able to analyze the overseas market trends by fully utilizing the accumulated information / data, and to timely provide exporters with the relevant market analysis. However, only a few staffs are able to perform such tasks in NAFED, and the relevant training opportunity has been given to only a limited junior staffs. Therefore, it is practical to accumulate the capability of market intelligence in a phased manner, starting with processing work of collected information / data.

Then, training opportunity should be given to many junior staffs including newly recruited ones. The market intelligence is considered as a kind of essential expertise which the younger staffs had better experience.

The contents and/or target of market intelligence should reflect actual needs of private sector. Therefore, the close relationship between the unit responsible for market intelligence and the unit for communication with industries, should be maintained.

Provision of Improved Services

c) Provision of IT training to the government staffs who are responsible for SMEs support

In order to facilitate the access of SME exporters to the website of NAFED and improve the recognition of market information service of NAFED among them, IT training can be provided also to the government staffs, which are responsible for SMEs

promotion.

It is necessary that NAFED obtains a fair recognition among exporters in order to make its programs implemented more effectively. Recognition of NAFED among regional exporters in particular is not deemed as high. This situation should be improved when NAFED promotes its programs throughout the country. Such low recognition can be attributed to the fact that NAFED does not have direct outreach in regions.

One of the measures to disseminate market information service of NAFED is to provide IT training opportunity to the local government officers, who are in charge of support for SME exporters. As the local government officers learn how to handle market information in the website and understand the effectiveness of internet use for export promotion, they will encourage SME exporters to utilize IT.

6.4.3 Export Promotion Service

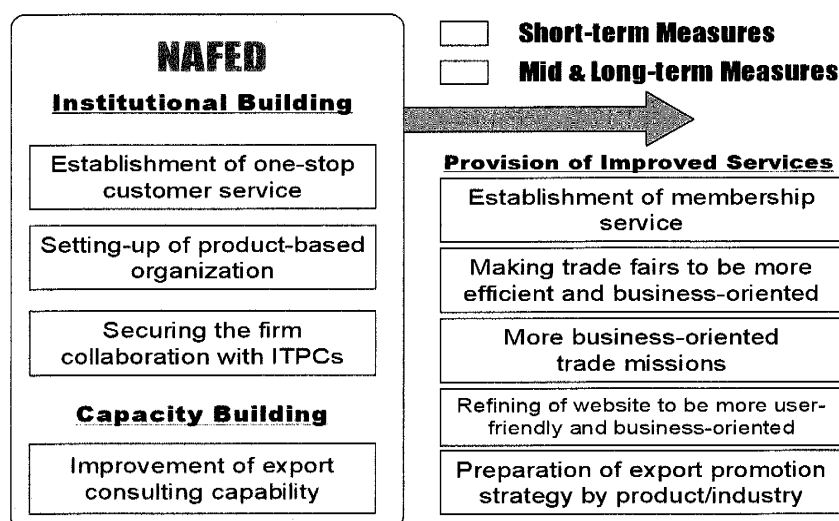
(1) Strategy

Having reviewed the current situation of export promotion activities, the necessity of changing fundamental attitudes toward export promotion has been observed.

It is strongly recommended that new approaches be introduced or reinforced to export promotion activities. They are i) user-friendly and customer-oriented approach, ii) business-minded way of work, iii) efficiency-oriented approach focusing on performance, iv) analytical approach, and v) leverage of built-up experience.

In extending export promotion activities, the focus on priority activities is important. Although NAFED currently engages in a variety of activities, none of the activities has scored any outstanding achievement. Under such circumstances and facing the rapid decrease in the number of staffs in the coming years, it will be inevitable for NAFED to make careful selection of priority areas and rationalize its activities. It is considered that NAFED should place more emphases on the activities of matchmaking between Indonesian suppliers and overseas buyers.

Figure 6.4-2 Measures for Export Promotion Service



Source: JICA Study Team

(2) Necessary measures

(a) Short-term measures

Institutional Building

a) Establishment of one-stop customer service

It is recommended to set up the integrated export business consultation. Buyers Reception Desk (BRD) and inquiry service are integrated into one sub-division and given a fixed space, which is open to the customer¹. In this way, NAFED will be able to provide “one-stop customer service,” which is an integrated export promotion service available to anybody at any time. Through this, NAFED will be closer to the customers (buyers and suppliers) and can help them realize transactions.

b) Setting-up of product-based organization

It is recommended that a product-based organization be set up in order to broaden and deepen the product-based expertise within NAFED. Under the current organization, product-based sub-divisions are dispersed across three Centers for Market Development. This hampers the accumulation of product-based expertise.

c) Securing the firm collaboration with ITPCs

The activities of ITPCs have to become more business-oriented. On-demand services to the private sector such as customized market research using a sample and/or

¹ The proposed sub-division may be located at the current Mini Display space, while the Mini Display will be demolished or decreased in scale. The library may also be moved to the same space.

tailor-made market information collection may be implemented. The cost for this kind of service would be covered by the fees charged for such activities.

In order to make export promotion activities of ITPCs efficient and effective, it is advisable to review the standard work model of ITPC including activity procedures, information flow between ITPC and Indonesia, budgeting, and performance appraisal. Pre-dispatch training of ITPC staffs is also important. It is useful to temporarily assign the staffs to be dispatched to ITPCs to the proposed “one-stop customer service desk” for training.

Provision of Improved Services

d) Establishment of membership scheme

One of the critical problems of NAFED is a mental distance, as well as geographical distance, between customers (SME exporters) and NAFED.

To tackle this problem, it is recommended to introduce a membership scheme. The membership scheme will be run by NAFED on free-to-participate and free-of-charge basis. Through close communication with members, NAFED may be able to grasp the real needs of companies. NAFED can respond to their requests on regular basis. This kind of interaction fosters the business mind among NAFED staffs.

NAFED may be able to develop even new and workable programs for export promotion with the interaction and cooperation with members. The alumni organization of IETC may be the core members at the initial stage. Other SMEs may be invited according to the progress of this membership service.

e) Making trade fairs to be more efficient and business-oriented

In selecting international trade fairs to participate, it is recommended that NAFED take more strategic approach to open up new markets.

Selection of trade fairs

The activities of collecting markets and sub-sectors information have to be more practical and refined. Information should be analyzed on cross-section and inter-departmental basis.

Selection of participating companies

The selection process of participating companies in international trade fairs has to become more transparent so that fair chance can be given to all qualified companies.

Promotion of the best Indonesian products

NAFED should exhibit in NAFED’s booth the best Indonesian products together with

the introductory information on Indonesia to promote and improve the image of Indonesian brand in the international fairs.

Reexamination of subsidy system

In order to give more chances to smaller companies, the subsidizing scheme needs to be reexamined by introducing the slanted subsidy system of 0-100% of the total participation cost, according to the criteria of the participants.

f) More business-oriented trade missions

The existing mission services have to be more business-oriented and commodity-focused. More opportunities of business to business (B to B) meeting and dialogue should be arranged and realized through mission services. It is also indicated that the existing mission services have covered the general products, usually represented by large-scale enterprises. NAFED is also expected to draw the opportunity for exporters to join the commodity-specific mission for overseas marketing. NAFED needs to enhance the coordination and cooperation with ITPC network in arranging and organizing such business-oriented missions.

g) Refining of website to be more user-friendly and business-oriented

It is necessary to redesign NAFED's website to make it more attractive for the eyes of foreign buyers. More practical information on Indonesian suppliers and products should be uploaded and/or linked to other useful sites.

An emphasis should be placed on how to catch the eyes of busy international business persons. The quantity and quality of data provided has the primary importance.

Current contents of NAFED Virtual Exhibition are neither attractive nor practical for buyers. The number of the products and suppliers uploaded has to be increased and the pictures of products have to be refined so that potential buyers can evaluate products thoroughly on the display. Suppliers' information has to be completed with company profiles and contact information.

User-friendliness is also important for the attractiveness of website. In order to secure a comfortable processing time, the internet environment of NAFED should be continuously maintained and upgraded. Personal information of NAFED users should be protected with the surveillance software. Inappropriate internet use inside NAFED should be monitored.

In addition, inquiries sent to the website should be systematically taken care and followed up for more effective matchmaking.

h) Preparation of export promotion strategy by product/industry

In the medium-term, it is desirable to formulate an export promotion strategy by product/industry for more effective export promotion activities.

(b) Mid and long-term measures

Capacity Building

a) Improvement of export consulting capability

To provide more customized services, the capability of NAFED staffs in export consulting and their technique to deal with requests from business people has to be improved. Through OJT and OFF-JT training, the opportunity to work with business people should be given to the staffs. The collaboration with outside experts will also be useful.

6.4.4 Product Development (Brand / Design Promotion) Service

(1) Strategy

In this service, NAFED shall render information collection and provision, and the support programs related to product standard, design and brand development as follows;

a) Export design promotion for Indonesian exporters

NAFED is expected to act as an intermediary between Indonesian exporters and overseas markets. NAFED shall render the services which primarily focus on supports to market development and sales promotion of exporters.

The development of product which can be accepted by the overseas markets is important in order to promote export. However, what NAFED can offer for product development by exporters is limited. When manufactures develop a new product, they have to have expertise in a wide range of areas including production equipment, quality, raw material, procurement, marketing as well as design. The present NAFED does not have such expertise.

Information on design trends of the overseas markets can be a vital input for the development of products which can be accepted in the overseas markets. Among Indonesia's government agencies, NAFED including ITPCs is positioned at the closest point to the overseas markets. Considering the importance of design information for export and NAFED's access to overseas market, NAFED is deemed as most relevant institution which can provide the support service to export design promotion. Other TPOs such as IE Singapore, DEP and MATRADE also have support program in the field of design development.

It is also noted that export design promotion includes information collection and

consulting services on intellectual property rights (IPR) and product standards in the overseas markets.

b) Identification of products suitable for export

NAFED is expected to identify, through its network, Indonesian products suitable for domestic and international trade fairs. Identification of potentially exportable products can lead to the discovery of Indonesian excellent products, which have not been supported by trade fairs and thus remained untapped in regions. In this regard, NAFED needs to maintain communication with and conduct information collection on the local industries.

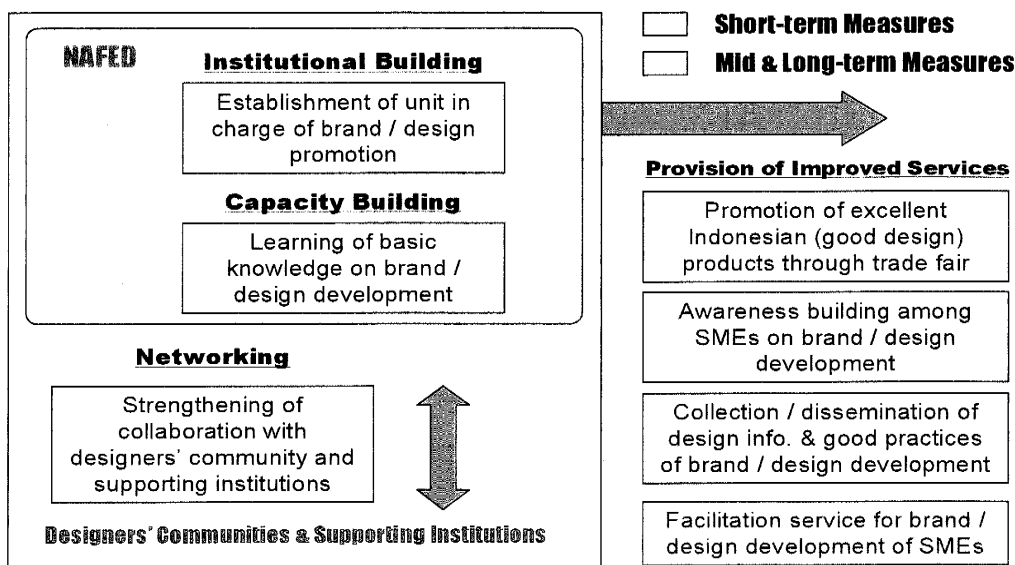
c) Collaboration with designers' community

NAFED should build collaboration with designers' community in order to extend design promotion activity. In Indonesia, there are design-support institutions such as Indonesian Design Center (IDC) and designers' associations including interior, product, graphics, packaging, and fashion ones. Furthermore, there are academic institutions having the faculty of design such as Bandung Institute of Technology (ITB). They have thrown up a number of graduates to the industry and designers' community, and also conduct awareness-raising activities on design development.

d) Collection and provision of information on overseas regulations and standards concerning products, packaging and labeling

Products to be exported should satisfy the specifications of importers (buyers) and comply with regulations and product standards in designated markets. When exporters attempt to export their products, they must obtain the information on those requirements and conditions in exported destinations, and understand whether their products comply with them. Accordingly, if NAFED engages in collection and provision of information concerning such requirements in overseas markets, this would be effective support for exporters when they conduct product development for export and work out for market development of the products.

Figure 6.4-3 Measures for Brand / Design Promotion Service



Source: JICA Study Team

(2) Necessary measures

(a) Short-term measures

Institutional Building

a) Establishment of a unit in charge of brand / design promotion

It is recommended that NAFED establish a regular unit in charge of brand / design promotion for effective planning and implementation of related activities. By establishing the unit in charge, accumulation of expertise and know-how on brand / design promotion can be promoted and the better service will be delivered to exporters.

Capacity Building

b) Learning of basic knowledge on brand / design development

It is particularly important for NAFED staff to comprehend the importance of brand / design development as a tool to build export competitiveness and make product differentiation in overseas markets, when NAFED strengthen its function of brand / design promotion.

It is recommended to provide NAFED staffs with periodical learning opportunities to acquire the basic knowledge on brand / design development and equip them with a capability of planning and implementing the related programs (this learning opportunity is tentatively called as "Design School"). Design School will be held in a variety of forms including lecture, discussion, training and workshop by inviting the external experts for instructors or lecturers.

Networking and Alliance Building

c) Strengthening of collaboration with designers' community and supporting institutions

For the effective implementation of brand / design promotion activity, it is necessary for NAFED to strengthen the collaborative linkage with design-related supporting institutions and designers' community including designer associations, since NAFED does not hold the experts in brand / design development.

It is essential to produce the unique products (product differentiation) in order to strengthen the export competitiveness of Indonesian products. One of the main issues in export design promotion is an improvement of industrial design. IDC and professional designer associations have sufficient experiences in supporting activities for industrial design, and holds knowledge, expertise and information on industrial design. Those institutions to be collaborated will include the followings;

- Indonesian Design Center (IDC)
- Indonesia Design Council: members of which include the associations of graphic designers, product designers, interior designers, fashion designers and packaging designers
- Bandung Institute of Technology (ITB) and other universities with the faculty of product design

Provision of Improved Services

NAFED is expected to play, at least in the short-term, a facilitating role of brand / design promotion for SME exporters through the promotion of good design products, awareness building on brand / design development, and collection and dissemination of design information.

d) Promotion of good design products through trade fairs

Through international trade fair opportunities, NAFED should effectively present Indonesian products featuring Indonesian culture and taste at its own booth in order to create and convey the image of "Indonesia Brand".

It is necessary for NAFED to elaborate, in cooperation with IDC, a procedure to identify such products suitable for a concept of each trade fair. For example, it is recommended to newly add a category of "export design products" in Indonesia Good Design Selection (IGDS) managed by IDC in order to bring about synergy between the export promotion program of NAFED and IGDS.

Moreover, NAFED should strengthen the cooperation with RETPCs and Dinas (for Industry and Trade) to explore excellent Indonesian products that remain untapped in the domestic market. NAFED can play a role of introducing such explored products to the overseas trade fairs.

e) Awareness building among SMEs on brand / design development

Although SMEs in general understand that the superiority of brand / design is one of key determinants for export success, they, manufacturers of industrial products in particular, do not generally comprehend the basics and standard processes of brand / design development, or have access to information on the role model.

In this regard, NAFED should engage in raising the awareness of SMEs on importance of brand / design development. NAFED can provide such a function through holding design seminar to introduce basics, standard processes, and good practice of brand / design development to the exporters (producers) and stakeholders including regional government, designers' community and design supporting institutions.

Design clinic will also be a viable means to offer the consulting service to exporters on design development, and introduce them with supporting programs for design development rendered by design supporting institutions.

f) Collection and dissemination of design information and good practices of brand / design development

It is not easy for Indonesian SMEs to access to the latest trends and consumer's preference in overseas markets, accordingly, NAFED should commence the activity to collect and disseminate overseas design trends and information of the priority commodities (10+10 products) to SMEs. ITPCs are expected to play a role of trend-watcher in overseas markets, and periodically provide collected information to NAFED.

Overseas trade fairs are a good opportunity for NAFED to grasp the latest design trends and collect design information. NAFED staffs, dispatched to overseas trade fairs sponsored by NAFED, should collect design trends and information as much as possible and report them to exporters after the trade fairs.

It is also recommended that NAFED collect, analyze and disseminate good practices of design development by Indonesian SMEs. Good practices of design development to be collected and analyzed shall include the background, step and process of design development, the scope of designer service, and will be valuable information for SMEs intending to conduct a design development. NAFED, in cooperation with IDC, is expected to collect and analyze good practices, and publicize and distribute "handbook for design development for SMEs".

It is noted that collected information on design and its trends, and good practices needs to be periodically disseminated through venues such as design seminars recommended in the above.

(b) Mid and long-term measures

Provision of Improved Services

a) Facilitation service for brand / design development of SMEs

Even though many SME exporters recognize brand / design development as one of the important tools for product differentiation in the overseas markets, they usually lack their own capacity (technically and financially) of brand / design development, and are not familiar with how to utilize professional designers (and branding experts). On the other hand, the professional (designer and branding expert) community in Indonesia also has difficulty in locating SMEs which need professional service and working with such SMEs in a professional manner.

Accordingly, NAFED is expected to go between such professional communities and SME exporters, and launch a matching service between them to facilitate design development by SMEs. An initial focus of matching service is better placed on product (industrial) design development, since the product (industrial) designers in Indonesia are less available and their places for work still need to be leveraged by public assistance. The scope of matching service will be gradually extended to other fields such as packaging design and branding.

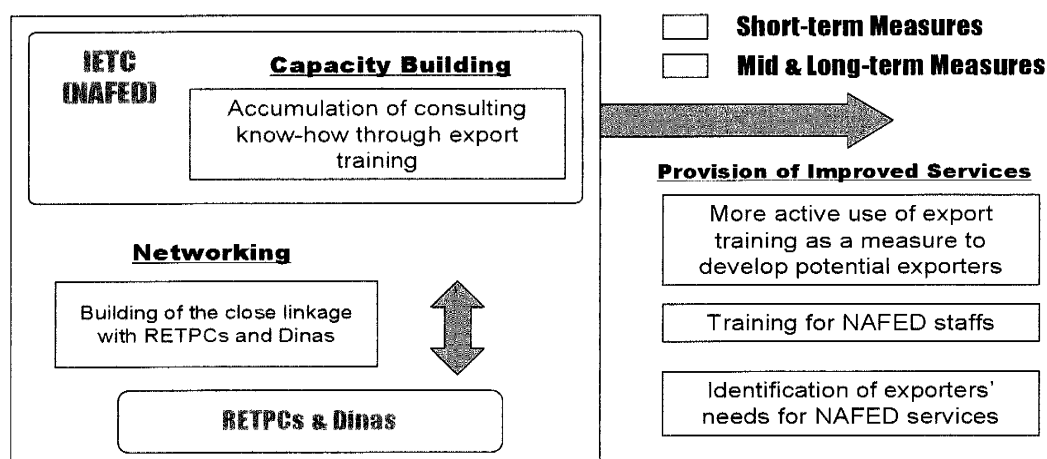
NAFED, under this matching service, can also prepare a budget to subsidize a certain portion of design development contracts (design service fee) which are facilitated by NAFED. However, a matching service can be realized in the mid to long-term because this involve a number of preparatory work such as development of designers' database, PR activity, preparation of standard operational procedure, etc.

6.4.5 Export Training Service

(1) Strategy

IETC has gained reputation as one of the reliable trade training institutions in Indonesia. In the future, it is desirable that the expertise, experience and external network accumulated in IETC be strategically utilized for activities of NAFED for the better export promotion programs.

Figure 6.4-4 Measures for Export Training Service



Source: JICA Study Team

(2) Necessary measures

(a) Short-term measures

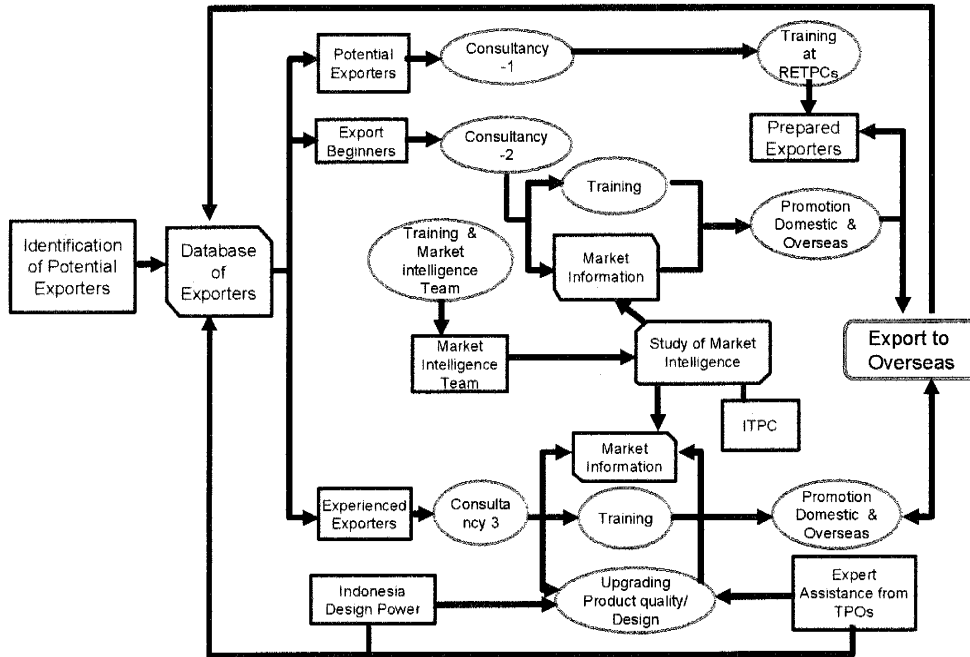
Provision of Improved Services

a) More active use of export training as a measure to develop potential exporters

The linkage between export training and exporter development should be more strategically pursued. In the beginning of 2007, the Center for Export Information Service (CEIS) and IETC discussed a framework of cooperation to enhance exporters' capability and raise new exporters.

It is recommended that IETC, with the collaboration of NAFED, continuously work out for the development of the detailed contents of training for exporter development. It will not be effective to merely utilize the general training courses for exporter development. Exporters can be classified as potential, beginner, and experienced, and their needs for training are so different depending on their stage of export business experiences.

Figure 6.4-5 Exporters' Training Concept



Source: NAFED

b) Training for NAFED staffs

Training function of IETC should be actively utilized for the training of NAFED staffs. Based on the training needs analyzed below, IETC is expected to design, prepare and offer the training opportunities for capacity building of NAFED staffs.

c) Identification of exporters' needs for NAFED's services

Through the export training service, IETC can identify the needs of trainees for the support service. Then, IETC is expected to report such needs to the relevant units of NAFED and introduce the potential recipients of support service. In addition to the IETC Alumni Association members, IETC can use the accumulated exporter database of RETPCs to identify potential exporters.

(b) Mid and long-term measures

Capacity Building

a) Accumulation of consulting know-how through export training

IETC can build the expertise and know-how concerning consulting and advisory through experiencing the export training service. IETC has a network of outside lecturers and consultants, IETC should strengthen and accumulate such expertise and know-how through the collaboration with them.

Networking and Alliance Building

b) Building of the closer linkage with RETPCs and Dinas

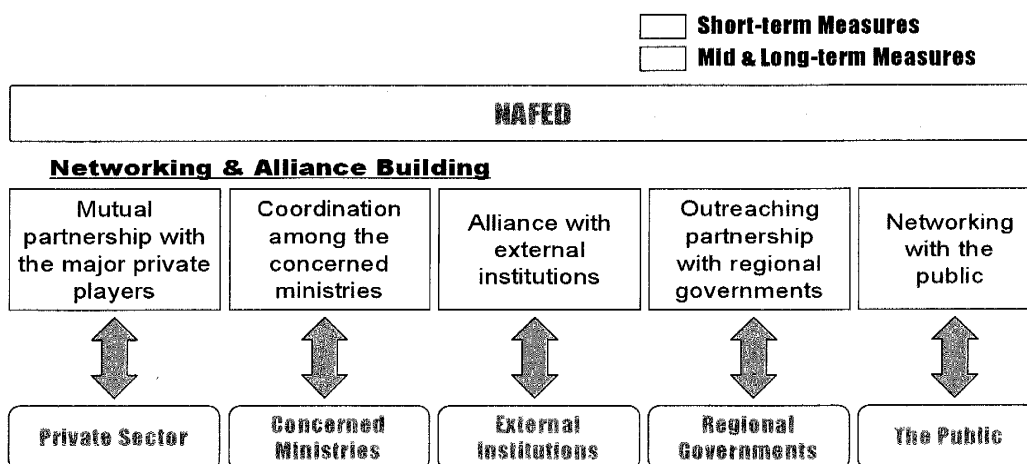
IETC currently collaborates with four RETPCs in the area of training curriculum development, dispatch of training lecturers, center management, etc. IETC is expected to act as a coordinator among RETPCs and regional Dinas across the country in the area of export training. Setting the clear demarcation of responsibility, IETC should enhance the coordinating function.

6.4.6 Networking and Alliance

(1) Strategy

Building network with external institutions has become important in recent years for effective service provision of TPOs. This is applicable to NAFED if the current business environment of NAFED is considered. As a means to strengthen and improve the functions, NAFED also needs to proactively develop the framework for networking or alliance with external partners. Through the strengthening of networking, more specifically, NAFED is expected to create its enabling environment.

Figure 6.4-6 Measures for Networking and Alliance



Source: JICA Study Team

(2) Necessary measures

(a) Short-term measures

Networking and Alliance Building

a) Mutual partnership with the major private players

Channels of communication with the private sector should be established and strengthened at first. When NAFED identifies the specific needs of the private sector for export promotion, it should incorporate them, in a strategic manner, into its planning and

budgeting of programs.

NAFED should change its management style and behavioral pattern if it wishes to establish mutual trust and communication and to achieve a good result from the private sector. More importantly, NAFED should be continuously exposed to the stimulus of the private sector to improve its management and services.

b) Coordination among the concerned ministries

It is not likely under the present condition that NAFED is assigned to become a single service provider of export promotion programs in Indonesia because other ministries (and other agencies) may not part with their programs.

Therefore, coordination among the concerned ministries will continue to be an issue to be tackled so that export promotion programs among the ministries are harmonized according to the directions of export policy and national priority.

In this respect, NAFED, in association with MOT, is expected to lead the coordination effort among the concerned ministries. Although the existing export promotion programs range widely, programs which keenly need the inter-ministerial coordination may be trade fairs (both overseas and domestic) and trade missions.

c) Alliance with external institutions

NAFED should proactively seek for the alliance with external institutions in order to make up for the know-how and resources in lack internally, which are deemed necessary for comprehensive export promotion. Lacking export-related services include finance, logistics, and quality inspection in particular. NAFED is expected to play a facilitating role between local exporters and other export-related service providers.

NAFED should also strengthen its present initiative for partnership with global retailers. Through developing such a partnership, NAFED can more effectively support i) the direct access to the overseas markets by SMEs and ii) the search for excellent local suppliers by global retailers.

(b) Mid and long-term measures

a) Outreaching partnership with regional governments

NAFED should strengthen its service outreach and gain more presence throughout the country. NAFED can achieve this through more strategic and proactive contacts with local resources including RETPCs (and their alumni), Dinas of Industry and Trade, regional KADINs.

Strengthening of the local network will become very crucial when NAFED enhances export promotion menu as recommended by this Study. NAFED also needs to develop

the internal capacity in order to respond to the increasing needs for support through expanded partnership with regional government.

b) Networking with the public

Networking by NAFED does not have to be limited to government institutions and industries. NAFED can also develop the network with the public through the awareness building among the public on the importance of export and its promotion. This effort can be considered as a promotional action for the future to have the public apprehend the role of NAFED and to gain wider presence among the public.

6.5 Strategy and Measures to Strengthen the Management System

(1) Strategy

The strategies for the renovation and strengthening of management system are as follows:

- To create an organizational culture that enable NAFED to shift to an active service provider agency;
- To create self-initiative based on professionalism among staffs through promoting the delegation of authority and internal communication in NAFED;
- To enhance the presence of NAFED through establishing a management system that is appreciated by users and developing capable staffs; and
- To combine the measures of innovative shock treatments and step-by-step improvements to achieve the above directions.

(2) Necessary measures

(a) Short-term measures

a) Announcement and explanation of the vision held by the top management to staffs

It is necessary for the top management to effectively and consistently convey its visions and management principles to staffs. It is recommended that the top management periodically issue a letter which describes the vision and management principles. Another measure is to periodically hold a meeting of the top management and a small group of staffs to exchange voices and opinions.

b) Promotion of information sharing among management staff and prompt decision-making

A management staff (directors) meeting should be held weekly to discuss and decide key issues and to realize timely and effective decision-making. Decided matters should

be informed to the entire staffs.

c) Enhancement of internal communication

It is also recommended that an internal communication paper be issued periodically (monthly) for the sake of better information sharing and communication among staffs.

d) Delegation of authority

Authority over the decisions on the regular and routine matters in particular should be delegated to the staffs at deputy-post of each manager.

e) Preparation of task description and operational procedures

It is necessary to clarify the functions of each unit, and clarify the tasks required to satisfy the functions of each unit and the necessary workload. The necessary staffing arrangement should be then carefully examined, since it is largely affected by the capability and morale of staffs, and various external factors. When examining the task description, it will be also important to consider how the operational efficiency can be improved. At the same time, the standard operational procedures should also be designed and prepared as manual.

f) Introduction of evaluation system

It is necessary to introduce an evaluation system for the performance of each unit and individual staff. It is desirable that the evaluation system is designed along with the concept of Plan-Do-Check-Act (PDCA), and that the system be operated as a tool of total management system based on the Management-by-Objective (MBO).

It is advisable to utilize a balanced scorecard, the preparation of which is underway in MOT as a management tool for controlling the process from planning, implementation to evaluation. When setting the key performance indicators (KPIs), a good balance between quantitative and qualitative targets are ensured. It is also recommended to introduce the evaluation by outside evaluators in order to ensure objective and transparent evaluation.

(b) Mid and long-term measures

a) Introduction of the workplace improvement activity

An organization-wide workplace improvement activity is deemed as an effective means. IETC is certified with quality assurance system (ISO9002), and also experienced 5S activity with the guidance of Japanese experts. It is advisable that NAFED itself introduce the workplace improvement activity to strengthen its management system. A workplace improvement activity such as *kaizen*, will be an effective measure also to improve the services rendered by NAFED, and expected to establish a system in which each staff voluntarily finds and understands problems and improvements. The bottom-up

suggestions from the younger staffs can be an appropriate first-step.

b) **Renewal of Visual Identity of NAFED to improve its image**

It is also advisable for NAFED to renew its Visual Identity (VI) including the logo. Renewal of VI can include printed material, name card, envelope, brochure, catalogue, report, newsletter, etc. and the sign attached to NAFED facilities, advertising display and exhibition booth. With the renewal of VI, NAFED can improve its public image and expect effective implementation of its promotion activities.

c) **Acquisition of UPT status**

NAFED should examine a possibility of securing its revenue sources through obtaining the status of Technical Operational Unit (UPT). IETC and RETPC Surabaya have already acquired the status of UPT. If NAFED obtain the status of UPT (to be approved by MOF), it can utilize its own revenue with own discretion, and enjoy flexible operation of its activities to some extent.

6.6 Strategy and Measures to Strengthen the Human Resources Management

(1) Strategy

The strategies for the renovation and strengthening of human resources management are as follows:

- To develop business-minded staffs who actively engage in export promotion and exporter development activities, as a principle of human resources management (HRM) and human resources development (HRD);
- To realize relevant staffing, overall capacity building and higher performance of staff, based on a systematic HRM, and to create an active organization accompanied by the culture of self-initiative, challenge and mutual support; and
- To introduce NAFED's own HRM and HRD systems, separated from MOT.

(2) Necessary measures

(a) Short-term measures

a) **Formulation and implementation of training program for the younger staff**

It is urgently needed to draw a training plan for the younger staff under the age of mid 30s, and examine the details of the necessary skill and knowledge. Foreign language training should be also expanded in accordance with the establishment plan of ITPCs.

b) **Training management utilizing training record and self-development manual**

It is necessary to prepare and update the training record of each staff, which mentions when, where, what and how long they have participated for training. It is also desirable to prepare a self-development manual / sheet and distribute this to each staff to encourage the motivation for self-development.

- c) Introduction of comprehensive HRM system covering human resources allocation, development and evaluation

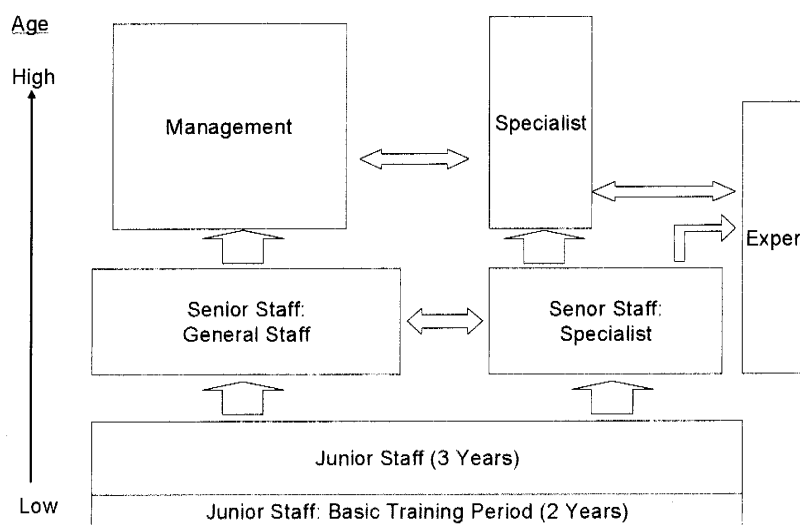
NAFED is in the process of balanced scorecard (BSC) introduction. A merit of BSC is that each staff in the organization becomes able to relate their task to the organizational objectives and understand how they contribute to the objectives. BSC can be utilized for human resources allocation, development and evaluation, NAFED should design and build the comprehensive HRM system covering such aspects, utilizing BSC.

- (b) Mid and long-term measures

- a) Development of NAFED’s own career path

It is preferable that NAFED have its own career path separated from that of MOT, because the experience and expertise required for the functions of NAFED are largely different from MOT. NAFED needs the personnel who engage in export promotion and exporter development activities with business-mind. It is therefore recommended that NAFED design the independent framework of career path, in order to build desirable HRD system for NAFED. Though this, the adequate staffing will be realized. Furthermore, considering diverse needs of personnel in NAFED alone, the multicareer path system is deemed as more relevant. Model of multicareer path is proposed as below.

Figure 6.6-1 Multicareer Path Model



Source: JICA Study Team

Newly-graduated staffs enter this career path as a junior staff. In this model, every

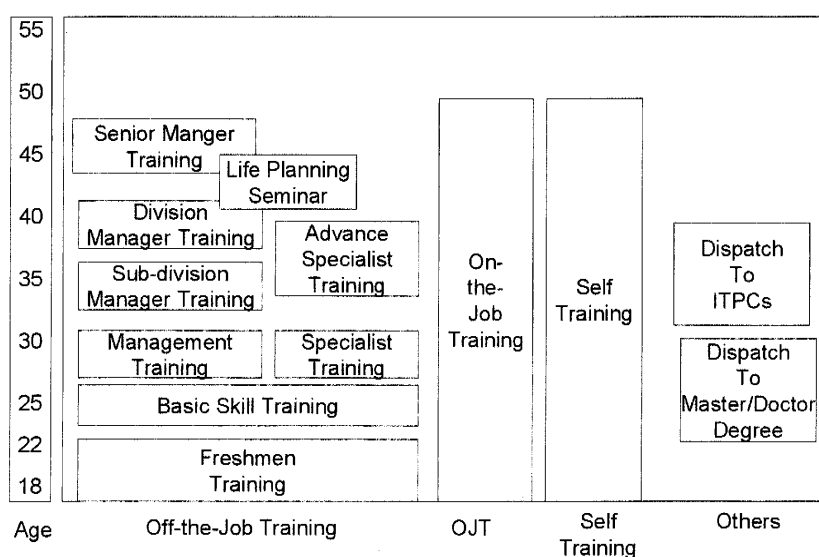
staff at around the age of 30, is assumed to select either generalist path or specialist path. They in principle will follow the career path which they have selected up to retirement. A career of expert is prepared for the recruitment of personnel (from outside) with special expertise.

Chance of rotation among these three career paths needs to be secured. In the long-run, it is advisable for NAFED to promote the mid-career recruitment. Mid-career staffs can be assigned to any of those three career paths. Personnel rotation of staff should be periodically carried out according to career paths and human resources development plan. When designing and adopting the career path system, it is advisable to examine the competency models of staff at each level of career path.

b) Development of NAFED’s own HRD plan

It is recommended that NAFED have its own HRD plan to raise staffs required for export promotion, and focus on education and training concerning practices of export promotion activities. Based on the framework of career path, a conceptual framework of HRD system is proposed as follows.

Figure 6.6-2 Framework of Human Resources Development



Source: JICA Study Team

Through freshmen training and basic skill training, staffs are able to acquire necessary knowledge required to perform routine and regular tasks of NAFED. The contents of basic skill training includes i) economy, ii) export procedure, iii) export marketing, iv) market survey / research, v) product development and design, vi) finance and accounting, vii) business planning, viii) ICT application, ix) foreign language (English and others), etc. Opportunities of education and training should be announced to

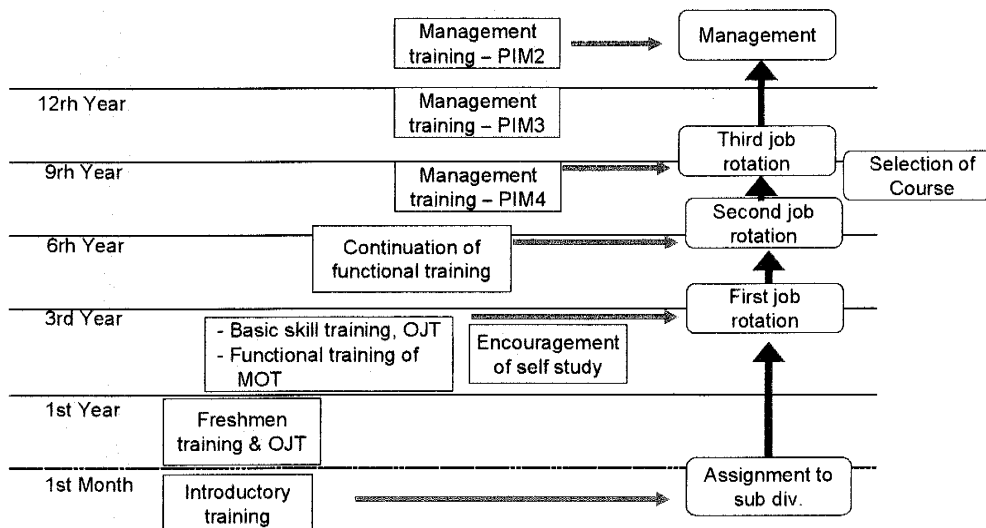
all staffs, so that anyone qualified can apply to the participation of training opportunities.

c) Establishment of job-rotation system considering HRD

It is desirable that newly-graduated staffs experience job rotation for the first nine years after joining NAFED with the purpose of providing opportunities to acquire wide-range of knowledge and experience of export promotion activities required for NAFED staff. For example, the regular rotation by every three years can be considered.

After spending nine years, the staffs will be given a chance to choose their career path, i.e., generalist or specialist path, and given the training opportunities according to the selected path. Relation between HRD framework and job rotation is illustrated in the figure below.

Figure 6.6-3 Relation of HRD Framework and Job Rotation



Source: JICA Study Team

CHAPTER 7 ACTION PLAN FOR NAFED REFORM

7.1 Outline of Action Plan

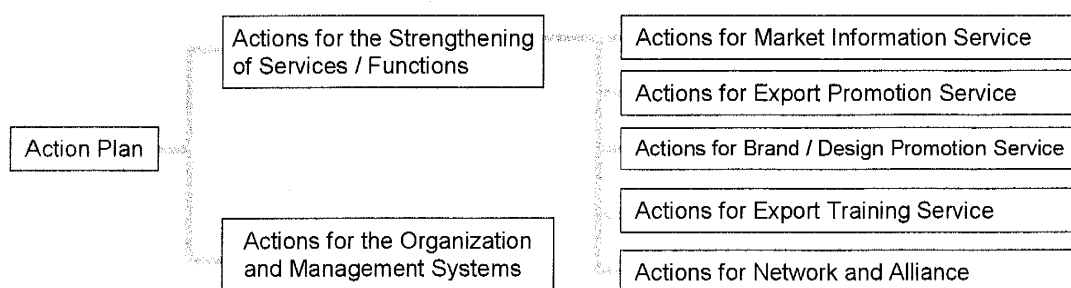
In the Master Plan, the Study Team proposes basic policies and strategies to strengthen the services / functions, organization and management system of NAFED (reform plan), and presented the necessary measures to direct NAFED along with the strategies of reform set in the Master Plan. The Study Team then proposes the Action Plan to put the proposed measures into action by compiling those measures.

7.1.1 Composition of Action Plan

The Action Plan here should be recognized as a set of priority action proposed for NAFED to set about the reform and to implement its reform and strengthen its services / functions, organization and management system. The Action Plan covers all the aspects NAFED should address from now on, including development of attractive service and program for export promotion, activation of routine tasks (which NAFED is supposed to perform), strengthening of information / data management, strengthening of contact point against users and communication with private sector, and networking with external institutions, capacity building, change of organizational set-up, strengthening of enabling (management) systems.

The Action Plan is largely categorized into two fields: i) actions to enhance services / functions of NAFED and ii) actions to enhance its organization and management systems. Those actions for enhancement of service / function are further sorted into five fields, i.e., the services of market information, export promotion, product development (brand / design promotion) and export training, and network and alliance.

Figure 7.1-1 Composition of Action Plan



Source: JICA Study Team

7.1.2 Time Schedule of NAFED Reform

The Study Team considers that it may take a certain period for NAFED to thoroughly implement the reform plan, and that NAFED spend three years in taking actions for

strengthening of services / functions, and management system on a step by step basis under the proposed new organizational structure. A transitional step for the NAFED reform plan is assumed as follows.

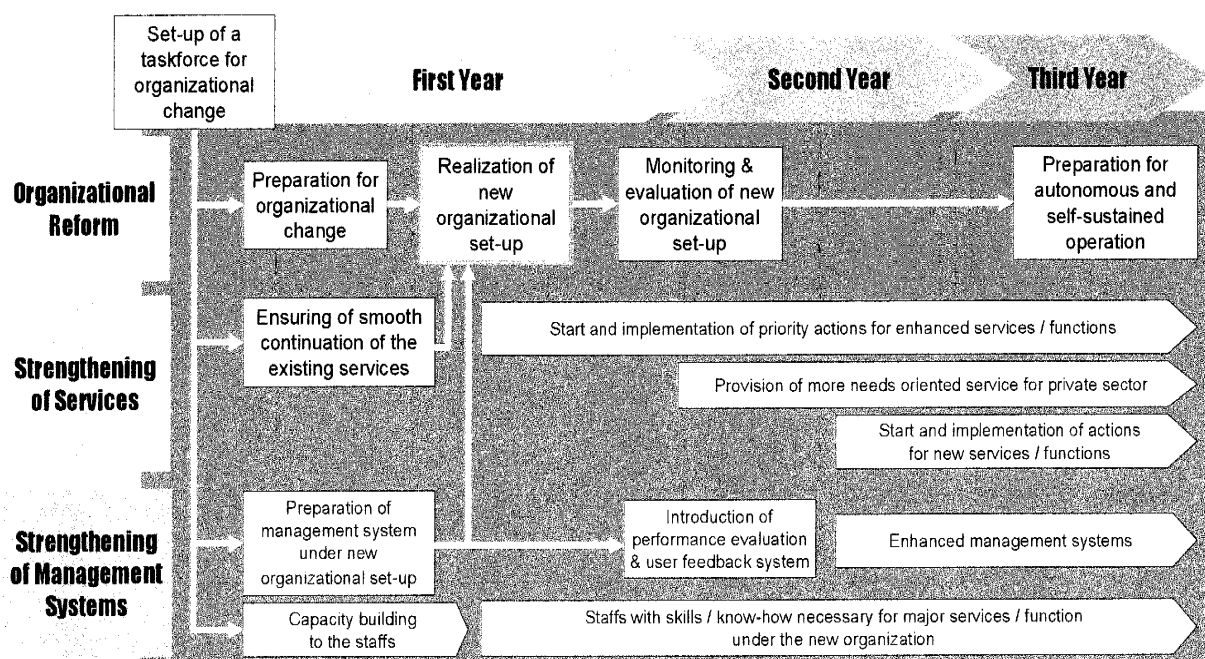
1st year: To establish a taskforce for change of organizational structure at a first step, followed by preparation of a road map to NAFED reform, while ensuring the smooth continuation of the existing services and preparing management systems under the new organizational set-up.

To implement an organizational reform, followed by setting about priority actions and providing intensive training (capacity building) to the staffs in order to have them learn the skills and know-how necessary for major services / functions. Stable service operation needs to be realized under the new organizational set-up by the end of the first year.

2nd year: To set about the actions for provision of more needs-oriented service for private sector in order to expand the customer base and obtain the satisfaction of users, and to commence introduction of a management system based on performance evaluation and users' satisfaction.

3rd year: To commence the actions for development of new services / functions in order to expand the services and functions, and to start preparation for an autonomous and self-sustained operation of NAFED (establishment of statutory organization) in the future.

Figure 7.1-2 Framework of Action Plan



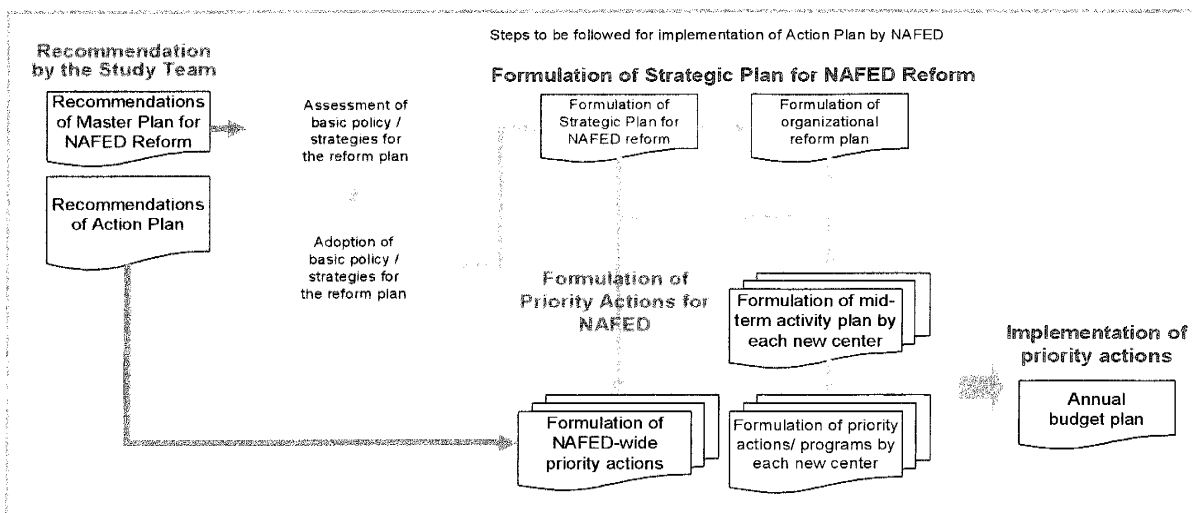
Source: JICA Study Team

7.1.3 Implementation of Action Plan

The Study Team recommends that the Action Plan proposed by the Study Team be adopted and implemented following own assessment by NAFED. NAFED is expected to take the Action Plan based on the following steps.

- Step 1: NAFED shall assess and adopt the basic policy and strategies for the reform plan (measures for strengthening of service / function and organization).
- Step 2: NAFED shall formulate the strategic plan for the reform, based on the Master Plan recommended by the Study Team.
- Step 3: NAFED shall formulate and implement the organizational reform (change of organizational structure) plan.
- Step 4: NAFED shall assess the Action Plan recommended by the Study Team, formulate the priority actions (including planning and development of new programs for export promotion), and have each new center of NAFED prepare the mid-term activity plan which accommodates the said priority actions and new programs.
- Step5: NAFED shall prepare the annual budget plan necessary for the priority actions and new programs, and implement them according to the budget.

Figure 7.1-3 Implementation Flow of Action Plan



Source: JICA Study Team

7.2 Action Plan - Proposed Actions for NAFED Reform

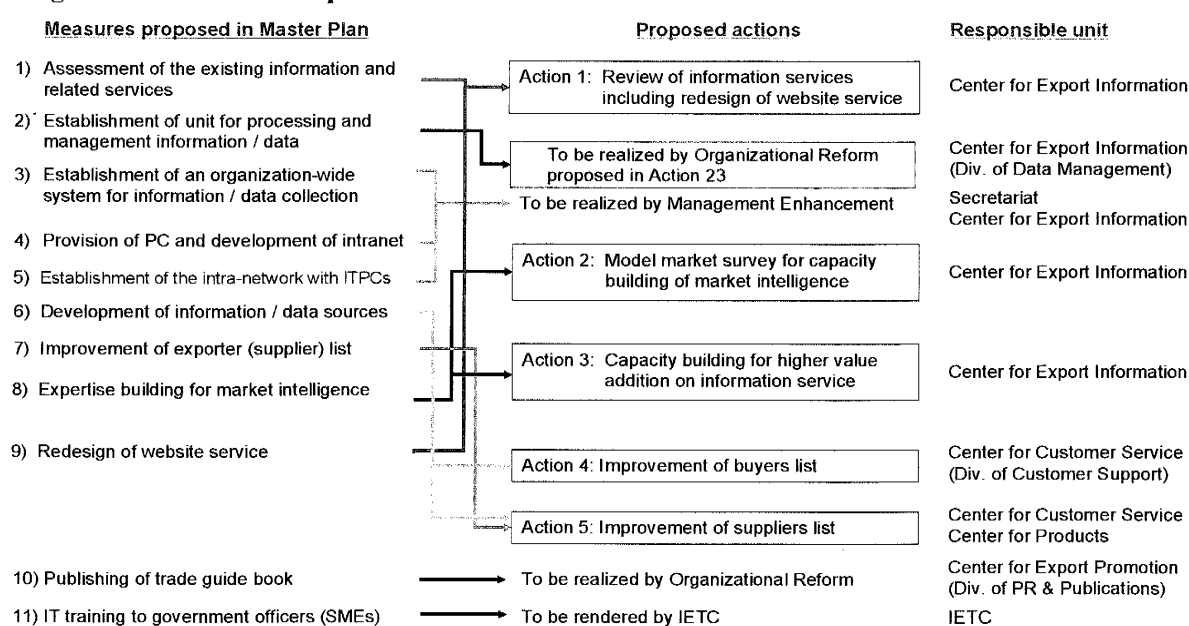
7.2.1 Market Information Service

In the Master Plan, eleven measures are proposed in order to enhance NAFED’s market information service. In order to put these measures into action, the Study Team proposes the following five actions to be implemented.

Action 1	:	Review of information services including redesign of website service
Action 2	:	Model market survey for the capacity building of market intelligence
Action 3	:	Capacity building for value added market information service
Action 4	:	Improvement of buyers list
Action 5	:	Improvement of suppliers (exporters) list

The relationship between the recommendations in the Master Plan and the proposed actions for market information service is illustrated in the following figure.

Figure 7.2-1 Relationship between Master Plan and Action Plan for Market Information Service



Source: JICA Study Team

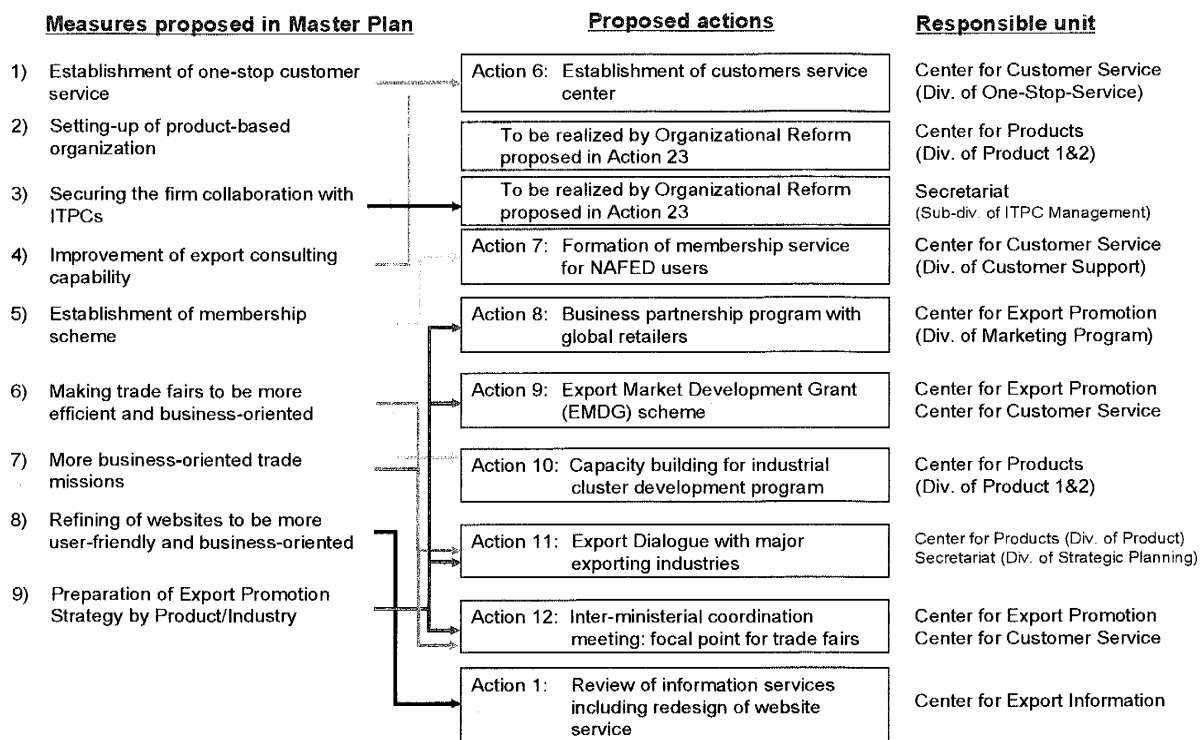
7.2.2 Export Promotion Service

In the Master Plan, nine measures are proposed in order to enhance NAFED’s export promotion service. In order to put these measures into action, the Study Team proposes the following seven actions to be implemented.

Action 6	:	Establishment of customer service center
Action 7	:	Formation of free membership service for NAFED users (NAFED Club)
Action 8	:	Business partnership program with global retailers
Action 9	:	Export Market Development Grant (EMDG) scheme
Action 10	:	Capacity building for industrial cluster development program
Action 11	:	Export Dialogue with major exporting industries
Action 12	:	Inter-ministerial coordination meeting: focal point for trade fairs

The relationship between the recommendations in the Master Plan and the proposed actions for export promotion service is illustrated in the following figure.

Figure 7.2-2 Relationship between Master Plan and Action Plan for Export Promotion Service



Source: JICA Study Team

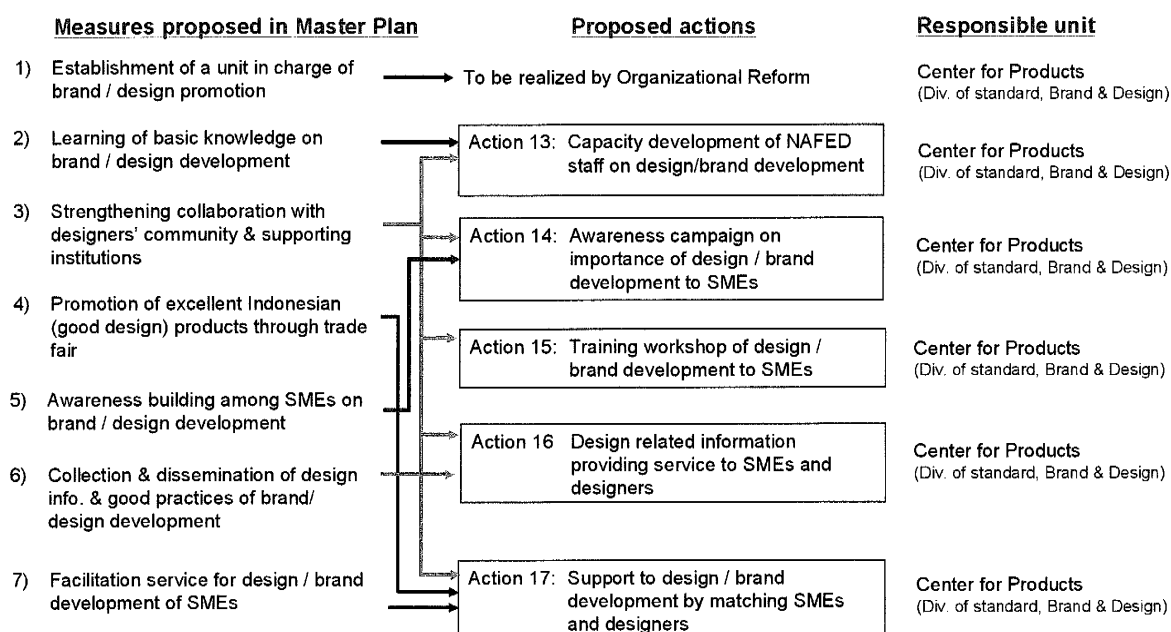
7.2.3 Product Development (Brand / Design Promotion) Service

In the Master Plan, nine measures are proposed in order to enhance NAFED’s export design promotion service. In order to put these measures into action, the Study Team proposes the following five actions to be implemented.

Action 13	:	Capacity development of NAFED staff on design / brand development
Action 14	:	Awareness campaign on importance of design / brand development to SMEs
Action 15	:	Training workshop of design / brand development to SMEs
Action 16	:	Design related information providing service to SMEs and designers
Action 17	:	Support to design / brand development by matching SMEs and designers

The relationship between the recommendations in the Master Plan and the proposed actions for design promotion service is illustrated in the following figure.

Figure 7.2-3 Relationship between Master Plan and Action Plan for Design Promotion Service



Source: JICA Study Team

7.2.4 Export Training Service

The Study Team considers that IETC which is responsible for training services for exporters has the sufficient capability and resources to plan and take the necessary actions in accordance with the directions recommended in the Master Plan. Therefore, the particular actions for the strengthening of this function are not presented.

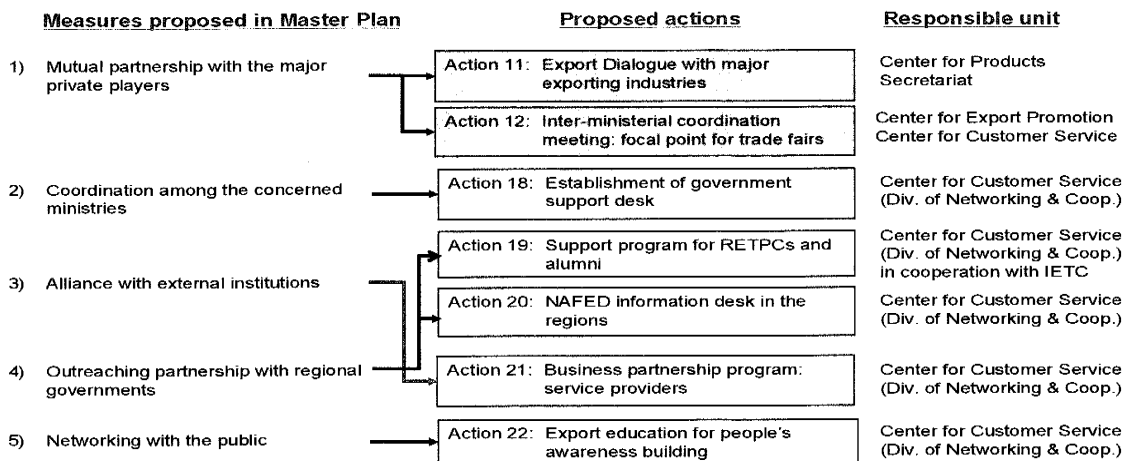
7.2.5 Networking and Alliance

In the Master Plan, five measures are proposed in order to enhance NAFED's networking and alliance. In order to put these measures into action, the Study Team proposes the following five actions to be implemented.

Action 18	:	Establishment of government support desk
Action 19	:	Support program for RETPCs and alumni
Action 20	:	NAFED information desk in the regions
Action 21	:	Business partnership program: service providers
Action 22	:	Export education for people's awareness building

The relationship between the recommendations in the Master Plan and the proposed actions for networking and alliance is illustrated in the following figure.

Figure 7.2-4 Relationship between Master Plan and Action Plan for Networking and Alliance



Source: JICA Study Team

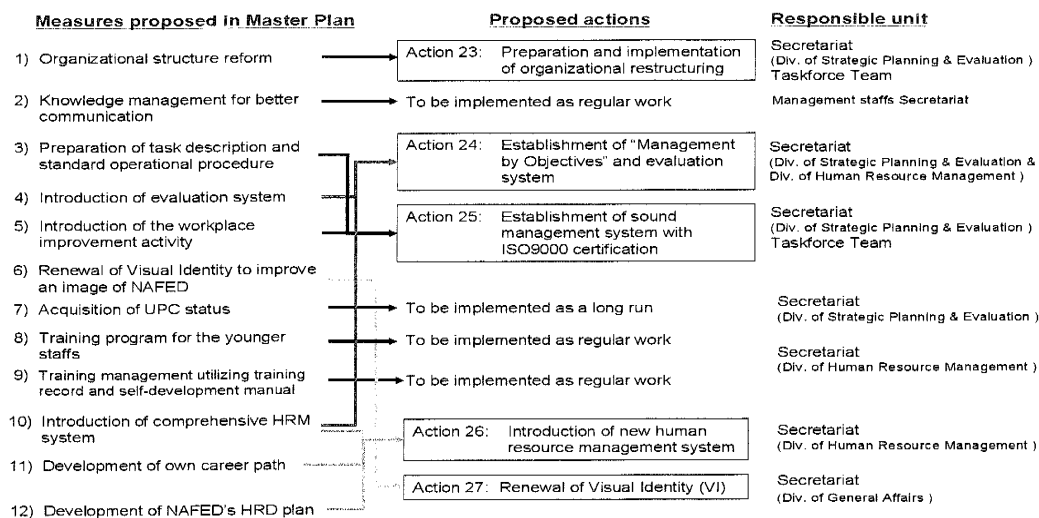
7.2.6 Organization and Management System

In the Master Plan, several recommendations including the reform of organization, strengthening of management and HRM system of NAFED are presented. In this field, the following five actions in particular have a significance to address these recommendations.

Action 23	:	Preparation and implementation of organizational restructuring
Action 24	:	Establishment of "Management by Objectives" and evaluation system
Action 25	:	Establishment of sound management system with ISO9000 certification
Action 26	:	Introduction of new human resource management system
Action 27	:	Renewal of Visual Identity (VI)

The relationship between the recommendations in the Master Plan and the proposed actions for organization and management system is illustrated in the following figure.

Figure 7.2-5 Relationship between Master Plan and Action Plan for Organization and Management System



Source: JICA Study Team

7.3 Details of Proposed Actions

7.3.1 Market Information Service

Action 1: Review of market information service including redesign of website service

Background and necessity	<ul style="list-style-type: none"> - Current market information service is not well appreciated by its users. Concerning website service too, its contents and user-friendliness need improvement. NAFED lacks a system which adequately supervises and improves its market information service in correspondence to the changes in business environment and the user needs. - Accordingly, it is quite important for NAFED to conduct overall review its market information service and improvements. 				
Objectives	<ul style="list-style-type: none"> - To develop a management system of market information / data (from collection, processing, analysis, management and dissemination) through reviewing the overall market information service, and clarify roles and responsibilities of related units and arrange necessary staffing and budgeting - To redesign the website of NAFED in order to establish the website service with sufficient contents and user friendliness 				
Activities (by step)	<p><u>Preparation</u></p> <ol style="list-style-type: none"> 1) To organize "Market Information Service Review Committee" which comprises members from related units and MOT 2) To prepare a work schedule and to assign key person to each proposed task <p><u>Formulation of Market Information Service Improvement Plan</u></p> <ol style="list-style-type: none"> 3) To conduct a user satisfaction survey about market information service and website (the survey shall cover exporters, industrial associations, and regional governments in major cities) 4) To analyze the results of survey to identify problems and needs of market information service 5) To formulate an overall plan of market information service improvement based on the needs of users, and set targets, approaches, and detailed action plans <p><u>Implementation of Improvement Plan</u></p> <ol style="list-style-type: none"> 6) To implement the action plans and monitor the progress 7) To evaluate the result of improvements <p><u>Continuation of Improvement Activity</u></p> <ol style="list-style-type: none"> 8) To identify further issues and examine improvement approach later on 9) To prepare an operational manual for market information service 				
Section in charge	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Existing organization</td> <td>Center for Export Information Service</td> </tr> <tr> <td>New organization</td> <td>Center for Export Information</td> </tr> </table>	Existing organization	Center for Export Information Service	New organization	Center for Export Information
Existing organization	Center for Export Information Service				
New organization	Center for Export Information				
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Interviews with around 20 institutions including industrial associations, exporters, related central and regional governments - User satisfaction survey by questionnaire (twice at the beginning and the end of the above activity plan) 				
Expected Achievement	<ul style="list-style-type: none"> - "Market Information Service Review Committee" established permanently - Operational manual of market information service prepared - Website service with sufficient contents and which provide continuously practical information / data established 				

Action 2: Model maker survey for capacity building of market intelligence

Background and necessity	<ul style="list-style-type: none"> - Market intelligence (information collection, analysis, reporting) is deemed as one of the weak functions of NAFED including ITPCs. The present market information reported by ITPCs and internal section of NAFED covers basic data, but usually lack the users'
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	<p>point of view.</p> <ul style="list-style-type: none"> - Capacity of NAFED and ITPC staffs have to be equally strengthened, since the market intelligence skill is one of the essential and basic ones required for staffs of TPO. NAFED also recognizes the high needs for the intensive capacity building for market intelligence. 	
Objectives	<ul style="list-style-type: none"> - To strengthen the capacity of staffs which engage in market intelligence service and equip them with hands-on skills required for desirable service - To develop the model reports of market survey to be followed later on 	
Activities (by step)	<ol style="list-style-type: none"> 1) To select the staffs who engage in market intelligence and form the team, and choose the target products / regions for survey(s) 2) To design the training course (with training materials), and identify the lectures and facilities 3) To conduct a series of training course 4) To design the scope of trial market survey(s), including needs identification from industrial sub-sector concerned, examination of survey items, sourcing of information / data, task determination, scheduling, demarcation with ITPC concerned, etc 5) To conduct trial market survey(s) in cooperation with ITPC concerned 6) To monitor the progress and review the draft reports of trial market survey(s) 7) To hold the seminar to present the survey results for industrial sub-sector and other stakeholders, and to receive their feedbacks 8) To disseminate the survey results and hold the planning session for the future intelligence activities 	
Section in charge	Existing Organization	Center for Export Information Service
	New Organization	Center for Export Information
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Mobilization of local lectures (or conductors) of training course - Expenses for holding training course - Expense for purchase of necessary data / references - Overseas (airfare, allowances, upon necessity) and domestic travel expenses 	
Expected Achievement	<ul style="list-style-type: none"> - Capacity of market intelligence work developed - Standard survey TOR and work plan prepared - Model survey report prepared and disseminated following feedbacks from industry - Activities of NAFED market intelligence scheduled for the next year 	
Notes	MOT has selected 10 main products, 10 potential products and 3 services for export development priority. Accordingly, the subject product for trial market survey needs to be selected among these.	

Action 3: Capacity building for value-added market information service

Background and necessity	<ul style="list-style-type: none"> - NAFED is not sufficiently recognized as a beneficial market information service provider, since it simply provides information / data without significant processing and analysis and adding the higher values. - NAFED can not provide high value-added information, since it lacks capable staffs.
Objectives	<ul style="list-style-type: none"> - To build capacity for the higher value-added market information service through training the junior staffs who engage in market survey and analysis - To create a user-oriented mind in staffs in charge of market information service
Activities (by step)	<ol style="list-style-type: none"> 1) To organize a team, which comprises the junior staffs from concerned units, and to hire trainers for market survey and analysis 2) To identify the needs of exporters for market information service by conducting questionnaire survey (referred to Action Plan 1) 3) To examine all the data, statistics and reports that NAFED would have, and its resources for market information service, and to review the process of collection and processing of market information / data

	4) To establish collaborative relationship with concerned institutions including MOT, Statistics Indonesia, and ITPCs and commercial attachés 5) To assign market information survey and analysis to the team members on a trial basis, and to design and conduct necessary training for them 6) To regularly monitor performance of team members 7) To review the training courses conducted, based on results of evaluation 8) To repeat the above activities with new members	
Section in charge	Existing Organization	Center for Export Information Service
	New Organization	Center for Export Information
Required inputs (other than NAFED staff mobilization)	- Mobilization of trainers - Expenses for holding training courses (for 3 months) - Expenses for meeting and traveling	
Expected Achievement	- Capacity of the junior staffs for market research developed - Training courses designed and developed for value-added market information service	

Action 4: Improvement of buyers list

Background and necessity	- NAFED does not integrate the list of overseas buyers, although each center receives considerable number of inquiries and overseas buyers in trade fairs, and foreign trade missions. - Buyers directory has a tremendous value as basic data for export promotion activity.	
Objectives	- To establish integrated and user-friendly database of overseas - To formulate rules and procedures for collection and management of buyer data	
Activities (by step)	1) To set-up the taskforce for development of integrated buyers database 2) To re-check the records of overseas buyers / visitors previously contacted, visited or invited (including the contacts with trade fair organizers, ITPCs, commercial attachés, other ministries, KADIN, etc.) 3) To sort overseas buyers data by region / country and commodity, and renew the list 4) To convert the buyers data in digital format and compile them 5) To formulate the rules and procedures (flow) of collection and management of buyers data 6) To assign the unit in charge of management of database for overseas buyers	
Section in charge	Existing organization	Center for Export Information Service
	New organization	Div. of Customer Support in Center for Customer Service
Required inputs (other than NAFED staff mobilization)	- Meeting and travel expenses - International communication and postal expenses (with ITPC, commercial attaché)	
Expected Achievement	- Database of overseas buyer integrated and developed for the entire NAFED - Rules and procedures of collection and management of buyers data formulated	

Action 5: Improvement of suppliers (exporters) list

Background and necessity	- Although NAFED currently manages suppliers list of 3,000 companies, detailed profile data of listed companies are lacking in many cases. - Such export promotion activities as inquiry service, buyer reception, recruitment of trade fair participants will not be successfully carried out, without detailed and reliable data of suppliers.	
Objectives	- To develop a detailed and reliable database of suppliers as a tool serving for export promotion activities - To improve users' satisfaction with NAFED services such as buyers' inquiry and buyer	

	reception services, and recruitment of trade fair participants	
Activities (by step)	<ol style="list-style-type: none"> 1) To set-up the taskforce for improvement of the suppliers database 2) To set the target number of suppliers to be periodically followed-up 3) To replenish suppliers data such as products, production technology / facility, financial condition, export experience / potential, management condition, etc., through the direct visit of staff and distribution of questionnaire 4) To explore additional suppliers who intend to promote export through collaboration with other ministries, KADIN, industrial associations, the Center for Customer Service 5) To sort the data of suppliers by region and commodity, and renew the list 6) To convert the suppliers data in digital format and compile them 7) To formulate the rules and procedures (flow) of collection and management of suppliers data 8) To assign the unit in charge of management of suppliers database 	
Section in charge	Existing organization	Each Regional Market Centers
	New organization	Div. of Customer Support in the Center for Customer Service Div. of Product 1 & 2 in the Center for Products
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Meeting and travel expenses - Communication and postal expenses (with regional institutions such as RETPCs and Dinas) 	
Expected Achievement	<ul style="list-style-type: none"> - Database of suppliers replenished and expanded - Database of suppliers effectively utilized for export promotion activities such as buyers inquiry and reception services, and trade fairs - Rules and procedures of collection and management of suppliers data formulated 	

7.3.2 Export Promotion Service

Action 6: Establishment of the customer service center

Background and necessity	<ul style="list-style-type: none"> - Within NAFED, there is no specific person and space assigned to provide SMEs with business consultation services on various aspects of exports as routine services. - Current inquiry service seems to be halfway to the eyes of buyers and sellers because of old inquiries on website, delay in response, existence of more attractive and effective websites, buyer's preference to make direct contact to suppliers, non-existence of assistance from NAFED in dealing with inquiries. 	
Objectives	<ul style="list-style-type: none"> - To provide user-friendly and customer-oriented services, in order to be close to the users (buyers, suppliers) and help them to realize the actual transaction 	
Activities (by step)	<ol style="list-style-type: none"> 1) Organizing the taskforce and decide assignment of each staff 2) Preparing the floor design and selecting the furniture and equipment for the Customer Center (facility to be newly established) 3) Ordering the furniture and equipment 4) Starting the staff training, and data / material preparation for consultation service 5) Setting the scope and standard procedures for inquiry / matching services 6) Demolishing Mini Display and moving the library to the Lounge 7) Installing the new furniture and equipment 8) Preparing for inauguration ceremony of the Customer Center 9) Holding the Inauguration ceremony 	
Section in charge	Existing organization	Secretariat, and other appointed centers and divisions
	New organization	Div. of One-Stop-Service in the Center for Customer Service

Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Expenses for purchasing office furniture and equipment - Design fee for preparation of floor plan - PR expenses for inauguration ceremony of Customer Center - Expenses for holding inauguration ceremony
Expected Achievement	<ul style="list-style-type: none"> - Customer Center is established in NAFED. - More user-friendly (accessible) environment is prepared. - Quality and user-satisfactory export consultation, inquiry / matching support, buyer reception services are provided. - More business transaction is facilitated by the Customer Center and materialized.

Action 7: Formation of free membership service for NAFED users (NAFED Club)

Background and necessity	<ul style="list-style-type: none"> - A critical issue for NAFED is that it lacks the means of communication with individual SME exporters. - It is expected that NAFED is able to suggest and conduct the practical services based on the needs of individual SME exporters, through establishing and maintaining the close communication between NAFED and SME exporters. 	
Objectives	<ul style="list-style-type: none"> - To commence a free membership service (NAFED Club) in order to have NAFED maintain close communication with and understand the real needs of the SME exporters - To provide the information on overseas markets and export promotion opportunity through membership service - To plan and implement effective and practical programs for export promotion based on the needs assessment identified from members 	
Activities (by step)	<ol style="list-style-type: none"> 1) Organizing the taskforce and decide assignment of each staff 2) Approaching to IETC alumni for membership of the proposed NAFED Club 3) Examining the scope of service of the Club, and required staffing and resources to render the service 4) Preparing the activity plan for the initial stage 5) Marketing to expand the members and seeking the cooperation with KADIN and etc 6) Holding the official opening ceremony 7) Implementing the initial phase activities 	
Section in charge	Existing organization	Secretariat, and other appointed centers and divisions
	New organization	Div. of Customer Support in the Center for Customer Service
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Meeting expenses (with IETC alumni group, KADIN, RETPCs alumni groups, etc.) - Expenses for holding the opening ceremony - Travel expenses (in case of regional trips) - Expenses for purchasing office furniture and equipment 	
Expected Achievement	<ul style="list-style-type: none"> - NAFED Club is established with members registered. - Joint programs for export promotion between NAFED and the club members are suggested and implemented. 	

Action 8: Business partnership program with global retailers

Background and necessity	<ul style="list-style-type: none"> - NAFED is expected to play a facilitating role and build a capability for business matching between local exporters and global retailers operating in Indonesia. - Through developing such a partnership, NAFED can support i) direct access to the overseas markets by SMEs and ii) exploration of local suppliers for global retailers (for daily use products in particular).
Objectives	<ul style="list-style-type: none"> - To help Indonesian SMEs to have the direct access to overseas markets through developing partnership program with the global retailers and facilitate global retailers to

	explore the quality local suppliers - To build capability of staff in business matching support	
Activities (by step)	<ol style="list-style-type: none"> 1) Listing of potential partners from global retailers operating in Indonesia 2) Discussion with potential partners on the possibility of alliance and products to be sourced (promoted) 3) Negotiation and closing of memorandum of understanding on partnership programs 4) Flow charting on how to identify suppliers which satisfy the requirements and appraisal on the identified suppliers 5) Facilitating the trade deal and contract between global retailers and selected suppliers 6) Review of partnership program and extension to other retailers 	
Section in charge	Existing organization	Centers for Market, depending on the retailer's origin
	New organization	Div. of Marketing Program in the Center for Export Promotion
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Mobilization of management consultant - Travel (both overseas and domestic) and meeting expenses 	
Expected Achievement	<ul style="list-style-type: none"> - Memorandum of understanding closed on partnership program with global retailers - Exporters selected as direct suppliers to global retailers - Volume and amount of deals made after the matching support 	

Action 9: Export Market Development Grant (EMDG) scheme

Background and necessity	<ul style="list-style-type: none"> - Some other TPOs undertake the grant provision scheme for individual exporters or associations to cater for their diverse and specialized needs for export market development. - NAFED can also start the grant scheme as a tool to answer such diverse and specialized needs of exporters. 	
Objectives	<ul style="list-style-type: none"> - To care for diverse and specialized issues and needs of individual exporters and associations, and to offer case by case support in an efficient and sequenced manner - To build the capacity of staff in design and appraisal of export promotion programs for exporters and associations 	
Activities (by step)	<ol style="list-style-type: none"> 1) Study on grant scheme by other TPOs, scheme design and guideline preparation 2) Socialization (for KADINs/association) and coaching (for interested applicants) 3) Announcement for application request and receiving the application 4) Screening of application and advice and consultation to brush up applications 5) Selection and confirmation of application to fix export development activity and cost 6) Implementation (initial grant provision) and monitoring of activities granted 7) Completion (cost reimbursement) of activities granted 8) Evaluation and reporting, and repeat 	
Section in charge	Existing organization	Secretariat-program, other appointed staffs from centers
	New organization	Center for Export Promotion Center for Customer Service
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Use of management consultant - Grant fund - Socialization and coaching seminars and travel expenses 	
Expected Achievement	<ul style="list-style-type: none"> - Export development activities signed for grant - New or expanded access to overseas buyers / markets (as a result of grant) - New or expanded deals of trade (as a result of grant) - Increase of export value by the granted beneficiary 	
Notes	The flow of the grant scheme is usually i) to let qualified exporters apply for the scheme with submission of their proposal on market development activity, ii) to advise and coach applicants to make their proposal more realistic and strategically furnished, iii) to provide	

	<p>the grant (reimbursable for 50% of the total costs as usual), and iv) to monitor and evaluate the activity granted.</p> <p>Export development activities may include, for example, market information acquisition, visit to market / buyer, sample product forwarding, brochure making, trade fair participation, material procurement for a large volume order, etc. The legitimacy, relevance and effectiveness should be examined carefully when a grant scheme for SMEs is introduced. Therefore, it is worth conducting a trial provision to a limited number of exporters to demonstrate its viability and efficacy.</p>
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Action 10: Capacity building for industrial cluster development program

Background and necessity	<ul style="list-style-type: none"> - NAFED initiated a cluster development program for the leather cluster in Jogjakarta, and scheduled to extend to another cluster. However, the progress of the program is considered slow. Advantages of NAFED (its intelligence, export consultation, access to overseas events, buyers and institutions, etc.) are not effectively utilized. - Capacity building for cluster development among NAFED staffs is desirable, which includes facilitator training, study on the best practice, study tour, preparation of working guideline, business planning for the next programs. 	
Objectives	<ul style="list-style-type: none"> - To build good understanding on the cluster development and its methodology, and train the capable staffs for the program management and field facilitation - To bring about the success model of cluster development program for NAFED 	
Activities (by step)	<ol style="list-style-type: none"> 1) Planning and scheduling of training program 2) Identification of trainers and training institutions and resources, and trainee selection 3) Implementation of training program 4) Study tour 5) Preparation of working guideline 6) Business planning of the next cluster program 7) Review of the training 	
Section in charge	Existing organization	Secretariat-program, TF for Human Resource Development
	New organization	Div. of Product 1 & 2 in the Center for Products
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Training providers (business planning, SME cluster development, guideline planner) - Facility charge for training (at IETC) - Training material costs and site study tour cost 	
Expected Achievement	<ul style="list-style-type: none"> - Program management expert and field facilitator trained - Understanding and knowledge increased on the cluster development - Business plan for the next program prepared 	

Action 11: Export dialogue with major exporting industries

Background and necessity	<ul style="list-style-type: none"> - NAFED lacks communication with users of its services (i.e., industries and exporters), being unable to identify their strategy and needs for export promotion and prepare more specialized and customized programs. - NAFED is also involved in the Presidential meeting on industrial affairs, but the instructions from this meeting are usually general for the whole industries. - Accordingly, NAFED should strengthen communications with the major exporting industries.
Objectives	<ul style="list-style-type: none"> - To implement export dialogue to strengthen communications with the industries - To establish a management system which covers from the identification of needs for export promotion of the private sector to NAFED's planning and budgeting of activities which reflect such needs - To make programs for export promotion more specialized and customized, and accountable for the needs of private sector

Activities (by step)	<ol style="list-style-type: none"> 1) Targeting a few exporting industries/products, and initial approach to the associations which represent targeted industries/products (confirmation of dialogue cooperation) 2) Preparation of dialogue agenda and reporting formats 3) First dialogue (identification of the strategy and needs for export promotion) 4) Second dialogue (strategy building and target setting) 5) In-house work for translating needs into the services and programs to be delivered 6) In-house work for budget preparation 7) Socialization of the results to the dialogue partners 8) Review of management system to enable dialogue and extension to other industries 	
Section in charge	Existing organization	Secretariat-planning, other appointed staffs from centers
	New organization	Div. of Product 1&2 in the Center for Products Div. of Strategic Planning in the Secretariat
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Mobilization of management consultant - Meeting and travel expenses 	
Expected Achievement	<ul style="list-style-type: none"> - Dialogues held, and strategy and needs identified for target industries/products - Services and programs prepared and budgeted through dialogues - Management system and dialogue formats prepared - Implementation of services and programs prepared through dialogue 	
Notes	<p>Export dialogue is a management process to draw strategies and needs and reflect them into NAFED's planning and budgeting in order to prepare more specialized and customized programs.</p> <p>Export dialogue is an initiative to strengthen communication with not only private sector, but also the ministries concerned with the industries to harmonize their programs into the export promotion programs by NAFED.</p>	

Action 12: Inter-ministerial coordination meeting: focal point for trade fairs

Background and necessity	<ul style="list-style-type: none"> - There is no coordination over trade fairs implemented by several ministries. - NAFED (in association with MOT) should commence coordinating effort among concerned ministries for export promotion programs. Initiative can start with the launching of inter-ministerial coordination meeting. - Acting as the focal point of export promotion programs of ministries, NAFED is expected to render consulting and networking supports to export promotion programs (fair, mission, business conference, etc.) by other ministries. 	
Objectives	<ul style="list-style-type: none"> - To harmonize the export promotion programs among the ministries to the direction of export policy, national priority and desirable rules of operation - To build the capacity of staff in rendering consulting and networking supports to export promotion programs by other ministries 	
Activities (by step)	<ol style="list-style-type: none"> 1) Internal discussion on the structure, members, frequency and agenda of coordination meeting (focal point for trade fairs) 2) Socialization of coordination meeting (focal point) to the ministries concerned 3) Scope of work preparation for consulting and networking supports by the focal point 4) Setting up of internal unit in charge 5) First coordination meeting and reporting 6) Repeat of coordination meeting 	
Section in charge	Existing organization	Secretariat-Exhibition, TF for Exhibition
	New organization	Div. of Exhibition in the Center for Export Promotion Div. of Networking & Coop. in the Center for Customer Service
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Meeting expenses - Furnishing cost for the unit 	

Expected Achievement	<ul style="list-style-type: none"> - Coordination meeting held - Topics and items agreed among the members - Focal point unit established - Provision of consulting and networking support for programs by other ministries
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7.3.3 Product Development (Brand / Design Promotion) Service

Action 13: Capacity development of NAFED staffs on design / brand development

Background and necessity	<ul style="list-style-type: none"> - Currently NAFED hardly provides constant services in the field of design development although it is expected to do so. - NAFED staffs should obtain basic knowledge of design development and establish a network with design-related institutions and associations for effective promotion of design development to SMEs. 				
Objectives	<ul style="list-style-type: none"> - To educate NAFED staffs who are newly assigned to the Division of Standard, Brand & Design in the Center for Products on the basic knowledge of design development - To establish a network with the design-related institutions and associations 				
Activities (by step)	<ol style="list-style-type: none"> 1) To develop a network with the design-related institutions and associations (this network is to be called "NAFED design network") 2) To prepare a curriculum to educate NAFED staffs on design development (for a half-day lecture held once a week for three months) in consultation with the above network (the curriculum is temporarily to be called "Design School") 3) To select lecturers from the above network 4) To hold a series of lectures 5) To monitor the progress and evaluate the results of the lectures 6) To feedback the evaluation result to planning of the next series of lectures 7) To keep continuous communication with the above network 				
Section in charge	<table border="1" style="width: 100%;"> <tr> <td>Existing organization</td> <td>P3WAE, and other appointed centers and divisions</td> </tr> <tr> <td>New organization</td> <td>Division of Standard, Brand & Design in the Center for Products</td> </tr> </table>	Existing organization	P3WAE, and other appointed centers and divisions	New organization	Division of Standard, Brand & Design in the Center for Products
Existing organization	P3WAE, and other appointed centers and divisions				
New organization	Division of Standard, Brand & Design in the Center for Products				
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Hiring experts of design development as lecturers - Expenses for holding meetings with the design-related institutions and associations - Expenses for preparing materials for lectures 				
Expected Achievement	<ul style="list-style-type: none"> - NAFED staffs obtain knowledge of design development. - NAFED develops and maintains network with design-related communities, institutions, and associations. 				
Notes	<p>A curriculum of the Design School may include;</p> <ul style="list-style-type: none"> - What design/brand development is - How design/branding makes differences in a market - Standard process of design/brand development - Scope of service by designer (how to work with designers) - Case studies of design development - Measures of design/brand development for local industries - Design management for SMEs - Global trend of design/brand 				

Action 14: Awareness campaign on importance of design / brand development to SMEs

Background and necessity	<ul style="list-style-type: none"> - Indonesian manufacturers need to develop their own products / design, when they increase added value and export competitiveness. - However, most local manufacturers do not understand the importance of developing
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	their own products/brands. Therefore, many exported products are manufactured according to design specifications provided by foreign buyers.	
Objectives	- To raise awareness of SMEs on importance of introducing own design to their products	
Activities (by step)	<ol style="list-style-type: none"> 1) To prepare a plan to hold seminars to educate SMEs on design development in Jakarta and other regions with Dinas, RETPCs, and IETC in consultation with design experts 2) To select lecturers from NAFED's design network 3) To develop materials for seminars (an example is "Handbook for Design Development, how to work with designers" through asking the experts of design development 4) To coordinate with Dinas, RETPCs, and IETC for the implementation of seminars 5) To advertise seminars to SMEs 6) To hold seminars in designated destinations 7) To evaluate seminars 8) To prepare a plan to hold seminars in the next year by reflecting evaluation results 	
Section in charge	Existing organization	P3WAE, and other appointed centers and divisions
	New organization	Division of Standard, Brand & Design in the Center for Products
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Expenses for holding seminars - Hiring experts of design development as consultants and lecturers - Traveling expenses in case of seminars in regions - Expenses for preparing materials for seminars 	
Expected Achievement	<ul style="list-style-type: none"> - Materials to raise awareness on design development are developed. - Understanding of SMEs on the importance of design development is improved. 	
Notes	An example of seminar material "Handbook for Design Development, how to work with designers" has been already prepared during the course of pilot project.	

Action 15: Training workshop of design / brand development to SMEs

Background and necessity	<ul style="list-style-type: none"> - Indonesian manufacturers need to develop their own products / design, when they increase added value and export competitiveness. - Even though Indonesian manufacturers want to develop their own products / design, they do not usually have knowledge and experience of design development. 	
Objectives	- To teach SMEs how to develop design by holding a training workshop	
Activities (by step)	<ol style="list-style-type: none"> 1) To prepare a plan to hold a training workshop to teach SMEs know-how of design development in consultation with design experts 2) To coordinate with IETC for the implementation of training workshop 3) To select tutors from the NAFED's design network 4) To develop contents of materials for a training workshop (An example of the contents is "Step-by-step know-how on design development." NAFED staffs coordinate the preparation of materials by utilizing the expertise of design development experts) 5) To advertise a training workshop to SMEs 6) To hold a training workshop 7) To evaluate a result of training workshop 8) To prepare a plan to hold a training workshop in the next year by reflecting the evaluation results (A training workshop shall be expanded to regions in the future.) 	
Section in charge	Existing organization	P3WAE, and other appointed centers and divisions
	New organization	Division of Standard, Brand & Design in the Center for Products

Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Expenses for holding a training workshop - Hiring experts of design development as consultants and lecturers - Expenses for preparing materials for a training workshop
Expected Achievement	<ul style="list-style-type: none"> - The materials for a training workshop are developed. - SMEs' capability to develop design is developed.

Action 16: Design-related information provision service to SMEs and designers

Background and necessity	<ul style="list-style-type: none"> - SMEs who export their products to overseas markets have to comply with the standards and regulations of products, packaging and labeling in designated countries. However, it is not easy for SMEs to find the related information on these matters. - Even if SMEs want to add design development to their product development process, it is difficult for them to find design-related information such as how to find a designer. 				
Objectives	<ul style="list-style-type: none"> - To provide information service on export related standards / regulations, and design development to SMEs and designers 				
Activities (by step)	<ol style="list-style-type: none"> 1) To make a plan of starting a design-related information providing service to SMEs and designers 2) To collect design-related information (see the notes for the details of the information to be collected) in cooperation with ITPCs, RETPCs, Dinas, NAFED's design network 3) To process collected information and make basic information available through website 4) To set up an inquiry desk at the Division of Standard, Brand & Design attended by NAFED staff(s) and a design expert (the inquiry desk shall be held one or two times a week and receive an inquiry by appointment.) 5) To provide necessary information and consultation at the inquiry desk and follow-up the results (consultation will cover such as how to proceed design development process, introduction of the relevant designers, etc.) 6) To get feedback from users of NAFED's website and the inquiry desk 7) To prepare a plan of the next year's operation by reflecting feedback from users 				
Section in charge	<table border="1"> <tr> <td>Existing organization</td> <td>P3WAE, and other appointed centers and divisions</td> </tr> <tr> <td>New organization</td> <td>Division of Standard, Brand & Design in the Center for Products</td> </tr> </table>	Existing organization	P3WAE, and other appointed centers and divisions	New organization	Division of Standard, Brand & Design in the Center for Products
Existing organization	P3WAE, and other appointed centers and divisions				
New organization	Division of Standard, Brand & Design in the Center for Products				
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Expenses for collecting information - Expenses for processing information and uploading information on NAFED's website - Hiring experts of design development at the inquiry desk 				
Expected Achievement	<ul style="list-style-type: none"> - Design-related information resources are accumulated at NAFED. - Design-related information (such as a list of designer) is available to SMEs and designers through website. - A design-related inquiry service by NAFED is available to SMEs. 				
Notes	<p>The information to be collected and provided may include;</p> <ul style="list-style-type: none"> - Domestic and international design information (magazines, commodities, overseas design awards); - Designers' information with their work samples (design associations, design offices, freelance designers); and - Standards and regulations of products, packaging, and labeling in countries to which Indonesian products are exported. 				

Action 17: Support to design / brand development by matching SMEs and designers

Background and necessity	<ul style="list-style-type: none"> - Even though SMEs want to develop design by themselves, they often lack knowledge, experience, and budget. They also do not know how to use designers for the design development.
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	<ul style="list-style-type: none"> - On the other hand, even if designers want to work with SMEs for design development, it is difficult for them to find the SMEs who are willing to utilize designers. - Since both SMEs and designers rarely have experience of collaborative work in design development, it is worth matching SMEs and designers for their design development. 	
Objectives	<ul style="list-style-type: none"> - To support design development of SMEs through the support of matching to the relevant designers 	
Activities (by step)	<ol style="list-style-type: none"> 1) To prepare Indonesian designer database in cooperation with NAFED's design network 2) To prepare the standard operational procedure, guidance book for design development by SMEs ("Handbook for Design Development, how to work with designers") for matching service 3) To prepare the standard contract form for the provision of designer service, and application procedure and forms for the matching service 4) To prepare the budget plan for matching service (subsidy to provided for some portion of designer service fee can be studied) 5) To socialize the matching service among stakeholders and hold the guidance session for procedures of matching service 6) To launch the pilot phase of matching scheme with targeting the design development of particular commodities 7) To evaluate the pilot phase of matching service, and prepare for the next phase 8) To launch the next phase of matching service, extending the types of commodity) 	
Section in charge	Existing organization	P3WAE, and other appointed centers and divisions
	New organization	Division of Standard, Brand & Design in the Center for Products
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Subsidy budget to cover designer service fee - Hiring experts of design development - Expenses for preparation of designer database - Expenses for printing guidance book / standard forms required for matching service - Expenses for PR activities and socialization seminars 	
Expected Achievement	<ul style="list-style-type: none"> - Designer database prepared - Standard operational procedure for matching service, guidance book for design development, and standard contract form for the provision of designer service prepared - PR activities and socialization seminars held - Designers matched and designer service contracts facilitated - Products or design developed by SMEs through the matching scheme 	
Notes	It is recommended that this program primarily focus on industrial design development. In the future, it shall be applied to packaging design and other types of design. Excellent SMEs participating in this service can be given a priority for opportunity to participate in overseas trade fairs and missions sponsored by NAFED.	

7.3.4 Networking and Alliance

Action 18: Establishment of government support desk

Background and necessity	<ul style="list-style-type: none"> - NAFED lacks the contacts with regional governments and involvement in their programs. To address such a weakness, NAFED is expected to set Government Support Desk, which functions as a contact window for the regional governments. - Support desk is to receive and answer the inquiry and request such as participation in the regional programs, information provision on overseas markets and events, referral service on overseas buyers and institutions, seminars, and so on.
Objectives	<ul style="list-style-type: none"> - To facilitate more contacts with the regional governments and greater involvement in the regional programs
Activities (by step)	<ol style="list-style-type: none"> 1) Internal discussion on the structure, staffing, handling flow of inquiry and request, publicizing strategy for the desk

	2) Socialization of the support desk to the concerned ministries, regional governments 3) Setting up of the support desk 4) Operation of the support desk 5) Periodic reporting	
Section in charge	Existing organization	Secretariat-Program, TF for Public Relations
	New organization	Div. of Networking & Coop. in the Center for Customer Service
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Meeting expenses - Furnishing cost for the desk 	
Expected Achievement	<ul style="list-style-type: none"> - Publicizing activity conducted - Desk established - Inquiry and request increasingly received from regional governments - Increasing involvement and provision of inputs into regional programs 	

Action 19: Support program for RETPCs and alumni

Background and necessity	<ul style="list-style-type: none"> - Although RETPCs are also responsible for export promotion for local industries, their services are largely limited to the referral of NAFED programs (trade fair opportunity) and liaison for NAFED (identification of potential exporters). - RETPCs do not have a significant promotional activity with their own accord due to the limited budget and staffing. NAFED recognizes that their capacity for promotion activity should be enhanced to deliver quality consultation and locally specialized services to local industry. 	
Objectives	<ul style="list-style-type: none"> - To build capacity of RETPC promotion staffs in designing locally-specialized services - To support alumni activity through preparation and implementation of the export promotion programs for them <p>This support consists of i) mapping and profiling of alumni products, ii) product selection for promotion, iii) development of promotion strategy and programs, iv) budget support for the programs (design development, product adaptation, trade fair and specialized marketing mission, etc.)</p>	
Activities (by step)	<ol style="list-style-type: none"> 1) Planning of training for RETPC promotion staffs 2) Implementation of training for RETPC promotion staff in cooperation with IETC 3) Initial discussion between RETPCs and alumni members 4) Mapping and profiling of alumni products 5) Product selection for promotion 6) Development of promotion strategy and programs 7) Implementation of (budget support for) selected programs 8) Monitoring and evaluation of the promotion program implemented 	
Section in charge	Existing organization	Secretariat-Program, IETC, other appointed staffs from centers
	New organization	Div. of Networking & Coop. in the Center for Customer Service in cooperation with IETC
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - IETC training cost (lecturers, facility, material, traveling of RETPC staffs, etc.) - Travel expenses to / from RETPCs and meeting expenses - Study cost for mapping and profiling of alumni products - Implementation cost for selected promotion programs (with ceiling) 	
Expected Achievement	<ul style="list-style-type: none"> - Capable export promotion staff trained in RETPCs - Mapping and profiling of alumni products prepared - Promotion strategy and programs prepared and implemented for alumni members - New or expanded access to overseas buyers / markets by alumni members 	

Action 20: NAFED information desk in the regions

Background and necessity	<ul style="list-style-type: none"> - The present outreaching arms of NAFED to regional exporters comprise Dinas for Industry & Trade, and RETPCs. - Expansion of the regional network of NAFED will become a very crucial, if NAFED seeks for more regional exporters to be consulted for support. - NAFED also needs to take care for the lack of trade consultation capability of RETPC staffs. 	
Objectives	<ul style="list-style-type: none"> - To build capability of RETPC & Dinas staffs in export consultation skill - To expand NAFED's regional network, which functions to provide the information and consultation on NAFED's services and programs - To assign provincial KADIN or other relevant institutions as NAFED desk under the operational agreement 	
Activities (by step)	<ol style="list-style-type: none"> 1) Planning of training for export consultation skill of RETPC & Dinas staffs 2) Selection of trainees from RETPC & DINAS staffs 3) Implementation of training in cooperation with IETC 4) Discussion with provincial KADINs on the scope of NAFED information desk 5) Negotiation and closing of partnership agreement on the desk 6) Preparation of common logo and basic facility plan for the desk 7) Setting up support for the desk 8) Review of periodical report from information desk 	
Section in charge	Existing organization	Secretariat-Cooperation, IETC, TF for Inquiries
	New organization	Center for Customer Service
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - IETC training cost (lecturers, facility, material, traveling of RETPC/Dinas staffs, etc.) - Travel expenses to/from RETPC, Dinas, Provincial KADINs, and meeting expenses 	
Expected Achievement	<ul style="list-style-type: none"> - Capable consultation staff trained in RETPC/Dinas - Information desks set-up in provincial KADINs - Inquiries and requests increasingly received in RETPC/Dinas and provincial KADINs 	

Action 21: Business partnership program: service providers

Background and necessity	<ul style="list-style-type: none"> - NAFED by itself is not able to respond to the diversity of problems faced by exporters (credit, logistics, raw materials, quality inspection, etc.). - NAFED should proactively develop the alliance with external institutions to facilitate exporters to solve such issues. Among the issues, NAFED can engage in partnership agreement with financial institutions and start the referral support to help exporters to access to export credits. 	
Objectives	<ul style="list-style-type: none"> - To expand the range of care for exporters for their export development through building alliance with the external institutions, financial institutions in particular 	
Activities (by step)	<ol style="list-style-type: none"> 1) Listing of potential alliance partners from financial institutions 2) Flow charting on how to identify exporters which face financing difficulty 3) Discussion with potential alliance partners on the scope of alliance 4) Negotiation and closing of memorandum of understanding on alliance 5) Start of referral service to financial institutions 6) Periodic review of alliance program 	
Section in charge	Existing organization	Secretariat-Cooperation, other appointed staffs from centers
	New organization	Div. of Networking & Coop. in the Center for Customer Service
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Mobilization of management consultant - Travel and meeting expenses 	

Expected Achievement	<ul style="list-style-type: none"> - Memorandum of understanding closed on alliance with financial institutions - Exporters referred to alliance partners - Credit or finance closed as a result of referral
Notes	<p>Through an inquiry service, follow-up support after trade fairs, membership service (proposed) and potential exporter identification, NAFED is able to identify exporters who face difficulty in accessing export credit.</p> <p>Other potential alliance partners include logistics, legal and superintending service providers, and insurance companies, etc.</p>

Action 22: Export education for people's awareness building

Background and necessity	<ul style="list-style-type: none"> - It is considered that the awareness on the importance of export and export promotion among the public is low. - There are only few education programs for raising this awareness, especially for students of the tertiary education. 				
Objectives	<ul style="list-style-type: none"> - To raise awareness of the public, university students in particular, on the importance of export to Indonesian economy and the role of promotion measure, i.e., NAFED - To prepare the curriculum and kits for lecture/seminar, and to dispatch lecturers at several universities - To gain wider presence of NAFED among the public 				
Activities (by step)	<ol style="list-style-type: none"> 1) Detailed planning of education program (theme, frequency, place, staffing, etc.) 2) Contact and discussion with candidate universities on the possibility and contents 3) Preparation of curriculum and materials, and selection of lecturers 4) Holding of lecture and seminar, and extension to other tertiary institutions 5) Preparation of the competition event for export promotion planning 6) Announcement of the competition through advertisement and publicity 7) Organization of assessment committee and awarding 				
Section in charge	<table border="1"> <tr> <td>Existing organization</td> <td>Secretariat-Cooperation and TF for Public Relations</td> </tr> <tr> <td>New organization</td> <td>Div. of Networking & Coop. in the Center for Customer Service</td> </tr> </table>	Existing organization	Secretariat-Cooperation and TF for Public Relations	New organization	Div. of Networking & Coop. in the Center for Customer Service
Existing organization	Secretariat-Cooperation and TF for Public Relations				
New organization	Div. of Networking & Coop. in the Center for Customer Service				
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Mobilization of management consultant - Travel and meeting expenses - Curriculum, material and kit preparation cost (in cooperation with universities) - Advertisement and event organizing cost (for export planning competition) 				
Expected Achievement	<ul style="list-style-type: none"> - Lectures and seminars provided and students' awareness raised - Increased number of students who approach to MOT for job opportunity - Many export promotion plans submitted to the competition 				
Notes	<p>Contents of lecture include globalization, role of export to the economy, model case of export development, issues and challenges faced by Indonesian exporters. NAFED may also launch a competition event for export promotion planning on how to promote export of particular products.</p>				

7.3.5 Organization and Management System

Action 23: Preparation and implementation of organizational restructuring

Background and necessity	<ul style="list-style-type: none"> - Exporters' and buyers' needs have tended to diversify. NAFED is required to provide more effective services. Accordingly, NAFED should acquire more specialized expertise for each type of export promotion activity. - It is recommended to reorganize NAFED to be a functional organization which is principally divided by service function in order to realize the specialization and accumulation of expertise in each type of service for better quality of services.
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Objectives	- To reorganize NAFED from the current organization by region to an organization by service function	
Activities (by step)	<ol style="list-style-type: none"> 1) To set up a task force team for organizational change 2) To draw a road map and time schedule for organizational change 3) To draw a new organizational chart and prepare an academic paper to apply for the approval of State Ministry of State Administrative Reform (MENPAN) 4) To get an approval of MOT for organizational change and submit an application to MENPAN 5) To get approval of MENPAN 6) To announce an organizational change to staffs and achieve full awareness and understanding of staffs 7) To formulate a staff list in a new organization and announce personnel change 8) To prepare a plan of operation and budget for each center / secretariat under the new organization 9) To carry out necessary training to the staff under the new organization 10) To implement the organizational reform 11) To announce the completion of organizational reform to the stakeholders and public 12) To monitor the operation under the new organization and make necessary adjustments 	
Section in charge	Existing organization	Div. of Program & Coop. in Secretariat, and taskforce for organizational reform
	New organization	Div. of Strategic Planning & Evaluation in Secretariat, and taskforce for organizational reform
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Support (for personnel affairs and staff training) from the Bureau of Personnel in MOT - Mobilization of local management consultants (operational procedure re-processing, human resources management, evaluation, development system) 	
Expected Achievement	<ul style="list-style-type: none"> - NAFED's organization set-up is changed to the one by service function, and customer-oriented service is offered to customers more effectively through the Center for Customer Service. In addition, the units for each product and for brand / design promotion are newly established. - Specialization of service and accumulation of expertise / know-how are enhanced in each concerned unit. - Market information and data are more systematically managed and processed, and shared by NAFED staff. - Organizational reform offers an opportunity to change its organizational culture. 	

Action 24: Establishment of "Management by Objectives" and evaluation system

Background and necessity	<ul style="list-style-type: none"> - Individual performance of each staff is not fully recorded although performance evaluation is necessary for personnel evaluation. Performance evaluation of NAFED's activities is limited to exhibitions. - Introduction of management by objectives (MBO) and improvement of evaluation method are desirable at NAFED because improvement of activities can be possible only when the past activities are properly evaluated according to its original objectives.
Objectives	<ul style="list-style-type: none"> - To establish an MBO system with the purpose of improving NAFED's activities both at unit level and individual level - To have each unit prepare a plan and set objectives of activities, objectively evaluate results of activities and make improvements - To have each staff make a plan and set objectives of activities, objectively evaluate results of activities and make improvements
Activities (by step)	<ol style="list-style-type: none"> 1) To examine the MBO system based on the concept of Plan-Do-Check-Action (PDCA) 2) To modify and extend the Balanced Scorecard (BSC) being introduced by MOT

	according to the requirements of NAFED 3) To prepare BSC sheets for MBO management 4) To hold briefing workshops on MBO to staffs 5) To put an MBO system based on BSC into practice in NAFED 6) To conduct evaluation of performance of both each unit and staff, and make necessary improvements based on the results of evaluation	
Section in charge	Existing organization	Div. of Program & Coop. and Div. of Personnel & General Affairs in Secretariat
	New organization	Div. of Strategic Planning & Evaluation and Div. of Human Resource Management in Secretariat
Required inputs (other than NAFED staff mobilization)	- Mobilization of local consultant for the Balanced Scorecard	
Expected Achievement	- An MBO system is introduced to NAFED. - Performance of each unit and staff is more objectively evaluated. - Activities are improved through objective evaluation of performance. - Staffs become conscious of their contribution to the organization through proper evaluation of their performance.	
Notes	MOT is introducing the BSC as a management tool of its organization. Therefore, it is advisable for NAFED to prepare an MBO system based on the BSC designed by MOT.	

Action 25: Establishment of sound management system with ISO9000 certification

Background and necessity	- Major issues of NAFED management include a lack of standard procedures of its services and programs (available only for trade fairs, mission, etc.), a lack of knowledge / know-how sharing among staffs and centers, and weak monitoring and feedbacking due to poorly-set management objectives and performance indicators. - It is also pointed out that task description of each unit is not clarified and that a review of operation performance by management staffs (periodical meeting for operational report) has been hardly practiced. - Accordingly, it is worth building a firm management system in NAFED, which addresses such managerial weakness. In this regard, the acquisition of ISO9000 can provide a better solution.	
Objectives	- To establish a firm and reliable management system through the acquisition of ISO9000 certification - To establish standard job procedures for major services/programs, job descriptions of each unit - To establish a knowledge management system, management review system and customer feedback system	
Activities (by step)	1) To set up a taskforce for the acquisition of ISO9000 and study an ISO9000 2) To hire external (local) consultants for the assistance to the preparation 3) To carry out a preparatory work as instructed by the external consultants 4) To complete a temporary system of ISO9000 5) To set up a unit responsible for ISO9000 within NAFED 6) To operate a temporary system for a certain period 7) To evaluate a temporary operation and make necessary modifications 8) To apply for certification to be accredited by an auditing organization 9) To formally introduce ISO9000 to NAFED and periodically receive external auditing	
Section in charge	Existing organization	Div. of Program & Coop. in Secretariat and taskforce team
	New organization	Div. of Strategic Planning & Evaluation in Secretariat, and taskforce team

Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Mobilization of external consultants - Mobilization of experienced staffs from IETC - Application fee for certification - Service fee for auditing
Expected Achievement	<ul style="list-style-type: none"> - ISO9000 management system is successfully certified. - Standard procedures and task descriptions are prepared. - NAFED is managed based on ISO9000 management system.
Notes	IETC has been certified for ISO9000. NAFED can learn the process and preparatory work for certification from IETC.

Action 26: Introduction of new human resource management system

Background and necessity	<ul style="list-style-type: none"> - In order to change the way of work and organizational culture of NAFED to be more customer-oriented and business-minded like the private sector, it is desirable for NAFED to introduce a total human resource management (HRM) system which covers personnel evaluation, personnel relocation, compensation, and human resource development (HRD). - It is also recommended that NAFED have its own career path system apart from that of MOT, because the expertise and personnel required for NAFED are different from those of MOT. Strategic job rotation based on its own career path system should be carried out so that staffs can accumulate wide range of knowledge and expertise. 	
Objectives	<ul style="list-style-type: none"> - To introduce a total HRM system and a multi-career path system to NAFED - To prepare an human resources development plan, according to a new HRM and career path systems 	
Activities (by step)	<ol style="list-style-type: none"> 1) To study HRM and career path systems of other TPOs 2) To design a multicareer path plan and a total HRM system 3) To consult with MOT for new career path and HRM system and make necessary modifications 4) To prepare an personnel record for each staff including capability, competency, work experience and performance, and training record 5) To identify a career path of each staff and formulate an HRD plan based on personnel record 6) To implement HRM and career path systems 7) To commence a regular job rotation based on the career path system and performance evaluation, and also implement HRD plan 8) To monitor an operation of total HRM system and make necessary adjustments 	
Section in charge	Existing organization	Div. of Personnel & General Affairs in Secretariat
	New organization	Div. of Human Resource Management in Secretariat
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Support from the Bureau of Personnel in MOT - Mobilization of local management consultants (human resources management, evaluation, development system) 	
Expected Achievement	<ul style="list-style-type: none"> - Multi-career path system is operated along with new HRM system. - Selection of career path by staffs is realized. - Staffs in management unit and service unit are regularly and alternatively rotated. - HRD plan is prepared for each staff following the analysis of personnel record. 	

Action 27: Renewal of Visual Identity (VI)

Background and necessity	<ul style="list-style-type: none"> - The corporate identity of NAFED is not well recognized by exporters, overseas buyers, and the public, and the expression of identity is not coordinated in NAFED. NAFED currently uses the logo of MOT on stationary, business card, etc., its own logo is not
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	<p>used.</p> <ul style="list-style-type: none"> - A renewal of NAFED logo and an establishment of visual identity (VI) will serve a creation of new image of NAFED and contribute to an effective delivery of its export promotion programs. 	
Objectives	<ul style="list-style-type: none"> - To create new VI of NAFED with renewal of logo, in view of improving its image and raising the recognition of NAFED among its users and public 	
Activities (by step)	<ol style="list-style-type: none"> 1) To set up a taskforce for VI development 2) To design several candidate logos after setting images to be conveyed 3) To ask staffs, exporters and buyers for the evaluation of candidate logos 4) To check the existence of similar logo and possibility of violating registered designs, and decide a new logo 5) To prepare a VI manual which prescribes the use the logo Use of logo on communication media (business card, letterhead, envelope, brochure, catalog, report, newsletter, etc.) and design of advertising media (sign board, exhibition booth, website, etc.) are regulated in this manual. 8) To renew the design of all communication / advertising medias according to the manual 	
Section in charge	Existing organization	Div. of Personnel & General Affairs in Secretariat
	New organization	Div. of General Affairs in Secretariat
Required inputs (other than NAFED staff mobilization)	<ul style="list-style-type: none"> - Mobilization of design consultants - Printing and preparation expenses for communication and advertising medias using new logo 	
Expected Achievement	<ul style="list-style-type: none"> - Images held by users and public are changed and improved. - Exhibition booth, printed material and other communication / advertising medias are visually integrated with a new logo. - NAFED staffs are aware of the importance of design. 	

CHAPTER 8 ACTIONS OF NAFED TO RECOMMENDATIONS

During the course of the Study, the Study Team has frequently discussed with NAFED and MOT concerning the directions and actions required for the strengthening of NAFED's functions and services based on the Interim Report and Progress Report II. In addition, four Pilot Projects were conducted in cooperation with NAFED to demonstrate whether proposed actions would work in NAFED and contribute to the capacity building of NAFED staffs. Recommendations of the Study and results of the Pilot Projects are basically accepted and supported by NAFED and MOT.

It is also noted that the NAFED reform is regarded by MOT as the first subject of administrative reform now being prepared in MOT. Furthermore, prior to the completion of the Study, some actions proposed by the Study Team has been taken or discussed for implementation within the coming few years. This has been largely owing to a strong eagerness for NAFED reform held by its staffs and a strong leadership of the chairperson of NAFED. In this regard, it can be concluded that NAFED seriously takes the recommendations of the Study (i.e., Master Plan and Action Plans) as its own agenda and is willing to play a role model of the said administrative reform. Major actions taken or discussed for implementation are summarized as follows.

8.1 Restructuring of Organization

The most outstanding action taken by NAFED following the recommendations by the Study Team is a preparatory work for organizational restructuring of NAFED, which will transform its organizational set-up from the current regional-based one to service-function-based one.

The chairperson of NAFED (together with the Study Team) explained the proposal of organizational restructuring to MOT in January 2008. The Minister and high-ranked officials of MOT have presented their willingness to support the presented restructuring of NAFED. NAFED is now laying the groundwork for reorganization among the stakeholders including the State Ministry of State Administrative Reform (MENPAN) which supervises and approves any kinds of administrative and organizational reform of the government and agencies.

NAFED has worked out a proposal (titled as "academic report") which shall be submitted to MENPAN through MOT for the application to organizational reform. As of the end of the Study, NAFED plans to submit the academic report to MENPAN, and to commence the organizational restructuring after receiving the approval of MENPAN by July 2009.

In addition to the organizational restructuring, NAFED is expected to pursue the model role of administrative reform of the entire MOT along with the guidance of MENPAN. Administrative reform, aiming at an improvement of civil service performance, requires the establishment of new personnel management system and usually associates with organizational restructuring. As of the end of the Study, NAFED plans to change the organizational structure at first, and commence the preparation of administrative reform in accordance to the guideline of MENPAN.

In order to realize the smooth transition to the proposed organizational structure, NAFED decided to form a shadow organization and appointed (although not officially) directors (echelon II) and managers (echelon III) to each new center under the proposed organization. The Study Team, upon the request from the chairperson of NAFED, provided its staffs with in-depth guidance for the task / function of each proposed center, and advised them on how the organizational restructuring shall be proceeded. As of the end of Study, NAFED has commenced drafting the roadmap of the organizational restructuring and is preparing for establishment of the taskforce for restructuring works by issuing the decree of chairperson.

8.2 Actions Taken Following the Pilot Projects

Following the implementation of four Pilot Projects, a few derivative actions have been taken with NAFED's own initiative to be implemented within the coming few years.

(1) Launch of marketing mission program

Following the identification of needs for export promotion programs through the Export Dialogue, NAFED has decided to conduct "marketing mission" program from the fiscal year 2009. This is a new program for NAFED, although popular in a few other TPOs. A taskforce has already prepared the terms of reference, standard operational procedures and budget plan for this program, and proposed five programs to the chairperson.

The chairperson agreed to proceed with the proposed program. Although the budget allocation from MOT is in short for launching the new programs of marketing missions, NAFED has successfully secured the financial contribution for this program from the external source, the Bank Indonesia. The preparatory work for this program is on-going. Appendix of Pilot Project Report explains the details.

(2) Launch of design clinic service and establishment of designer database

With the experience of holding design seminars and mini-clinics during the pilot project, a taskforce (the pilot project team) has proposed to continue and expand a design clinic service, and to develop designer database. This program intends to further raise the awareness of

design by SMEs and provide quick consultation to those who need advice and access to support on design development. Program proposal has been submitted to the chairperson and been waiting for the budgeting.

In addition, the handbook of design development for Indonesian SMEs (how to work with professional designers) was prepared by the JICA Study Team and the pilot project team. This handbook was delivered to the chairperson through the project team, the chairperson decided to print and distribute this handbook to local exporters. IETC also decided to start the training course on design development for SME exporters, using this handbook as a material, from the fiscal year of 2009.

8.3 Actions Taken According to Other Recommendations

(1) Establishment of database for market information

As recommended in the Action Plan, the chairperson of NAFED has ordered the Center for Export Information Service to prepare the database of market information and data (including access to popular websites of market information, market reports sent by ITPCs, list of buyers and suppliers, and other relevant information). The database shall be accessible to all the staffs of NAFED through the intranet so that any necessary information and data can be instantly obtained for their use or for their response to a customer's request without a procedure of physical request to the Center for Export Information Service. The proposed Customer Center can also utilize this database facility for their quick and extensive response to requests from customers.

(2) Clarification and enlargement of tasks of ITPCs

As also recommended by the Study Team, NAFED has taken an initial step to strengthen the functions of ITPCs through the clarification and enlargement of assigned tasks of ITPCs. The Study Team supported the preparation of task description (or minimum duty) of ITPCs. As of the end of the Study, the task description is being reviewed by the legal bureau of MOT.

The number of ITPCs is being expanded to 20 in total. Although the present structural position of ITPCs has been unclear in MOT as indicated by the Study Team, NAFED drafted the new regulation so that ITPCs shall be legally positioned under the structure of NAFED. Hereafter, it is necessary for NAFED to closely monitor their performance. In this regard, NAFED plans to establish a new unit particularly for directing and controlling the operation of ITPCs in the proposed new organization, as recommended by the Study Team.

8.4 Remarks for Further Action by NAFED

The Study Team considers that NAFED does not have to follow or implement the recommendations and proposed actions by the Study Team completely as the Study Team recommended. The Study Team hopes NAFED to fully utilize the recommendations by modifying them as its own way through further discussions among NAFED staffs and with the stakeholders.