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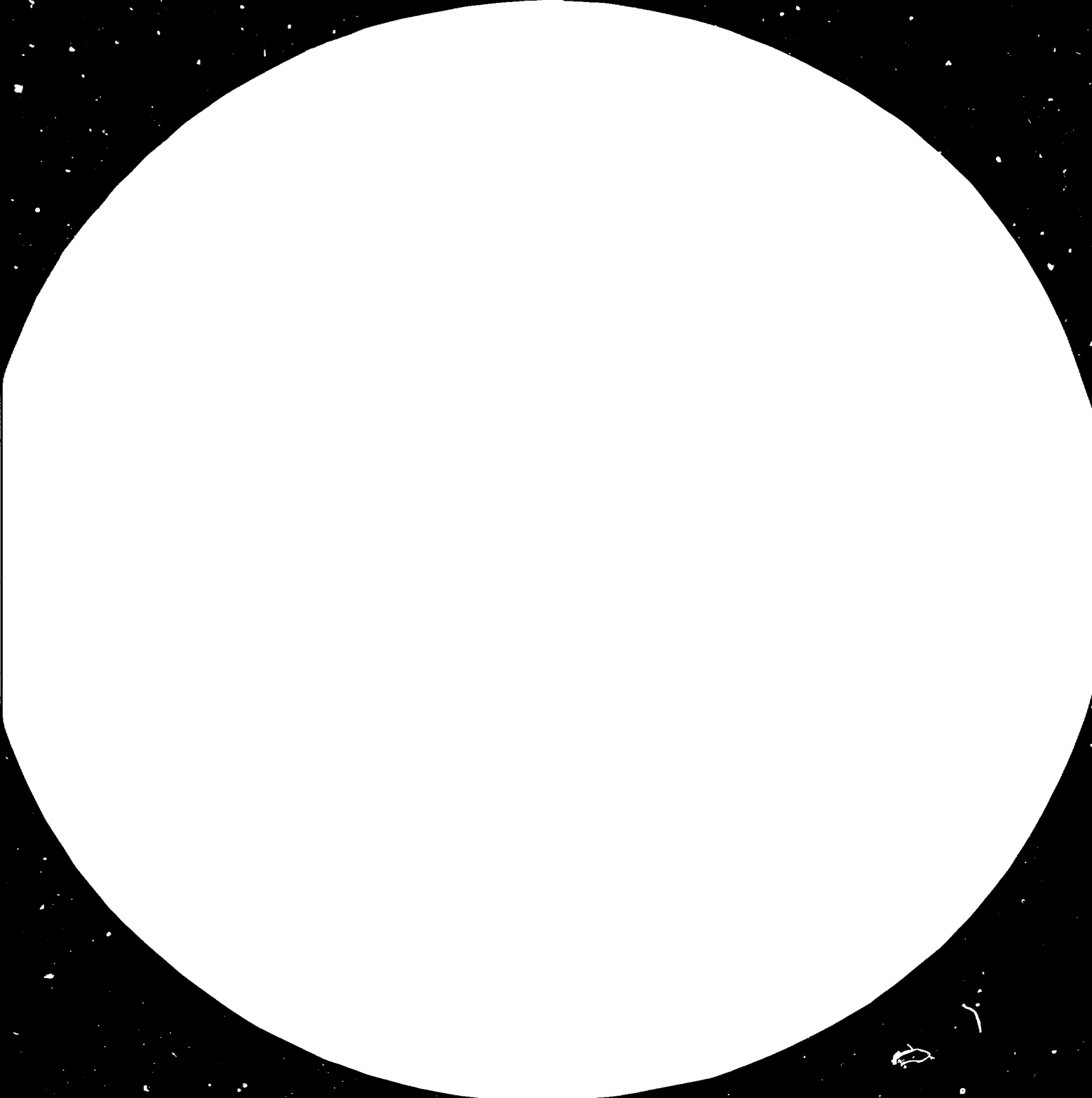
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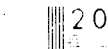
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ROLE OF UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
IN THE COMPREHENSIVE DEVELOPMENT OF SMALL SCALE INDUSTRY *

by

F.M. Iqbal **

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** SIDFA (UNIDO), Jakarta, Republic of Indonesia.

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Basic Information on Small Industry in Indonesia

1. According to the 1974/75 Manufacturing Census (published at end 1978) about 1.3 million establishments throughout the country are engaged in manufacturing (current informal official estimates, however, put this number at 2.5 million). 96% of these are very small (unorganized or informal) industrial units employing 4 million persons or 80% of all workers in the manufacturing sector. Less than 80% of these hire labour and only 177,200 persons or 5% of their work force are employed as hired workers. A major share of their activity involved wood products, food processing, textiles, brick/tiles production, tobacco and leather products. Labour productivity is extremely low (on average about 20% below even that of agriculture) except in footwear production, leather products and tobacco processing. Overall, this segment represented about 12% of gross output and just 14% of value added in the manufacturing sector. The value added per person working in this group in 1974/75 was about US\$.33 per annum.

2. Dispersed in remote rural locations, these industries are not easily accessible, have only meagre resources, few productive assets, and their small incomes make it impossible for them to save and invest. Working only part time with traditional production methods, they face a very limited choice of product lines. As most such industry operators are draftsmen producing for local markets they lack the entrepreneurial skills which would generate an expansion of their activities.

3. Organized small scale industrial units resemble the unorganized group in some respects and larger medium scale industries in others, e.g. some 75% of the 48,400 small industries establishments have product lines similar to those of the unorganized industries, while the other 25% are involved in higher technology areas, such as structural metal products, electrical equipment and appliances, plastic and cement products, and bicycles. According to the 1974/75 census, most small industries are located in Java and employ about 343,000 persons, about 269,000 of whom are hired labour. Eventhough the number of establishments in organized small industry is only about 4% of that in unorganized

small scale industry, they employ about 50% more hired workers than them. The annual value added per person is about US\$250.- nearly seven times that in informal industries. Like most informal small scale industries, 95% of organized small industries use no electric power for production.

4. From the perspective of the overall manufacturing sector, there appears to be considerable scope for the expansion of small industries in many fields including: knitted fabrics, garments, wearing apparel and uniforms, furnishings; building materials and roofing tiles, table ware; furniture, fencing, wooden casing and carving, and classroom equipment; leather footwear, preserved and processed food, bakery products, dried food products, fruit juices and beverages; tools and agricultural equipment; sparepart of tractors, sprayers, irrigation pumps, water and sewage pipes; electrical appliances and supplies; forgings, weldings and castings; cutlery; bicycles, spareparts for sugar, palm oil, rubber and textile machinery; vehicle bodies and parts; and varnish paints and lacquers.

Institutional set up with respect to small industries development in Indonesia

5. The Directorate General for Small Industry is made responsible for all aspects of the promotion and development of the small industries in the country. This includes the planning, programming and implementation aspects of all the programmes in force or those being formulated for the purpose; more notable amongst them being the PPIK (Small Industry Development Centres); Extension Service Centres; Mini Industrial Estates; Common Service Facilities; Sub-contracting, Foster Father Schemes, Reservation Schemes, etc. Besides, the programme launched by the Ministry of Industry for the promotion and guidance of small-scale industries - BIPIK - is placed directly under the supervision of the Director General for Small Industries who has been entrusted the responsibility of formulating and implementing the BIPIK programme throughout Indonesia.

6. The Directorate General for Small Industry consists of five Directorates:

- a. Programming
- b. Assistance for equipment and raw materials
- c. Entrepreneurship Development
- d. Production and Market Development
- e. Evaluation/Standards

7. The Ministry of Industry is represented throughout the country by 27 Regional Offices (Kantor Wilayah Perindustrian) and these offices, in turn have branches in some of the districts, totalling 206. These offices reflect the decentralized structure of the Ministry, as the regional offices are basically under the auspices of the Governors, who in most provinces provide the budget for these offices. The majority of the provincial offices are granted two different budgets for small-scale industry development (BIPIK), one from the Ministry of Industry and one from the Governor.

8. Since the beginning of 1979 the Minister of Trade and Cooperatives of the Republic of Indonesia has considered through the Association of State Trading Companies (Asosiasi Persero Niaga) the establishment of Trading Houses (wholesale business) as enunciated by the Minister of Industry, with the following as its main functions:

- a. To support the marketing of domestic industrial products and handicrafts in order to promote their growth, in respect to domestic marketing as well as for export.
- b. Supply of raw/auxiliary materials through imports as well as from domestic origin.
- c. To support the development of economically weak businessmen, in the production as well as trade sector
- d. To initiate/pioneer the export promotion of domestic industrial products and handicraft goods, through their trade channels abroad, on the basis of their bonafidity of guaranteeing the quality and continuity of supply of the related goods.

Logically, the STATE TRADING COMPANIES (PERSERO NIAGA), which already, are in possession of an extensive trading network with branches throughout the archipelago and abroad, necessary facilities, such as: offices, warehouses, telecommunications, transportation means, can easily become and carry out the functions of Trading Houses in Indonesia at present.

9. The Ministry of Industry, through the Directorate General of Small Industry, is also spear-heading the attempt to establish small scale credit system via Bank Indonesia for the weak group. Indeed, this system has been practised in Agriculture Sector as Binas credit secured merely by Project Management Unit (PMU). Since February 1980, a co-operation team has been formed between the Directorate General of Small Industry and Bank Indonesia, which also includes BNI 1946, Bank Rakyat Indonesia, Development Bank of Indonesia and others. Subsequently, specific teams of sectoral or regional nature are also formed. It is expected that the system called "Mini Credit" to be offered without collateral and to be channelled through Bank Rakyat Indonesia and BNI 1946 will be established in due course.

Government Policy and Programmes for the Development of Small Industry

10. According to the Third Plan, Repelita III (1979-84) the development goals for small industry include an annual growth rate of 7% (compared to 5% previously) which is expected to result in a 12% contribution to value added in the manufacturing sector and creation of 434,000 new jobs during the Plan period. The Plan allocation of Rp.50 billion (or about US\$80 million) for Small Industry Sector (exclusive of credit assistance) reflects considerable improvement over the past budgetary allocations, although it does not fully support the high priority being given to expansion of this sector.

11. The following paragraphs provide an outline of the Government's policy/programmes designed to implement the development of the small scale industries. Besides indicating the seriousness of the effort, it also gives a synopsis of the multifaceted characteristics of the Indonesian Small Industry.

12. In an effort to promote organized and well-integrated small scale industries, a programme for the establishment of Mini Industrial Estates (MIEs) to serve as focal points through which a complete package of Government and other assistance could be channelled is being finalized.

13. The MIEs primary function is to serve small industries to meet their numerous demands such as raw material, product marketing, promotion and information, study and training in skill for various production processes, design and management assistance. Moreover, it may offer assistance in loan fund acquisition and search for sub-contracting relations. Its second deals with domicile for small industrial operations requiring specific promotion for growth leading to adoption of co-operative system or other stronger endeavours. Nonetheless, its service function is not restricted to its own territory exclusively, but extended to surrounding areas.

14. To improve product quality of small scale industry, the small industrial estate may render its service of Common Service Facilities (CSF) through joint operation of its equipment with the aid of an instructor and operator or designer for processes whose equipment proves too costly for small scale industrial operators to procure. The CSF is equipped with workshop, storehouse, repair and maintenance facilities.

15. Long term planning for such promotion via small industrial estate establishment is designed to reach all areas with small scale industrial concentration. To reach this end, the number of industrial zones is to be increased by stages in accordance with its industrial conditions.

16. Various other programmes like:

- Information campaign to usher the economically weak group into a structural re-orientation and an improved balance among small, medium and large industries.

- Reservation of products for manufacture only by small/economically weak industrial groups and its effective implementation by forging a sound and compatible link among them. This subject deserves study and extensive planning.

- Improvement of the weak group's capability, especially in equipment and raw/auxiliary material supply, productivity, marketing and design; are also being planned.

17. It is realized that guidance and development may become a reality only if permanent workshops are set up in every area as industrial/handicraft centres where workers may be trained to become qualified operators/craftsmen and existing operators/craftsmen to improve their skill from experienced instructors permanently employed. To fulfill this need "service centres", to support specific aspects of the foregoing will be located in selected areas where demand and intensity of small industry justifies it.

18. Small Scale Industry Service Centres are expected to be established in regencies, and will be supervised by Small Industries Development Centres (PPIK) at the provincial level. The Service Centres will co-operate with the existing Industrial Research Institutes especially for design and other technical problems.

19. Six MIEs were expected to be operational in 1980 at Sidoarjo (Surabaya), Yogya, Semarang, Tegal, Medan and another in West Sumatra. A total of 200 MIEs of which 150 are envisaged in Java are planned to be implemented during REPELITA III. As MIEs were open for development by private companies as well, it is conceivable that their number will surpass 200 (e.g. in Semarang P.Y. Tanah Mas will establish a 35 HA Small Industrial Estate. But generally the area required for each MIE is between 3-10 HA.

20. Work has been initiated on listing of products reserved exclusively for small industry (reservation scheme). The method is to be applied without adverse side-effects and small scale industrial conditions have to be prepared for it to function in conjunction with medium/large industries.

21. Formation of co-operatives is not pursued explicitly except if motivation of local small scale industrial operators is strong/for it and they desire it. Models of co-operatives existing in small scale industrial circles are found in:

- a. Cibaduyut (leather goods)
- b. Troso, Jepara (woven as well as wood carving articles)
- c. Magetan (leather) via KUD
- d. Gunung Kidul (cashew nut) via KUD
- e. Ceper (metal)

22. To help solve PEGEL's (economically weak entrepreneurs) marketing problems, establishment of sales emporiums in first grade regions and other areas deemed worthwhile is being seriously considered.

Enough

Synopsis of UNIDO's Programme for Small Industry Development
in Indonesia

23. A request was made in 1977 for UNDP/UNIDO's assistance in the formulation and carrying out of a programme of technical assistance and extension services for small scale industry within two pilot areas, Surabaya and Yogyakarta, and a project (DP/INS/77/004) - Assistance to the Development of Small Scale Industry (BIPIK), started in February 1978 for a duration of 24 months. The project provided for the services of four experts (two industrial engineers and two business administration experts) and its main objective was to assist in the establishment and operation of the two pilot Industrial Extension Service Centres (PPIK).

24. UNDP/UNIDO had, in the past from 1973 to 1977, also provided some assistance in small scale industry development in the form of various missions and advisers. In 1973, a light industry adviser (DP/INS/72/056) was attached to the Ministry of Industry. In 1974, a Joint UNDP/UNILO/ILO Mission took place to formulate a long-term technical assistance programme for the small scale industrial sector. In 1975, two UNIDO consultants were provided to assist the Government in advising on a suitable institutional framework for administering a scheme designed to support indigenous small industries (DP/INS/74/046). Finally, a field extension service expert was fielded for Surabaya to assist the Ministry in implementation of the BIPIK programme (DP/INS/74/013).

25. The Government's serious interest in the development of small industry and its efforts in establishing a concrete institutional arrangement, policies and programmes and our earlier involvement in various of these undertakings in Indonesia spurred us in developing a conceptual frame of reference for focussing our efforts in support of the Government's programme implementation. A peep into our institutional memory revealed that the pooling of resources by the industrial research institutes, which have been established in great numbers through various multilateral and bilateral organization's assistance in many parts of the world and were generally unable to spearhead the industrialization efforts as well as was expected of them, with those of the small industries development authorities dealing with policy and programme aspects would instantly make available a considerable amount of national intellectual resource for injecting much needed technological and professional wisdom into the implementation of such programmes. This was certainly crucial in the Indonesian case where a great variety of such institutions existed along with a series of experiences with respect to attempts at providing stimulus for the development of small scale industries.

26. A conceptual programme logic was therefore developed in an effort to meaningfully tap the opportunities through which UNIDO assistance could act as a catalytic agent in forging the above mentioned pooling of national resources. Guided by this programme logic several of UNIDO executed technical assistance projects

were formulated and designed or were re-designed to provide a specific orientation to small scale industry and to exhort the various divisions of the Government to co-ordinate the implementation of such programmes. In view of a greater concentration of small and cottage industry in textile, leather, building materials and food sub-sectors, particular efforts were made to orientate our technical assistance to industrial research institutes covering these sub-sectors allowing us to focus on parts of the institutes' activities solely for the small industry sector in conjunction with the Government's programme regarding guidance and assistance for small industry.

27. This has resulted in allocation of close to 50% of our total resources deployed amounting to approximately US\$9 million to the small industry development stream of the technical assistance aiming at inducing organized production, upgrading of technology, promotion of improved and diversified products, systematic management, expanded distribution and linkages with large and medium industry thus materializing the growth of small industry establishment.

Results obtained sofar

28. In view of the evolutionary nature of the programme and it being a composite of a number of independent projects implemented through various institutions, these projects are at different stages of implementation as they had started at different schedules. In fact the focal project covering the assistance in the implementation of Government policies and programmes for small industry development have just started as of August 1981. For this reason no effort has yet been made to systematically collect and organize data on the achievements of results sofar.

29. However for the purposes of this paper some of these experiences are collected and presented sectorially.

Small Scale Food Processing Sector

30. The Institute for Research and Development of Agro-based Industry which is implementing this UNIDO project had sent 3 teams to conduct comprehensive field survey of small scale food industries in West Java during November/December 1980. These teams covered 19 districts in more than 69 towns and villages and visited 96 small scale food processing establishments. During the survey the teams concentrated on dispensing on the spot advice to the entrepreneurs and collect information on production processes and techniques as well as problems faced by these establishment for further research and development work. The survey programme was arranged by the Institute with the regional and district offices of the Ministry of Industry.

31. The establishments covered by the survey teams included a wide variety of products, such as: syrups, carbonated drinks and fruit juices; rice coconut toffees; tempe (fermented soybean cake); soya bean curd (tahu); ketch-up/sauces; bread and cakes; tapioca and rice noodles; dried bananas; candied nutmeg fruit; high moisture nutmeg fruit candy; palm sugar; salted dry fish; fermented fish paste and fresh milk. The problems observed ranged from improper storage of raw materials; insanitary conditions in the production areas; improper production techniques; injudicious use of preservatives; untreated water usage; poor packaging processes; inefficient production techniques and factory lay outs; to outright use of wrong production, preservation and processing techniques.

The survey thus covered 39 types of products and the team brought back 82 samples for further test and development work at the institutes.

32. Based on this workprocess manuals and training manuals were developed and a number of entrepreneurs and extension service officers of the Ministry of Industry were trained. As of end of 1980 6 entrepreneurs from East Java, East Nusatenggara and North Sumatra provinces were provided extensive training at the institute and arrangements were being made for training another 25 entrepreneurs in desa Blitar in Bengkulu, Sumatra; while another programme for 50 entrepreneurs and extension workers of which 30 from West Java and 20 from East Java were to be trained at the institute in March 1981 was being planned.

33. Similar survey missions were undertaken to other areas in the middle of this year and yet another one is currently in process this month. It is expected that these efforts will produce somewhat better results than those resulting from the 1980 survey work.

Small Scale Leather and Footwear

34. Field survey similar to the one mentioned above was conducted by the leather project which is implemented by the Institute for Research and Development of Leather and Allied Industry. Based on its findings supplemented by a market research on fashion and design, training facilities were established at the Institute for pattern cutting and grading, footwear and leather goods manufacture and fashion design. A large number of entrepreneurs and extension service officers have been trained besides preparing fashion and design manuals.

35. The collaboration of the Institute and the small industry development authorities was taken one step further in this sector by deploying the Institute's technical staff under the guidance of UNIDO experts to act as technical implementors for the establishment of a mini-industrial estate and common service facilities for tannery, footwear and leather goods.

36. The mini industrial estate has realised the relocation of 30 small scale tanneries, 15 small scale footwear and leather goods manufacturers from a number of villages into a centralised place nearby where the production could be undertaken in an organized manner by employing improved methods of production under the guidance of the extension service officers as well as the Institute and UNIDO experts. A considerable amount of financial and management assistance have been provided by the Government for the factory buildings, production equipment and common service facilities besides training of operatives and entrepreneurs. The Institute with the assistance of the UNIDO project has been a significant partner in providing the technological and production management inputs into the development and operations of the mini industrial estate and its constituent services.

37. Encouraged by the willing and effective cooperation between the institute and the small industry development authorities the effort has been taken yet another step further through decentralization of our project thereby creating two additional teams comprising one UNIDO expert and two Institute staff members; one each at the mini industrial estate in Magetan, East Java and in Kuninga, Jakarta respectively to provide in-depth extension service assistance and training for the establishment of mini estates and common service facility in East Java and West Java for a period of one year. This step is expected to firmly establish the capability of the Institute to interact with the small industry development authorities on a continuing basis in the implementation of such projects through the country.

Building Materials

38. The UNIDO building materials project demonstrates yet another aspect of our role in the subject. The project had been instituted in 1974 and was being implemented through Institute for Research and Development of Ceramic Industry and the Institute for Research and Development on Building Materials both of the Ministry of Industry and the Directorate of Building Research of the Ministry of Public Works. Until the conceptualization of UNIDO's programme logic the project was more concentrated on research and development work.

Concrete efforts were initiated in late 1978 to re-orientate the project towards more interaction with the small scale building materials manufacturing industry with a view to, firstly, implement the research results obtained thus far and, secondly, to re-direct part of the implementing institutes capacity in conjunction with the small industry development authorities in providing technical and production management inputs in the small industries extension services activities and programmes of small industry development.

39. In this effort the activities finally converged into lime industry and clay industry. In view of the fact that the lime industry comprised of more than 5,000 lime kilns (some 3000 on Java and Madura and about 600 on Bali island) with an annual production of 5 million cubic metres almost entirely from cottage and small scale categories having individual production capacities ranging from one to 30 cubic metres hydrated lime per day. While, earlier on, considerable resources were deployed on the design of continuously operated vertical shaft lime kilns with a capacity of 12 to 20 cubic metres hydrated lime per day and their promotion through demonstration projects (2 of each kiln type); none could be implemented as a small enterprise due to lack of investment capital and credit etc.

40. A new approach was, therefore, adopted in cooperation with UNIDO's pilot projects for the establishment of small industries development centres with the Ministry of Industry and in conjunction with the Bank Indonesia's small investment credit promotion schemes around 1979. As a result concerted programmes were mounted by small industries development authorities in cooperation with the Institute for Research and Development of Ceramic Industries in East Java and Bali. In this programme the Institute under the guidance of the UNIDO project undertook to provide technical and production management consultancy services; the small industries development authorities were to assist the entrepreneurs in management procurement and marketing and the Bank Indonesia through its participating banks were to provide credit. This way approximately 4/5 entrepreneurs have been directly assisted in establishing improved lime kilns in various parts of East Java and several others have followed which are now being assisted solely by the Institute staff.

41. The participation of the Institute under the auspices of UNIDO project with respect to lime industry in Bali has been more in the nature of assisting the provincial authorities in moving the small lime manufacturers to use lime stone as a raw material rather than corals in order to maintain the beaches of Bali and hence the island's main attraction for the tourists. In this regard considerable input have been provided into designing the lime kilns to suit the particular characteristics of lime stone found on the island (which is rather soft and brittle).

42. Another significant area has been the clay roofing tiles in which case the efforts have been concentrated in two locations in Central Java. Appropriate technologies comprising of improved extruder with roller mill to produce uniform clay slabs at higher capacity (and their manufacture through local factories) and improved kiln design ensuring a higher fuel efficiency and a lower breakage rate (and its production through local factories) have been successfully promoted. As of early

this year two such projects were implemented under the supervision of an Institute staff who had spent 8 months at plant sites for its implementation while 5 more new tile plants were under discussion between the local manufacturers and credit institutions with the Institute acting as a technical consultant.

43. At another location in Solo the matter was being tackled in yet another way. The National Housing Corporation was planning to build 3500 units and the Institutes have been keen on having the Corporation use locally produced roofing tiles. Arrangements are now under finalization to ensure the production of roofing tiles of required quality in desired quantities by the small tile manufacturing establishments in Solo under the supervision of the Institute and our project for consumption by the Corporation in their housing project. In order to meet the tight time schedules for this large construction project, our project is donating through the Institute the production equipment developed through UNIDO project for demonstration and pilot operations before steps could be taken by the small industry development authorities to organise the small scale clay roofing tiles manufacturers to appropriately equip themselves for meeting the Housing Corporation's demands on a timely basis.

44. In view of such encouraging results, efforts are being made to decentralise our project on the same lines as mentioned above, i.e. to post two or more full time teams each comprising of one UNIDO expert and two Institute staff members at various locations to have an in-depth and continuous interface over a period of approximately one year and thus ensure a forging of effort and cooperation between the institutes and the small industries development authorities for a continued and lasting relationship.

45. Considerable training has been provided to the operatives and entrepreneurs by the institutes and the project especially in construction technologies etc.

Perspective

46. The experience mentioned in the previous section would appear to indicate that an environment has been created for the technology institutes to pool their resources with the small industries development authorities in order to mount a considerably large nation wide programme of small industry development primarily through national human resources. The success indicated has been achieved on a somewhat ad hoc basis under imperfect conditions and was fomented largely through UNIDO office in Jakarta. It is, nevertheless, believed that it has been a very rewarding experience both for the institutes and for the central small industry development authorities, and that, an air of mutual trust and understanding and an urge

for self fulfilment, besides achievement of Government policy objectives, now prevails amongst the professional staff and middle managers on both sides.

47. With this in mind a relatively bold step was undertaken in the design of the focal UNIDO assistance project for the assistance to the development of small industry which requires that:

- 1) A design of the network system for an effective execution of Government policies and programmes should be prepared on the basis of a comprehensive evaluation of existing planning, programming and implementation organisation dealing with all facets of small industry development.
- 2) Successful planning, implementation and operation of 5 model industry development centres at provincial headquarters and attendant service centres to be established in priority regions.
- 3) Successful planning and implementation of up to 14 mini industrial estates to be established in the priority regions of which up to ten should be operational by 1984.
- 4) Establishment of at least 2 ongoing joint programmes between each of the 6 technology institutes (food processing, leather products, ceramic and building materials, metal works and textile) and each of the 5 model provincial small industries development centres aiming at improving the quality and range of product of small industries in these sectors and regions accompanied by appropriate training of entrepreneurs and extension officers (6x5x2=60).
- 5) Identification, promotion and implementation of up to 5 new business opportunities including production and marketing sub-contracts with the large and medium industries under the Government's foster father scheme within each of the 5 model provincial small industries development centres (5x5=25).
- 6) Training of up to 500 extension services officers and small entrepreneurs including a number of trainers through technical and entrepreneurial development programmes implemented within the country.
- 7) Conclusion of up to 10 agreements for financial grants or loans for the establishment of provincial small industry development centres, mini industrial estates and common service facilities by local financial institutions, private entrepreneurs and multi-bi donors.

48. Additionally, through another new project, which planned to go in implementation sometime next year, for assistance in the development of building materials and supplies industry for low cost housing; it is expected that the entire requirements of building materials and supplies for the construction of low cost housing (150,000 units planned for the current plan period 1979-84), transmigration housing projects (500,000 planned for the current plan period) and other public sector construction programmes like kampung improvement, environmental sanitation, water supply and rural housing improvements, should be procured through small scale manufacturing enterprises in at least 3 regions and for at least 5 model programmes where the project will have its operations. This is expected to relate to up to \$100 million worth of building materials and supplies thus procured under the auspices of UNIDO project as an entirely captive demand estimated to accrue in these areas and locations while the total size of the national captive market for such construction programmes is estimated at approximately \$850 million during the current 5 year plan.

49. In this perspective it is hoped that even a partial achievement obtained through the currently ongoing programme mentioned in this paper would contribute significantly to, not simply the establishment of principles for interactive co-operation amongst various institutions contributing to the development of small industry; but, in fact, would do so through quantified, tangible and visible results by way of new and improved products, new and improved technologies, improved/ appropriate equipments and their applications through promotion and sustenance by extension services, financial, management and marketing assistance and actually steering the currently informal sector of small industry production to an organized one and sustaining same by providing product marketing opportunities.

Concluding remarks

50. While we are still far from making a claim as having secured derived results, it is evident that the seeds have grown into saplings and the saplings are growing fast in strength.

51. Considering the multi-disciplinary and multi-institutional character of small industry development effort and UNIDO being an international organization to assist only when requested, the task of bringing together the numerous elements in this jigsaw puzzle is not easy and is not clear-cut at all. Yet, our experiences as briefly outlined in the preceding pages do appear to indicate that a committed effort, even without the line authority, and, relying entirely on a motivated conceptual advice could produce considerable results. More than anything else it has been the motivation and commitment on our part

that has made us act as a viable catalyst in realising the latent capacities of the national institutions and starting the chain reaction in supporting the implementation of the Government's policies and programmes with respect to small industries development in Indonesia.

52. It must be noted that our basic premise has been to put our resources, meager as they are, firmly behind the Government's efforts in improving the implementation of their policies and programmes devised by them and exploring the natural institutional affinities as we go along. It is found that the conceptual identity and understanding amongst the institutions is perhaps more critical than an administrative chain of command as the former, if pursued consistently, could act as an important fillip in motivating those authority in enhancing their commitment which would naturally go a long way in producing higher results in quantity and quality.

