

**MINUTES OF MEETINGS  
1ST JOINT COORDINATING COMMITTEE  
FOR  
THE PROJECT FOR THE INDONESIAN SHIPBUILDING INDUSTRY  
MODERNIZATION  
BETWEEN  
MINISTRY OF INDUSTRY OF THE REPUBLIC OF INDONESIA  
AND  
JAPAN INTERNATIONAL COOPERATION AGENCY**

Ministry of Industry of the Republic of Indonesia (hereinafter referred to as "MOI"), headed by Mr. Ir. R. Hendro Martono, Project Director of the Project, Directorate of Maritime, Transportation & Defense Equipment Industries of MOI, and Japan International Cooperation Agency (hereinafter referred to as "JICA"), headed by Mr. IZUMI Keita, Senior Deputy Director, Team 2 of Transportation Group Infrastructure Management Dept. of JICA HQ, held the first Joint Coordinating Committee (hereinafter referred to as "JCC"), on 7th July, 2022, agreed upon between MOI and JICA, over the Project for the Indonesian Shipbuilding Industry Modernization (hereinafter referred to as "the Project").

As the result of discussions in this JCC, MOI and JICA have agreed on the matters referred to in the document attached hereto.

7th July, 2021

**IZUMI KEITA**

Senior Deputy Director  
Team2 of Transportation Group,  
Infrastructure Management Dept.,  
Japan International Cooperation Agency

**IR. R. HENDRO MARTONO**

Project Director of the Project  
Directorate of Maritime Industries  
Ministry of Industry

(Witness)

**ODA YOICHI**

JICA Expert (Shipbuilding Policy and  
Technical Advisor)  
Ministry of Land, Infrastructure, Transport  
and Tourism

**ANITA PUJI UTAMI**

Chairperson  
Indonesian Offshore & Shipbuilding Industry  
Association (IPERINDO)

**DOI HIROFUMI**

JICA Expert (Team Leader/Shipyard

Management)  
MES TOKKI & Engineering Co., Ltd.

**1.**

## 1. Opening Remarks

The 1st JCC started with opening remarks by both Mr. Ir. R. Hendro Martono of MOI and Ms. Anita Puji Utami of IPERINDO from Indonesian side and by Mr. Honzu Shigeo, Senior Representative, JICA Indonesia Office from Japanese side, and attendees according to the agenda agreed upon between both parties as shown in Annex 1 and 2.

## 2. Presentation

Mr. DOI Hirofumi, JICA Expert (Team Leader/Shipyard Management), presented overall progress of the Project activities after the 1<sup>st</sup> mission to Indonesia as shown in Annex 3. Further, Mr. Oda Yoichi, JICA Long-term Expert (Shipbuilding Policy and Technical Advisor) explained the draft Monitoring Sheet ver.1 as shown in Annex 4.

## 3. Project Team Members

Based on the implementation structure agreed in the 6<sup>th</sup> Amendment of the Record of Discussion (hereinafter referred to as “the Amendment of R/D”) dated on 20 January, 2022, the following members of the Project Team were tentatively appointed by MOI and IPERINDO as shown in the table below.

| Title                            | Organization | Name                            |
|----------------------------------|--------------|---------------------------------|
| Secretariats                     | MOI          | Sungkono (Head of Secretariats) |
|                                  | MOI          | Kevin Theodore Putra Iroth      |
|                                  | MOI          | John Samuel Saragih             |
|                                  | MOI (BPSDMI) | TBC                             |
|                                  | IPERINDO     | Yuli Yati Karolina              |
| Assistant to the Project Manager | MOI (BPSDMI) | TBC                             |
|                                  | IPERINDO     | Moch Moenir                     |
|                                  | IPERINDO     | Tjahjono Roesdianto             |
|                                  | IPERINDO     | Edy Widarto                     |
|                                  | IPERINDO     | Ihsan Mahyudin                  |
| Training Partners of IPERINDO    | IPERINDO     | Edy Widarto (Leader)            |
|                                  | IPERINDO     | Didid Mirjanto (Deputy Leader)  |
|                                  | IPERINDO     | Suhandoko                       |
|                                  | IPERINDO     | Herman Prasetyo                 |
|                                  | IPERINDO     | Mochamad Zaed Yuliadi           |
|                                  | IPERINDO     | Andi Setiawan                   |
|                                  | IPERINDO     | Soeharto                        |
|                                  | IPERINDO     | Budi Santosa                    |
|                                  | IPERINDO     | Turitan Indaryo                 |
|                                  | IPERINDO     | Toni Martino                    |
|                                  | IPERINDO     | Djoko Sutejo                    |
|                                  | IPERINDO     | Trimunas Prijanto               |
|                                  | IPERINDO     | Laode Muhammad Jamil            |
|                                  | IPERINDO     | Muhammad Umar Sun               |

## 4. Work Plan

The Work Plan for Component 2 (technical cooperation for human resource development and capacity building for Indonesian shipbuilding industry) under the Project was finalized and shared by JICA Expert with the Project members as shown in Annex 5.

Note: The Project contains two (2) main pillars; Component 1 and 2. The analytical work and policy and technical advices on Shipbuilding Industry in Indonesia are mainly taken by JICA Long-term Expert (Shipbuilding Policy and Technical Advisor) as

Component 1.

## 5. Baseline Survey

### (1) Outline

The JICA Expert Team has conducted the baseline survey from 24<sup>th</sup> May 2022 to 11<sup>th</sup> July 2022. The Team interviewed, and had brief seminar and field survey to fifteen (15) shipbuilding companies out of twenty (20) as listed below in order to identify the top management dilemma and challenges and to confirm the intention for improvement of shipbuilding procedures and production management methods. The rest of four (4) companies will be scheduled to do the survey.

| No. | Name of Shipbuilding Companies        | Date of Visit       |
|-----|---------------------------------------|---------------------|
| 1   | PT. Dock & Perkapalan Kodja Bahari    | 24 May              |
| 2   | PT Daya Radar Utama                   | 25 May              |
| 3   | PT Noahtu Shipyard                    | 30 May              |
| 4   | PT. Dock Bahari Nusantara             | 2 June              |
| 5   | PT. Mariana Bahagia                   | 6 June              |
| 6   | PT. Pahala Harapan Lestari            | 8 June              |
| 7   | PT. Dock & Perkapalan Air Kantung     | 11 June             |
| 8   | PT Steadfast Marine                   | 13 June             |
| 9   | PT. Muara Kembang                     | 16 June             |
| 10  | PT. Industri Kapal Indonesia          | 20 June             |
| 11  | PT. Dumas Tanjung Perak Shipyard      | 23 June             |
| 12  | PT. Dok Perkapalan Surabaya           | 23 June             |
| 13  | PT. Adiluhung Sarana Segara Indonesia | 24 June             |
| 14  | PT. Yasa Wahana Tirta Samudera        | 30 June             |
| 15  | PT. Janata Marina Indah               | 30 June             |
| 16  | PT. Samudra Marine Indonesia          | 13 July (scheduled) |
| 17  | PT. Caputra Mitrasejati               | TBC                 |
| 18  | PT. Galangan Balikpapan Utama         | TBC                 |
| 19  | PT. PAL Indonesia                     | TBC                 |
| 20  | PT. Orela Shipyard                    | TBC                 |

### (2) Key findings

The key findings of the survey is as follows:

- Lack of understanding of the relationship between cash flow and companies' activities, which is one of the keys to ensure the corporate continuity.
- The work period for shipbuilding (Lead Time) tends to be extended due to insufficient resources and delayed materials, while the payment schedule for procurement of raw materials and other cost was advanced, which lead to deteriorate cash flows.
- It is required to shorten the Lead Time in order to improve cash flows, and to introduce overall optimization method for shipbuilding system.
- There is need for capacity development activities, such as training programs to realize this overall optimization.
- It is also important to get know-how on the overall optimization for the business of repair works since the market for new shipbuilding is currently sluggish and ship building companies are managing their business mainly based on repair works.

## 6. Training in Indonesia

### (1) Outline of Training

Both parties confirmed the outline below and the draft Application Guidelines for

Training Programs to be finalized by 13 July, 2022 as shown in Annex 6 as follows.

| Item                | Description   |
|---------------------|---|
| Objectives          | Training participants' competence in shipbuilding procedures and production management is improved.   |
| Training Site       | Jakarta / Surabaya (*)  |
| Duration / Module   | (i) The overall training period will be approximately twelve (12) months (Sep 2022 – Sep 2023).<br>(ii) The training is to be mainly composed by eight (8) subjects with five (5) terms.<br>(iii) Each term has ten (10) days program at each site.   |
| Target Entities     | A maximum of twenty (20) of member companies of IPERINDO <Nominee Qualification><br>Applying companies are required to;<br>(i) be a member company of IPERINDO,<br>(ii) have experience of new shipbuilding,<br>(iii) have willingness to carry out company (system) productivity improvement, and<br><del>(iv)</del> be shared by domestic capital, in principle.<br>Applying companies are desirable to;<br>(v) have at least 100 employees (including subcontracting)  |
| Target Participants | A maximum of forty (40) personnel (two (2) personnel per each shipbuilding company), in principle.<br><Nominee Qualification><br>Applying personnel is required to;<br>(i) the one is a manager / the other is a shipbuilding engineer, and<br>(ii) have more than three (3) years of practical experience in shipbuilding engineering field with basic command of English.   |
| Language            | English / Indonesian  |
| Special Remarks     | Following the Japan's Development Cooperation Charter, which stresses that Japan's Official Development Assistance must not be utilized for military purpose or promoting international conflicts, the following conditions are strictly applied;<br>(i) Those who have current positions or possibilities to engage in the shipbuilding of military uses (e.g. warships) shall be strictly disqualified.<br>(ii) All trainees and participated companies shall submit the written pledge to declare the companies shall NOT utilize the contents of training including technical knowledge / skills and any lecture materials for military uses, and the trainees shall NOT engage in the shipbuilding of military uses. |

(\*) Note:

- The term of "shipbuilding" works in this Project includes both new building works and repair / conversion works.
- The Secretariat shall arrange meeting rooms with a projector, PC(s), a copy machine and internet connection, and shipyards for the practical training with necessary tools such as safety devices (if necessary) as requested by the lecturers.

## (2) Participating Shipbuilding Companies

The fifteen (15) participating shipbuilding companies were tentatively selected by the Working Group following the above-mentioned qualification as listed in the table below. The Working Group will deliver the Application Guidelines to the selected

companies by 20 July, 2022.

| No. | Name of Shipbuilding Companies        |
|-----|---------------------------------------|
| 1   | PT. Dock & Perkapalan Kodja Bahari    |
| 2   | PT Daya Radar Utama                   |
| 3   | PT Noahtu Shipyard                    |
| 4   | PT. Dock Bahari Nusantara             |
| 5   | PT. Mariana Bahagia                   |
| 6   | PT. Pahala Harapan Lestari            |
| 7   | PT. Dock & Perkapalan Air Kantung     |
| 8   | PT Steadfast Marine                   |
| 9   | PT. Muara Kembang                     |
| 10  | PT. Industri Kapal Indonesia          |
| 11  | PT. Dumas Tanjung Perak Shipyard      |
| 12  | PT. Dok Perkapalan Surabaya           |
| 13  | PT. Adiluhung Sarana Segara Indonesia |
| 14  | PT. Yasa Wahana Tirta Samudera        |
| 15  | PT. Janata Marina Indah               |

### (3) Cost Sharing

As agreed in the Amendment of R/D, The cost for training is to be shared between both parties as shown in the table below.

| Items   | Responsible side              |      |
|---|-------------------------------|------|
|   | Indonesian                    | JICA |
| 1. Travel expenses and daily allowances for trainees<br>*The accommodation of the trainings in Jakarta and Surabaya will be prepared by BPSDMI. | X<br>(Participated Companies) |      |
| 2. Travel expenses and daily allowances for training partners and other Indonesian personnel  | X<br>(BPSDMI)                 |      |
| 3. Travel expenses and daily allowances for JICA Experts  |                               | X    |
| 4. Charge for venue (if necessary)  | X<br>(BPSDMI)                 |      |

## 7. Monitoring Sheet ver. 1

Both parties approved the draft Monitoring Sheet ver.1 as shown in Annex 4. Major items updated/revised are as follows:

### (1) The Objectively Verifiable Indicators

Both parties determined the verifiable indicators which were required to be specified as shown in the Table below.

| Original  | Revised   |
|---|---|
| <b>Overall Goal: Shipbuilding procedures and production management methods are improved at shipyards in Indonesia</b>   |   |
| 1. Status of implementation of human resource development plan by MOI and IPERINDO (XX trainings are conducted by MOI and IPERINDO, XX participants are trained, XX shipyards that participated in the training prepared the customized shipbuilding procedure & production management methods, facilities / equipment plans and internal human resource development plans)<br>2. More than XX% of shipyards that | 1. Status of implementation of human resource development plan by MOI and IPERINDO ( <b>at least one (1)</b> training program is conducted by MOI and IPERINDO)<br>2. More than <b>25%</b> of shipyards that participated in the training build ships in accordance with the customized shipbuilding procedures and production management methods developed through |

|   |  |
|---|--|
| participated in the training build ships in accordance with the customized shipbuilding procedures and production management methods developed through training   | training   |
| <b>Project Purpose: A human resource development system is established to introduce efficient shipbuilding procedures and production management methods at shipyards in Indonesia.</b>  |  |
| <ol style="list-style-type: none"> <li>1. Human resource development plan (2024-2026) (including implementation structure, training plan, budget measures, etc.) is approved by MOI and IPERINDO</li> <li>2. Training materials are adopted by MOI and IPERINDO</li> <li>3. At more than XX% of the shipyards that participated in the training, the draft documents (customized shipbuilding procedure &amp; production management method, facilities / equipment plans and internal human resource development plans) are responded by the management level of each company.</li> </ol> | <ol style="list-style-type: none"> <li>1. Human resource development plan (2024-2026) (including implementation structure, training plan, budget measures, etc.) is approved by MOI and IPERINDO</li> <li>2. Training materials are adopted by MOI and IPERINDO</li> <li>3. At more than <b>50%</b> of the shipyards that participated in the training, the draft documents (customized shipbuilding procedure &amp; production management method, facilities / equipment plans and internal human resource development plans) are responded by the management level of each company.</li> </ol>   |
| <b>Output 1: A system for human resource development to introduce efficient shipbuilding procedures and production management methods is prepared.</b>  |  |
| <ol style="list-style-type: none"> <li>1-1. Training materials on shipbuilding procedures and production management (including instructor's manuals) are developed</li> <li>1-2. Human resource development plan (2024-2026) (including implementation structure, training plan, budget measures, etc.) is developed</li> </ol>   | <ol style="list-style-type: none"> <li>1-1. Training materials on shipbuilding procedures and production management (including instructor's manuals) are developed</li> <li>1-2. Human resource development plan (2024-2026) (including implementation structure, training plan, budget measures, etc.) is developed</li> </ol>  |
| <b>Output 2: Training participants' competence in shipbuilding procedures and production management is improved.</b>  |  |
| 2-1. More than XX% of training participants complete the whole training.  | 2-1. More than <b>75%</b> of training participants complete the whole training.  |
| <b>Output 3: Understanding of how to introduce efficient shipbuilding procedures and production management methods customized for each shipyard is deepened.</b>  |  |
| <ol style="list-style-type: none"> <li>3-1. More than XX% of the shipyards that participated in the training develop the draft customized shipbuilding procedure &amp; production management method, the draft facilities / equipment plans and internal human resource development plans.</li> <li>3-2. More than XX% of shipbuilding engineers at each shipyard attend the presentation/seminar of the draft customized shipbuilding procedure &amp; production management method, the draft facilities / equipment plans and internal human resource development plans</li> </ol>      | <ol style="list-style-type: none"> <li>3-1. More than <b>50%</b> of the shipyards that participated in the training develop the draft customized shipbuilding procedure &amp; production management method, the draft facilities / equipment plans and internal human resource development plans.</li> <li>3-2. More than <b>50%</b> of shipbuilding engineers at each shipyard attend the presentation/seminar of the draft customized shipbuilding procedure &amp; production management method, the draft facilities / equipment plans and internal human resource development plans</li> </ol> |

## 8. Project Duration

- The Project duration of Component 1 (C1)  
The C1 has commenced on 24 Oct, 2016, when Mr. TAKINO Seiichi has dispatched to Indonesia.  
[Note] The activities of C1 are analytical work and policy and technical advices on Shipbuilding Industry in Indonesia.
- The Project duration of Component 2 (C2)  
The activities for C2 have been commenced on 17 May, 2022 when the JICA

Short-term Experts Team for C2 to Indonesia was dispatched one month behind the original schedule of April 2022 since the signing of 6<sup>th</sup> Amendment of R/D was made on 20 January, 2022, which was three months behind the expected schedule. In this regard, the both parties agreed to extend one-month period until 23 May, 2024.

[Note] The activities of C2 are technical cooperation for human resource development and capacity building for Indonesian shipbuilding industry.

- Therefore, the project duration will be ninety one (91) months in total from 24 Oct, 2016 including Component 1 and 2.
- The extension of project duration will be made by amendment of R/D including the Project Design Matrix (PDM) and Plan of Operation (PO) agreed between both parties after JICA's internal procedures.

## **9. Others**

Both parties confirmed and agreed the following items through discussion in the meeting.

- Ms. Anita Puji Utami, Chairperson of IPERINDO mentioned the shipbuilding companies in Indonesia currently have the challenges on the works for design, installation and repair of propulsion system. Therefore, she requested to conduct the training for capacity development for the said system. The JICA Expert Team mentioned the contents of said system under the lectures of design stage and machinery outfitting stage. In addition, the Team will try to include site visit to the propeller manufacturer during the training in Japan.

Attachment:

Annex 1: Agenda

Annex 2: Attendance List

Annex 3: Progress of Project Activities

Annex 4: Monitoring Sheet ver.1

Annex 5: Work Plan

Annex 6: Application Guidelines for Training Programs