

APPENDIX

3. Results of Organization Culture Survey

Organizational Culture Survey for NAFED Employee



Analysis Results & Findings

JICA Study Team

August 2007

Survey Outline

1. Objective	To draw the employee's view on management practices of NAFED and inputs for refining the Master & Action Plans
2. Sample No.	113 effective out of 250 random distribution
3. Questionnaire	39 questions under 13 category Degree selection style (1 to 5)
4. Schedule	Questionnaire distribution: July 2007 Analysis: August 2007

Distribution of collected questionnaire

By Center	
1. Secretariat	34
2. Center for Export Information Service	22
3. Centers for Market Development	36
4. Indonesian Export Training Center	21

By Academic Background	
1. High-school graduate	22
2. Diploma graduate	39
3. University graduate	52

By Age	
1. Over 50	35
2. 40 – 49	55
3. Below 40	23

By Sex	
1. Men	71
2. Women	42

Result (1)

13 Categories		Average	Standard Deviation
A. Understanding of vision & objectives		3.24	0.759
B. Process of decision-making		3.03	0.755
C. Authority and its delegation		3.03	0.735
D. Resource allocation		2.93	0.847
E. Customer orientation		3.25	0.862
F. Personnel System		2.92	0.792
G. Human resource development		3.05	0.754
H. Knowledge management		3.23	0.792
I. Internal communication		3.00	0.754
J. Working atmosphere		3.32	0.829
K. Cooperation with other sections		3.13	0.670
L. Satisfaction with job and task		3.14	0.848
M. Challenging environment		3.03	0.747

Finding: Relatively, many are unsatisfied with “resource (staff, fund) allocation” and “personnel system”. Categories such as “customer orientation”, “working atmosphere” and “satisfaction with job” get the higher rating on average, but have the larger deviation of individual marking.

Result (2-a)

39 questions under 13 categories		Ave.	S.D.
A.	A1_ The staffs are familiar with the vision and the future direction of the organization. A2_ Objective and scope of present job and task is given clearly. A3_ Desired standard of performance for present job and task are given clearly.	3.29 3.28 3.16	0.690 0.818 0.763
B.	B1_ Decision-making is based on subjective and logistical processes. B2_ Decision-making is fast. B3_ Participants and method of decision-making are satisfactory.	3.10 3.03 2.97	0.767 0.818 0.674
C.	C1_ Lines of authority and reporting are established clearly. C2_ The organization sufficiently delegates the authority over decisions for efficient operation. C3_ Idea and opinion of junior staffs are reflected into the decision by the organization.	3.19 3.03 2.88	0.754 0.725 0.696
D.	D1_ Internal resources (budget, staff, etc.) are efficiently allocated without restrictions. D2_ The organization is well staffed, considering the volume and difficulty of job and task. D3_ There is opportunity to join the job and task (or project) which I desire.	2.97 2.88 2.94	0.713 0.908 0.909
E.	E1_ Present job and task are performed, standing at the customer's point of view. E2_ The organization emphasizes awareness of customer needs. E3_ Staffs are sensitive to the changes in surrounding business environments.	3.27 3.32 3.16	0.887 0.909 0.786
F.	F1_ Changes in personnel and job are made appropriately. F2_ Your position is evaluated according to your capability. F3_ Personnel promotion regardless of seniority is made.	2.81 3.00 2.96	0.705 0.824 0.834
G.	G1_ The organization is keen on human resource development and capacity building. G2_ Staff education and training is structured and systematized. G3_ Practical and useful training programs to the actual job are available.	3.21 2.88 3.05	0.761 0.704 0.766
H.	H1_ Your personal knowledge & know-how are communicated with other staff and shared. H2_ When I need advice for the job, I am familiar with how to find this and who to ask for this. H3_ Results and lessons in the past are reflected into the following planning and decision-making.	3.10 3.36 3.23	0.694 0.887 0.768

Result (2-b)

39 questions under 13 categories		Ave.	S.D.
I.	I1_ Communication between the senior and junior staff is active and frequent.	3.19	0.739
	I2_ Communication among centers / divisions is active and frequent.	3.01	0.773
	I3_ Discussion on the matters beyond the scope of individual work is active and frequent.	2.81	0.705
J.	J1_ Staffs in the organization are mutually respected and supported.	3.40	0.819
	J2_ Working with other staffs is a fun.	3.39	0.795
	J3_ The future of the organization and job is considered to be bright.	3.19	0.861
K.	K1_ Centers or divisions actively support each other.	3.13	0.713
	K2_ Requests and claims from other centers or divisions are appropriately responded to.	3.10	0.694
	K3_ Interface with other centers and divisions are appropriately working.	3.15	0.601
L.	L1_ Present job and task are performed with enthusiasm.	3.26	0.821
	L2_ Present job and task are challenging enough.	3.26	0.799
	L3_ There will not be something more important to do than what I am doing presently.	2.91	0.882
M.	M1_ It is easy to present the conflicting and different opinions in the discussion.	3.16	0.786
	M2_ New challenges and ideas are supported and tried without resistance.	2.89	0.699
	M3_ There is atmosphere to accept the failure (against the challenge, not mere mistake).	3.06	0.735

Finding:

Weaker points in management concentrate on the aspects of overall staffing, job-matching / rotation system (but the deviation is larger), HRD according to career path needs, communication beyond the scope of individual work, challenge-ship.

On the other hand, the staff in general values the better mark on the aspects of mutual support among staff, working atmosphere, access to advice, awareness on customer needs (but the deviation is larger for the last two).

Result by attributes (1)

Finding: by age	
1.	As age becomes older, the rating over management practices becomes lower. <u>Negative rating among seniors concentrates on the aspects of decision-making process, resource allocation, personnel system, HRD (training according to career path in particular), internal communication (lack of communication beyond the scope of individual work).</u>
2.	On the other hand, juniors shows relatively positive rating over the aspects of <u>customer orientation, knowledge sharing, working atmosphere, satisfaction with job.</u> But they share the negative rating on resource allocation and personnel system.
3.	Analysis by age might indicate an existence of mass of “poorly contacted staff” particularly in senior ages (over 50).

Finding: by sex	
1.	Comparison between men and women does not make a significant difference, <u>except for women’s higher rating over awareness on the customer needs and mutual support among staff, and their lower rating on job opportunity, atmosphere to allow mistake, and decision-making speed.</u>

Result by attributes (2)

Finding: by academic background	
1.	High-school graduates show the lower rating over management practices. Negative rating among this segment concentrates on the aspects of <u>decision-making process, authority & its delegation, resource allocation, customer orientation, personnel system, cooperation with other section, and satisfaction with job.</u>
2.	University graduates also share the negative rating on the aspects of decision-making process, authority & its delegation, resource allocation, personnel system, but not as much as high-school graduates rate.
3.	High-school graduates are the segment which might have been most discouraged, putting markedly lower rating in <u>job opportunity, evaluation by capability.</u>

APPENDIX

4. Task Description under the Proposed Organization of NAFED

Task Description under the Proposed Organization of NAFED

Center/Division/Sub-division	Assigned Tasks
1. Secretariat	<ul style="list-style-type: none"> - Supervising and coordinating planning, monitoring and evaluating overall NAFED operation. - Supervising and coordinating institutional, administrative, personnel services for all the units of NAFED.
1.1 Division of Strategic Planning & Evaluation	<ul style="list-style-type: none"> - Supervising and coordinating preparation of strategy, annual plan of operation and budget, and new program development. - Planning, supervising and coordinating organizational and institutional development and improvement. - Planning, supervising and coordinating monitoring, evaluation and reporting of NAFED activity.
1.1.1 Sub-division of Strategic Planning & Budgeting	<ul style="list-style-type: none"> - Preparing and reviewing the long-term strategy of NAFED. - Preparing and reviewing the annual plan of operation and budget. - Collecting, analyzing and processing information and data required for formulation of the above strategy, plan and budget. - Coordinating with related ministries and institutions to preparation of the above strategy, plans and budget.
1.1.2 Sub-division of Program Development	<ul style="list-style-type: none"> - Planning and promoting new programs for NAFED in a cross-sectional manner. - Reviewing organizational set-up, and planning and recommending the corrective measures. - Reviewing institutional and regulatory affairs related to NAFED, and recommending the improvement measures. - Undertaking the special tasks assigned by the Chairperson (not related to other Centers). - Undertaking secretarial work for the Chairperson and Secretary.
1.1.3 Sub-division of Monitoring, Evaluation & Reporting	<ul style="list-style-type: none"> - Preparing and reviewing the guidance and criteria of performance monitoring and evaluation of the overall NAFED operation. - Preparing and reviewing the guidance and criteria of performance monitoring and evaluation of the programs and services rendered by each Center in consultation with other Centers. - Collecting, analyzing and processing information and data required for the performance monitoring and evaluation. - Planning and conducting Customer Satisfaction Survey periodically. - Coordinating with the Sub-division of Strategic Planning & Budgeting on setting performance target. - Reporting and feed-backing the results of performance monitoring and evaluation to internal and external parties concerned.
1.2 Division of Finance	<ul style="list-style-type: none"> - Supervising and coordinating accounting, bookkeeping, treasury, payroll and financial monitoring & reporting.

1.2.1 Sub-division of Accounting & Budget Management	<ul style="list-style-type: none"> - Undertaking accounting and bookkeeping of the overall NAFED operation. - Keeping account book, document and evidence including general and subsidiary ledger and invoice in accordance with the concerned regulation. - Reviewing accounting guidance and procedure and recommending improvement measures. - Developing, maintaining and renewing the software used for accounting and bookkeeping.
1.2.2 Sub-division of Treasury & Payroll	<ul style="list-style-type: none"> - Receiving funds from national treasury, and controlling and monitoring the disbursement of funds. - Keeping document and evidence related to treasury in accordance with the concerned regulation. - Calculating, controlling and disbursing payroll of employee, tax and levy. - Reviewing guidance and procedure of treasury and form and material used for treasury, and recommending improvement measures.
1.2.3 Sub-division of Financial Reporting	<ul style="list-style-type: none"> - Preparing financial (budget utilization) report of the overall NAFED operation. - Assisting the accounting and financial reporting of IETC and ITPCs. - Periodically reporting the progress of budget utilization to internal and external parties concerned.
1.3 Division of General Affairs	<ul style="list-style-type: none"> - Supervising and coordinating preparation of internal rules, regulations, procedures, and administrative service. - Supervising and coordinating office equipment, household and clerical affairs. - Supervising and coordinating correspondence and archive affairs.
1.3.1 Sub-division of General Affairs	<ul style="list-style-type: none"> - Reviewing internal rules, regulations and procedures of NAFED, and recommending improvement measures. - Undertaking administration service related to organizational / institutional affairs - Undertaking administration service related to official business trips.
1.3.2 Sub-division of Procurement	<ul style="list-style-type: none"> - Undertaking procurement (tender), storage and provision of office equipment to internal party. - Undertaking administrative service related to household affairs. - Reviewing guidance and procedure of procurement and household works.
1.3.3 Sub-division of Administration (Correspondence)	<ul style="list-style-type: none"> - Undertaking clerical service. - Undertaking correspondence and archive affairs, issuing and compiling internal communication documents. - Reviewing guidance and procedure of correspondence and archive management.
1.4 Division of Human Resources Management	<ul style="list-style-type: none"> - Supervising and coordinating personnel affairs. - Supervising and coordinating preparation and implementation of human resources development plan. - Supervising and coordinating administration of ITPC operation.
1.4.1 Sub-division of Personnel	<ul style="list-style-type: none"> - Undertaking administration service related to personnel affairs. - Collecting, analyzing and processing information and data of employee (career record, capability, and

	<p>performance).</p> <ul style="list-style-type: none"> - Recommending, developing, implementing and maintaining job-rotation and career path model for employee - Undertaking recruitment of employee, - Undertaking welfare-related program and service.
1.4.2 Sub-division of Human Resources Development	<ul style="list-style-type: none"> - Preparing and implementing human resources development plan, and training program and curriculum (entry guidance, training by career stage and necessary skill, guidance for ITPC). - Collecting, analyzing and processing track record of training for employee. - Coordinating training program in coordination with IETC (for employee training).
1.4.3 Sub-division of ITPC Management	<ul style="list-style-type: none"> - Preparing and reviewing of job description and standard operation procedure of ITPCs. - Undertaking performance monitoring and evaluation of ITPC operation and performance. - Collecting and distributing reports by ITPCs with quality control. - Undertaking clerical support for office and resource management of ITPCs. - Surveying, planning and implementing establishment and abolishment of ITPCs. - Undertaking other liaison and back-up service for ITPCs (unless other Centers cover).
2. Center for Customer Services	<ul style="list-style-type: none"> - Supervising and coordinating customer support service. - Supervising and coordinating networking and cooperation activity.
2.1 Division of Customer Support	<ul style="list-style-type: none"> - Planning, supervising and coordinating exporter support activity and export marketing scheme development. - Planning, supervising and coordinating buyer support activity, and supplier / product finding. - Planning, supervising and coordinating match-making service. - Planning, supervising and coordinating collection and processing of supplier & buyer data.
2.1.1 Sub-division of Exporter Support	<ul style="list-style-type: none"> - Planning and implementing exporter support activities jointly with NAFED Club. - Creating new strategic export marketing schemes. - Updating profiles of exporters and locating potential exporters and collecting their profiles by visiting SME suppliers. - Planning and arranging the products samples to be displayed at ITPCs. - Compiling the database of exporters.
2.1.2 Sub-division of Buyer Support	<ul style="list-style-type: none"> - Accepting the incoming foreign buyers helping them find the Indonesian suppliers and products. - Preparing the Indonesian export-related information to provide the foreign buyers. - Providing trade match-making service to buyer visiting to the Customer Desk. - Constructing and maintaining the database of buyers.

2.2	Division of One-stop Service	<ul style="list-style-type: none"> - Planning, supervising and coordinating one-stop service regarding trade consultation and inquiry for exporter and buyer. - Planning, supervising and coordinating library service.
2.2.1	Sub-division of Trade Consultation & Library	<ul style="list-style-type: none"> - Operating and maintaining Customer Desk. - Providing visiting SME exporters with face-to-face export business consultation with marketing information. - Operating and maintaining library service.
2.2.2	Sub-division of Trade Inquiry	<ul style="list-style-type: none"> - Accepting the "offers to buy" and "offers to sell", forwarding them to the NAFED Club. - Arranging to upload the inquiries to the NAFED website. - Managing the database of trade contacts.
2.3	Division of Networking & Cooperation	<ul style="list-style-type: none"> - Planning, supervising and coordinating networking activity with public and private sectors for export promotion. - Planning, supervising and coordinating cooperation program with central / regional government and donor.
2.3.1	Sub-division of Public Sectors	<ul style="list-style-type: none"> - Establishing and managing government desk to receive request from public sector. - Planning, facilitating and coordinating (with other Centers) networking activity and cooperation program with public institutions including central & regional government (DINAS), state agency, etc. - Arranging periodical meeting with RETPCs, and planning and implementing cooperation program with RETPCs in the field of export promotion.
2.3.2	Sub-division of Private Sectors	<ul style="list-style-type: none"> - Planning, facilitating and implementing networking activity and cooperation program with private service providers including financial institutions, universities, logistics, legal and superintending service provider, etc. - Planning, facilitating and coordinating (with other Centers) networking and cooperating with donors, foreign trade promotion organization, etc. - Facilitating outreach of NAFED operation to regions through establishment of information desk at regional KADIN, financial institutions and universities. - Planning and implementing activities or programs beneficial for public awareness raising on export development.
3.	Center for Export Promotion	<ul style="list-style-type: none"> - Supervising and coordinating export promotion and marketing service. - Supervising and coordinating public relations activity and publication service.
3.1	Division of Exhibitions	<ul style="list-style-type: none"> - Planning, supervising and coordinating overseas trade fair service. - Planning, supervising and coordinating domestic international trade fair service.
3.1.1	Sub-division of Overseas Exhibitions	<ul style="list-style-type: none"> - Selecting, arranging and implementing overseas trade fairs to participate. - Hosting, arranging and implementing Indonesian overseas trade fairs.
3.1.2	Sub-division of Domestic Exhibitions	<ul style="list-style-type: none"> - Selecting, arranging and implementing domestic international trade fairs to participate.

	<ul style="list-style-type: none"> - Hosting, arranging and implementing domestic international trade fairs. - Supporting and coordinating domestic international trade fairs organized and sponsored by other institutions.
3.2 Division of Marketing Program	<ul style="list-style-type: none"> - Planning, supervising and coordinating marketing program and trade mission service.
3.2.1 Sub-division of Outbound Marketing Program	<ul style="list-style-type: none"> - Planning, arranging and implementing outbound marketing programs and supports. - Planning, arranging and implementing trade missions.
3.2.2 Sub-division of Inbound Marketing Program	<ul style="list-style-type: none"> - Planning, arranging and implementing inbound marketing programs and supports. - Planning, arranging and implementing inbound buyers' missions.
3.3 Division of PR / Publication	<ul style="list-style-type: none"> - Planning, supervising and coordinating public relation activity. - Planning, supervising and coordinating publication of market / trade information.
3.3.1 Sub-division of Public Relations	<ul style="list-style-type: none"> - Making PR strategies for NAFED activities. - Preparing and issuing PR materials regarding the NAFED activities.
3.3.2 Sub-division of Publications	<ul style="list-style-type: none"> - Preparing and issuing trade related information. - Preparing and publishing books, brochures, directories and export news magazines.
4. Center for Export Information	<ul style="list-style-type: none"> - Supervising and coordinating market information service and market study / research activity. - Supervising and coordinating information and data management, and website service.
4.1 Division of Americas, Europe & ANZ	<ul style="list-style-type: none"> - Planning, supervising and coordinating market information service concerning the region including America, Europe, and Australia and New Zealand. - Planning, supervising and coordinating overseas market survey / research, and regional studies for the region.
4.1.1 Sub-division of America /ANZ	<ul style="list-style-type: none"> - Collecting, processing and analyzing overseas market (demand-side) information and data for the region including America, and Australia and New Zealand. - Collecting, processing and analyzing overseas market information and data related to the region including trade policy, regulation and procedures, supply chain, trends and characteristics, buyer data, etc. - Planning and implementing overseas market survey / research, and regional studies for the region. - Reporting and providing the overseas market information and data to internal and external users.
4.1.2 Sub-division of Europe	<ul style="list-style-type: none"> - Ditto (for Europe)
4.2 Division of Asia, Middle East & Africa	<ul style="list-style-type: none"> - Planning, supervising and coordinating market information service concerning the region including Asia, Middle East, and Africa. - Planning, supervising and coordinating overseas market survey / research, and regional studies for the region.
4.2.1 Sub-division of Asia	<ul style="list-style-type: none"> - Collecting, processing and analyzing overseas market (demand-side) information and data for the region including Asia.

	<ul style="list-style-type: none"> - Collecting, processing and analyzing overseas market information and data related to the region including trade policy, regulation and procedures, supply chain, trends and characteristics, buyer data, etc. - Planning and implementing overseas market survey / research, and regional studies for the region. - Reporting and providing the overseas market information and data to internal and external users.
4.2.2 Sub-division of Middle East & Africa	- Ditto (Middle East and Africa regions).
4.3 Division of Data Management	<ul style="list-style-type: none"> - Planning, supervising and coordinating general data collection and processing concerning foreign trade and overseas markets. - Planning, supervising and coordinating Information and Communication Technology (ICT) use and database. - Planning, supervising and coordinating website service.
4.3.1 Sub-division of Data & ICT Management	<ul style="list-style-type: none"> - Collecting and processing general data related to foreign trade and overseas markets. - Designing, developing and maintaining database for market information and data. - Preparing and reviewing format and manual of data collection, processing, filing and distribution.
4.3.2 Sub-division of Website Service	<ul style="list-style-type: none"> - Designing and developing website framework. - Collecting and processing information and data for website, and revising and updating the contents. - Evaluating and improving user's accessibility of website. - Implementing technical maintenance of website, and preparing and reviewing guidance of maintenance.
5. Center for Products	<ul style="list-style-type: none"> - Supervising and coordinating products-related activity and service. - Supervising and coordinating design and brand promotion activity. - Supervising and coordinating data collection and provision on standards and Intellectual Property Rights.
5.1 Division of Products I	<ul style="list-style-type: none"> - Planning, supervising and coordinating information and data collection and analysis on industrial and handicraft products (sub-sectors). - Supervising and coordinating preparation of export promotion strategy for industrial and handicraft products (sub-sectors). - Planning, supervising and coordinating product adaptation support to overseas markets.
5.1.1 Sub-division of Industrial Products	<ul style="list-style-type: none"> - Collecting and analyzing information and data on supply condition concerning industrial products (sub-sectors) - Collecting and analyzing information and data on overseas markets concerning industrial products (sub-sectors) - Dialoging with concerned industrial associations and groups of industry, and preparing strategy of export promotion for industrial products (sub-sectors) - Finding potentials and facilitating support for export development of industrial products. - Advising, planning, implementing and facilitating product adaptation support to overseas markets.
5.1.2 Sub-division of Craft Products	- Ditto (for craft products).

5.2 Division of Products II	<ul style="list-style-type: none"> - Planning, supervising and coordinating information and data collection and analysis on resource-based products and services (sub-sectors). - Supervising and coordinating preparation of export promotion strategy for resource-based products and services (and sub-sectors). - Planning, supervising and coordinating product adaptation support to overseas markets.
5.2.1 Sub-division of Resource-based Products	<ul style="list-style-type: none"> - Collecting and analyzing information and data on supply condition concerning resource-based products (sub-sectors) - Collecting and analyzing information and data on overseas markets concerning resource-based products (sub-sectors) - Dialoging with concerned industrial associations and groups of industry, and preparing strategy of export promotion for resource-based products (sub-sectors) - Finding potentials and facilitating support for export development of resource-based products. - Advising, planning, implementing and facilitating product adaptation support to overseas markets.
5.2.2 Sub-division of Service Industry	<ul style="list-style-type: none"> - Ditto (for service industries).
5.3 Division of Standard, Brand & Design	<ul style="list-style-type: none"> - Planning, supervising and coordinating information collection, analysis and provision of overseas information on product standard and design. - Planning, supervising and coordinating awareness raising activities for brand / design promotion and Intellectual Property Right (IPR). - Planning, supervising and coordinating brand / design development support for export development.
5.3.1 Sub-division of Brand & Design and Intellectual Property Rights	<ul style="list-style-type: none"> - Collecting, analyzing and providing overseas information on product design, packaging and labeling, and IPR. - Planning, arranging and implementing awareness raising activities for brand / design promotion and IPR. - Advising, planning, implementing and facilitating brand / design development support for export development. - Planning, sponsoring, arranging and implementing brand / design related awards.
5.3.2 Sub-division of Standard, Packaging and Labeling	<ul style="list-style-type: none"> - Collecting, analyzing and providing overseas information on product standards, and packaging / labeling. - Planning, arranging and implementing awareness raising activities for standard, and packaging / labeling. - Planning, implementing and facilitating support for standards adoption in cooperation with Standard Indonesia. - Advising, planning, implementing and facilitating packaging / labeling development support for export.
6. Indonesian Export Training Center (IETC)	Following the task described by the existing organization.
6.1 Division of General Affairs	Ditto
6.1.1 Sub-division of Facilities and Household	Ditto

6.1.2	Sub-division of Human Resources and Correspondence	Ditto
6.1.3	Sub-division of Finance	Ditto
6.2	Division of Promotion & Cooperation	Ditto
6.2.1	Sub-division of Promotion & Publication	Ditto
6.2.2	Sub-division of Cooperation & Service	Ditto
6.3	Division of Operation	Ditto
6.3.1	Sub-division of Program & Evaluation	Ditto
6.3.2	Sub-division of Implementation	Ditto
6.4	Division of Export Education and Training Development	Ditto
6.4.1	Sub-division of Needs Analysis	Ditto
6.4.2	Sub-division of Curriculum Development	Ditto

APPENDIX

5. Pilot Project Report

**The Study for
Strengthening of Export Promotion Organization
In the Republic of Indonesia**

Pilot Project Report

August 2008

**KRI International Corp.
UNICO International Corporation**

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1. Preparation of the Pilot Projects

1.1 Background and Objective

One of the objectives of the Study is to identify the problems at the workplace relating to the services or functions, and management of NAFED by carrying out the pilot projects, and to draw lessons and recommendations for elaborating the Master Plan and the Action Plans for NAFED. The Scope of Work for the Study indicates that three pilot projects shall be conducted in each service or function of NAFED; i) market information collection / analysis and provision, ii) product development (design promotion), and iii) export promotion (including trade inquiry and consultation services).

Since the Action Plans in the field of management, networking, organization, and human resource development are also deemed as significant and relevant for the study purposes, the Study Team adopted an additional pilot project in this field as the budget permits.

1.2 Process of Planning and Selection

1.2.1 Priority issues and actions for implementation of the pilot projects

First of all the Study diagnosed the present situation and performance of NAFED for each service or function in order to draw the factors affecting the performance and resultant issues. The diagnosis process was supplemented by the sub-studies including i) benchmark study and ii) exporter survey. The above diagnosis work has revealed the following priority issues in NAFED;

(1) Market information service

NAFED mainly sources overseas market information from Indonesian Trade Promotion Centers (ITPCs) and through out-sourcing (overseas contractor). However, the periodic reports from ITPCs are mostly statistics-based, and the contents and quality vary from report to report. Majority of NAFED staffs are not familiar with the desirable standard and quality of market report, unable to control the quality of the reports from ITPCs. Out-sourcing is quite limited due to budget constraint. NAFED staffs lack an experience in market study and research, and their capacity is deemed as quite weak.

(2) Product development (design promotion) service

NAFED has rendered virtually no product (design) development service, although the Ministry of Trade (MOT) stressed the design development as an important tool for differentiation and value-adding of the products. Domestic design support institutions have neither provided the support, which leads to export.

(3) Export promotion service

NAFED relies on event (trade fair and high-level trade mission) -based operation, direct support for individual exporters and buyers through matching support, trade inquiry and consultation is deemed as very weak. NAFED establishes no single caring unit for individual users. The exporter survey revealed that the services of trade inquiry and matching support have been little recognized by the private sector.

(4) Networking

Exporter survey revealed that a communication between NAFED and private industries is very weak and that NAFED staffs lack the knowledge of products to be promoted. Planning process of promotion programs in NAFED rarely involves the private sector, or reflects their demand and needs. NAFED adopts region-based organizational set-up. Each regional center has division by commodity group, but does not function as assumed. This has caused a difficulty in having the commodity-based strategy and operation.

Based on the observed issues, the direction of NAFED reform (the Master Plan comprising of functional strengthening, re-organization, personnel and HRD plan) and the Action Plans were drafted for each service or function as follows;

Service / function	Lines of action
Market information	Suggested: improvement of information collection process and source, re-design of website, capacity building for market intelligence, capacity building for customized market survey, improvement of buyers / suppliers list, etc.
Product development (design promotion)	Suggested: NAFED to play the roles of awareness raising for design development by SMEs, collection and dissemination of design information, facilitation to match between the designers and SME producers, etc.
Export promotion	Suggested: establishment of Customer Center, formation of membership service, business partnership program with global retailers, export market development grant scheme, not only continuation of the existing promotional programs, etc.
Networking	Suggested: export dialogue with export industries, establishment of focal point for trade fairs, establishment of government support desk, support program for RETPCs and its alumni, NAFED information desk in regional governments, business partnership program with financial institutions, export education at the higher academic institutions, etc.

1.2.2 Selection and approval

The candidate projects for the pilot implementation were as a general rule identified among the draft Action Plans. Among the lines of draft actions, those which are i) relevant to demonstrative implementation, ii) likely to implement within the short-term period, iii) likely to bring a certain outcome or change, were to be screened for detailed planning (implementation planning).

In case, NAFED by itself suggest programs for pilot implementation, the Study Team

examined the relevance for demonstration and constraints for implementation. From the side of NAFED, the training for market survey, equipment provision of new RETPC, “one-village one-product” project were presented for discussion.

Taking into account the above points and required coordination with other organizations, and examining which action matches the priority issues which NAFED should promptly deal with, the following four actions are presented as priority actions for pilot implementation to the counterpart, NAFED.

Service / function	Actions screened for pilot implementation
Market information	Capacity building for market intelligence (and trial survey)
Product development (design promotion)	Awareness raising for design development through seminar and mini-clinic
Export promotion	Establishment of Customer Center and membership service
Networking & management	Export Dialogue with major export industries

Then, the screened actions are further elaborated to prepare for the detailed plan of implementation covering the schedule, staffing, budget, monitoring and evaluation indicators, and team formation, assuming the immediate implementation as Pilot Project. Four actions with detailed plan of implementation were presented to the directors (Echelon II) and the managers (Echelon III) of NAFED at the occasion of internal workshop held in NAFED to obtain the opinions and comments.

NAFED side approved the four actions for pilot implementation on the ground that the presented actions deal with urgent and important issues in NAFED and tackle the relevant themes for preparation of the proposed change in organization. After minor revision in implementation set-up and budget arrangement between the Study Team and NAFED, the four projects were further presented for discussion and approval by the Steering Committee. The Steering Committee discussed four project proposals and commented as follows;

- NAFED side also requested JICA to provide the technical assistance in the next year for “Capacity building for market intelligence”.
- NAFED side also has the concept (renovation and service improvement of buyer reception desk) similar to “Establishment of Customer Center”.
- NAFED should highlight the needs of private sectors more seriously, and strengthen the channel of communication through “Export dialogue”.
- “Design seminars and mini-clinic” can be the starting points for NAFED to realize the expected roles in design promotion.

Accordingly, the Steering Committee approved an implementation of four project proposals as the Pilot Projects at the beginning of October 2007.

1.3 Outline of the Pilot Projects

Each selected Pilot Projects are briefed as follows;

Name of Project	Objective	Major activities
Capacity building for market intelligence (and trial survey)	To strengthen the capacity of NAFED staffs and equip them with hands-on skills required for conducting market survey. To develop the model reports of market survey focusing on two or three commodities of overseas markets in collaboration with ITPC or trade attaché.	<ul style="list-style-type: none"> - Market survey training - Design of market survey - Overseas trip for model survey
Seminar for export design development and collection of good practices	To build the awareness and motivation of local exporting producers and supporting institutions on design development through the seminar and compilation of good practices. To build collaboration with design communities such as Indonesian Design Center (IDC) through seminar and identification of good practices.	<ul style="list-style-type: none"> - Design seminar (3 times) - Mini-clinic (3 times) - Collection survey of good practices for design development (subcontracted to local consultant)
Establishment of Customer Center and membership service	To realize enhanced delivery of customer-specific services and more dedicative response to the individual needs of exporters through strengthening of internal facility and capacity of staffs. To enhance more focused dissemination of information to exporters and strengthen communication with exporters through formation of membership service.	<ul style="list-style-type: none"> - Preparatory support for operational plan of center - Preparatory support for infrastructure of center - Establishment support for membership service - Planning of PR activity & media, and inauguration
Export Dialogue with major export industries	To establish the management system from identification of strategy and needs of private sector for export promotion to reflection into planning / budgeting. To make the programs for export promotion more customized and accountable for private sector's needs.	<ul style="list-style-type: none"> - Preparation of dialogue guidance and reporting format - Visits to associations - In-house work / meeting for planning of promotion programs

Throughout the course of their implementation, the Study Team set the following approaches for all the Pilot Projects;

- It starts with basic and simple initiatives and gradually enhances the level of actions.
- It tries to equip the counterparts with working attitudes of self-initiatives, self-thinking, and self-decision making.
- It tries to have PDCA management cycle rooted in NAFED.

The Pilot Projects are for counterparts themselves in nature. Therefore, the Pilot Projects are not implemented by mobilizing the Study Team itself, but operated by the counterparts once the implementation plan and necessary resources for implementation are prepared. The Study Team acts as a facilitator for the Pilot Projects.

The Study Team requested NAFED to set the team for each Pilot Project, comprising of the coordinator, vice-coordinator and the project member. During the course of implementation, the same team is also responsible for the progress monitoring and reporting to the Study Team and the management staff of NAFED. Evaluation is to be made by the Study Team, but supported by the Pilot Project team. All the coordinators and members are recommended by the Study Team and officially appointed by the chairperson of NAFED.

Overall schedule of the Pilot Projects is shown below. Planning of the project started from August 2007, followed by preparatory work and implementation (direct cooperation from JICA Study Team) from the beginning of November 2007.

Figure1. Overall schedule of the Pilot Project

Processes	Year/Month	Year 2007						Year 2008						
		Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun	
Preparation of draft Action Plan		□												
Planning of Pilot Projects			□	□										
Selection and approval of Pilot Projects			By NAFED □		□	By Steering Committee								
Preparatory work of Pilot Projects				■										
Implementation of Pilot Projects (cooperated by JICA)						■		■						
<i>Continuation of Pilot Projects (NAFED's own work)</i>							▨		▨		▨			
Follow-up and evaluation of Pilot Projects									■				■	
Revision of draft Master / Action Plans									□				□	

Then, the Study Team closed the implementation at the beginning of February, and started having the counterparts lead and continue the activities. In May 2008, the Study Team will see the extent of realization of the outcomes to be attained for evaluation and take the follow-up over the Pilot Projects.

1.4 Evaluation approach

1.4.1 The purpose of the Evaluation

The Study Team conducts evaluation in order to examine success and failure of the each output and identify the problems and obstacles for implementation NAFED services in the future. Then the Study Team reflects those lessons learned from the projects to elaborate contents of the Master Plans and Action Plans for the respective services.

1.4.2 The methods of the Evaluation

After the implementation of the pilot projects, the Study Team examines outputs of each project according to the indicators and describes the results. Then the Study Team evaluates the projects according to the following four criteria. Although “relevancy” is usually included in the criteria, it was omitted since all four projects were selected in the process of the diagnosis study which identified the priority issues of NAFED.

(1) Effectiveness (Perspective of achieving the project purpose)

This criterion examines whether the project purpose was achieved. It also analyzes if the expected result was brought by the project activities.

(2) Efficiency

This criterion examines the possibility that the outputs and the project purpose could be achieved by more economical measures or the possibility that the same cost of the project could lead the higher achievement. In addition, it checks whether the timings of the inputs appropriate.

(3) Impact (Perspective of achieving the overall purpose)

This criterion examines whether the result of the pilot project can give positive impacts on the overall goal. And it looks for any unexpected positive and negative impacts as well.

(4) Sustainability

This criterion examines the possibility that the project purpose and the overall goal can continue to be effective after the completion of the cooperation by the Study Team.

1.4.3 Lessons and recommendation

Lastly the Study Team draws lessons by examining the factors to contribute to the achievement of the project purpose / the impact and factors to cause problems and challenges in the process of planning, preparation, and implementation. The good points are reminded which NAFED should keep up in carrying out their services. The bad points are indicated to have NAFED staff reflected on them.

Then the Team recommends the ways how NAFED should cope with the problems and challenges for when they implement the respective services by themselves. The recommendations are meant to increase effectiveness, efficiency, quality of each project and to reexamine the project purpose and resource allocation.

2. Market Information Service

2.1 Framework of the project

Pilot Project Name	Capacity building for market intelligence and trial survey
Background	<p>Market intelligence (information collection, analysis, provision) is considered as one of the weak functions of NAFED including Indonesian Trade Promotion Centers (ITPCs). The present market information and data reported by ITPCs and internal section of NAFED cover trade statistics with brief trend analysis, customs and tax issues, lists of buyers and contact points. However, they lack the users' point of view such as marketing channels and characteristics, consumers' preferences and behaviors, competitors' strategies, trading customs and conditions, non-tangible barriers, lessons from the success and failure of other Indonesian exporters.</p> <p>Outsourcing can be a viable option to strengthen the market intelligence, but the capacity of NAFED and ITPC staffs have to be equally strengthened, since the market intelligence is considered as one of the essential skills required for staffs of trade promotion organizations. And also because NAFED has budget constraint for outsourcing. Even in case of outsourcing, NAFED staffs are required to have the sufficient capability for survey design and quality management.</p> <p>Accordingly, the intensive capacity building for market intelligence (market survey) is considered as quite relevant and important. It is desirable that capacity building be targeted to those who shall engage in market intelligence in overseas (the candidates for new ITPCs, if possible) and in the export information section.</p>
Summary of the project	NAFED shall conduct market surveys and draw a standard operating procedure of a market survey and an activity plan for the market information service.
Overall goal	NAFED regularly provides the market information service to exporting companies and manufacturers (SMEs).
Project purpose	To establish a standard operating procedure for the market information service (information collection, analysis, and provision)
Outputs	<ol style="list-style-type: none"> 1. NAFED staff develops the capability of providing the market information service. 2. NAFED provides market information on targeted products. 3. NAFED prepares a standard operating procedure and an activity plan of the market information service.
Activities	<ol style="list-style-type: none"> 1 To develop capacity of NAFED staff on the market information service <ol style="list-style-type: none"> 1-1 To conduct training on the market information service to the project members 1-2 To conduct market surveys on selected products by both literature surveys and on-the-spot studies. 1-3 To prepare reports on the conducted market surveys by reflecting feedbacks from the NAFED customers 2 To provide the market survey results to the NAFED's customers <ol style="list-style-type: none"> 2-1 To provide the results of the survey to the public by posting them on the NAFED web site 2-2 To share the results of the survey with other sections of NAFED to utilize them in their work 3 To develop a standard operating procedure and an activity plan for the market information service <ol style="list-style-type: none"> 3-1 To prepare a standard operating procedure by compiling the implementation procedures and documents used in the market survey 3-2 To prepare an activity plan of the market information service by NAFED
Inputs	<p>By the Study Team</p> <ul style="list-style-type: none"> - Indonesian lectures for the training course

	<ul style="list-style-type: none"> - Expense for purchasing necessary data / references for the market surveys - Travel expenses (overseas airfare, allowances, upon necessity) 							
	By the Counterpart (NAFED) <ul style="list-style-type: none"> - Counterpart staff - Facilities (a room, equipment) for the training course - Travel expenses of the staff (for domestic) 							
Schedule	Activity							
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	1 To develop capacity of NAFED staff on the market information service							
	2 To provide the market survey results to the NAFED's customers							
	3 To develop a standard operating procedure and an activity plan for the market information service							

2.2 Counterparts and implementation set-up

Center for Export Information Service (PPIE) has been responsible for the conduct and progress monitoring of this project. The Study Team and NAFED established the team for this project, comprising of the following members;

Position	Name	Center
Coordinator	Dr. Tri Mardjoko	PPIE, Head
Vice-coordinator	Sahala Aritonang	PPIE
Member	Prihadi Andi Rizal S	Secretariat
	Andiarso H. Trimoto	Secretariat
	Tiara Basaria L. Gaol	PPIE
	Abi Antono	P3WATT
	Sri Dwi Wahyuni	P3WAANZ
Supervisor	Agus Priyono	P3WAE
	Nori lai	JICA Study Team

The following other resources were mobilized to support the project activities;

Name	Role
University of Indonesia	Lecturers for training session of market survey skill
ITPC Dubai	On-site support for trial market survey in UAE

2.3 Overview of activity

The main activities are as follows.

(1) The Workshop as initial training

The 5-day workshop, which is the initial substantial activity of the pilot project, was conducted in collaboration with NAFED and University of Indonesia. The purpose of workshop is to provide theory and techniques necessary for conducting a market survey. It

provided team members with practical knowledge, including HS code and the difference among international codes, practical know-how to analyze an industrial structure and to make an attractive report. The training curriculum was made reflecting members' requests. All six members actively participated in and appreciated the training.

(2) Selection of products

Following the workshop, the team objectively selected three products after intense group discussions from various points of view. A simplified scoring sheet, which is originally designed by JICA Study Team, was used as one of the tools for discussion.

Selected products are wooden frame (HS code 440100), wooden casket mainly used for jewelry (HS code 442090) and essential oil (HS code 330129) and all are made of Indonesian local resources.

(3) Team meetings

Team meetings together with the supervisor of JICA Study Team were generally held twice a week, in total 13 times up to now. Among them 8 times were held between the beginning of November and the middle of December for basic discussions about a market survey and preparation of the survey trip to Dubai. Most members actively attended all meetings. The main aim of the meetings was to encourage working with the team, sharing information and confirming what the team should do now and hereafter. These were also good opportunities for technology transfer by the supervisor, about designing, scheduling, implementing, reporting of a market survey and related know-how. Besides such meetings, the team proactively had team meetings quite frequently. This mainly aims at not only detailed discussions about activities and compilation of a report but also digestion of supervisors' advices.

(4) The simple needs survey

In order to effectively conduct the market survey in Dubai, the team members visited 6 companies in total (5 wooden products manufacturers/exporters and 1 medical herb producer/exporter) before the survey trip to Dubai. The team collected exporters' needs as well as information about a current business circumstance surrounding the products. Interviews were conducted using questionnaires which was made in consultation with the supervisor and developed by the team. After the interviews, the team reviewed questionnaires for the survey in Dubai in order to reflect practical needs of exporters (manufactures).

(5) The literature survey

Concerning 3 products (wooden frame, wooden casket mainly used for jewelry and essential oil), the team conducted a preliminary study before leaving Indonesia. The study was

mainly statistical data analysis on the trend of the Indonesian export, the main competitors, and the global market trend using statistics of the customs clearance made by the Central Board of Statistical and the International Trade Center (ITC) Geneva.

(6) Study of data and information in hand

The team studied the data and reports on production and international trade which NAFED collects or regularly subscribes and summarizes in A4 papers. This kind of study has not been conducted by NAFED before. From the viewpoint of information sharing and effective use of resources, it is desirable to investigate deeply contents of such data and reports and to classify them for future facilitation.

(7) Development of the data source

A team member visited the Jakarta office of the World Bank and the United Nations to inquire for their archives of data and reports and to check if NAFED could use them for its market survey. NAFED staff also precisely investigated the difference and the overlap between the data by the above said organizations and the one by ITC which is NAFED's main data sources. This kind of inquiry provides NAFED with an opportunity to widely collect useful information for NAFED's information services including a market survey.

Meanwhile, a former representative of ITPC Dubai timely organized a one and half hour meeting in favor of the team, giving useful information as a preliminary study on the Dubai market. This is also considered as a good example of information sharing and cooperation within NAFED and of developing internal information sources.

(8) Cooperation with other institutions

The team acquired cooperation from ITPC Dubai for the market survey, before and during the survey trip to Dubai. However, it can not be denied that there was some miscommunication between NAFED and ITPC at the initial stage. In addition, the timing of the trip was not suitable for the market survey in Dubai due to the holiday season. It is necessary to seriously discuss how to overcome such matters in future. If the framework of cooperation between NAFED and ITPC is appropriately developed based on this review, such framework could be applied to other ITPCs and commercial attaché could in the future. The Systematic cooperation with DINAS, RETPCs and other ministries is also sincerely desired for NAFED to proactively collect ingenious data and information.

(9) The market survey in Dubai

The team visited Dubai for the field work of a market survey from December 15 to December 27 2007. All six members of the team participated. The trip to Dubai has three main purposes. One is to recognize the strengths and weaknesses of Indonesian export

products in the Dubai (UAE) market, especially for the selected 3 products. The second is to obtain accurate information which NAFED will provide to the exporters of three products. The third is to provide Indonesian exporters latest information in the form of information service (here, a survey report), one of the important NAFED services.

Arrangement of site visits and interviews in Dubai was partially made by ITPC Dubai and also by the team itself. The number of interviews in Dubai is 20, among which ITPC arranged 5 meetings and the team arranged the rest after the arrival at Dubai. The team also visited the Dubai Chamber of Commerce and the Natural & Organic Products Expo 2007 besides importers, distributors and shops/gallery and book stores.

(10) Preparation of the market survey report

The team members prepared a report on their market survey in Dubai. 6 members are divided into 3 groups and each group is responsible to write a report on one product. The team has quite frequently held meetings in order to deepen analysis of the data and information that the team had collected. The final report was completed in May 2008.

2.4 Achievement of outputs

Output 1: NAFED staff develops the capability of providing the market information service.

Indicator 1-1: The level of understanding on the materials covered by a training course

The project staff participated in a training course very well. The questionnaires were conducted before and after the training course. The result showed the understanding level of the staff improved and they were satisfied with the progress. In addition, the lecturers gave a test before and after the training. The scores of all members were increased in the post-training test compared to the pre-training test.

Indicator 1-2: The level of the market surveys

The project staff almost accomplished preparation of the reports of the market surveys. Since this was their first attempt there are many things to be improved in the future in terms of preparation, implementation, and reporting. The contents need to be more enriched. One of the most important points they have to bear in mind is that the results of the market surveys have to respond the needs of the NAFED customers.

Output 2: NAFED provides market information on targeted products.

Indicator 2-1: The reports of the market surveys are posted on the NAFED website.

The reports of the market surveys have not published to the NAFED customers yet at the end of the pilot project. It is ideal that NAFED post the market information on the NAFED web site in the future so that it will be viewed by broader audience.

Output3: NAFED prepares a standard operating procedure and an activity plan of the market information service.

Indicator 3-1: The standard operating procedure on market information service is prepared.

NAFED needs further effort to prepare the standard operating procedure. During the project, the JICA Study Team member instructed the project members on practical know-how of conducting a market survey. He also provided necessary formats as tools for conducting selection of the products, interviews, and etc. He summarizes the essential points in a minute. NAFED should utilize these formats and a minute combining with their experience in the project to develop a standard operating procedure.

Indicator 3-2: The activity plan on the market information service is prepared.

NAFED also needs to tackle with preparation of an activity plan. Since the organizational reform is expected to take place in the near future, the high ranked staff should take initiative to carry out this task.

2.5 Evaluation of the project

2.5.1 Evaluation based on 4 criteria

(1) Effectiveness (Perspective of achieving the project purpose)

It can be said that the project purpose was mostly achieved in the project. The team members properly completed the training on the market information service and gained the necessary knowledge for conducting a market survey. After the completion of the training, the members prepared a plan of the overseas market survey and managed to finish the survey by compiling the results in a report. Since the members of the project are relatively young and do not have lots of experience on conducting a market survey yet, there are several issues to be improved in the future.

Regarding publication of the market survey report to NAFED's customers, it has not been realized yet. NAFED should hold meetings with the respective groups of exporting companies and manufactures of the target products in order to report their survey results. Through the meetings NAFED should get feedbacks from each group and reflect their opinions and needs to the future market surveys. In the end, NAFED should post the market survey results on the NAFED web site for further publication. Moreover, NAFED should share the report with other sections of its organization so that the report is to be utilized in all sections of NAFED.

In terms of preparing a standard operating procedure for NAFED's market survey, it has not been achieved yet. An activity plan for the NAFED's market information service has also not prepared yet. It is considered that the project team had lots of difficulty to prepare the

standard operating procedure and the plan. Since they are relatively young it is difficult for them to make their voices heard. However, these issues should be tackled as soon as possible by involving key persons of NAFED.

(2) Efficiency

Regarding preparation of the overseas market survey, the project team had difficulty to obtain visas to India in a timely manner so that they had to give up going to India. Moreover, the market survey trip to United Arab Emirates went over their national holidays. Therefore they could not conduct interview surveys during these days and had to rearrange the appointments. The issue on visa processing was considered to happen due to the fact that the project members were not high rank officials. Thus the coordination between the Ministry of Trade and the Ministry of Foreign Affairs should be facilitated more in the future. For the scheduling of the overseas market survey, substantial communication with overseas representatives is indispensable.

Regarding the preparation of the standard operating procedure and the activity plan on market information service, NAFED needs serious effort for the future implementation of the service.

In terms of cost efficiency, NAFED should strengthen the functions of ITPCs so that they can collect market information more effectively and report to the headquarters. By utilizing ITPCs more effectively for collecting the market information, NAFED could spare its budget to other countries where ITPCs do not exist.

(3) Impact (Perspective of achieving the overall purpose)

The pilot project attempted the first step to establish solid market information service in NAFED. The project exercised only one overseas market survey and NAFED could not accomplish publication of the result and preparation for the future market information service. Thus NAFED should accomplish all the planned activity and then the project could lead the positive impact on the overall purpose. For that end, NAFED should extend its effort to generalize the procedure of the market survey into the standard operating procedure and reflect lessons learned to the future activity plan. Particular negative impact has not been observed.

(4) Sustainability

Capacity of staff at NAFED

Through the pilot project the team members learned the know-how of conducting a market survey in the training course, however, they do not have enough experience yet. They have to acquire more experience so that they can have confidence in conducting a market

survey by themselves.

Coordination with the Ministry of Foreign Affairs

As it was mentioned above, the pilot project members had difficulty in obtaining visas to India due to the prolonged processing time. When high ranked NAFED officials go abroad for the purpose of trade missions or delegations, the Ministry of Foreign Affairs smoothly processes visas. However, since the project members were all young and not high ranked, they could not get visas in time. For the future activities of NAFED's information service, NAFED should discuss with the Ministry of Trade and the Ministry of Foreign Affairs to establish a proper procedure of issuing visas to the staff.

System and budget for utilizing ITPCs

Throughout the pilot project, ITPC in Dubai was very cooperative in providing information and arranging appointments. For the future implementation of market information service, NAFED should delegate more operation of market information research to ITPCs. To that end, is it necessary to develop capacity of ITPCs by following ways. First, NAFED should provide training on a market survey to the staff before they are dispatched to ITPCs. Second, NAFED should reorganize a system in which ITPCs regularly collect market information and send it to the headquarters. Although some ITPCs currently collect market information and send it to the headquarters, the commitment and quality of this system vary among ITPCs. Therefore, NAFED should establish a unified way of a market survey at ITPCs. By preparing standardized methods and formats, NAFED should set an operation of a market survey as a routine work at each ITPC. To make it realized NAFED should allocate necessary budget for it.

By exercising this system, NAFED could spare its budget for market surveys on the countries without ITPCs and expand the coverage of the markets / countries. Then NAFED should also establish the method of a market survey for countries without ITPCs by setting a standard operating procedure in order to efficiently conduct them and expand the coverage.

2.5.2 Lessons and recommendation

(1) Strengths and limitations

As a factor to contribute to the achievement of the project purpose, it is pointed that the cooperation between NAFED and ITPC in Dubai went very well. On the other hand, there are two factors considered to be obstacles. One is a lack of coordination between the Ministry of Trade and the Ministry of Foreign Affairs for the preparation of issuing visas. The other is a lack of experience of NAFED staff in conducting a market research.

(2) Things to be followed up

Since the pilot project was a first attempt of a market survey with advice by JICA Study Team, the project team has found many points to be improved in the implementation. NAFED should prepare a standard operating procedure for a market survey by reflecting the experience of the project. Then NAFED can identify an appropriate way of implementation and operate it efficiently by economizing the cost.

Regarding the collaboration with ITPCs, NAFED should further strengthen its tie with them. Currently the NAFED has different levels of communication with each ITPC depending on the representatives of ITPCs. However, NAFED should keep constant communication with them by utilizing email and other necessary communication tools. Moreover, NAFED should reestablish the operation of ITPCs by adding a substantial function for market information service.

Lastly NAFED should listen to the users' voices of their market information service. NAFED should have an opportunity to talk with the users in order to recognize their needs and respond it by its market survey reports. In addition to the thorough literature research, NAFED should make most use of conducting on-the-spot study by identifying the needs of the users in advance.

3. Product Development (Design Promotion) Service

3.1 Framework of the project

Pilot Project Name	Awareness campaign on importance of design development to exporters, producers and related governmental institutions
Background	<p>Although the Indonesian government has noticed that design superiority is one of the key determinants for export competitiveness, the local exporters / producers (referred as SMEs hereafter) have not understood the importance of design development. Corresponding to this situation, the Ministry of Trade (MOT) and NAFED have launched the design development program for export promotion as the Indonesian Design Power (IDP). Unfortunately IDP has not shown remarkable results yet and it focuses more on handicrafts and furniture.</p> <p>In terms of design development support by the government, NAFED is expected to play a role as a facilitator instead of directly engaging in product development by means of raising awareness, providing related information, promoting products with good design to exhibitions. Since currently NAFED does not have a particular division for design development support, NAFED hardly provides the services said above.</p>
Summary of the project	<p>NAFED shall provide awareness raising seminars targeting SMEs and related governmental organizations such as RETPCs and DINAS.</p> <p>NAFED shall collect the best practices of design development in Indonesia and compile the result in a handbook for the further awareness raising activities.</p>
Overall goal	Indonesian SMEs come to introduce design development.
Project purpose	To raise awareness of SMEs and supporting institutions (RETPCs and DINAS) on design development as one of the measures for gaining export competitiveness
Outputs	<ol style="list-style-type: none"> 1 NAFED prepares the export design promotion plan by establishing a cooperative framework with design related institutions (IDC and etc.), the regional governments (DINAS), and RETPCs. 2 NAFED holds awareness raising seminars on design development for SMEs in cooperation with design related institutions (IDC and etc.), the regional governments (DINAS), and RETPCs. 3 NAFED prepares a handbook as a tool to guide SMEs and designers to introduction of design development.
Activities	<ol style="list-style-type: none"> 1 To establish a cooperative framework and a future activity plan with design related institutions, the regional governments, and RETPCs <ol style="list-style-type: none"> 1-1 To draft a organizational structure and an activity plan for export design promotion service by NAFED 1-2 To enlist cooperation from design related institutions (IDC and etc.), the regional governments (DINAS), and RETPCs by explaining the NAFED's activity plan 1-3 To broaden the network with design related parties through seminars in the activity 2 1-4 To feedback the results of the activity 2 & 4 to the NAFED's activity plan and finalize it 2 To hold awareness raising seminars on export design development <ol style="list-style-type: none"> 2-1 To plan the seminars in Jakarta, Surabaya, and Bandung 2-2 To prepare for the seminars in cooperation with ITEC, RETPC Surabaya, and DINAS Bandung 2-3 To hold the seminars 3 To prepare a handbook on introduction of design development for SMEs and designers <ol style="list-style-type: none"> 3-1 To survey best practices of design development by Indonesian SMEs (commissioned to outside experts) 3-2 To present the result at the awareness raising seminar in Jakarta 3-3 To prepare a handbook on introduction of design development by utilizing the result of the survey.

Inputs	By the Study Team							
	<ul style="list-style-type: none"> - Japanese seminar lecturer (1 Japanese design expert, 1 trip to Indonesia x 1 week) - Indonesian seminar lecturer (2 days x 3 seminars) - Indonesian design consultant (2 days x 3 seminars) - Interpreter (Japanese-Indonesian, 3 days x 3 seminars) - Expense for seminars (1 day x 3 seminars) - Expense for purchasing Japanese good design products - Travel expense for the lectures, a consultant, and an interpreter - Expense for the sub contract on the good practice survey - Printing expense of seminar materials - Printing expense of the handbook on introduction of design development 							
Schedule	By the Counterpart (NAFED)							
	<ul style="list-style-type: none"> - Counterpart staff - Travel expense of counterpart staff 							
Schedule	Activity							
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
	1 To establish a cooperative framework and a future activity plan							
	2 To hold awareness raising seminars on export design development							
	3 To conduct a survey to collect best practices of design development							

3.2 Counterparts and implementation set-up

Since the current organization of NAFED does not have a particular division for design promotion, the Center for Market Development for Africa and Middle East (P3WATT) was assigned as a counter part responsible for implementing this project. The Study Team and NAFED established a project team with the following members.

Position	Name	Center
Coordinator	Radu Malem Sembiring	P3WATT, Head
Vice-coordinator	Rizal Setiadi S	P3WATT
Member	Titi Aghra	P3WATT
	Erwin Sofwan	P3WATT
Supervisor	Yoshinobu Tanaka	JICA Study Team
Vice-supervisor	Yoko Uchida	JICA Study Team

NAFED shall ask cooperation of the following outside resources to conduct the project activities.

Name	Role
Indonesian Design Center (IDC)	To advice on planning of seminars (including a mini-clinic session) To recruit a seminar lecturer and a design consultant
PT. Solusi Dinamika Manajemen	To conduct the survey on best practices of design development by Indonesian SMEs
Regional Export Training and Promotion Center (Surabaya)	To prepare and hold the seminar in Surabaya
Provincial DINAS for Industry and Trade (West Java)	To prepare and hold the seminar in Bandung
Institute for Export Training Center	To prepare and hold the seminar in Jakarta
Design experts (Indonesian/ Japanese)	To give lectures at the seminars and participate in a panel discussion at seminars

3.3 Overview of the major activities

The Study Team discussed with the counterparts on activities of the pilot project from September to October and decided to have two major contents. The one is to provide awareness raising seminars on export design promotion targeting to SMEs and related governmental organizations such as RETPCs and DINAS who are expected to play a role of design promotion in the regions. The other is to conduct a survey on best practices of design development by Indonesian SMEs and to compile the result in a handbook on introduction of design development for Indonesian SMEs. The project team started the activities from the middle of November. The details of the activities are explained below.

(1) The Seminars on Export Design Promotion

1) Targets

- Exporting manufactures (SMEs)
- Designers from the designers' associations /design offices
- Professors from the universities with design faculties or courses
- Staff from the regional governments (DINAS)

2) Contents

a) Lectures on Export Design Development

- Introduction of Japanese experiences in the governmental support on design development and Design Promotion for Export Development
- Introduction of Indonesian exporting manufactures' experiences in design development
- Introduction of Indonesian designer's experience of working with SMEs for industrial product development
- Presentation on the good practices of Indonesian manufactures in design development (the result of the survey is mentioned in (2))

b) Panel Discussion on Export Design Promotion

- Advocacy on importance of export design development for exporting manufactures and designers
- Introduction on how to utilize designers
- Promotion on NAFED's role and services on export design promotion
- c) Consultation
 - Advice on the products of exporting manufactures
 - Consultation on how to introduce design development into manufacturing
- 3) Schedule and Venues

Three seminars were conducted in the following locations.

 - a) Surabaya: on November 29 at RETPC
 - b) Bandung: on December 6 at Panghegar Hotel
 - c) Jakarta: on February 6 at IETC
- 4) Implementation

The activities were implemented in cooperation with RETPC in Surabaya and DINAS in Bandung. The following items were covered by the RETPC and DINAS in each location.

 - a) Invitation of the participants
 - b) Preparation of the place and facility for the seminars
 - c) Opening remarks by the head of RETPC East Java (Surabaya) and DINAS West Java for Industry & Trade (Bandung)
- (2) The survey on best practices of design development by Indonesian SMEs
 - 1) Contents of the survey
 - a) Selection of Indonesian SMEs which succeeded in design development for export.
 - b) Interview of the selected Indonesian SMEs on their experiences of design development
 - c) Analysis of the good practices of design development processes
 - d) Compilation of the results of the analysis into a Survey report and a booklet
 - 2) Target areas of the survey
 - a) DKI Jakarta (and its suburb)
 - b) East Java (Surabaya and its suburb)
 - c) West Java (Bandung and its suburb)
 - d) Central Java (Semarang and its suburb)
 - e) DI Yogyakarta
 - f) Bali
 - 3) Selection of Indonesian SMEs

First, the survey team looked for candidates of the survey targets on the lists below. 32 companies were selected as Indonesian SMEs with design development experiences.

 - a) Applicants and awarded winners of Indonesian Good Design Selection (IGDS)

- b) Participants in overseas exhibitions sponsored by NAFED
 - c) Recommended companies by Provincial DINAS for Industry & Trade in the above regions
 - d) Companies recommended by Indonesian Design Center
 - e) Companies recognized in Media (TV, newspapers, magazines, etc.)
- 4) Interview of the selected Indonesian SMEs
- Then the survey team interviewed the selected 32 companies with the questions listed below and summarized the results. The detailed data are presented in a separate volume.
- a) Background and motivation to conduct design development
 - b) Means of design development
 - c) Design development processes
 - d) Difficulties and constraints faced during the processes
 - e) Interactions with supporting institutions for design development
 - f) Good practices of design development
- 5) Schedule
- From November 2007 to May 2008
- 6) Implementation
- The survey was subcontracted to a consulting firm in Indonesia.

3.4 Achievement of outputs

Output1: NAFED prepares the export design promotion plan by establishing a cooperative framework with design related institutions (IDC and etc.), the regional governments (DINAS), and RETPCs.

Indicator 1-1: An activity plan on export design development prepared by NAFED

It was ideal that NAFED made an overall plan to promote export design development at the beginning of the pilot project considering the future organizational reform would bring a division in charge of design related services. Due to the current organizational constraints, NAFED could not prepare the plan beforehand. However the project team including key persons from the Secretary started a series of discussion on roles, measures, and activities of the new division during the period of the project. And they managed to prepare its activity plan on export design promotion for 2008 after they finished all the seminar activities of the project. In the activity plan NAFED set two major actions. One is to strengthen a network with the design community and RETPCs and DINAS in order to conduct future design promotion activities. The other is to hold export design promotion seminars for SMEs. The plan needs to be more comprehensive and detailed in order to be an activity plan for the new division in charge of export design promotion, however, this is welcome step of NAFED to play a facilitating role of export design development. NAFED is encouraged to work more on

giving shape to the plan.

Indicator 1-2: The number of designers / design institutions / regional governments in the NAFED design networks

Regarding the establishment of the cooperative framework with the design community and the regional governments (RETPCs / DINAS), NAFED should put far more effort into broadening the network with designers and the design related institutions and also preparing collaborated promotion activities with RETPCs and DINAS.

Output2: NAFED holds awareness raising seminars on design development for SMEs in cooperation with design related institutions (IDC and etc.), the regional governments (DINAS), and RETPCs.

Indicator 2-1: The satisfaction level of participants of the seminars

RETPC in Surabaya and DINAS East Java distributed invitation with an aim to call 100 participants. 88 participants gathered in Surabaya and 81 participants showed up in Bandung. For the Jakarta seminar 96 people attended. Among the participants who answered the questionnaire, most of them are from SMEs and the rest of them were from the local governments, design related universities, manufacturer's associations, the Chamber of Commerce and etc. We expected more designers' participation but there were a few designers in the participants. This should be improved in the future seminar by strengthening the NAFED' designer networks. The breakouts of the participants at each seminar are shown below based on their answers of the questionnaire at the seminars.

The breakdown of participants at each seminar

	Surabaya	Bandung	Jakarta
1. Company	52	62	41
2. Local government	7 - DINAS Industry and Trade East Java - DINAS Cooperative East Java - DINAS Cooperative, Industry, and Trade Malang Regency - DINAS Trade and Industry Batu City - DINAS Industry and Trade Sidoarjo Regency - DINAS Industry, Trade, and Cooperative Lamongan Regency - State Owned Company of Indonesian Forestry Unit II East Java	4 - Bandung Municipal Government - DINAS Cooperative and SME West Java - DINAS Trade and Industry of Bandung Regency - DINAS Trade Cimahi	2 - Ministry of Agriculture - RETPC South Kalimantan
3. Association	3 - APRISINDO (Indonesian Footwear Association) - ASMINDO (Indonesian Furniture Industry and Handicrafts Association) - GPEI (Indonesian Exporter Association)	1 - APRISINDO (Indonesian Footwear Association)	-

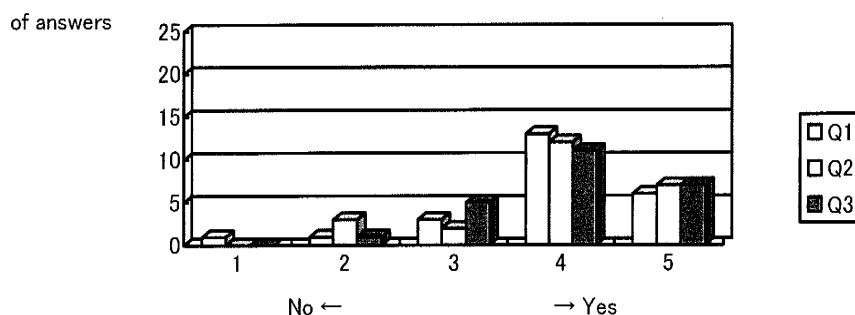
4. University	3 - Airlangga University - School of Informatics Management and Computer Technique Surabaya - Surabaya Institute of Technology	3 - ITB (Bandung Institute of Technology) - STISI (School of Art and Design) - STTT (School of Textile Technology)	1 - Tarumanagara University
5. Training center	4 - IFSC (Indonesian Footwear Service Center). - PTC (Packaging Training Center) - The East Java Management Institute - BPT Aninkra (Technical Training Center for Industry and Handicraft)		-
6. KADIN (Chamber of Commerce)	2 - KADIN East Java - KADIN Surabaya City	1 - KADIN West Java	-
7. Cooperative	1 - Koperta (Agricultural Cooperative)	-	1
8. Designer	-	-	1 - Orso (Interior Design Company)

Questionnaire surveys were conducted to the participants asking the following three questions.

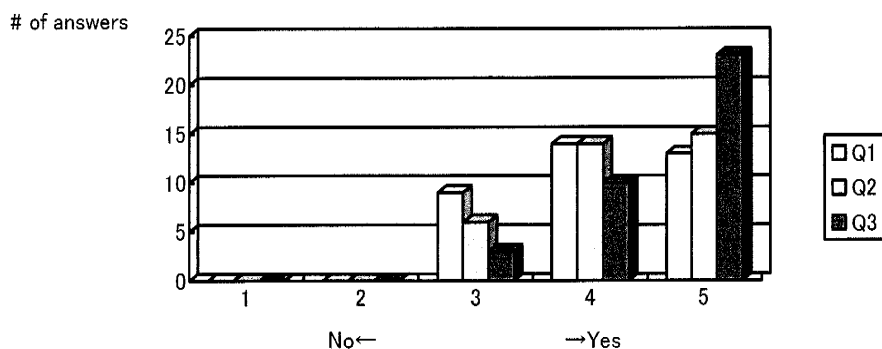
- Q1. Did the contents of the seminar meet your expectation?
- Q2. Were the contents easy to understand?
- Q3. Do you think you can utilize the information & knowledge you learned in the seminar in your work?

Many of them answered the contents of the seminar met their needs and were easy to understand. Most participants said they could utilize what they had learned from the seminar in their work. The answers of the participants are summarized in the chart below.

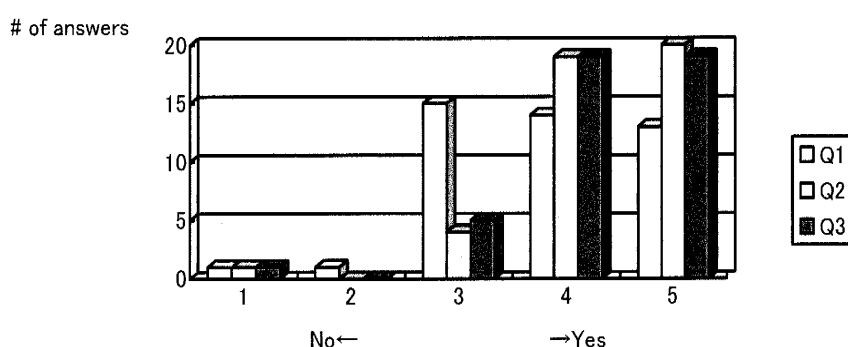
The result of the questionnaire at the seminar in Surabaya



The result of the questionnaire at the seminar in Bandung



The result of the questionnaire at the seminar in Jakarta



Indicator 2-2: The evaluation result of DINAS (Bandung) / RETPC (Surabaya) staff

The questionnaire surveys were conducted to collect evaluation results by DINAS and RETPC staff. Regarding the preparation and implementation, they indicated the logistic work mostly went well. It is suggested that NAFED should work in close contact with DINAS and RETPCs and start preparation well before the seminars in order to conduct them effectively and efficiently. The staff recognized the topics of the seminars met the needs of participants in the respective regions and they desire continuation of this kind of seminars by raising the level of the contents on design and package development.

Indicator 2-3: The evaluation result of NAFED staff

The questionnaire survey was also conducted on NAFED staff of the project team. Although there are issues to be improved, they earned confidence in preparation and implementation of a seminar through the experience of the project. All the staff recognized the necessity of careful preparation and strong partnerships with DINAS and RETPCs for success of a seminar. Above all, the best gain from the project is NAFED staff came to get interested in design and started to think about design seriously. Since NAFED staff's understanding on design is indispensable to conduct design promotion activities in the future, this project gave good opportunity for them to start learning design.

Output3: NAFED prepares a handbook as a tool to guide SMEs and designers to introduction of design development.

Indicator 3-1: The report on the best practices of design development by Indonesian SMEs is prepared.

In Indonesia, it is still rare for manufactures to utilize designers and adopt the design development process. Therefore it was challenging to collect best practices. Under this circumstance, the survey team studied Indonesian SMEs with design development experiences and compiled the result in a report in February 2008.

Indicator 3-2: The handbook on introduction of design development is prepared.

The preparation of handbook required more time than scheduled due to difficulty of communication in editing between Indonesia and Japan. The handbook was finalized in July 2008. NAFED plants to utilize the handbook at every opportunity on design development activities. Although it is difficult to collect evaluation on the handbook from the users during the period of project, NAFED should improve the contents by reflecting the users' voices in the future.

3.5 Evaluation of the project

3.5.1 Evaluation based on 4 criteria

(1) Effectiveness (Perspective of achieving the project purpose)

Currently NAFED does not have a division engaged in design promotion. Therefore, it was not easy to carry out the activities of this pilot project. Regardless the situation, the project could yield the satisfactory results through the efforts of the counterparts and other staff of Center of Market Development for Africa and Middle East Regions.

During the implementation of the project, the project members learned about design and started to think about design promotion services NAFED should provide. They discussed their roles and measures in supporting design development and formulated the activity plan on design promotion for FY2008. Although the plan needs more elaboration it is highly praised that the project accomplished to change consciousness of NAFED staff on design and enable them to make the plan.

It can be concluded that as a tool of the awareness raising activities the seminars could achieve expected results. Seminars could gather the satisfactory number of participants including SMEs, manufacturers' associations, universities, the Chambers of Commerce, cooperatives, and DINAS. The satisfaction level of the participants of the seminars was high and we found many of the participants were eager to learn about design development.

The pilot project also yielded the handbook on introduction of design development. The

handbook was prepared to improve SMEs' perception on design development and to answer their questions in working with designers. NAFED can use it as a tool to advocate SMEs and designers for design development in the future. Considering all results of the components, it is recognized that effectiveness of the project is high.

(2) Efficiency (The timing of inputs, cost analysis)

Regarding the preparation of the export design promotion plan, the necessary activities should have been taken earlier in order to conduct the pilot project efficiently, however, since NAFED does not have a particular division dedicated to design promotion it was difficult for the staff to prepare the overall plan at the beginning of the project. In terms of the awareness raising seminars, the timing of inputs was appropriate and therefore the preparation and implementation went smoothly.

With regard to preparation of the booklet on introduction of design development, the timing of inputs was appropriate. However, due to the difficulty of compiling the best practices and editing the booklet the activities required more time than expected. In terms of cost efficiency, NAFED should further explore cost efficient ways of holding seminars in choosing a seminar venue, times of a day, lecturers, and other logistic arrangements. For example, the seminar shall be a half-day so that NAFED could hold it with less cost.

(3) Impact (Perspective of achieving the overall purpose)

It is difficult to predict the positive impact to the overall goal at this moment since the pilot project conducted only three awareness raising seminars as a campaign activity. It will be reasonable to expect positive impact for SMEs to introduce design development by providing awareness raising campaign continuously. For that purpose, it is necessary to develop a plan which efficiently expands this campaign nationwide. Moreover, it is also essential to provide the more advanced seminar to teach SMEs how to introduce design development in order to elevate them to conduct design development by themselves. Particular negative impact has not been observed.

(4) Sustainability

Capacity of staff at NAFED and the regional governments

In terms of holding a seminar, NAFED staff has experience of it and can manage logistic work well. But NAFED's attempt needs more focus on how to effectively advocate SMEs. It is recommended to prepare a new work flow of holding awareness raising seminars from the experience of the pilot project. NAFED needs to make an ingenious work plan by taking in design promotion perspectives to the current work flow. To that end, NAFED staff should increase basic knowledge of design / design development. Moreover, NAFED should cope with the evaluation result of participants and make an effort to provide the service which

corresponds to their needs.

After NAFED staff increases understanding the concept of design / design development, NAFED should approach the regional governments such as DINAS and RETPCs to teach them the role and measures they can do for design promotion. Both parties should explore the effective and efficient ways of governmental promotion and collaborative work on this issue. Moreover, NAFED should encourage DINAS and RETPCs to raise the level of involvement in the future planning and implementation of the design promotion activities.

System and budget for design promotion by NAFED

Currently the NAFED's network with designers / design related institutions is still limited in volume and depth. In order to expand design promotion services, NAFED needs to strengthen its tie with design communities and have constant communication with them. From this communication, NAFED should draw ideas and recruit experts for awareness campaign, workshop for teaching know-how of design development and other kinds of design promotion services. NAFED should also share the network with the regional governments and encourage them to have communication with design communities. To be more precise, NAFED should develop a designer database based on the networks.

NAFED should also develop a system to gather proposals and requests from the regional governments (DINAS and RETPCs) in order to offer customized design promotion activities in the regions. Through the experience of the pilot project, DINAS and RETPCs expressed the requests for continuation of this kind of seminars by raising the level of the contents on design and package development. They suggested that topics of the seminars focus on specific products in their regions and design trends of overseas markets. The most concern of them is to find capable design experts for the design promotion activities.

Regarding budgeting, we do not know the budget scale of the new division of design promotion. In the course of the pilot project the Study Team had concern on NAFED's budget allocation. NAFED should think about how to economize the limited budget by reviewing each expense.

3.5.2. Lessons and recommendation

(1) Strengths and limitations

As a factor to contribute to the achievement of the project purpose, it is pointed that NAFED has know-how of preparing and implementing seminars. On the other hand, there are two factors to pose issues and challenges. One is the level of understanding of NAFED staff on design development and the methods of governmental supports for it. The other is NAFED staff's attitude of mind on budget allocation. It is important NAFED staff adopt mentality to implement their services by economizing the budget.

(2) Things to be followed up

According to the evaluation results of NAFED staff, many of them recognized the clinic session which gives advises to the participants' products was effective. However, it is more important that NAFED teach SMEs the way of thinking and the methods of introducing design development; we call it "the training workshop on design development" proposed in the action plan. Because the clinic session tends to be just giving a temporary advise to the physical appearance of the products and can not change the perception and behavior of SMEs. NAFED staff should clearly understand this point in order to develop their design promotion services. NAFED staff also tends to think to invite foreign experts for a seminar. But for the same reason NAFED should consider a plan for the concept / method teaching by Indonesian design experts.

When the organizational reform takes place in the near future, NAFED should create a scheme for its staff as well as staff of DINAS and RETPCs to learn about design and design promotion. Moreover, it is expected that NAFED provides opportunities for both SMEs and designers to socialize and expand their networks.

Furthermore, NAFED should establish the information providing system on design related affairs. The information on design development on the NAFED web site is still limited at the end of the Study. NAFED needs further effort to enrich its web site with design related information. To that end, NAFED should actively collect design related information and process it for dissemination. This service should be seriously tackled after the division for design promotion is set up.

4. Export Promotion Service

4.1 Framework of the project

Pilot Project Name	Establishment of Customer Desk and Membership Service (NAFED Club)
Background	<p>It has been observed that NAFED has weak capability in identifying the needs of individuals and groups of exporters and carrying out dedicative promotion services to them. The present operation of NAFED has concentrated on the event-based service such as support of trade exhibitions and missions. NAFED has placed limited resources onto the customer-specific services such as trade consultation / advice, inquiry service¹, etc. NAFED has also lacked the communication means of providing exporters with information on markets and promotional opportunities in regular manner.</p> <p>In this regard, NAFED should strengthen the facility to identify the needs of exporters and deliver customer-oriented services such as trade consultation or advice, inquiry service and buyer reception service.</p> <p><i>Note 1: For the inquiry service from overseas buyers, NAFED set up Buyers Reception Desk (BRD) since 1986, to assist incoming buyers to find Indonesian products and facilitate matching with local supplier. However, BRD function is considered to be inactive and halfway from the users' point of view.</i></p>
Summary of the project	NAFED shall establish the Customer Center, which consists of Customer Desk, Buyer Reception Desk, Information Center, Salon and membership service office to fully respond customers' needs and also provide membership service (tentatively called as NAFED Club) to provide more focused information to exporters and strengthen interactive communication with them.
Overall goal	NAFED starts operation of the Customer Center and the membership service as routine work.
Project purpose	NAFED shall establish the operational structure for the Customer Center and the membership service.
Outputs	<ol style="list-style-type: none"> 1 NAFED establishes operation structure for the Customer Center. 2 NAFED establishes operation structure for the membership service. 3 NAFED promotes new services of the Customer Center and the membership service.
Activities	<ol style="list-style-type: none"> 1 To establish operation structure for the Customer Center <ol style="list-style-type: none"> 1-1 To identify the needs of exporting companies for the Customer Center 1-2 To prepare the execution plan of operation and structural arrangement for the customer center 1-3 To prepare a standard operating procedure for the Customer Center 1-4 To prepare a training plan for the staff assigned to the Customer Center 1-5 To set up a facility for the Customer Center 1-6 To start operation of the Customer Center 2 To establish operation structure for the membership service <ol style="list-style-type: none"> 2-1 To prepare the execution plan of operation and structural arrangement for the membership service 2-2 To develop contents of privilege for the membership service 2-3 To start operation of membership service initially with ITEC alumni 3 To promote new services of the Customer Center and the membership service <ol style="list-style-type: none"> 3-1 To prepare a promotion material (a leaflet) of the new services 3-2 To hold the inauguration seminar of the new services
Inputs	<p>By the Study Team</p> <ul style="list-style-type: none"> - A counter desk and partitions for the customer center - Expense for the inauguration seminar of customer center and PR materials - Design consultant for layout of the customer center <p>By the Counterpart (NAFED)</p> <ul style="list-style-type: none"> - Counterpart staff - Travel expenses of counterpart staff - Expense for setting up the facilities for the customer center (furniture, panel, sofa, table, etc)

Schedule	Activity							
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
1	To establish operation structure for the Customer Center							
2	To establish operation structure for the membership service							
3	To promote new services of the Customer Center and the membership service							

4.2 Counterparts and implementation set-up

Since the existing organization of NAFED did not have the corresponding single section for the supports to individual exporters, the Secretariat of NAFED was assigned as the organization responsible for the coordination and progress monitoring of this project. Considering the kinds of task which the proposed Customer Center will have, the Study Team and NAFED organized the team with a variety of job background from each Center.

Position	Name	Center
Coordinator	Dede Hidayat	Secretariat, Head
Vice-coordinator	Lili Suliani Haryati	P3WAANZ
Daily coordinator	Akinaga Sinaga	Secretariat
Secretary	Ahmad Firdaus Sukmono	Secretariat
Members by responsible tasks		
Exporter support	Aksamil Khair	PPIE
	Budiman Telambanua	P3WAANZ
	Pontas Tobing	P3WAANZ
Buyer support	Bambang Purnomo	PPIE
	Tubagus Achmad Machrodja	Secretariat
	Andy Ruswar	Secretariat
	Widy Haryono	PPIE
Trade business consultation	Maria A. Situmorang	Secretariat
	Arif Haryanto	P3WATT
	Peter Sumbung	P3WAANZ
	Hary Setiaji	P3WAE
	Ika Ary Astuti Purnama	P3WATT
Trade inquiry	Widy Haryono	PPIE
	Adhar Hazairin	P3WAANZ
	Ikhwan Aman	P3WAANZ
	Budiman bin Helmy	PPIE
Layout / equipment	Yaya Supriyadi	Secretariat
	Bambang Harmanto	Secretariat
Supervisor	Yoichi Matsui	JICA Study Team

NAFED shall ask cooperation of the following outside resources to conduct the project activities.

Name	Role
Interior designer	Layout design for the Customer Center
Alumni of the IETC training	Initial members of the membership service

4.3 Overview of activity

(1) Kick-off meeting and start-up

As the Customer Center and NAFED Club are new to NAFED and require the cross sectional cooperation of work, the Study Team started the preparatory work for the pilot project during September and October 2007, by examining how to fit the Customer Center and related sections into the reshuffled organization.

At the same time, the supervisor prepared the task description and detailed job-flow of each proposed new division and sub-division, aiming to provide for NAFED staffs the clearer image of the targets of the pilot project and the functions of each division and sub-division. The supervisor has set up the project time framework as shown below.

Period	Soft components	Hard components
Nov. 19-23	<ul style="list-style-type: none"> - Explanation of the concept of the Customer Center to C/P members - To conduct the study visits to prospective users of the services to draw the needs - To hold a meeting with the IETC regarding the formation of the NAFED Club 	<ul style="list-style-type: none"> - To prepare the layout of the Customer Center and the NAFED Club office
Nov. 26-30	<ul style="list-style-type: none"> - To conduct the study visits to prospective users of the services to draw the needs - To modify the basic organization and activity plan according to the real needs extracted from hearing to the exporters - To examine the necessary training to provide to NAFED staffs, contents of information, materials, etc. required for implementing the organization and activity plan - To contact with the IETC alumni for agreement on the formation of the NAFED Club 	<ul style="list-style-type: none"> - To prepare the layout of the Customer Center and the NAFED Club office
Dec. 3-7	<ul style="list-style-type: none"> - To examine the necessary training to provide to NAFED staffs, contents of information, materials, etc. required for implementing the organization and activity plan - To examine the privileges of the NAFED Club members and the Club regulations - To conduct the joint (between NAFED and Club members) study to define the activities of the NAFED Customer Center and the NAFED Club 	<ul style="list-style-type: none"> - To select furniture and equipment necessary for the Customer Center and the NAFED Club office
Dec. 10-14	<ul style="list-style-type: none"> - To increase the number of project team members as working staffs for detailed planning - To examine the necessary training to provide to NAFED staffs, contents of information, materials, etc. required for implementing the organization and activity plan - To conduct the joint (between NAFED and Club members) study to define the activities of the Customer Center and the NAFED Club 	<ul style="list-style-type: none"> - To finalize the layout of and the furniture and equipment for the Customer Center and the NAFED Club office
Dec. 17-21	<ul style="list-style-type: none"> - To prepare and implement the necessary training to provide to NAFED staffs, contents of information, materials, etc. required for implementing the Customer Center - To conduct the joint (between NAFED and Club members) study to define the activities of the Customer Center and the NAFED Club 	<ul style="list-style-type: none"> - To place an order for the furniture and equipment

Period	Soft components	Hard components
Dec. 24-28	<ul style="list-style-type: none"> - To prepare and implement the necessary training to provide to NAFED staffs, contents of information, materials, etc. required for implementing the NAFED Customers Center - To conduct the joint study to define the joint marketing activities of the NAFED Customer Center and the NAFED Club - To prepare seminar for inaugurating the Customer Center and the NAFED Club: publicity and catalog and material preparation 	<ul style="list-style-type: none"> - To prepare the space for the NAFED Customer Center and the NAFED Club
Jan. 7-11	<ul style="list-style-type: none"> - To prepare and implement the necessary training to provide to NAFED staffs, contents of information, materials, etc. required for implementing the Customer Center - To prepare seminar for inaugurating the Customer Center and the NAFED Club: Publicity and catalog and material preparation 	<ul style="list-style-type: none"> - To install the furniture and equipment of the NAFED Customers Center and the NAFED Club office
Jan. 14-18	<ul style="list-style-type: none"> - To prepare and implement the necessary training to provide to NAFED staffs, contents of information, materials, etc. required for implementing the Customer Center - To prepare seminar for inaugurating the Customer Center and the NAFED Club: Publicity and catalog and material preparation 	<ul style="list-style-type: none"> - To make final adjustment and preparation of the Customer Center and the NAFED Club office
Jan. 21-25	<ul style="list-style-type: none"> - To prepare seminar for inaugurating the Customer Center and the NAFED Club: Publicity and catalog and material preparation - To hold an inauguration seminar 	<ul style="list-style-type: none"> - To inaugurate the Customer Center and the NAFED Club
Jan. 28 -Apr.	<ul style="list-style-type: none"> - To operate the Customer Center - To implement the necessary training to the NAFED staffs, prepare the contents of information, materials, etc. required by the Customer Center - To implement the joint marketing projects by the Customer Center and the NAFED Club 	
May	<ul style="list-style-type: none"> - To evaluate the outcome and result of the four-month activities and make plans for improvement 	

The target date for opening the Customer Center was set as follows;

- Soft Opening: Around end of January 2008
- Grand Opening: In May 2008

Before starting the implementation of pilot project, the supervisor prepared the following;

- Pilot Project Implementation Plan (overall explanation materials)
- Conceptual drawing of the relations between the Customer Center and other sections of -NAFED and related organizations outside of NADED
- Layout of the Customer Center and the furniture selection
- NAFED Club benefit plan

In November 2007, the core members of the pilot project team have been nominated and the kick-off meeting was held on November 21, 2007 among the pilot project core members

and the supervisor. To obtain the opinions from the private sector, the explanatory seminar was also held at IETC among the core-members and IETC Alumni members. As the presentation material, “The Establishment of the NAFED Customer Center & the NAFED Club” (Power Point slide) was prepared by the supervisor. The presentation material consists of the following contents.

<u>Guidance and Materials used for the Pilot Project</u>	
-	Background of the Project
-	Necessity of the Project
-	Objectives of the Project
-	Concept of the NAFED Customers Center
-	Proposed Organization of Customer Service Sections
-	Conceptual drawing of the relations between “NAFED Customer Center” and other stakeholders
-	Possible services and joint activities of the NAFED Customer Center with the NAFED Club
-	The NAFED Customer Center Floor Plan (Draft)
-	NAFED Club member privileges (Draft)
-	Implementation schedule

(2) Activities and deliverables

The activities took place and proceeded in November and December 2007 as summarized below;

Date	Activity	Result and Problem
Nov. 16	- Modifying the Pilot Project Implementation Plan	
Nov. 19	- Forming the Pilot Project Team, Examination of Layout plan of the Customer Center	Slow response of NAFED team
Nov. 20	- Kick-off Meeting Explanation on the background, target and contents of the project - Meeting with core members (Customer Center, NAFED Club, Tasks of the reshuffled organization of NAFED, Job Flow of Divisions and Sub-divisions in new organization)	Low awareness of the issue among the members
Nov. 21	- Q & A session with the core members	Lack of self-discipline among the members
Nov. 23	- Explanatory meeting to IETC Alumni (Customer Center, NAFED Club)	Successfully confirmed on the expectation and/or doubt on the planned concept of Customer Center and NAFED Club from outside
Nov. 26	- Submission of urgent request for improving the activities of NAFED Staff and increasing the number of counterparts	Lack of awareness among NAFED staffs of the delay in implementation schedule
Nov. 28	- Examination of possible replacement of current members and increase of the number of members	Unclear chain of command within NAFED regarding implementation of the pilot project
Nov. 30	- Kick-off Meeting with expanded team of counterparts (The number of team members increased from 4 to 14 and finally to 20 persons) * Explanation on the pilot project, Customer Center, NAFED Club, Tasks and job flows of proposed	Confirmed the final members of pilot project team

Date	Activity	Result and Problem
	new organization * Questions and answers * Official announcement of the appointment of the team members by the Secretary of NAFED	
Dec. 6	- Meeting with expanded team (detailed explanation on the functions of the Customer Center and NAFED Club - Designing task description and job flow concerning the Customer Center and NAFED Club under the proposed new organization, and questions and answers session	Need more opportunities of explanation to improve the understanding on the project among the members
Dec. 11	- Instructing each Team the work contents in December to January, together with the communication method while the supervisor is absent in Jakarta	Improving the understanding and self-discipline of the Team leader Follow-up and monitoring measure regarding the proceeding of the project during the supervisor's absence

The Project Team Meeting was held on January 21, 2008, the following day after the supervisor came back to Jakarta. The daily coordinator reported the progress of their activities and the outcome of their preparatory work. The Terms of Reference of each future sub-division has been prepared by the members, basing on their analysis of task descriptions and job flows prepared by the supervisor. Through such works, the understanding of project team members on the purpose of organization reshuffling and establishment of the Customer Center seemed to be improved.

(3) Wrap-up session

Layout and furniture selection have been finalized between NAFED and the supervisor with assistance of the designer in January 2008. Due to the constraints of NAFED budget and delay of preparation work, the soft opening seminar was decided to be cancelled.

In January 2008, a series of group meeting of each future sub-division were held. The difference between the Terms of Reference of each group prepared by NAFED staffs and the original idea of the supervisor has been clarified and, in order to bridge the perception gap between NAFED staffs and the supervisor, to correct the misunderstanding by NAFED staffs, and to emphasize the vital principle for the activities in the Center for Customer Service, the additional explanation on the basic nature of each group activity has been provided by the supervisor.

In the group meetings, the supervisor asked the Group members to make reports on the progress of their planning of new activities and gave instruction on how to maintain the communication between each group and the supervisor during the preparatory period until May 2008, when the official opening of the Customer Center and the implementation of revised organization are planned to be held.

4.4 Achievement of outputs

Output 1: NAFED establishes operation structure for the Customer Center.

Indicator 1: The needs identification survey is conducted.

NAFED conducted a needs identification survey by interviewing exporting companies as prospective users of the Customer Center. Due to limited time and the capacity, the project team could not do the comprehensive survey, however, they got an overall idea of needs of their customers.

Indicator 2: The execution plan and the standard operation procedure are prepared.

The team formulated the execution plan for operation and structural arrangement for the Customer Center with support from the supervisor of the JICA Study Team. Moreover, the team scrutinized the task description and the job flow for the services of Customer Center (The Buyer Reception Desk, Trade Consultation and Trade Inquiry) based of the proposal from the supervisor. NAFED needs further effort to prepare the comprehensive standard operating procedure.

Indicator 3: The facility of the Customer Center is prepared.

The project team outsourced setting up of a facility of the Customer Center to a design company. The team discussed the layout and necessary equipment for the facility of the Customer Center and it was prepared in February.

Indicator 4: NAFED starts operation of the Customer Center.

The opening of the Customer Center was initially scheduled in January 2008, however, it was rescheduled to May due to insufficient preparation. Then NAFED had to move to a new building of the Ministry of Trade during mid May to June. As a result the opening was postponed to October 2008. On the other hand, NAFED decided to set up the Buyer Reception Desk at the Soekarno-Hatta Airport and preparation is under way.

Output 2: NAFED establishes operation structure for the membership service.

Indicator 1: The execution plan is prepared.

The team formulated the execution plan for operation and structural arrangement for the membership service with support from the supervisor of the JICA Study Team.

Indicator 2: NAFED develops the contents of privilege of the membership service.

The project team decided to call the membership service as the NAFED Club and formulated the contents of privilege and regulation of the NAFED Club. The team further prepared the application format of the membership. At the end of May NAFED was still in the process of getting endorsement on the club regulation by the top management.

Indicator 3: NAFED starts operation of the NAFED Club.

NAFED planned to start the service of the NAFED Club initially with alumni of IETC training courses. Since the endorsement on the club regulation is still on hold, NAFED can not start the service yet. While waiting for the endorsement, NAFED unofficially reached the agreement with IETC alumni on the service of the NAFED Club. As the same reason above, NAFED has not been able to start recruiting members for the NAFED Club yet.

Output3: NAFED promotes new services of the Customer Center and the membership service.

Indicator 1: The promotion leaflet is prepared.

The preparation has not been begun yet due to the rescheduling of the start of the Customer Center and the NAFED Club.

Indicator 2: The inauguration seminar is hold.

The preparation has not been begun yet due to the rescheduling of the start of the Customer Center and the NAFED Club.

4.5 Evaluation of the project

4.5.1 Evaluation based on 4 criteria

(1) Effectiveness (Perspective of achieving the project purpose)

Due to the several changes of core members, the formation of the project team was suspended and finally settled in January. In spite of the delay in forming the project team, the project team members understood the importance of providing customer oriented services through intensive discussion with the supervisor and prepared the execution plan for the new services; the Customer Center and the NAFED Club.

Regarding the Customer Center, a needs-identification survey was conducted to the prospective users of NAFED services though it was not thorough yet. Based on the proposal from the supervisor, the project team completed the task descriptions for several sections in charge of the Customer Center in the future. However, the comprehensive standard operating procedure and the staff training plan are still not prepared. The establishment of the new facility for the Customer Center was completed in cooperation with the design company. However, the opening of the Center is withheld until October 2008.

Regarding the NAFED Club, the project team prepared the execution plan and drafted the privilege and regulation of the service. However, the details of the service has not endorsed by the management of NAFED yet. Therefore the start of the service is still on hold.

Since the start of two services was postponed, the promotion material has not prepared

yet and the inauguration seminar has not conducted yet. As above, the project purpose was achieved halfway. It set up the framework and task description but more effort is required for the actual implementation.

(2) Efficiency

As the project had to cover the wide range of activities, it needed considerable time to get proper understanding among the top management of NAFED on the purpose and feature of the Customer Center and Membership Service.

Since the Customer Center has to remain as a virtual organization until the official reformation of NAFED organization, there were following difficulties to foresee the suitable timing of setting up and opening of the Customer; the time limitation of the JICA Study period, the availability of NAFED staffs and budgets, the timing of NAFED organizational reformation, the moving of NAFED office to the new Ministry of Trade building. Considering these points, the timing of the project implementation might be rather earlier than it should be. However, the project team had no choice other than this in order to fit it in the period of the Study.

Regarding the cost perspective, NAFED rendered its utmost effort to mobilize the enough budget for preparing the Customer Center facilities. Therefore the cost disbursed by the Study Team could remain minimal and used to achieve the satisfactory result.

(3) Impact (Perspective of achieving the overall purpose)

The pilot project aimed to set up the base for starting more business-minded and customer-oriented services. Therefore, the experiences gained by the project team members through implementation of the pilot project are expected to cast positive impact on future operation of these services. The negative impact was not observed or expected during the implementation of the project.

(4) Sustainability

For NAFED to start operation of the Customer Center and the NAFED Club as routine work, NAFED needs to educate more its staff on how to provide customer oriented services. Since the two services have not been started yet, NAFED staff is still lack of experience for them. NAFED should develop a training program for the staff in charge of these services. For the training of the staff, the technical assistance may be necessary in the future.

Moreover, the NAFED should improve the communication among its centers, since the inter-departmental work is indispensable to effectively provide its services through the Customer Center.

4.5.2 Lessons and recommendation

(1) Strengths and limitations

A factor to contribute to the achievement of the project purpose is that the project members came to understand the importance of the customer oriented services. On the other hand, there are two factors which posed challenges to the project. One is limitation on the commitment of the staff. Since the project team members have been tied up with their current work, it was difficult to have frequent and close contact among them. To prepare new organization inevitably requires the full-time staffs. Another is limitation on working style of NAFED staff. Affected by the rigidity of current working system divided by departments (centers), it was difficult to realize the inter-departmental work, which is the key element for materializing new services.

(2) Things to be followed up

It is a key for success of the new organization and services to realize the inter-departmental working style among NAFED. Therefore, NAFED management and staff should understand it and make effort to it leaving current working behavior under the rigid organization. Furthermore, the opportunity of the OJT should be arranged in order to complement the lack of experience of the staff, before the official inauguration of new services.

5. Networking and Management

5.1 Framework of the project

Pilot Project Name	Export Dialogue with major exporting industries									
Background	<p>NAFED generally lacks communication with its service users, i.e. manufacturers and exporters. As a result, NAFED is unable to identify each industry's strategy and needs for export promotion and prepare customized programs for them. While NAFED occasionally talks with industrial associations, it does not intentionally collect feedback in order to reflect it in their program formulation.</p> <p>NAFED also has opportunities to participate in the Presidential meetings on industrial affairs, however, the themes of the meetings are rather general for the all industries and not specific enough to draw a program of NAFED to a certain industry.</p>									
Summary of the project	NAFED should establish a system to formulate supporting programs for export industries which can incorporate the strategy and needs of the respective industries.									
Overall goal	NAFED can provide support programs to the exporting industries which correspond with their strategies and needs.									
Project purpose	To establish a program formulation mechanism for NAFED to cope with strategy and needs of the exporting industries.									
Outputs	<p>1 NAFED launches a formulation mechanism of the export promotion programs.</p> <p>2 NAFED formulates export promotion programs for the target industries.</p> <p>3 NAFED establishes the program formulation mechanism as the routine work.</p>									
Activities	<p>1 To launch a framework of the program formulation mechanism</p> <p>1-1 To select target industries for the program formulation</p> <p>1-2 To invite the selected industries to participate in the program formulation mechanism</p> <p>1-3 To explain the implementation policy and schedule to the participating industries</p> <p>2 To conduct program formulation with industries</p> <p>2-1 To discuss with the industries on their export promotion strategies and needs</p> <p>2-2 To draft NAFED's support programs based on the results of the above discussion</p> <p>2-3 To discuss the draft programs with the respective industries</p> <p>2-4 To finalize the drafts and take budgetary steps</p> <p>3 To establish the program formulation mechanism as the NAFED's routine work</p> <p>3-1 To review and improve the process of the program formulation mechanism</p> <p>3-2 To prepare a plan to expand the mechanism to other industries</p>									
Inputs	By the Counterpart (NAFED) Counterpart staff									
Schedule	Activity									
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May		
	1 To launch a framework of the program formulation mechanism									
	2 To conduct program formulation with industries									
3 To establish the program formulation mechanism as the NAFED's routine work										

5.2 Counterparts and implementation set-up

Since the current organization of NAFED does not have a division in charge of collecting needs of industrial associations in order to reflect them to its supporting programs, the Secretariat was assigned to be a counterpart of this project. NAFED set up a team for the project with the following members (Echelon holders) in charge of discussion with industrial associations.

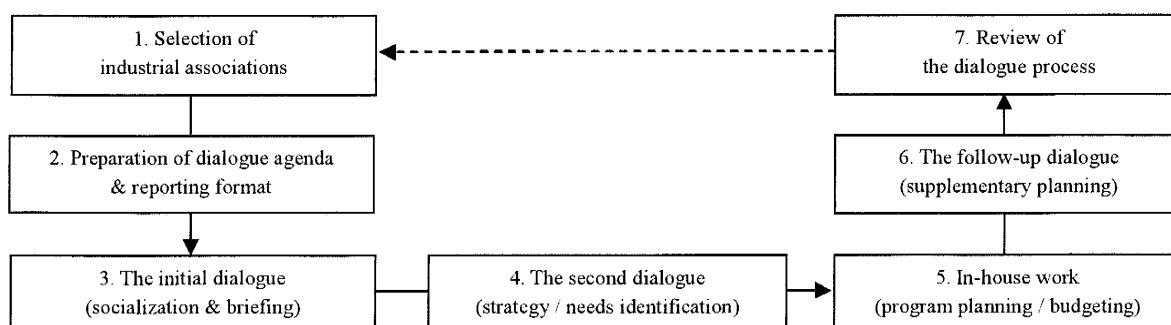
Position	Name	Center
Coordinator	Dede Hidayat	Secretariat, Head
Vice-coordinator	Firdaus Sukmono	Secretariat
Daily coordinator	Abu Amar	Secretariat
Dialogue officer	Djamian Lumban Gaol	P3WAE
	Soekendar W.	P3WAANZ
	Suprayogo	P3WATT
	Taufiqurrachman	P3WATT
	Djasdi Darwis	P3WATT
	Sulistyawati	Secretariat
	Zulfikar Mark	Secretariat
	Ali Imran	PPIE
	Zakiah Hanim	PPIE
Supervisor	Taro Tsubogo	JICA Study Team

NAFED shall ask cooperation of the following outside resources to conduct the project activities.

Name	Role
Twelve export-oriented industrial associations	To participate in discussion with NAFED in formulation of support programs for the respective industries

5.3 Overview of activity

The overall process of the project is illustrated below.



(1) Selection of commodities (industrial associations)

The project commenced with selection of industrial associations for which NAFED formulates support programs. The candidate associations were chosen from 10 main + 10 potential commodities + 3 services. Among them the commodities pertinent to any of the following were excluded from the candidates since the promotion measures for overseas marketing seems to have the lesser sense or significance and bring little impacts on the trade performance as a result.

- Largely traded under the supply chain and network which are governed by the global

majors or multi-national enterprises

- Largely traded in the form of raw materials
- Even though traded in the processed forms to some extent, demanded as semi-finished products for the manufacturers

The commodities such as palm oil / crude palm oil, shrimp, cocoa, coffee, spices were excluded. Aside from this, the project team put a high attention onto the “response of the associations” upon initial contact asking for participation in this project. The associations with positive and prompt responses were placed with high priority. Accordingly the following twelve associations were chosen as dialogue partners.

No	Name of Association	Commodity
1.	Automotive Parts & Components Industries Association (GIAMM)	Automotive parts
2.	Cocoa Industries Association (AIKI)	Processed cocoa
3.	Ceramics Industry Association (ASAKI)	China / Ceramics
4.	Indonesian Footwear Association (APRISINDO)	Wearing shoes
5.	Association of Medical Appliances Industry (ASPAKI)	Medical equipment
6.	Indonesian Flower Association (ASBINDO)	Flower
7.	Association of Herbs & Traditional Pharmaceutical Producers (GP. JAMU)	Medicinal herb, health product
8.	Association of Exporters and Producers of Indonesian Handicraft (ASEPHI)	Handicraft, Jewelry
9.	Forum for Food Product Producers (Focus PANGAN)	Processed food (SMEs)
10.	Furniture Industry and Handicraft Association (ASMINDO)	Furniture
11.	Association of Indonesian Animation Industry (AINAKI)	Animation products
12.	Food & Beverage Producers Association (GAPMMI)	Processed food (large)

(2) Preparation

Following the selection, at least one team member was appointed as “person in charge” for each association. In addition to the said members, junior staffs in NAFED were assigned to accompany the meetings with associations to learn how to proceed discussion. Then the team with supported from the Study Team discussed and drafted a guideline, an agenda, and a reporting format for the dialogue with associations. The above mentioned overall process of dialogue and the scope of work in each process are provided in the guideline. The agenda and the reporting format are shown below.

<u>Agenda & Reporting Format of Dialogue</u>
1) Constraints and issues in overseas market and marketing promotion
2) Strategy and activity plan for overseas marketing promotion
3) Needs and demands for overseas marketing promotion
4) Opportunities, target products and regions (or countries) for overseas marketing promotion
5) Proposed measures of overseas marketing promotion
6) Any other topics and important market changes related to the industry

(3) Dialogues with industrial associations

1) First dialogue

The team then issued the letter to each selected association to invite them to the initial dialogue. Initial dialogue was organized on 15th November for the following purposes; i) to explain an importance of cooperation between NAFED and the private sector in view of designing and realizing more effective promotion programs, ii) to explain the objective and process of export dialogue, and iii) to prepare for the individual dialogue to proceed. The initial dialogue was chaired by the head of Secretariat and covered the following agenda.

<u>Agenda of Initial Dialogue (socialization & briefing workshop)</u>
1) Explanation of Export Dialogue and Activity Plan of NAFED in FY2008
2) Present situation, outlook and target by association
3) Request for data preparation for the second (individual) dialogue
4) One to one session between NAFED dialogue officer and association

This initial dialogue brought an opportunity for NAFED to share the basic understanding on the condition of targeted industries (domestic supply and production, export trend, international competitiveness, etc.) and their opportunities and threats. All the participating associations stated a commitment to the dialogue, and promised to send their representatives to the second dialogue.

2) Second dialogue

After the initial dialogue, each dialogue officer commenced the second (individual) dialogue with each association from the mid of November. The second dialogue has been conducted based on the agenda, and reported according to the format both set during the preparation. At this point, the dialogue officers had to emphasize the identification of overseas marketing strategy and needs of associations, and introduction of a variety of promotion programs which NAFED could provide.

<u>Promotion programs which NAFED could provide</u>
- Trade exhibitions and fairs (both overseas and domestic)
- Specialized marketing mission, trade-networking mission
- In-store promotion (both overseas and domestic)
- Overseas industry-related business conference
- Preparation of marketing promotion materials
- Establishment or securing of overseas marketing office
- Buyers' reference and trade match making
- Customized market survey (in the long-run)

The dialogue officers requested the associations to propose desirable promotion programs with supporting data (name of a program, place, schedule, and other relevant background data). Proposed programs from the associations mostly focused on the overseas

trade fair and the marketing mission in Middle East and Eastern Europe. They also requested ITPCs to play a more substantial role in supporting and receiving the marketing missions by Indonesian exporters. Some associations also indicated importance of organizing the presentation seminar for Indonesian products attached to the overseas trade fairs as means to appeal the accurate image of Indonesian products.

(4) Formulation of programs

1) Overseas trade fairs

First of all, NAFED started to compile all the proposed trade fair events to decide which trade fairs are to be attended in FY2008 since NAFED has to announce the schedule of overseas trade fairs by the end of January 2008. The team prepared the list of proposals (31 fairs in total) with background data after reviewing the effectiveness and validity of the proposed fairs. On the other hand, as been practiced in the previous years, each market development center also submitted the list of candidate events based on the performance in the previous years and recommendations from ITPCs and trade attachés.

The chairperson of NAFED indicated the criteria of prioritization that if the fair event matches both the needs of associations and the plan of each market development center, such events are to be prioritized. Accordingly, nine (9) fairs proposed by the associations were officially scheduled and budgeted out of total 19 events in FY2008.

2) Marketing missions

Secondly, NAFED organized an internal meeting again to discuss the possibility of other programs than trade fairs. The internal meeting focused on the design of new promotion programs by NAFED, specialized marketing mission¹ in particular, since the dialogue showed a high demand for it. Before the meeting, JICA Study Team instructed the team members about the marketing mission by referring to the examples of other trade promotion organizations (TPOs) such as MATRADE and Austrade.

After each project member presented the results of second dialogue with associations, they discussed the feasibility and effectiveness of the marketing mission in terms of the budget and coordination with ITPCs and trade attachés. Even though the members still found issues to be tackled, they agreed to propose marketing missions during FY2008 to the chairperson of NAFED. Accordingly, the project member decided to start design and preparation work for such missions immediately in collaboration with ITPCs and commercial

¹ Different from trade missions which NAFED presently organizes, marketing missions are commodity- or service-based promotion measure, aiming to explore and identify trade opportunities for particular industry group concerned. Marketing missions usually comprise of a series of presentation seminar on supplier, one-to-one meeting, etc. Trade missions, led by the high-rank government officials, are sometimes evaluated by the private sector as too general for all types of industry, catered for large enterprises, less suitable for marketing activities.

attachés.

After the meeting, the project member started an explanation of marketing missions to management staff (Echelon II) in NAFED to obtain their support for the new program. Until the end of May 2008, the project members have drafted the terms of reference (TOR) and the standard operation procedure (SOP) for marketing missions together with budget plan for FY2008. Then, an internal meeting among the members was held again to discuss these TOR, SOP and budget plan, and how to approach to the interested associations for detail planning of marketing missions.

Then, a proposal of program which schedules around 10 marketing missions was presented together with a number of supporting documents to all the Echelon II and the chairperson of NAFED. The chairperson agreed to proceed with the proposed program together with SOP, but asked the dialogue member to further review the budget plan in accordance with the progress of discussion with the interested associations and budget availability of NAFED.

(5) Establishing the program formulation mechanism

The wrap-up session was held to discuss how NAFED should establish the program formulation mechanism in the NAFED management for FY2008 and operate it under the proposed new organization. JICA Study Team also strongly suggested NAFED continue the program formulation mechanism so that developed programs can be incorporated in the budget planning process for the next year. The project member and JICA Study Team reviewed the process of program formulation mechanism to improve its procedure. The members have observed no particular difficulties in the process, and decided to adopt the mechanism as a routine work.

5.4 Achievement of outputs

Output1: NAFED launches a formulation mechanism of the export promotion programs.

Indicator 1-1: The guideline for implementation is prepared.

First of all, the taskforce-based project team was established appointing at least one staff as “person-in-charge” for each association, and headed by the Secretariat. In addition to the said person-in-charge, junior staffs were also recruited to proceed with discussion with the targeted associations. Then the team with supported from the Study Team drafted the guideline (implementation steps) for export dialogue, an agenda of dialogue and a reporting format. The overall process of dialogue and the scope of work in each process are stipulated in the guideline.

Indicator 1-2: The kick-off meeting with industrial associations is carried out.

The kick-off meeting invited targeted industrial associations and enlisted cooperation from them to the project. This meeting also served as an opportunity for NAFED to understand the current conditions of the targeted industries.

Output2: NAFED formulates export promotion programs for the target industries.

Indicator 2-1: Meetings with industrial associations are held.

During the project period, eleven (11) out of twelve (12) associations have been consulted through the dialogue. Dialogue reports have been prepared for all the consulted associations. All the consulted associations indicated their desirable supports from NAFED were promotion measures such as overseas trade fairs and marketing missions focusing on a certain product or service. Dialogue reports with proposed programs were then submitted to the coordinator for preparation of program formulation.

Indicator 2-2: Reports on the result of the meetings are prepared.

Although the quality and depth of reports vary among the dialogue officers, all the dialogue reports have been submitted to the project coordinator with proposed promotion measures. One of the report samples is attached below (Food and Beverage Producers Association in Bahasa Indonesia). The reports were utilized as the materials for the planning work of promotion measures (trade fairs and marketing missions). Aside from the reports of dialogue result, the guidance and reporting format of dialogue has been prepared by the project team in cooperation with the Study Team.

Laporan Dialog Ekspor	
Organisasi	: Gabungan Pengusaha Makanan & Minuman Seluruh Indonesia (GAPMMI)
Contact person	: Ir. Thomas Darmawan, Ketua Umum GAPMMI Tel : (021) 70322626/27 HP : 0816904314 e-mail : thomas.darmawan@yahoo.com
Komoditas/Produk Utama	: Makanan & Minuman
Tempat dialog	: BBPPEI, Jakarta
Tanggal dialog	: Tanggal : 10 Hari : Senin Bulan : Desember Tahun 2007
Peserta Dialog	: (Ir. Thomas Darmawan) (Djamian Lumban Gaol, BPEN, Hary Setiaji, BPEN)
Tanggal pencatatan	: 10-12-2007
A. Hambatan dan Permasalahan dalam promosi pemasaran di luar negeri	
Asosiasi tidak dilibatkan dalam berpromosi	Dalam menentukan kegiatan promosi antara lain pameran, asosiasi / KADIN tidak dilibatkan oleh pemerintah sementara asosiasi / KADIN lebih mengetahui kebutuhan eksportir dalam menentukan pameran / kegiatan promosi yang sebaiknya dilakukan.
Dana	GAPMMI tidak memiliki dana untuk mengajak anggotanya berpromosi di luar negeri.
Sertifikasi	Untuk produk-produk perikanan, pengusaha yang akan melakukan ekspor harus mempunyai sertifikasi yang dikeluarkan oleh Departemen Kelautan dan Perikanan sehingga hanya pengusaha tertentu saja yang dapat melakukan ekspor produk perikanan.
B. Strategi dan rencana kegiatan untuk promosi pemasaran di luar negeri	

Pameran di Luar negeri	GAPMMI saat ini sedang memfokuskan untuk terus mengembangkan pasar di kawasan Asia dan Australia.
C. Kebutuhan dan permintaan untuk promosi pemasaran di luar negeri	
Asosiasi dilibatkan berpromosi ke luar negeri	Pemerintah dalam hal ini BPEN hendaknya mengajak / memberikan fasilitasi kepada asosiasi / GAPMMI untuk ikut berpartisipasi pada kegiatan promosi di luar negeri. Bantuan tersebut antara lain dalam hal pendanaan karena GAPMMI tidak mempunyai dana yang cukup untuk berpromosi ke luar negeri.
Program peningkatan untuk asosiasi	GAPMMI dan asosiasi lainnya masih memerlukan program capacity building dalam meningkatkan kemampuan dan kompetensi mereka. GAPMMI mengharapkan bantuan dari JICA dalam hal ini.
D. Produk dan daerah (atau negara) sasaran untuk promosi pemasaran di luar negeri	
Produk	GAPMMI membagi produk kedalam 3 kategori yang cara berpromosinya berbeda yaitu: <ul style="list-style-type: none"> - Barang konsumsi, produk yang dikonsumsi langsung (nata de coco, agar-agar, biscuit, dll) - Barang industri, produk makanan untuk diolah lagi di negara importir (cocoa powder) - Komoditi Pertanian, produk hasil pertanian
Negara	Saat ini GAPMMI sedang fokus untuk mengarahkan pengusaha anggotanya untuk lebih fokus berpromosi / mengembangkan pasar di kawasan Asia dan Australia.
E. Usulan menu (langkah-langkah) promosi pemasaran di luar negeri	
Menentukan pameran LN	<ul style="list-style-type: none"> • GAPMMI mengusulkan agar Indonesia fokus pada pameran – pameran yang ada di kawasan Asia & Australia antara lain: SIAL di China, Fine Food di Australia, Pameran di Hongkong. • Selain pameran tersebut, partisipasi pada pameran yang sudah dikenal oleh buyer seluruh dunia juga tetap harus diikuti seperti pameran: SIAL di Paris & Anuga di Jerman.
Outlet Indonesia di LN	<ul style="list-style-type: none"> • GAPMMI mengusulkan agar Indonesia mempunyai outlet - outlet di luar negeri karena lebih efektif dan efisien dalam menarik buyer - buyer untuk membeli produk - produk Indonesia. Pada tahap awal pendirian outlet tersebut dapat dilakukan di kota - kota yang banyak terdapat orang Indonesia. • Outlet tersebut harus melibatkan asosiasi sebagai pihak yang turut mengelola dan diperlukan dukungan dari organisasi luar negeri seperti JICA untuk memberikan bantuan antara lain dalam hal pendanaan. • Untuk menarik minat eksportir memasarkan produk mereka di outlet tersebut pada tahap awal perlu diberikan subsidi antara lain dalam hal pembebasan biaya sewa dan insentif lainnya.
Sertifikasi Eksportir	<ul style="list-style-type: none"> • Untuk dapat memenuhi standar yang diharuskan di beberapa negara maka diperlukan sertifikasi kepada para eksportir sehingga hanya eksportir bersertifikasi yang dapat melakukan ekspor. • Sebelum memperoleh sertifikasi, produsen / eksportir tersebut diharuskan mengikuti tahapan - tahapan penilaian. Jika ada eksportir yang Belum memenuhi standar yang ditetapkan maka harus diberikan pelatihan / bimbingan sehingga mereka dapat memenuhi standar yang ditetapkan.
F. Topik lain dan perubahan pasar yang penting, yang berkaitan dengan industri	
Sertifikasi eksportir	GAPMMI mengusulkan adanya sertifikasi bagi eksportir, jika eksportir belum mempunyai sertifikasi tersebut maka diberikan pelatihan dahulu dan kemudian diuji sesuai standar. Sebagai kompensasinya, peserta pameran harus sudah mempunyai sertifikasi tersebut.
Koordinasi Promosi	Saat ini hampir semua Departemen / Instansi mempunyai program kegiatan promosi ke luar negeri hal ini mencerminkan kurangnya koordinasi antar instansi.
Permintaan GAPMMI	<ol style="list-style-type: none"> 1. Bantuan Internet system (hardware, software, aplikasi, dll) 2. Kerjasama dalam pembuatan publikasi (directory, newsletter, buletin) 3. Dukungan agar GAPMMI mempunyai hubungan yang baik dengan anggota 4. Bantuan dalam pengembangan capacity Building bagi anggota di daerah

Indicator 2-3: Promotional programs are realized and budgeted

1) Trade fairs

The data on proposed promotion measures from the associations were compiled to

prepare the list for the planning session of trade fair schedule FY2008. The team prepared the list of proposals (31 fairs in total) with sufficient background data after reviewing the effectiveness and validity of the proposed fairs. As a result, nine (9) fairs proposed by the associations were officially scheduled and budgeted out of total 19 scheduled events for FY2008.

2) Marketing missions

Based on the dialogue result, the project member decided to propose new promotion measure to NAFED (specialized marketing missions), and agreed to continuously work out for design and implementation of the said programs within FY2008. Until now, the project member has drafted TOR and SOP for the marketing missions together with budget plan for FY2008.

Then, the proposal of program which schedules around 10 marketing missions was presented together with a number of supporting documents to all the Echelon II and the chairperson of NAFED. The chairperson agreed to proceed with the proposed program together with SOP, but asked the project members to further review the budget plan in accordance with the progress of discussion with the interested associations and budget availability of NAFED. The preparatory work for the marketing missions is on-going.

Output3: NAFED establishes the program formulation mechanism as the routine work.

Indicator 3-1: The execution plan for the program formulation mechanism is prepared.

The project team regularly reported the chairperson the progress of the program formulation mechanism and its significance for identifying the industries' needs and incorporating them into the NAFED promotion programs. As a result the chairperson decided to continue the program formulation mechanism as a routine operation of NAFED from FY 2008. In view of institutionalizing the program formulation mechanism in NAFED, the project members discussed and agreed upon the following points in the reviewing session.

- 1) Dialogue should be commenced in June so that planning work of promotion programs would be in time for budget planning work for the next year.
- 2) Before transformed to the new organizational structure, the present members of taskforce based team will continuously function as person-in-charge for dialogue with each targeted association, under the overall coordination and facilitation of Secretariat.
- 3) Trade fairs and marketing mission are the main subjects of dialogue and the following planning work of promotion programs for the time being. Proposals from associations should be detailed more and backed by the supporting data in order to prove the validity of the proposed measures.

- 4) After the new organizational structure is formed, the dialogue work will be handled by the Division of Products in the Center for Products, which are supposed to prepare the export promotion strategy for each prioritized commodity and service. The promotion strategy shall include the annual and the mid-term activity plan of promotion measures suitable for each commodity and service, and be prepared based on discussion (i.e., dialogue) with each associations concerned.
- 5) The Center for Export Promotion, the Division of Exhibition and Division of Marketing Program should also assist the planning work of the export promotion strategy, since the knowledge and know-how regarding promotion measures are necessary. Secretariat, Sub-division of Strategic Planning and Budgeting, which functions as a coordinator, shall collect the promotion measures proposed in each strategy, provide them to the meeting for program screening, and finally reflect screened ones into the entire budget plan.

5.5 Evaluation of the project

5.5.1 Evaluation based on 4 criteria

(1) Effectiveness (Perspective of achieving the project purpose)

It can be said that this project achieved the project purpose better than any other pilot projects. Each activity was properly carried out by the project team members and bore the fruitful results.

The project has brought significant change in the planning system of NAFED. Previously, export promotion measures like trade fairs were proposed by each regional center of NAFED or ITPCs (or sometimes requested by the high-ranked officials without plausible explanation). NAFED has rarely had any other promotion tools than trade missions. The program formulation mechanism has changed the way of NAFED's planning system from "on-the-desk (top-down)" approach to "needs-based (bottom-up)" approach.

Initially some NAFED officials were skeptical about this practice based on their belief that the opinions of Indonesian associations are sometimes biased by several representatives and not reliable enough. However, as the meetings progressed, team members found that associations are a source of valuable information for overseas market information and promotion opportunities.

Finally the project team institutionalized the new mechanism of formulating promotion programs. Now that the program formulation mechanism was officially adopted in NAFED, NAFED should explore the more strategic operation of it considering all the services NAFED can offer to the customers. For that purpose, it is essential to develop more coordination among all sections of NAFED.

(2) Efficiency

All the necessary inputs were arranged as scheduled and the project activities smoothly progressed. Regarding the cost effectiveness, it is highly praised that the project achieved its purpose with low cost. Originally, the Study team scheduled to hire an external management consultant to facilitate and manage the overall process of meetings with industrial associations. However, it turned out that the capacity of taskforce-based team did not require support from the external consultant. In stead, the Secretariat of NAFED played a role in managing the overall process. No other expenditures except for travel expense from/to association offices have been incurred.

(3) Impact (Perspective of achieving the overall purpose)

NAFED has started implementation of the promotion program formulated through the mechanism demonstrated in the pilot project. NAFED has recognized that industrial associations show more commitment to the programs since they were closely involved in the process of planning.

Trade fairs

As stated before, 9 fairs proposed by the associations were officially scheduled and budgeted in the total of 19 scheduled events for FY2008. Some of these fairs have been already implemented.

Marketing missions

The preparatory work for the marketing missions is on-going. NAFED is now at the stance to start 10 marketing missions within FY2008.

(4) Sustainability

Operation of the program formulation mechanism by NAFED

As mentioned before, NAFED institutionalized the program formulation mechanism as a routine operation of NAFED and is committed to its implementation. Until NAFED is transformed to the new organizational structure, the present members of taskforce based team continues to function as person-in-charge for the mechanism with each targeted association, under the overall coordination and facilitation by Secretariat. Under the new structure, the Division of Products in the Center for Products will be mainly in charge of the mechanism.

NAFED's close partnership with industrial associations

Regarding the trade fairs formulated through the program formulation mechanism in the pilot project, NAFED reported that they were more smoothly scheduled, arranged and implemented compared to before. Since industrial associations had been involved in the

process of planning they showed more commitment to the fairs. Previously NAFED sometimes faced cancellation by participants right before the trade fairs. However, the mechanism proved to mitigate such risk. The close communication with industrial associations and increase of their involvement to the program formulation lead NAFED more efficient and effective implementation of the support program.

5.5.2 Lessons and recommendation

(1) Strengths and limitations

As factors to contribute to the achievement of the project purpose, it is pointed that NAFED has institutionalized the proposed mechanism and already started its operation. Related NAFED staff understands the concept and significance of the mechanism. The other factor is that NAFED has earned the good cooperation from industrial associations. Since the partnership to formulating and implementing the promotion programs can bring benefits to both parties, NAFED should maintain this relationship in the future.

On the other hand, there is a factor posing challenges to NAFED. Although NAFED staff understands the concept of the mechanism, they have not been able to operate it well. Since the attempt in the project was the first step, NAFED needs to gain more experience in identifying the needs of the private sector and reflecting them to the program formulation. To respond the needs well, NAFED needs to formulate the promotion programs more strategically by combining all the NAFED services.

(2) Things to be followed up

Although the pilot project is originally expected the project members to prepare not only individual program proposals but also the export promotion strategies for each targeted commodity. The Study Team considers the export promotion strategy to be a comprehensive promotion plan for the middle-long term by combining all the services NAFED can offer. The promotion programs are not only a trade fair and a marketing mission but training, information providing service, design development service, etc. During the project it was observed that the project members still can not have a comprehensive way of thinking over all the services NAFED can provide and combine them to promote a certain commodity.

When the new organizational structure is introduced, the Division of Products in the Center for Products will be in charge of formulating the strategies. The Center staff should develop the capacity to formulate promotion programs more strategically by deepening the understanding of their roles in export promotion and by coordinating well with other sections of NAFED. For the capacity development of the staff in formulating export promotion strategies, technical assistance may be required.