

## Learning document: Lessons learned best practice Indonesia

By Impact Investment Exchange (IIX)

### Introduction

Instead of re-inventing the wheel, we support EYW in sourcing best practices and lessons learned. We have set up an expert committee to search for models, concepts and experience fitting in the challenges for Indonesia. Here you will find the trends, insights and lessons that we took from our research, including a list of the most promising initiatives that we found.

### Sustainability : is there a potential sustainable model?

Most business models do not depend on Donor funding or Grants and are revenue generating Impact Enterprises. Enterprises are paid by customers for their products/services and hence are sustainable in the long run. Revenue generated from the business helps in keeping their operations going, and the majority had diversified revenue streams.

- **Sale of Innovative and Environmentally-friendly Products:** Sell products that are developed in socially responsible ways (See for example Evoware and Messy Bessy). In addition to being innovative, these products encourage people to partake in environment-friendly lifestyle.
- **Sale of Artisanal Products:** Utilizing a community-based tourism (CBT) model to engage tourists as potential customers, the model values traditional methods of handicraft and agriculture as well, promoting sale to tourists within the tours conducted (Bohol Tourism, Tao Philippines, Bohol Bee Farm).
- **Success Fees:** Ensuring a small fee when job applicants are successfully placed in their jobs, normally paid for by the company hiring, ensures a component of sharing costs amongst different stakeholders including corporates (PSE, Kalibrr).

### Community building:

- **Shared responsibility and ownership within the community:** For example, small-scale or community-based tourism (CBT) is already being promoted in multiple destinations as a strategy to improve livelihood and provide alternative source of income to marginalized communities (Tao Philippines, Bohol Bee Farm). Cash generated is circulated within the local economy, bringing significant increases in purchasing power.
- **Entrepreneurial youth:** The models train and empower youth to participate in community development activities and encourage youth to take ownership of initiatives, particularly in the case of CBT models (Puerto Tourism, Bohol Tourism).



### Access to Finance for the Young Enterprises: in rural areas not easy. What are the do's and don'ts that we saw in the search and validation of best practices.

In order to access early stage capital, the selected initiatives have successfully unlocked a spectrum of capital options, from private investment capital, to philanthropic capital to loans from crowd-funding platforms:

- **Impact Investors:** There is a increasing number of impact-focused investors who are willing to provide the capital required through the various stages of development of the initiatives till they become financially sustainable (Kalibr, Messy Bessy).
- **Donation:** Through either bilateral agencies such as Japan International Cooperation Agency (JICA) in the wake of the devastation of a typhoon (Bohol Tourism), to corporate partnerships or individual donations campaigns focused on providing monthly or annual donations for support (PSE), the initiatives took different approaches to unlocking donations.
- **Loans:** Provision of start-up funds through soft loans and funding of costly infrastructural development is also a successful catalyst for the initiatives (Puerto Tourism). Predominantly, funding assistance is received from government agencies. In this case, the tourism board has also worked with individuals to set up enterprise models that can grow along side the additional support from tourism (Bohol Tourism). There has also been successful support from crowdfunding organizations such as Kiva and Lend-a-hand.

### **Community Leadership: ownership from communities or youth**

Having community engagement and ownership is the single-most important factor of success in implementing the models. Although this will take time and significant resources, building up confidence and ownership amongst key community stakeholders defines future success.

- **Engagement of the local community:** Engaging the local community without rushing through the process is critical to success. Allowing time to build up trust with the community through regular engagement is the only way. This should be done through regular engagement to educate and empower the community (eg. Tao).
- **Encourage respect:** Building up respect for local traditions and culture as well as for natural environment. A high degree of control and a significant proportion of the benefits must be in the hands of members of local communities (eg. Bohol tourism, Bohol Bee Farm). One of the key differences between Community Based Tourism and other forms of rural initiatives is the focus on empowering the local community to run their own tourism businesses.
- **Awareness and Training:** It is important to provide training to the community, more specifically to youth and women with the help of Government agencies and/or NGOs. Alongside providing basic services, education and awareness is necessary to engage the community and ensure long-term ownership (eg. TaO, Bohol Bee Farm).
- **Involving Government stakeholders:** In cases where Government is not the initiator of the initiative, it is still critical to involve Government agencies in discussions to ensure that no future obstacles come up during the due course of running the initiative (eg. PSE, TaO). In cases where the Government is the initiator (Puerto Tourism, Bohol Tourism), the initiatives should leverage the support as far as possible to deepen the community engagement.
- **Stage-wise handover:** In case where the community will take long-term ownership of the initiative (Puerto Tourism, Bohol Tourism), the management should only be handed over in an organized step-by-step manner to ensure that processes are still followed and quality is ensured.



### **Market Development: how to create access to the market as start-up and try to scale up?**

- **External Support:** Presence of a strong NGO partner or government agencies working alongside that has a good knowledge of the industry will help the communities in a big way. (eg. Puerto Tourism, Bohol Tourism)
- **Online Marketplace/ Platform:** Utilizing technology as a base for an online marketplace or a platform has allowed the companies to access a much larger number of consumers or users than they would be able to in an exclusively brick-and-mortar model. (eg. Messy Bessy, Kalibrr)
- **Tackling business seasonality:** Community based tourism initiatives offers seasonal and limited opportunities for employment. Also, availability of land and resources is limited. Hence during off-seasons, the community needs to identify other lines of businesses. Designing niche hand made products (eg. Bohol Bee Farm) or offering services that are less capital/resource intensive will be an effective strategy to tackle seasonality of businesses.
- **Uniqueness of products and services:** There is a need to develop innovative products and services that are not only appreciated by the local community but also are attractive to the export market (Evovare, Bohol Bee Farm)
- **Connecting with Private Sector:** Utilizing partnership models with corporate partners can alleviate pressure on sustainable cash flow for the businesses. The ideal case for this is where this would be mutually beneficial with the corporate partner, addressing a key concern area (Kalibrr).
- **Developing local markets:** Leveraging the recent and growing interest in local products and handicrafts, the companies have an opportunity to build up a local market for products from local artisans in the community (Bohol Tourism).
- **Utilizing Cooperatives:** Transferring ownership of the initiatives to a collective in the form of a cooperative typically ensures higher accountability and therefore higher quality of products (Puerto Tourism, Bohol Tourism).

**Selection of the Right Entrepreneurs to Run A Business: in rural areas youngsters are all in for enterprises just for surviving and not always on capacity.**

- **Identify Skillsets:** Understanding the skills and mindset of youth is crucial to selecting those that would be in a strong position to run businesses. This should be based on a competency map that can be utilized to match competencies and mindset (eg. Kalibrr).
- **Competitions:** Conduct business plan competitions to identify entrepreneurs in the community. Focus on the attitude and approach taken by the entrepreneur rather than judging the idea per se.
- **Collaborate with institutions:** Work closely with schools and colleges in the community to identify talented youth. Conduct motivational talks/knowledge sharing sessions which helps in fostering entrepreneurial mindset within the student community.
- **Collaborate with companies:** Working closely with best in class training programs so as to set up the best courses for specialized training such as mechanics, hospitality or computers will support youth in being able to transition to business owners (eg. PSE).
- **Family involvement:** Involve the entire family so that youngsters in the family are motivated to participate (eg. PSE). Encourage first generation entrepreneurs to share their stories and motivate others within the community.



## **Inclusiveness of (Young) Women in Women Unfriendly Areas:** how to create safe space for women and deal with the overload of care work.

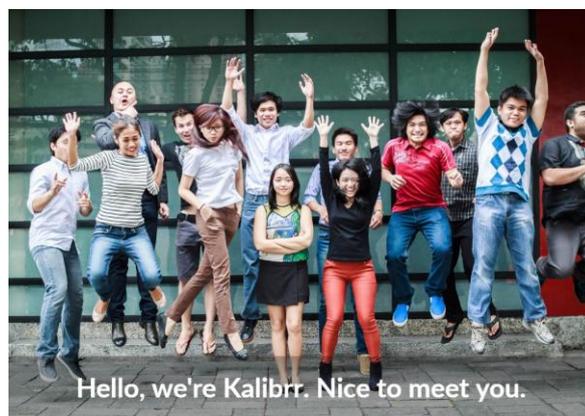
- As most marginal areas are dominated by women and unemployed young people, the jobs created should be able to accommodate women and young people's skills. This is when the benefits to the community as a whole would be significant. Local women earn an additional income from the Tao project by engaging in sustainable and culturally appropriate work for women. Women need to be trained and encouraged to take ownership of initiatives.
- **Empower women with financial access:** Many of the women who expressed interest to put up small tourism businesses are being hindered by lack of credit access.

## **Fruitful Mentor System:** in rural; settings mentors are not always available or very busy. What can we learn on mentor systems?

- **Local Mentors:** Residents of rural communities are often lacking appropriate skills and knowledge to manage sustainable initiatives on their own. Hence having local mentors guide the communities will be useful tool to develop sustainable businesses. Mentorship aids in connecting like-minded people.
- **Engage advisors/Mentors from other locations:** Motivate community participants by showcasing successful implementations in other locations with the help of experts from that region. Invite them for informal chats with the communities.
- **Coaching/Training** from existing entrepreneurs regarding valuable lessons learnt. Aspiring entrepreneurs can be guided by one-on-one mentoring from them.

## **Smart Models / Tools for Young Enterprises:** are there specific tools which are fruitful, why and how.

- **Skill building and vocational training:** Gather interest of youth and entrepreneurs in areas where they see value. Think of projects/initiatives that significantly improve the wage-earning ability of youth (eg. Kalibr).
- **Technology:** Use models linked to technology to help accelerate learning in rural communities. Use resources from tech-savvy youth who may help in educating others. Encourage peer-to-peer learning within in the communities.
- **Innovative solutions:** Design projects to match resources available with the needs in the market and come out with innovative product/services solutions.



## **On Rural Hub-Making/** community space creation: how to create the right linkages? How to make it sustainable? How to make it attractive for young people and for corporate sector, local government and universities?

- **Decentralized approach to business operation:** With the local people and their leadership at the heart of decision-making, they are regarded as the primary beneficiaries of the initiatives. Through this set up, the community is ensured of direct benefits in every project activity. (Eg. Tao)
- **Susceptibility to local politics:** While rural initiatives may be vulnerable to local politics, it is noteworthy that aggregating the right set of people for initiatives with a sense of community and co-ownership will yield in successful project execution.

## **Most Promising Initiatives;**

### **Tao Philippines**

Website: <https://www.taophilippines.com>

Contact info: eddie@taophilippines.com

TaO aims to offer an encouraging and empowering experience to use inherent island skills to offer travelers a personal insight into life in a tropical archipelago. TaO believes in a new social movement, a progress that accounts for a positive return to society. Through research, education and examples, the Tao community aims to prove that there are many ways in which every Filipino can benefit and share in the opportunities that tourism brings.

### **Evovare**

Website: <http://www.evoware.id>

Contact info: nory.evoware@gmail.com

Manufactures eco- friendly, biodegradable or even edible seaweed packaging products that can even be eaten. Seaweed is used as raw material.

### **Bohol Bee Farm**

Website: <https://www.boholbeefarm.com/>

Contact info: vicky.beefarm@gmail.com

Established in 2002, the business and hotel focuses on in-house production and community development.

### **Bohol Tourism**

Website: <http://www.boholtourismph.com/>

Contact info: boholtourismoffice@yahoo.com

Varirty of "Experience Tours" organized in the province of Bohol. The official tourism authorities tie up with certain communities/cooperative societies in the region and organize the tours.

### **PSE**

Website: <https://psecambodia.wordpress.com/about/>

Contact info: contact-kh@pse.ngo

Provides underprivileged and vulnerable children with a path to employment and economic wellbeing by taking care of basic human needs such as nutrition, shelter, healthcare and vocational training. PSE runs 3 schools - Hospitality and Tourism, Business and Technology, as well as vocational training centers for mechanics, plumbing, electricians and hospitality.

### **Puerto Tourism**

Website: <http://tourism.puertoprincesa.ph/>

Contact info: puertoturismo@yahoo.com

Operates in a tropical paradise with a bustling urban center perfect for business with leisure trips. Community-based Honda Bay Boat Owners Association operate the boats that serve the tourists.

### **Kalibrr**

Website: <https://www.kalibrr.com/>

Contact info: [paul@kalibrr.com](mailto:paul@kalibrr.com)

Founded in 2012 and with 3000+ clients, Kalibrr is a Filipino-led tech startup company that provides a job-matching, hiring and recruitment platform online. Kalibrr is a website that has two main functions: 1) to assess users' eligibility for a job, and 2) to train users on job-specific competencies and skills.

### **Messy Bessy**

Website: <http://messybessy.com/home>

Contact info: [krie@messybessy.com](mailto:krie@messybessy.com)

Established in 2007, Messy Bessy Cleaners Inc. manufactures and markets a line of organic household and personal care products. It is a triple-bottom line Company with focus being: People, planet and profit.