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*for a sustainable future*

## OCCASION

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**ASSISTANCE IN IDENTIFICATION, PREPARATION AND IMPLEMENTATION OF  
INDUSTRIAL PROJECTS IN SELECTED REGIONS**

**DP/INS/78/002**

**INDONESIA**

**and**

**INSTITUTE FOR INDUSTRIAL ENTREPRENEURSHIP - IKI/UNIDO**

**DP/INS/85/032**

**INDONESIA**

**Final report of Klaus H. Metzendorf**

**Associate Expert - Market Research**

**J A K A R T A**

**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANISATION**

**VIENNA**

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This report has not been cleared with the United Nations Industrial Development Organisation which does not, therefore necessarily share the views presented.

### Assignment and Duration of Term

I was assigned as associate expert in market research to project INS/78/002 (P4-ID) and its successor INS/85/032 (LKI-UNIDO) for a period of two years. Both projects were joint activities of the Ministry of Industry (MoI) of the Republic of Indonesia and the United Nations Development Programme (UNDP). The United Nations Industrial Development Organisation (UNIDO) was in both cases the executing agency.

### Purpose of Assignment

The objective of both projects was to promote medium-scale industrial activity in Indonesia: to identify and assist in the preparation and implementation of industrial opportunities. LKI-UNIDO is concentrating mostly on training and institution building while P4-ID's work focused rather on individual investment opportunities.

### Duties:

In cooperation with the officials of the Ministry of Industry and under direction by the Market Analyst in Jakarta the associate expert-market research was specifically expected to:

(1) plan the market research activities of the field team for the identification and development of industrial opportunities. To prepare background market profiles for individual business opportunities.

(2) carry out market surveys and research, market analyses, appraisal of industrial opportunities, demand forecasts, product and pricing projections and sales forecasts.

(3) assist in the development of marketing, planning and distribution systems for factories under establishment and for those in the initial stages of operation.

Actual Activities Performed:

At the time of fielding P4-ID entered a phase of institution building in preparation of LKI-UNIDO. The number of international experts was reduced and the office was without CTA for an extended period. This resulted in the remaining international staff being asked to contribute on a broad range of activities often going beyond original terms of reference.

For the first eight months I was training coordinator until this responsibility was transferred to national staff as called for in the project. As training coordinator:

(1) I arranged two one-week seminars; one on report writing and one on preparing banking proposals, and

(2) proposed a programme for future training activities. Aside from the usual out-lining and scheduling of activities for courses, this work gave me a chance to master UNDP administrative procedures and to budget for an UN agency. The seminar on banking proposals provided an opportunity to contribute directly to the lectures. It was my responsibility to cover the marketing aspects in the presentations.

In the first eight month, I worked also as desk officer for the Sulawesi project office. In this function I had to liaison between the staff, government institutions and banks in Sulawesi, and our central office in Jakarta. I drafted work plans for this regional office, coordinated activities, explored financing approaches with local banks and the licensing policies of local government institutions in the four provinces of Sulawesi. I went on four trips to the island in these eight months.

At a later stage of my assignment I assisted in the development of a computerized investment screening and market information system.

Work on projects for individual entrepreneurs can be grouped into the following activities:

- (1) writing of market and technical sections of feasibility studies;
- (2) assisting entrepreneurs in defining their business concept and strategies;
- (3) assistance in the preparation of terms of reference for in-house or sub-contracted studies;
- (4) coordination of data collection (a fairly difficult task considering local conditions);
- (5) analysis of cash flows and financial feasibility.

My contribution to particular projects was normally limited to one or two of the above points. Projects covered shrimp cultivation, building of wooden boats, fish processing and canning, manufacture of alu-holloware, iron and steel processing, activated carbon for industrial processes, spice processing, and rattan furniture manufacturing.

Administrative Project Support: Very good.

Relationship with Government Officers:

Direct contacts were limited, and mostly the prerogative of the project management. However, in sporadic meetings with MoI officials a spirit of cooperation and politeness always prevailed.

Observations and Recommendations:

As laid down by the Ministry of Industry, LKI-UNIDO is assisting primarily medium-scale industry. In this role the project can serve as an important catalyst for the development of industry specific know-how and skills in Indonesia.

It would be unfortunate should oil-price imposed budget cuts and lack of UN project money curtail LKI's activities. To materialize pay-offs on investments already made in training and the data collected international funding needs to continue.

To understand the business environment in Indonesia and to win the confidence and trust of local entrepreneurs takes considerable time. For this reason long-term fielding of experts seems preferable.