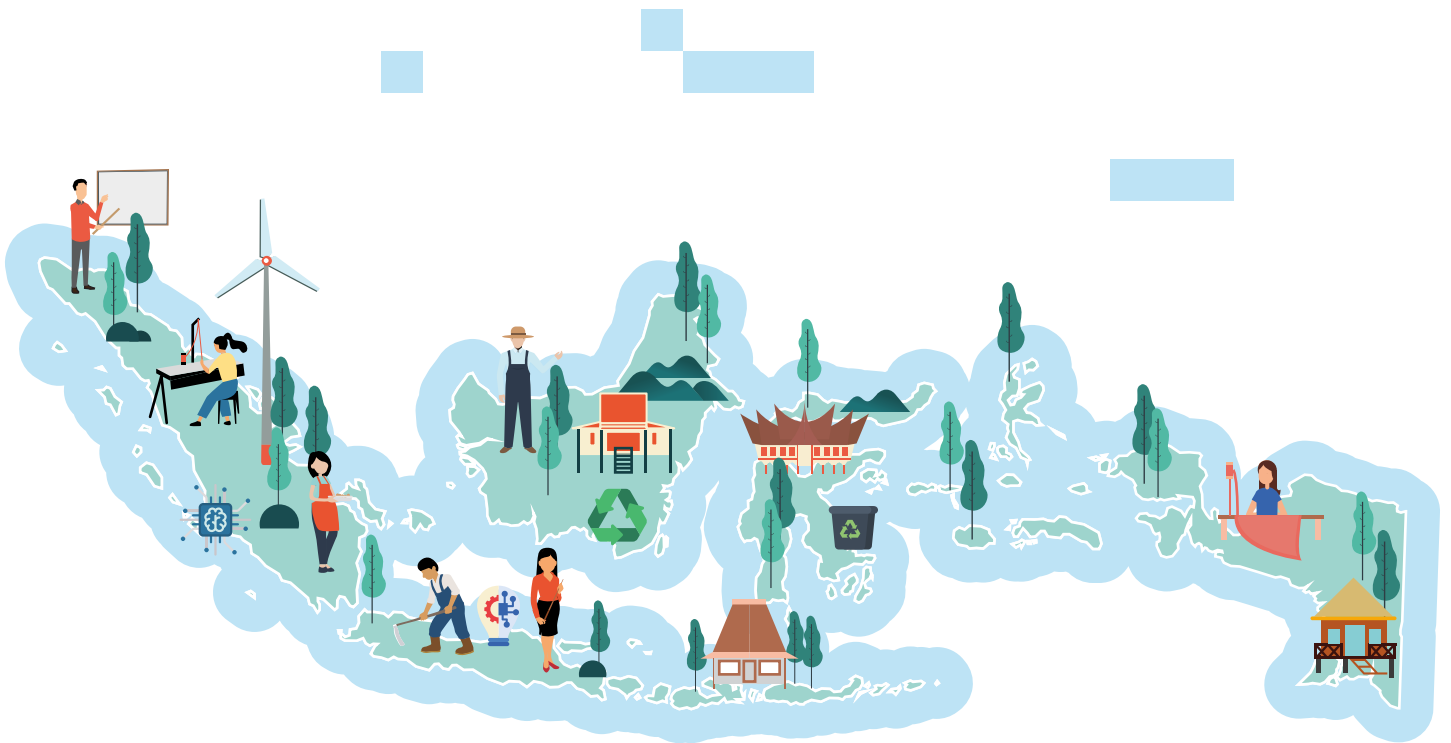


# Developing an Inclusive and Creative Economy

# The State of Social Enterprise in Indonesia





# **Developing an Inclusive and Creative Economy**

## **The State of Social Enterprise in Indonesia**

# Foreword



**Minister of National Development Planning /  
Head of National Development Planning Agency**

There has been a significant growth of social enterprises in Indonesia in the past 5 years, expanding into new sectors such as the creative industries, agriculture and education. Social Enterprises in the country have differentiated themselves from mainstream MSMEs in how they are putting inclusivity and equality at the core of their businesses and social missions. Working with communities and for communities, social enterprises are opening up more inclusive employment opportunities that reach out to different minority groups such as women and people with disabilities and could be the answer to overcoming poverty and the unequal distribution of wealth in the country.

Locally-sourced, the social enterprise community models are often operating outside of the capital and big cities which expand the reach of economic development to rural areas. This connection to untouched potential in Indonesia's rural areas has also strengthened the vast creative resources among the country's communities, inspiring social innovation. The innovation of social enterprises have made significant impact to the archipelago's economic development through making basic needs such as energy, education and sustainable food more accessible and empowering minority groups.

Social enterprises have also set the bar high in creating an inclusive and empowering workforce. Leadership of social enterprises are dominated by young Indonesians with 67% being individuals between the ages of 18-34 and 40% being women. The sector has contributed significantly in paving the way for women with a workforce that is estimated to be made up of 69% women and is responsible for a 99% increase of full-time female employees in 2016-2017.

The success of social enterprises could potentially contribute an estimated 1.91% of Indonesia's GDP (19.4 Billion). Putting inclusivity at the core of economic development, social enterprises have provided an equal platform where different communities from both rural and urban areas can come together to make an impact through creative approaches and collaboration. The publication of Building an Inclusive and Creative Economy: The State of Social Enterprise in Indonesia is an important step of understanding the significant potential of this sector, providing a baseline reference for strengthening the supportive ecosystem. This detailed survey will hopefully spark fruitful discussions about the social enterprise landscape, connecting policymakers, relevant stakeholders and key players.

This report comes in a timely manner, it can provide the guidance for the Government of Indonesia in developing programs to facilitate the growth of the social enterprises. There are many key roles that the Government of Indonesia can take, but one of the most crucial part is to create an enabling environment where social entrepreneurs can reach its full potentials.

In developing the enabling environment, the Government can develop outreach program that nurture the seeds of future social entrepreneurs since the young age. As most of the social entrepreneurs are young adults, building a working talent development program since universities level can be very useful. Collaborating with accelerators and incubators, future social entrepreneurs can then be trained to build a working business model and to test into a real project to gain experience, all relatively at a little cost.

Another government's role is by solving the regulatory problems. One of the example is the acceleration of the Entrepreneurship Law enactment to provide the regulatory basis for social entrepreneurship activities in Indonesia. Furthermore, the government can also actively identify existing and potential regulatory roadblocks and then conduct its convening role to facilitate discussions and exchanges of information between all stakeholders to come up with the proposed regulatory changes.

Other important aspect that can be facilitated by the government is the development of alternative financing model of social entrepreneurship business activities. There are many potential alternative financing schemes such as grants, impact investment, social impact bonds, and crowd fundings that needs to be explored and to be developed in order to ensure the sustainability of entrepreneurs business models and therefore Its social impact.

Externally, the Government of Indonesia also needs to learn from other economies on the best approach in developing its social entrepreneurship ecosystem, specifically, the experience from the United Kingdom where growing social entrepreneurship activities has been matched with a good government program can be a valuable example for Indonesia to follow.

To sum it up, the Government of Indonesia acknowledges the contribution and the role of social entrepreneurship in providing solutions to social problems in the society. Therefore, in order to achieve the objective of the national development agenda, the government aims to be an active partner of social entrepreneurs and is committed in continue building and nurturing the social entrepreneurship ecosystem.

Jakarta, 26 September 2018

Bambang P. S. Brodjonegoro  
Minister of National Development Planning/  
Head of National Development Planning Agency (BAPPENAS)

## About The United Nations Economic and Social Commission for Asia and The Pacific (UNESCAP)

The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub promoting co-operation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 Member States and 9 associate members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region. The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which is reinforced and deepened by promoting regional co-operation and integration to advance responses to shared vulnerabilities, connectivity, financial co-operation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.

## About The UNESCAP - British Council Partnership

In February 2017, the British Council and ESCAP signed a collaborative agreement to promote the growth of social enterprise and impact investment across the Asia-Pacific region as a means of supporting progress on the Sustainable Development Goals (SDGs).

Together we are co-operating to provide research, analysis, training, policy dialogues and offer guidance to support policy makers and other stakeholders in formulating and implementing policies and strategies that foster social enterprise and create enabling environments for impact investment.

The social enterprise survey in Indonesia is an example of this work and will provide information as to the size and scale of the social enterprise sector in the country.

Social enterprises harness trade, investment and business activity towards social and environmental objectives and are increasingly recognized as critical drivers of innovation for sustainable development.

## ACKNOWLEDGEMENT

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