

EMPOWERMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
I. IMPROVED ACCESS OF MSME TO FINANCING RESOURCES						
A. Improving MSME institutional capacity and its access to financial resources.	1. Expansion of investment credit scheme for MSME	Compiling investment credit scheme	Regulation of the Minister of Finance	December 2007	1.Availability of financial scheme for MSME credit investment. 2.Availability of financial resources for MSME credit investment. 3.Fund for MSME credit investment can be disburshed effectively	Minister of Finance.

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
	2. Enhanced effectiveness of the function and role of Bank Partner Fiscal Consultant (BPFC-BPFC-KKMB)	Revitalising the role of BPFC-KKMB by organising training of BPFC-KKMB Bank Indonesia and Regional Government	MOU Bank Indonesia and Regional Government on enhanced training organisation (<i>up-grading</i>) of BPFC-KKMB in the regions	June 2007 (on-going)	<p>3. Number & quality of BPFC-KKMB improves, so that more and more MSME will be counselled to access financing resources (banks).</p> <p>4. Name & address of BPFC-KKMB registered at Regional Government, so that it will be easier for MSME to find BPFC-KKMB ready to provide counselling</p> <p>5. Clarity of mechanism providing incentives & rewards to BPFC-KKMB that have successfully counselled MSME</p>	<p>Coordinating Minister of the Economic Affairs</p> <p>in coordination with the Governor of Bank Indonesia</p>

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
B. Strengthening the MSME credit insurance system	1. Enhanced land certification to strengthen MSME credit insurance system	a. Accelerating the MSME land certificate issuance.	Renewal/ revision of Joint Decree State Minister of Cooperatives & SME, Minister of Domestic Affairs & Head of BPN (National Land Agency).	July 2007	<p>1. MSME land certification submission procedure becomes easier & more transparent</p> <p>2. Processing of land certification of MSME becomes faster</p> <p>3. Coordination, evaluation & monitoring of MSME land certification program runs effectively</p>	<p>State Minister of Cooperatives & SME</p> <p>Minister of Domestic Affairs</p> <p>Head of BPN</p>
		b. Raising the annual target & objective of land certification	1) Determination of 2007 target of MSME's land certification.	June 2007.	<p>1. The increased MSME land certification target for 2007 becomes 23.000 certificates (encompassing the balance of 2006 = 10.240 and 2007 = 13.000)</p> <p>2. Budget for MSME land certification is allocated to BPN in accordance with targets and objectives.</p>	Head of BPN.
			2) implementation of MSME land certification.	June 2007 (on going)		

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		c. Review taxable BPHTB	Regulation of the Minister of Finance	December 2007	3.Lowest limit of land value subject to BPHTB rose in order to expand the MSME land certification scope on which no BPHTB is imposed. 4.MSME land certification cost becomes cheaper and affordable	Minister of Finance
	2. Enhancement of the role of Credit Insurance Institutions	a. Reorganising the MSME credit insurance system	Regulation on Credit Insurance for MSME	June 2007	1. Policy, development, and supervision of credit insurance for MSME runs effectively. 2. Mechanism of MSME credit insurance runs can be conducted effectively.	Minister of Finance

b. Strengthening ...

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		b. Strengthening capital and extending the scope of service of Perum (Public Enterprise) for Business Expansion Facilities (SPU) and PT Askrindo.	Increase of Government Capital Participation Fund (PMP) in Perum SPU & PT Askrindo, by means of the following measures:		<ol style="list-style-type: none"> 1. Service capacity of Perum SPU and PT Askrindo improves and service scope becomes more extended 2. More and more MSME credits that can be insured by Perum SPU and PT Askrindo 3. Perum SPU and PT Askrindo become healthier and stronger so that they become capable of supporting the application of the credit insurance system. 	Minister of Finance And State Minister of SOE in cordination with the Governor of Bank Indonesia
		<ul style="list-style-type: none"> • <i>Action plan</i> for capital strengthening of PT Askrindo & Perum SPU 	June 2007			
		<ul style="list-style-type: none"> • <i>Due diligence</i> PT Askrindo 	June 2007			
		<ul style="list-style-type: none"> • <i>Due diligence</i> Perum SPU 	July 2007			
		<ul style="list-style-type: none"> • <i>Business Plan</i> / business expansion plan & service network of PT Askrindo and Perum SPU 	August 2007			
		<ul style="list-style-type: none"> • Putting order in the management of PT Askrindo and Perum SPU 	August 2007			
		<ul style="list-style-type: none"> • Channelling (PMP) to PT Askrindo and Perum SPU 	October 2007			

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
	4. Developing warehouse receipt system as financing instrument	a. Finalising the preparation of Government Regulation in the frame of implementing Law Number 9 of 2006 on Warehouse Receipt System	Government Regulation on Implementation of Warehouse Receipt System	June 2007	<p>1. Clear implementation rules on the utilization of warehouse receipts as an instrument of MSME credit insurance</p> <p>2. More and more MSME that are able to utilize warehouse receipts as insurance to get credit.</p>	Minister of Trade
		b. Acknowledgement of warehouse receipt certificate as collateral (substitute collateral) for MSME credit	Circular Letter of the Governor of Bank Indonesia as implementation manual for the Regulation of Bank Indonesia Number: 9/6/PBI/2007	July 2007	<p>1. Technical guidelines for the implementation of the warehouse receipt system</p> <p>2. Clarity on procedure, method and requirements in utilizing warehouse receipts as credit collateral.</p> <p>3. MSME can easily utilize warehouse receipts as credit insurance</p>	Coordinating Minister for Economic Affairs in coordination with the Governor Bank Indonesia

c. Socialising...

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
		c. Socialising the utilization of warehouse receipts as MSME credit collateral	Joint socialising activities (Department of Trade and Bank Indonesia)	May 2007 (on-going)	MSME are able to learn about the concept, major rules, procedure, method and requirements that are related to the utilization of warehouse receipts as credit insurance	Minister of Trade in coordination with Governor Bank Indonesia
C. Optimising the utilisation of non-bank funds to empower MSME	1. Enhanced effectiveness of utilising the rotating fund of the APBN (State Budget) for the empowerment of MSME	Issuing a manual on APBN Fund Management for the empowerment of MSME, including a manual for the management of rotating fund.	Regulation of the Minister of Finance	August 2007	<p>1. The APBN Fund for the empowerment of MSME, including rotating fund managed by BLU, can be managed more disciplined and properly accounted for.</p> <p>2. Coordination, monitoring and evaluation of APBN fund utilisation for the MSME empowerment program, including the rotating fund managed by BLU, to operate more effectively</p>	Minister of Finance

2. Restructuring ...

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POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
	3. Restructuring the PKBL fund management at SOE	a. PKBL fund audit d	Report of audit result on PKBL fund management by BPKP	December 2007	Clear information on the <i>outstanding</i> PKBL fund at each SOE, accountability of PKBL fund management, and the corrective action needed.	Head of BPKP.
		b. Improving the PKBL fund management manual	Revision of Regulation of the State Minister of SOE No. 236/MBU/2003 on PKBL	November 2007	<p>1. PKBL fund managed more professionally and transparently</p> <p>2. PKBL fund can be directed more towards the empowerment of MSME, so that more MSME are helped.</p> <p>3. Coordination, monitoring, evaluation and overseeing of PKBL fund management will be carried out more effectively</p>	State Minister of SOE

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II. DEVELOPING PRIVATE ENTREPRENEURSHIP AND HUMAN RESOURCES						
A. Improving the mobility and quality of human resources	1. Enhanced access of MSME to Human Resources (HR) of qualified manpower	Revising the Decree of the Minister of Manpower No Kep.203 /MEN/ 1999 on the Placement of Domestic Manpower and & Kepmenaker No. Kep-207/MEN/1990 on Inter-Employment System	Decree of the Minister of Manpower and Transmigration on the Placement of Manpower	December 2007	1.Affirming that all manpower may work throughout the territory of Indonesia (according to Articles 4 and 5 of Law No 13 of the year 2003) 2.No more obstacles of a regulatory character for MSME to recruit manpower from other regions	Minister of Manpower and Transmigration
	2. Enhanced role of the University in training of BDS & empowerment of MSME	a. Preparing rules as implementation manual for the expansion of BDS-P	Regulation of the State Minister of Cooperatives and SME on the expansion of BDS-P	June 2007 (on-going)	1.Clear technical instructions on the expansion of BDS-P 2.The quantity & quality of BDS improves so that the need for counselling of MSME can be fulfilled	State Minister of Cooperatives & SME.

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
					<p>3. The number of MSME counselled/assisted by BDS increases</p> <p>4. The mechanism of providing facilities, incentives and rewards to BDS operates effectively</p> <p>5. BDS-P from academic circles expands so that they can fulfil the role of motivator for other BDS-Ps</p>	
		<p>b. Facilitating collaboration of the private sector, University & Regional Government in expanding BDS-P</p>	<p>MOU of the Minister of National Education, and the State Minister of Cooperatives & SME</p>	<p>June 2007 (on-going)</p>	<p>1. BDS-P Training Activity can be undertaken by University</p> <p>2. Quality SDM BDS-P especially from Universities improves.</p> <p>3. Clarity of mechanism involving graduates/under graduates in the BDS training activity and empowerment of MSME.</p>	<p>State Minister of Cooperatives & SME and Minister of National Education</p>

3. Expansion...

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
	3. Expansion of <i>Koperasi Sivitas Akademika</i> (KOSIKA) (University Graduate Association Cooperative)	Facilitating and encouraging cooperative collaboration in the environment of Universities	Regulation of the State Minister of Cooperatives and SME on technical instructions of KOSIKA empowerment program	Jun – Dec 2007	<ul style="list-style-type: none"> 1. Quantity and quality of KOSIKA increases so that they fill the needs of their members 2. Clarity on the mechanism of coordinating the role and function of each agency in expanding KOSIKA 3. Economic life on campus will improve continuously 	State Minister of Cooperatives and SME
	4. Enhancement of the Graduate Program for Creating Independent Work (Independency Prospect)	Developing new enterprises by University Graduates within the Cooperative receptacle.	Regulation of the State Minister of Cooperatives and SME on the Independency Prospect	July 2007	<ul style="list-style-type: none"> 1. Number of prospective participants in Graduate Recruitment increases 2. Number of new entrepreneurs and cooperatives of the university graduate group increases 3. The mechanism of providing facilities to the Independency Prospect runs effectively 	State Minister of Cooperatives and SME

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					4.Training, assistance and counselling of business involving the University can run effectively	
B. Encouraging the growth of technology based private entrepreneurship	Forming of MSME Innovation Centre for the expansion of private entrepreneurship by optimising the role of already existing institutions	Forming a joint (interdepartmental) Team to prepare the forming of MSME Innovation Centre	<p>a. Decree of the Coordinating Minister of the Economy</p> <p>b. Preparation for establishment of MSME Innovation Centre.</p>	<p>June 2007</p> <p>June 2007 on going.</p>	<p>1.Role & function of the several agencies can be synergised, so that they can support the effective expansion of MSME innovation</p> <p>2.Blue Print and Road <i>Map</i> of the establishment of MSME Innovation Centre completed.</p> <p>3.Dessimation of the establishment of MSME Innovation Centre incresed.</p>	Coordinating Minister of the Economy.

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
III. ENHANCEMENT OF MARKET OPPORTUNITIES FOR MSME PRODUCTS						
A. Encouraging the growth of promotional institutions and creation of MSME products	1. Expansion of MSME product promotional institutions	Increasing the role of "marketing points" in border regions for the expansion of MSME product market	Strengthening Program and increase of marketing points in border regions	October 2007 on-going	<ol style="list-style-type: none"> 1. Number of "market points" increases, so that they will increase the promotion of MSME products in the border regions. 2. A clear guideline on market points management 3. Mechanism of counselling and overseeing of <i>market points</i> runs effectively 	Minister of Trade
	B. Enhanced effectiveness of the development of clusters, centres of MSME industry based on OVOP approach	Preparing regulation of Minister of Industry on the enhanced effectiveness of the development of clusters, centres of MSME industry based on OVOP approach	Regulation of the Minister of Industry	September 2007.	<ol style="list-style-type: none"> 1. Number of clusters and small industrial centres expanded with the OVOP approach increases 2. Coordination of clusters & small industrial centres runs effectively 3. Mechanism of providing facilities & financing of assistance of clusters and small industrial centres runs effectively 	Minister of Industry

3. Expansion ...

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
	2. Expansion of market access for MSME products via hotels	Increasing the role of hotels as a place for promotion and outlets of MSME products	MOU of the Minister of Culture and Tourism and the State Minister of SOE and PHRI (Indonesian Hotel Association)	September 2007	1.Number of star hotels providing <i>minishop & minibar</i> for MSME products increases 2.Mechanism of providing incentive s and rewards to hotels & SOE that accommodate MSME products runs effectively	Minister of Culture & Tourism
B. Encouraging the growth of a partnership based trade relations system.	Empowering traditional market and improving the role of modern ritail to open the market access for MSME.	a. Arranging and developing traditional market. b. Arranging and developing shopping center and modern shop. c. Arranging and developing trade relation among the trader through the regulation of <i>trading terms</i> .	Presidential regulation on empowerment of traditional market and dan arangement of shopping center and modern shop.	October 2007.	1. Ttraditional market managed properly, more convenience and modern. 2. Trade relationship between retailer and MSME supplier can be conducted under the partnership basis. 3. Sinergy among trader promotes the improvement of MSME market access.	Minister of Trade.

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					4. Clear zonation of modern shop and traditional market in a proper manner so that each business can do their business respectively.	
C. Expanding information system on ship transportation	Facility of information on ship transportation for MSME	Providing information on ship transportation for MSME via e-MSME	<i>Pilot Project e-MSME</i>	October 2007	<p>1. Easier for MSME to get information on sea vessel transportation, so that they can make use of business opportunities in the relevant sector.</p> <p>2. Clarity of operational guidelines for sea vessel transportation information system management</p>	Minister of Transportation

D. Expanding ...

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
D. Expanding market synergy	Expansion of integrated markets between supporting markets, master markets and traditional markets.	Program for the expansion of a <i>pilot project</i> to develop supporting market facilities in production centres	Physical construction of market & expansion of scheme for pilot project of synergy markets	October 2007	<ol style="list-style-type: none"> 1. Number of synergy markets increases, thus opening the opportunity for MSME to utilise the existence of such markets 2. Several markets are stipulated as synergy market pilot project 3. A clear manual for the management of synergy markets 4. Mechanism of providing facilities, support and counselling runs effectively. 	Minister of Trade

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
IV. REGULATORY REFORM						
A. Providing tax incentive for MSME	Tax Reform for MSME	Provision of tax incentives for MSME	Government Regulation as the implementation of the Law on Income Tax	Immediately after the ratification of the Draft Law on Income Tax	<ol style="list-style-type: none"> 1. Clarity regarding the tax incentive that can be granted to MSME 2. Clear rules regarding method, procedure and requirements for granting tax incentives that are easily understood by MSME 	Minister of Finance

A. Preparing ...

POLICY	PROGRAM	MEASURE	OUTPUT	TIME TARGET	OUTCOME	RESPONSIBLE PERSON
B. Preparing the policy on SMEs.	Redefining the meaning of Micro, Small and Medium Enterprises	Finalising the preparation of a Draft Law on MSME	Submission of the Draft Law to Parliament	December 2007	Text of Draft Law on MSME submitted to Parliament for discussion.	State Minister of Cooperatives and SME

PRESIDENT OF THE REPUBLIK OF INDONESIA,

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