

Young Entrepreneurs Start-up (YES) Programme – Indonesia

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<http://www.ibl.or.id/en/yes>

Background

Although the overall unemployment rate in Indonesia has been moderately low, youth unemployment rate has remained significantly high. Data shows that in 2002, youth unemployment rate was 22% while that among adults was only 3.3% (*World Development Report 2007, World Bank*). In 2007, 60% of 11.6 million of unemployed people was youth. The high unemployment rate among youth in Indonesia has made unemployment a youth problem.

Many young people face significant difficulties entering the labor market for many reasons, but one of the solutions to address this issue is to start business on their own. In 2007, 29% of Indonesian youth aged 18–32 are engaged in entrepreneurial activities (*National Labor Force Survey, 2007*). However, being young, they face arrays of barriers when starting up their own business: lack of confidence, lack of knowledge, lack of experience, lack of capital.

Indonesia Business Links (IBL) is a not-for-profit organization promoting good corporate citizenship in Indonesia. It works with companies, both multinational and national, who are committed to “Corporate Social Responsibility” (CSR) and also collaborates with national/international organizations and donor agencies to develop programs related to social and environmental aspects. In conducting its programs/initiatives, it adopts, but not limited to, Public Private Partnership model. With almost 10 years of experiences, the organization has been implementing 5 programs related to business ethics, enterprise development and environment and currently supported by over 40 companies to deliver benefits to thousands of youth, local communities, and business. One of the initiatives supported by IBL is the Young Entrepreneurs Start-up (YES) Programme commenced mid-2003.

YES Public-Private Partnership Model

The Young Entrepreneurs Start-up (YES) Programme was commenced in 2003, as a pilot program of LiveWire International (Shell) until 2007, supported by IFC and other companies to assist young entrepreneurs to establish and sustain successful businesses. Since then the Programme is funded by Diageo Foundation, and supported by McKinsey & Co, Accenture Indonesia, and Youth Business International (YBI). The targeted beneficiaries are start up businesses (run for not more than 2 years in operation) owned by young people (age 18-32) with entrepreneurial attitudes. The supported business is not against law, caring the environment, innovative and potential to grow and sustain.

YES Integrated Approach

Based on its lessons learned, The Programme has been applying integrated approach which is innovative in delivering its supports/services effectively to its beneficiaries. This

integrated approach is consisting of three main activities which continuously support each other. The first activity is Entrepreneurship Awareness which has an objective to drive interest in participation in the programme. The second one is Youth Business Recognition in the form of business competition to identify promising youth businesses capable of scaling up and sustainability. The third one is Enterprise Development Support which has an objective to support the selected start up business from the business competition to build their capacity to sustain the business. At the end, the supported businesses will provide role models for other youth and create employment for Indonesia's youth and others.

In the operation, the three main activities have its own components to ensure that their objectives are achieved. The Entrepreneurship Awareness has Awareness Workshop and Program Promotion. The Youth Business Recognition has: Selection Process (Concept Note, Business Plan, and Interview Stage), Business Plan Training, and Award Inauguration. And the Enterprise Development Support has: Basic Management Training (Finance, Marketing, and Business Management), Direct Coaching and Mentoring, and Monitoring and Evaluation.

Scale and Its Impact

Achievement of the Programme (2003-2008)

Geographic Coverage	Java, Aceh, Nias
Total Number of Participants at the Workshops	2460
Business Competition Entries	1867
Youth Business Supported	24 by 2007 with additional 90 targeted for 2008/09
Total Grant Awarded	US\$ 135,000
Employment Generated	144 by 2007 with additional 540 targeted for 2008/09
Employees' Annual Salary Increase	72% increase from avg US\$ 580 to US\$ 1000
Turnover	149% increase from US\$ 1430 to US\$ 3560 per month

The Programme has been successful in terms of its scale and sustainability. Geographically, the Programme covers three provinces, Java, Aceh, and Nias, and the total number of participants at the Entrepreneurship Awareness Workshop has been increasing steadily during 2003-2008, from ZZ to 2460; the current Business Competition entries reached 1867 business profiles; the number of youth-owned businesses supported by the Programme has reached 24 in 2007 and additional 90 youth-owned businesses are targeted for 2008/09; and the total Grant awarded to the selected youth owned businesses has reached US\$ 135,000 in 2008.

Based on the result of M&E for 2005-2007 period, the Programme had positive effect in four measures: employment creation, income generation, productivity and business sustainability. In the Employment Creation, the Programme has supported businesses that provide jobs for the community (6 workers per company on average).

In the Income Generation, the Programme has supported businesses to increase salary of their workers (from USD 580/year at the beginning of the program to an average of USD 1,000/year per worker at the end of the program). In the Productivity, the Programme has supported businesses to increase company's turn-over (from on an average of USD 1,430/month to USD 3,560/month). And to assure sustainability, the Programme has

encouraged and supported businesses to apply simple accounting and business administration system (100% of supported businesses).

Challenges and Moving Forward

The program only covers limited region and operates only in urban areas due to resource constraint. ‘Voluntary Mentorship Program’ needs major improvement; some local experienced businessmen have already shared their experience and knowledge to the “YES participants” but not in a systematic way. The business case for CSR investments in entrepreneurship training is new to Indonesia. There is lack of commercial or alternative financial institutions which provide non-collateral soft-loan for the youth-owned start up businesses. Building public-private partnership model for YES is not easy, as it requires strong network and facilitating skills.

The Programme has identified action plans to address these challenges: To cover wider outreach, strategies to disseminate of program’s information through electronic, mass media, and website must be developed in addition to identification of potential participants which is currently being carried out through workshops. To ensure quality of beneficiaries, the Judging Panel, Mentors and Business-Coach must comprise of experienced and successful business people. To ensure its sustainability, the YES businesses should be monitored and evaluated continuously. To assure sustainability of the Programme, IBL must constantly promote the YES Programme as a channel of CSR to corporations, including financial institutions. To build effective partnership, IBL shall empower itself as catalyst and facilitator for partnership.

Quote from one of the Programme’s beneficiaries:

“Before joining the enterprise development support in YES program, I was never aware that I have to maintain my company’s cash book. However, after receiving the training and coaching, I realized how important it is to maintain it. This cash book enables me to monitor my business condition and identify any investment needs for the future more easily,” said Ferry Iskandar Lubis, the owner of Trekker, being questioned about the benefit of YES program to his business.

The Examples of YES Beneficiaries

(1) APIKAYU

Entrepreneur's Name: Deny Willy (Male)

Age (in 2008) : 33 years old

Email : willydeny@yahoo.com

Apikayu was founded in 1999 by Deny Willy, graduated from Design Faculty, ITB Bandung and Krissandi, graduated from SMSR Bandung. Designing and producing furniture from cardboard were the focus of this enterprise. This enterprise has formal and legal business entity as private business (CV). APIKAYU received loan in amount of IDR 50 Million from Standard Charter Bank as a winner of 2005 YES Business Startup Award. Recently, Apikayu changed its business to social enterprises and becomes a local foundation. Apikayu Foundation is more focusing to help local crafter in design and technical skill training



(2) PRIMA PRADA CELLULAR

Entrepreneur's Name: Masbukhin (Male)

Age (in 2008) : 34 years old

Email : bukhin@yahoo.com

Prima prada cellular was established in 2003 by Masbukhin and Nuni, his wife. They are graduated from University of Brawijaya. This enterprise has formal and legal business entity as incorporation or private company (PT). PPC sells cellular pre-paid telephone cards as grocery since 2003. In 2006, PCC has main grocery outlet in PuloGadung trade center and other three retail outlets in several locations in Jakarta. Since mid of 2007, PPC was graduated from enterprise support program of YES program and promoted as a role model of successful young entrepreneur.



(3) FANINDO MULTI FARM

Entrepreneur's Name: Atik Wahyu Naryati

(Female)

Age (in 2008) : 27 years old

Email : atikwahyu@yahoo.com



Fanindo Multi Farm was established in September 2005 by Atik Wahyu Naryati, graduated from Biology Faculty of Gajah Mada University. This enterprise has no formal and legal business entity, but plan to formulize into private business (CV). This business located in Desa Cangkiran, Kabupaten Sleman, Yogyakarta. FMF business is in mushroom farming and also trading. In 2006, their farming capacity production was 10,000 bags/ year. This enterprise received award of 2006 YES Business Startup Award. In 2007, this company received loan in amount of IDR 48 Million from PT. Social Entrepreneur Indonesia, for production and market expansion.

(4) SAKA GADING UTAMA

Entrepreneur's Name: Bayu Sherly Rahmat (Male)

Age (in 2008) : 27 years old

Email : bayusyerli@yahoo.com

Saka Gading Utama was established in 2005 by Bayu Sherly Rahmat, graduated from Design Faculty of Bandung Technology Institute. This enterprise has formal and legal business entity as incorporation or private company (PT). This business located in Kelapa Gading, a business centre area in Northern Jakarta. SGU engages in advertising, computerized graphic design and animation, which selling brand named Play! Communications. The main target of SGU costumers are national private company. This enterprise received award of 2006 YES Business Startup Award. In 2007, this company received loan in amount of IDR 118 Million from PT. Social Entrepreneur Indonesia for their business expansion.

(5) TREKKER

Entrepreneur's Name: Ferri Iskandar (Male)

Age (in 2008) : 36 years old

Email : ferriisk@yahoo.com

The Trekker Foot Station was established in 2004 by Ferri Iskandar, Wahyunita and Nurul Ria with financial investment from Abdul Latif Setyadi. This enterprise operates virtual shop (www.thetrekker.com) for selling shoes, outdoor, emergency and safety equipments. Due to lots of demand in local market, this company expand their business by opening an outlet in Yogyakarta in 2007. The fund for this expansion received from CRS scheme of PT. Jamsostek, a goverment owned company, in amount of IDR 50 Million.



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