POLICIES FOR IMPROVING SMALL-MEDIUM ENTERPRISES OF COCONUT AND PALM SUGAR IN INDONESIA

Banyumas, December 17 2015

By :
Ir. Junaidi, MM
NIP. 196306231993031003

Ministry of Industry of Republic of Indonesia
Directorate of Small-Medium Industries Region II
Ministry of Industry
Banyumas, 2015
1. Overview of Coconut and Palm Sugar Industries
2. Condition of Small-Medium Industries of Coconut and Palm Sugar
3. Focus of improvement for Small-Medium Industries of coconut and Palm Sugar
4. Efforts in strengthening Small-Medium Industries of Coconut and Palm Sugar
5. Obstacles
6. Challenges
7. Strategies
1.1. Potential for Coconut Sugar

**The area of coconut plantation area in Asia**

<table>
<thead>
<tr>
<th>No</th>
<th>Country</th>
<th>Width (in million ha)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Indonesia</td>
<td>3.707</td>
<td>31.2</td>
</tr>
<tr>
<td>2.</td>
<td>Philippines</td>
<td>3.077</td>
<td>25.8</td>
</tr>
<tr>
<td>3.</td>
<td>India</td>
<td>1.908</td>
<td>16</td>
</tr>
<tr>
<td>4.</td>
<td>Srilangka</td>
<td>442</td>
<td>3.7</td>
</tr>
<tr>
<td>5.</td>
<td>Thailand</td>
<td>372</td>
<td>3.1</td>
</tr>
<tr>
<td>6.</td>
<td>Others</td>
<td>2.398</td>
<td>20.2</td>
</tr>
</tbody>
</table>

**The size of coconut sugar industry**

- Indonesia: 24%
- Philippines: 52%
- Thailand: 13%
- USA: 5%
- Australia: 3%
- Singapura: 3%

*According to key players in industries (Manufacturer, trader, distributor)*
Condition of Small-Medium Industries of Coconut and Palm Sugar

Characteristics of Small-Medium Industries of Coconut and Palm Sugar

Small-Medium Industries are industrial enterprises managed by communities whose activities are distributed in the entire Indonesia, yet the concentration is centralized in Java.

Small-Medium Industries employ mainly traditional and eco-friendly instead of advanced technology and conduct home-based activities.

Small-Medium Industries uses family-based management.

Small-Medium Industries have limited access to financial resource.
Condition of Small-Medium Industries of Coconut and Palm Sugar

Problems of Small-Medium Industries of Coconut ad Palm Sugar

Product quality: some of the products are not well-strained; some uses natrium bisulfite; some are mixed with other substances; some are distributed in sap form

Human resources: not well-educated, less passionate in entrepreneurship, less motivated in business, less discipline

Technology: traditional, inadequate

Capital: traditional, inadequate
Condition of Small-Medium Industries of Coconut and Palm Sugar

Problems of Small-Medium Industries of Coconut and Palm Sugar

**Marketing**
- products do not yet fulfill the standard of demand

**Cluster**
- only in several places

**Productivity**
- of raw materials: low due to less fertilization
1.a. New Entrepreneurs

DEFINITION:
Individuals or groups of individuals who conduct enterprise activities in increasing the value of particular products

SCOPE OF ASSISTANCE:
- Human resources (entrepreneurship motivation, technical training, supervision, internship)
- Production technology (product diversification, effective devices)

INDICATORS:
- Small-Medium Industries in Indonesia grow in number
- Quality-based Small-Medium Industries are achieved
- Rate of employment increases
1.b Growing and improving New Entrepreneurs in Small-Medium Industries of Coconut and Palm Sugar with Quality System approach

- Start Up Training: entrepreneurship motivation, financial and marketing management, production techniques
- Business plan
- Group-making
- PIRT (Home Industry Food) (Cooperating with FDA (Food and Drug Administration)
  Application of GMP/CPPOB
- Pendampingan
- Training of GMP
- Establishing Cooperatives
- Packaging and Labeling
- Market expansion
- MD
- HACCP
- Other certificates according to market qualification

- Certification of Halal
- SNI (Indonesian National Standard)
- Barcode

Growing and Improving

Fokus Pengembangan IKM Gula Kelapa dan Aren
Focus of improvement for Small-Medium Industries of Coconut and Palm Sugar

2. Product Security

DEFINITION:
Conditions and efforts needed to prevent sugar from the possibility of biological, chemical and other contamination that may harm, endanger and inflict health loss

INDICATOR:
- Increasing number of Small-Medium Industries of coconut and palm sugar that practice GMP/CPPOB, HACCP and SNI (Indonesian National Standard)
Focus of improvement for Small-Medium Industries of Coconut and Palm Sugar

3. Packaging

DEFINITION:
Materials to contain or wrap food product, either directly or indirectly having contact with the food

INDICATORS:
- Packaging factories are established in regional level
- The quality of packaging of Small-medium Food Industries increases
- The practice and use of barcode, and registered trade mark grows in number
- Standardized use of label in packaging
1. **Preparing potential human resources in Small-Medium Industries**
   - Technical training of production to improve processing
   - Technical training of production to improve product diversification
   - Ex. Mold coconut sugar, crystal coconut sugar, crystal coconut sugar plus ginger
   - Training for GMP/ CPPOB

2. **Implementing effective technology to support productivity**
   - Giving machinery/tool aid
   - Providing subsidized purchase for machine/ tools with discounts (restructuring of machine/tools)
3. Implementing product and operation standards
   • Facilitating certification of PIRT (Home Industry Food), GMP, SNI (Indonesian national Standard), Halal, and HACCP
   • Facilitate the application of GKM
   • Training of CPPOB/GMP
   • Arranging Guide book of CPPOB for processed food product, including coconut and palm sugar

4. Protecting products with Intellectual Property Right
   • Facilitating acquisition of Intellectual Property Right
   • Providing Clinics for Intellectual Property Right in Ministry of Industry (socialization, consultation, and supervision)

5. Expanding market for Small-Medium Industries of Coconut and Palm Sugar
   • Facilitating in domestic and oversea fair
   • Distributing catalogue of the products of Small-Medium Industries
6. Bettering the packaging

- Providing aid for packaging devices in every province
- Developing Packaging Service Center in Packaging Clinics, Directorate General of Small-medium Industries
- Assistance in package printing design for Small-Medium Industries
<table>
<thead>
<tr>
<th>Small-Medium Industries Region I</th>
<th>Small-Medium Industries Region II</th>
<th>Small-Medium Industries Region III</th>
</tr>
</thead>
</table>
| • Internship program for supervisors and Small-Medium Industries of palm Sugar in Northern Sumatra, Bengkulu and Eastern Kalimantan  
• Technical supervision for production and enterprise of palm sugar in Mandailing Natal Regency | • Assistance for Small-Medium Industries of Palm Sugar in Cilacap Regency  
• Assistance for Small-Medium Industries of Palm Sugar in Kebumen Regency  
• Assistance for Small-Medium Industries of Palm Sugar in Banjarnegara Regency  
• Technical supervision for production of crystal sugar in Banyumas Regency  
• Capital start-up facilitation of Small-Medium Industries of Crystal Sugar in Banyumas | • Technical supervision for production of crystal sugar in Rote, Eastern Nusa Tenggara  
• Capital start-up facilitation of Small-Medium Industries of crystal sugar in Rote, Eastern Nusa Tenggara |
• Low barrier to entry in Food Small-Medium Industries (including coconut sugar) enables anyone to practice the industry even though with lack knowledge of food security
• Communities lack of comprehension and awareness about ASEAN Economic Community
• Many Small-Medium Industries do not yet realize the importance of certification for food products
• Certification for food products are highly costly (HACCP, GMP, CPPOB, SNI, MD, etc)
Challenges

• Standard, design and quality of the products need to be qualified according to the terms of ASEAN and export destination
• The advantage of the products are not well-known
• Palm sugar trade is long-chained in nature
• Products from other countries are getting more innovative
• Products need to meet Green Product issue
Strategies

• Technical supervision, assistance, strengthening for groups and communities of Small-Medium Industries of Coconut Sugar
• Implementation of effective technology
• Product diversification
• Expansion of marketing network
• Expansion of cluster of Small-Medium Industries of Coconut Sugar
THANK YOU