

## **Commercialization of SME Industry**

Purpose: Information  
Submitted by: Indonesia

# Issues

- 1. The importance of innovative-based economy for SMEs development.**
- 2. Innovation is a strategic way to foster SMEs competitiveness.**
- 3. For SMEs, reliable commercialization of innovative products is extremely challenging, particularly given the limited resources available to SMEs.**
- 4. Supporting SMEs to commercialize their innovation will support the development and growth of new and high-value jobs businesses.**
- 5. Competitive innovative SMEs will bring long-term economic prosperity for the people.**

# Challenges

- 1. Competition of SMEs : quality product, competitive price, good services, product appearance, market tastes.**
- 2. Enabling environment : Government role to support SME Product; stakeholders role.**
- 3. Access of SMEs to market : market information, regulation in the market destination.**
- 4. APEC cooperation framework to response SMEs need for internationalization trade.**

# **Strategic Approaches**

- 1. Business model innovation.**
- 2. Increasing the capacity of SMEs and the availability of productive resources**
- 3. Incentives provide to SMEs.**
- 4. Affirmative policy in the development of SMEs**
- 5. Integrating SMEs to Global and Regional Market.**
- 6. Strengthening local market.**

# Programs on Commercialization SMEs

- 1. IPR promotion and facilitation.**
- 2. SNI/ISO facilitation.**
- 3. Facilitating the development of capacity building through education and training.**
- 4. SME Development Partnership.**
- 5. Facilitation of access to productive resources. Indonesia has special agency, namely:**
  - LPDB-KUMKM or revolving fund agency;**
  - LLP-KUKM or marketing services agency**
- 6. Developing Entrepreneurship (SMEs) export oriented.**

# Indonesia Best Practice : Friendly Scheme for SMEs

- **REVOLVING FUND AGENCY FOR COOPERATIVES AND MSMEs (LPDB-KUMKM)**

## **Performances:**

- **Launched since 2008 particularly channeled through cooperative**
- **Total borrowers are 3899 debtors.**
- **Total loan disbursed IDR 5,84 trillion (USD 436,48 million).**
- **Up to May 2015, total loan disbursed IDR 1,18 trillion (USD 87,94 million) with total borrowers 379.**
- **NPL of Revolving fund is 2,85%.**

- **Financing schemes**
  - **Cooperative real sector**
  - **CSMEs through intermediaries**
  - **CSMEs through venture capital investment**
  - **KSP / USP (saving and loan cooperative/lending and borrowing) or KJKS / UJKS (Islamic Financial Services Cooperative/Islamic Financial Services business) Primary Cooperative**
  - **Micro Small Enterprises through KJKS and UJKS Cooperative Secondary**

# Advantage

- Financial solution for cooperatives
- Low interest (5%), commercial bank (12,5-13%)
- The interest rate / loan services in accordance with rates set by the Minister of Finance and Minister of Cooperatives and SMEs
- Decrease interest rate (at 2014 ➤ 6% ; 2015 ➤ 5%)
- Term of the loan / financing including a grace period in accordance feasibility (tenor)



# SMEs Promotion Center



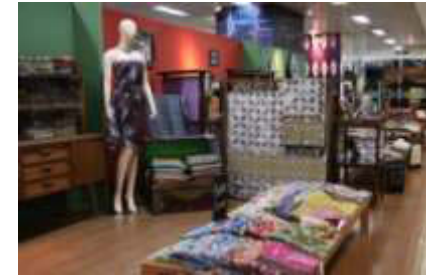
# Performance

- 1. Provide Marketing Information.**
- 2. Facilitate Marketing Infrastructures.**
- 3. Provide Market Consultation.**
- 4. Provide Product Promotion, Marketing Network and Product Distribution.**
- 5. Provide Management Skill Training and Technical of Marketing.**
- 6. Provide Marketing Incubation.**
- 7. Acting as the manager to rent SMESCO INDONESIA space for commercial.**

# DIRECTORY LLP-KUKM

## I. SME TOWER

|   |                             |
|---|-----------------------------|
| 1 <sup>st</sup> – 2 <sup>nd</sup> floor   | : UKM Gallery               |
| 3 <sup>rd</sup> floor                     | : Pavilion Provinces        |
| 4 <sup>th</sup> floor                     | : Ballroom, Business Center |
| 5 <sup>th</sup> floor                     | : SMESCO                    |
| 6 <sup>th</sup> – 10 <sup>th</sup> floor  | : Office Space              |
| 11 <sup>th</sup> – 12 <sup>th</sup> floor | : Pavilion Provinces        |
| 14 <sup>th</sup> floor                    | : Office Space              |
| 15 <sup>th</sup> floor                    | : Pavilion Provinces        |
| 16 <sup>th</sup> – 17 <sup>th</sup> floor | : Office Space              |



## II. KUKM CONVENTION CENTER

1. Exhibition Hall
2. Convention Hall

## III. PROMENADE

|                                  |                                  |
|----------------------------------|----------------------------------|
| 1 <sup>st</sup> floor            | : <i>Function Hall Extension</i> |
| 2 <sup>nd</sup> —3 <sup>rd</sup> | : <i>Food Court</i>              |

## IV. GRAND SMESCO HILLS Cisarua



# Pavilion Provinces

South Sumatera Pavilion



South Kalimantan Pavilion



Papua Pavilion



Bali Province



Maluku Pavilion





# Trade Expo

## TENDENCE MESSE FRANKFURT EXHIBITION



## HONGKONG EXHIBITION



# Category of Products at SMESCO



Indonesian  
SMEs Products

1. Fashion

2. Accesories

3. Spa Products

4. Handicraft

5. Batiks

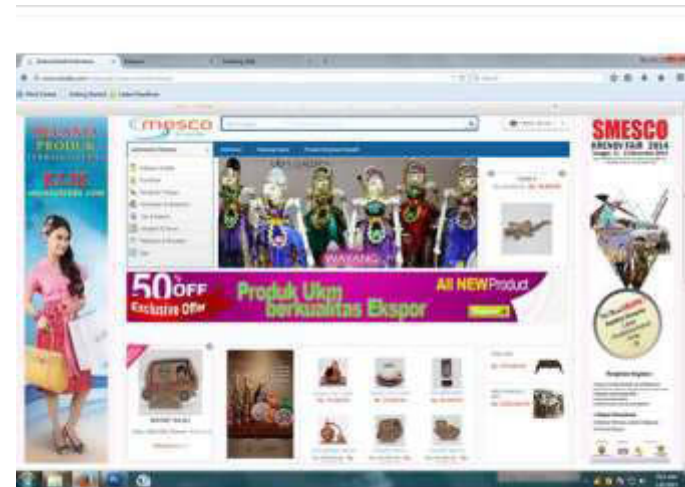
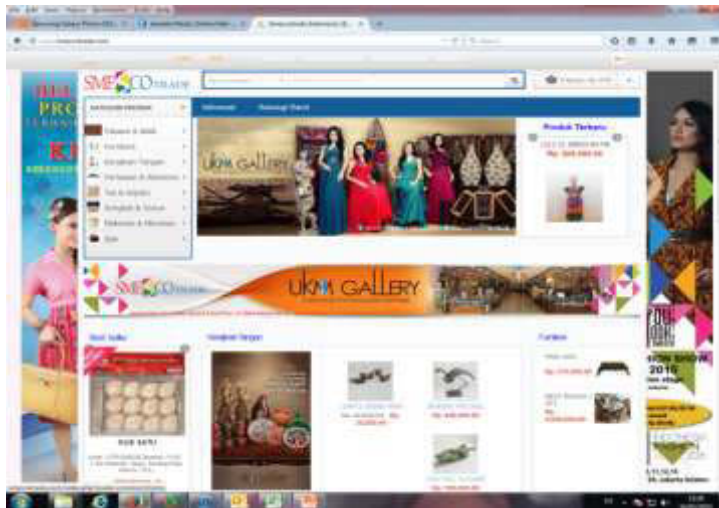
6. Woven, Songket

7. Furniture

8. Food & Beverage

# Market Access of Indonesian SMEs Products through Online Marketing

In order to improve the promotion and the marketing of Indonesian SMEs product, SMESCO has been built E-commerce Website: [www.smescotrade.com](http://www.smescotrade.com) through Online Shopping (This website used to facilitate the customers to buy the Indonesian SMEs products which are in SMEs Gallery and Pavilion Province.



# Visitors To The SMESCO from Domestic and International Year 2015

## International Visitors :

- ❑ The Army Commander's Wife from South Korea
- ❑ Delegations of Indonesia –Asia Pacific Cooperatives Council
- ❑ Director of Lejel *Home Shopping*
- ❑ The Naval Admiral's Wife from Brunei Darussalam
- ❑ Mr. Ibrahim as Dean of University King Abdul Aziz, Jeddah Saudi Arabia
- ❑ Visitors of Potential Buyer of Turkey/TITA
- ❑ Delegations of INTCC, Thailand
- ❑ The Delegations of Ministry of Agriculture Thailand
- ❑ Egypt Prime Minister
- ❑ Liberia President
- ❑ The ambassadors of Foreign and their representatives in Jakarta
- ❑ SEDA, South Africa
- ❑ The Delegations of International Constitutional Court
- ❑ Perdasama, Selangor Malaysia



# Advantage

- The only one center promotion for Indonesian SMEs indigenous products all provinces
- Regularly business matching activities for SMEs products
- Trade mission to foreign country

# Recommendation

1. Create entrepreneurship program with particular intention to link SMEs innovative effort with industrial needs.
2. Create friendly financial initiative that support the development SMEs innovative industries by providing easy access to capital for start-up businesses, product promotion and scaling up to meet market demand.
3. Create marketing infrastructure for easy market access by conducting regular exhibition, providing permanent product exposure and fostering business networking for SMEs innovative and creative industries.

# The Way Forward

- 1. Sharing experiences of those economies that have implemented successful business model innovation.**
- 2. Indonesia welcome to be best practice in trading house system.**
- 3. Propose to establish promotion counter from APEC member economy to promote exchange of unique/heritage/top products.**

*THANK YOU*

<http://www.depkop.go.id>  
<http://www.danabergulir.com>  
<http://www.smescoindonesia.com>