

WOMEN'S ENTREPRENEURSHIP AND ACCESS TO FINANCE

Challenges and Opportunities of
Women-led Social Enterprises
in Indonesia



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Resilient nations.*

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Table of Contents

Acknowledgements	5
Acronyms	6
Executive summary	7
Introduction	8
The Middle of the Pyramid.....	8
Gains for investors	8
The Case for a Gender Lens	9
Beyond Goal Five	9
Methodology	12
Gaps in Market Access and Meeting Women Entrepreneurs' Financial Needs.....	14
Winning Women Over	14
The “Right Fit”	15
Beyond Finance.....	15
Women SMEs in Agriculture, Fisheries, Forestry, and Tech Sectors	16
Agriculture	16
Case study: Burgreens – Sustainable Food and Economic Empowerment (SDGs: 1, 3, 4, 5, 8, 11, 12)	16
Case study: AkarKayu – Giving Back for Education (SDG 4).....	17
Fisheries.....	18
Case study: Women’s Fisheries Cooperative for Collective Prosperity and Sustainability (SDGs 1, 5, 8, 13, 14, 15).....	19
Challenges and Opportunities	21
Case study: IWAK - Poverty Reduction through Family Fisheries	21
Forestry	22
Case study: Jepara – Woodworking by Women (SDGs – 1, 5, 8, 15)	22
Tech Disruptors.....	24
Case study: Aruna - B2B Services for Fisheries (SDGs – 1, 8, 9, 10).....	24
Case study: LimaKilo – Streamlining Market Access (SDGs 1, 8, 9, 10).....	24
Case study: Eragano – Addressing Information and Insurance Gaps (SDGs 1, 8, 9, 10).....	26
Challenges and Needs	26
Time Constraints	26
Discrimination.....	26
Needs Particular to Women-led Social Enterprises	27
Business and Financial Skills Training.....	27
Networking and Mentoring	27
Formalization	28
Certifications	28
Insurance	28
Recommendations	29
Supply-side	29
Informed and Strategic Targeting	29
Better Data by Design	29
Bundling of Services	29
Messaging and Marketing	31
Business Enabling Environment	31
Simplify Registration	31
Collect Gender-disaggregated Data	31
Data synergies and leveraging.....	32

The Internet of Things.....	32
Case study: HARA – Big Data for Smallholders.....	32
Areas for Further Investigation	33
Unknowns in the Forestry Sector	33
Discrimination by Financial Institutions.....	33
Perceptions and Confidence.....	33
Networks and Support Systems	34
Challenges Shared by Men.....	34
Gender-based Violence	34
Geographic Disparity	34
Climate Risks	34
References.....	36
Publications	36
Organizations Consulted.....	36
Appendix A: Additional Case Studies.....	38
Agriculture.....	38
Aliet Green	38
Women’s Economic Empowerment, Education, and Health: SDGs 3, 4, 5, and 6	38
Environmental Sustainability and Decent Work: SDGs 1, 8, and 15	38
Toward More Sustainable Consumption: SDG 12.....	38
Challenges and Opportunities	38
Fisheries	39
Etmieco Sarana Laut.....	39
International Knowledge-sharing: SDG 17.....	39
Environmental Sustainability and Reducing Waste: SDGs 12 and 14	39
Forestry.....	39
Non-Timber Forest Products: Du’Anyam	39
Women’s Economic Empowerment: SDG 5	40
Environmental Sustainability: SDG 15.....	40
Maternal Health and Improved Nutrition: SDGs 2 and 3	40
Challenges and Next Steps.....	40
Appendix B: Infographics	42
Basic Characteristics	42
Main Office Location	42
Locations of Operation.....	42
Number of Full-time Employees.....	43
Years in Operation	43
Formally Registered	43
Market Served	44
Women in Leadership	45
Senior Management Positions Held by Women	45
Education Level of Business Owner	45
Social impact	45
Gender-based Approach.....	45
SDGs Targeted	46
Impact Measurement.....	47
Constraints and Needs	47
Gender-based Constraints	47
Inputs and Outputs	48
Skills and Connectivity	48

Training Needs	48
Financials.....	49
Revenue.....	49
Past External Funding	50
Funding Needs: Type	51
Funding Needs: Amount	51
Funding Needs: Timing.....	51
Appendix C: Enterprise Survey	53

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Acronyms

ANGIN	Angel Investment Network Indonesia
B2B	Business-to-Business
BEE	Business Enabling Environment
BI	Bank Indonesia
CSO	Civil Society Organization
ICT	Information and Communications Technology
IoT	Internet of Things
LLC	Limited Liability Corporation
NGO	Non-governmental Organization
NTFP	Non-timber Forest Products
PT	Perseroan Terbatas
SDG	Sustainable Development Goal
SE	Social Enterprise
SME	Small- and Medium-sized Enterprises
UNDP	United Nations Development Programme
WLSE	Women-led Social Enterprises

Executive summary

The presence of women-led social enterprises (WLSEs) is increasing significantly in Indonesia's entrepreneurial ecosystem and financial institutions are beginning to realize the potential of investing in women. However, at the moment, most investment specifically targeting WLSEs in Indonesia is focused on poverty reduction and concentrated at the micro level.

Social enterprises led by women have a particular set of opportunities. However, they also face particular sets of challenges. According to women entrepreneurs surveyed and interviewed for this study, enterprises that are growth-oriented quickly become too big for most grants, but remain too small for most investors. Therefore, there is a need for financiers to carefully consider ways to bridge the gap between enterprises which are too big for most grants but remain too small for most investors, and to tap into this unmet demand, including active outreach with messages that respond to identified gender-specific needs.

On the other hand, the support intended for enhancing WLSEs goes beyond finance. A 'bundling of services' is requested to accommodate the women's needs in social enterprises. The provisions of business skills training, financial management training, sector-specific technical assistance, networking, mentorship and certification are therefore as important as financial support.

Out of the four sectors represented in this study (agriculture, fisheries, forestry and technology industry), agriculture industry has the fewest barriers to entry for women entrepreneurs at the bottom of the pyramid, which makes it easier for social enterprises in the middle to include them as suppliers as well as build their capacity to grow their operations in size and sophistication. Meanwhile, forestry industry, is the most difficult of the four sectors to explore for women-led social enterprises. There is a lack of data on women's participation in the forestry sector. Timber business activities are dominated by men, whereas women's participation is largely relegated to subsistence. In addition, women in social enterprises are facing discrimination in various ways that affect their ability to manage and grow their business. For example, early-stage enterprises, asserted that when meeting with potential creditors or investors, it helped to "have a man in the room" in order to be seriously considered. According to interviews, even if a financial institution doesn't require men's names on paper, they are sometimes requested in person.

Based on the survey conducted and the analysis made, this study has identified several tailor-made recommendations that can effectively support the increased financing of growth-oriented WLSEs. This includes informed and strategic targeting, better gender-disaggregated data, bundling services, messaging and marketing, business enabling environment, data synergies and leveraging and the provision of the Internet of Things (IoT).

Introduction

Women-led social enterprises (WLSE) are an increasingly strong presence in Indonesia's entrepreneurial ecosystem, and financial institutions are beginning to realize the potential of investing in women. However, there are specific barriers and challenges that limit the growth potential of WLSEs such as a lack of information on certain sectors such as agriculture, fisheries, and forestry, and on the "missing middle." A disconnect between enterprise and investor, and a nebulous, ill-informed approach to meeting women's specific needs as entrepreneurs, innovators, and change-makers result in missed opportunities for investment and advancement.

The purposes of this study is to assess the landscape, challenges and opportunities for women's social enterprises in agriculture, fisheries, and forestry; identify opportunities for investment; and ultimately advance gender equality and women's empowerment, both for women and by women.

This study focuses on women as drivers of the SDGs rather than as beneficiaries.

The Middle of the Pyramid

In addition to the extensive study of the "bottom of the pyramid,"¹ that much of literature on development, there is some focus on the "missing middle" of the pyramid, which commonly refers to either as a lack of mid-sized enterprises, or a lack of investable capital targeted toward the middle. However, in Indonesia, the middle of the pyramid is occupied by WLSEs, and there are opportunities to reach and to grow it. In targeting the middle (and those who empower the middle), there are significant gains to be made for sustainable development as well as for investors.



RENEW Strategies

Gains for Investors

¹ See for example: Prahalad, C. K. (2010). *The fortune at the bottom of the pyramid: eradicating poverty through profits*. Rev. and updated 5th anniv. ed. Upper Saddle River, N.J.: Wharton School Pub.

There is an undeniable buzz concerning the return on investment in women entrepreneurs. Forward-thinking financial institutions are beginning to recognize this market segment as a growth opportunity.

As an investment, women entrepreneurs perform remarkably well in some specific ways. In Indonesia, women tend to borrow more conservatively than men, typically deciding on an amount based on what they anticipate that they can repay within the specified time period. A recent study by the International Finance Corporation found that in addition, overall, women entrepreneurs show better repayment rates, with a lower proportion of non-performing loans.² None of the women entrepreneurs interviewed or surveyed for this study reported having any difficulty repaying what they have borrowed. Also women borrowers are proactive and are committed to learning. Women ask more questions and cultivate closer relationships with their financial backers in order to thoroughly understand what is required of them.

The greatest unmet demand for credit comes from women and from growth-oriented enterprises.

The greatest unmet demand for credit comes from women and from growth-oriented enterprises: i.e., those who show the capacity and the will to expand.³ Creating financial products specifically tailored for women is a win-win situation. There are a variety of reasons why women are reluctant, ineligible, or otherwise a mismatch for typical financial instruments. This presents both a challenge and an opportunity not only for Indonesia's women entrepreneurs, but also for investors who recognize the value of designing financial products around women's needs.

The Case for a Gender Lens Beyond Goal Five

The Sustainable Development Goals (SDGs) in 2015 were endorsed by 193 countries to meet 17 targets, such as, the elimination of poverty, the improvement of education and health outcomes, the improvement of livelihoods and addressing environmental sustainability by 2030.

There is no SDG untouched by these women-led social enterprises.

In the WLSEs surveyed or interviewed for this study, all WLSEs in combination, influenced and contributed to the SDGs. WLSEs active in the agriculture, fishery, and forestry sectors, further bolstered by female-led tech SEs, are actively making strides toward the SDGs. From Goal 1 to Goal 17, women-led social enterprises are bringing about change and advancement in Indonesia's SDG performance.

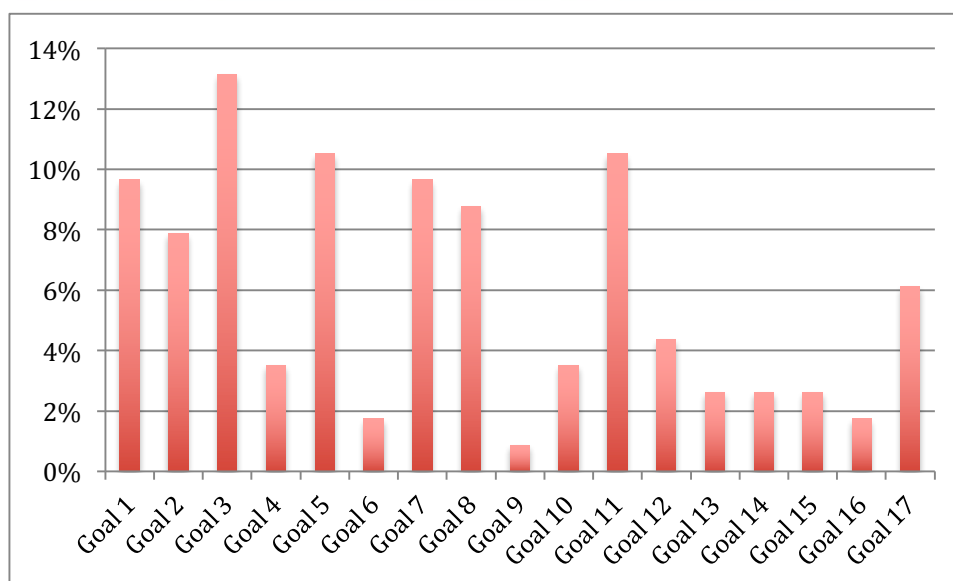
In this sense, the focus of this study goes beyond Goal Five, focused on the empowerment of women. While Goal Five was a main trajectory in the research, soon it became evident that Indonesia's enterprising women, through their own economic empowerment, act as a means rather than an end.

This study focuses on women as drivers of the SDGs rather than simply as beneficiaries. Women's empowerment is as much a prerequisite as it is an outcome for the SDGs.

² International Finance Corporation, *Women-Owned SMEs in Indonesia: A Golden Opportunity for Local Financial Institutions*, (Washington DC, International Finance Corporation, 2016)

³ I Gede Putra Arsana and others, *Women entrepreneurs in Indonesia: a pathway to increasing shared prosperity* (Washington DC, World Bank, 2016)

SUSTAINABLE DEVELOPMENT GOALS



This study examines the participation, needs, and potential of women-led social enterprises in Indonesia's agriculture, forestry, and fisheries sectors.

First, an overview of women-led SMEs' business needs and preferences is described for context, followed by an examination of the ecosystem for WLSEs by sector, including WLSEs focused on technology that target and disrupts these industries.

The study goes on to describe challenges and needs identified during the course of the study, followed by a series of recommendations to address these needs and gaps.

The study concludes with the identification of a variety of areas for additional investigation that are relevant to WLSEs, their access to finance, and their continued growth and success.

Methodology

Data Collection

The information collected for this study consisted of interviews and consultations with a range of stakeholders, selected through a snowballing technique. Those consulted included civil society organizations, intergovernmental bodies, national and international non-governmental organizations, investors, public sector officials, representatives of business incubators, and a wide range of individual women entrepreneurs from around the country. Data collected by larger-scale studies is referenced for context and confirmation of corroboration, as are studies providing relevant information unavailable via interview. A comprehensive list of entities consulted can be found in the References section.

In addition, a survey designed in collaboration with Angel Investment Network Indonesia (ANGIN) was distributed electronically in both English and Indonesian to collect additional data on the characteristics of social enterprises, their contributions toward the SDGs, their constraints, their perceptions, and their needs. Infographics illustrating survey responses can be found in Appendix B., and survey questions can be found in Appendix C.

A presentation of preliminary findings was presented to a focus group in Jakarta for feedback and input, which served to guide the continuation of the research and illuminate existing research questions.

Data Analysis

This study employed a gender-based analysis framework. Gender analysis offers an understanding of women and men, their access to resources, their activities, and the constraints they face. This lens is important as it reveals information how gender is intrinsically tied up in the different and intersecting paths of involvement, behaviour, and activities that women and men have in economic, social, and legal systems. As such, gender analysis provides information to determine the most effective strategies in a particular context and to identify results that support gender equality and women's empowerment.

Definitions:

The following definitions are used for actors and stakeholders in this report.

Small- and Medium-sized Enterprises

There are a variety of definitions used in development literature for small- and medium-sized enterprises (SMEs), whether by financial factors or number of full-time, paid employees. This study uses the Government of Indonesia's definitions of the parameters of (SMEs) in financial terms.

Small
Assets IDR
50mn – 500mn
Turnover IDR
3mn – 2.5bn

Medium
Assets IDR
500mn – 2.5bn
Turnover IDR
2.5bn – 50bn

Social Enterprise

For the purposes of this study, a social enterprise (SE) is defined as a for-profit business with a market-based approach to advancing development goals.

Women-led Social Enterprise

In this context, a women-led social enterprise (WLSE) is defined as a social enterprise with at least one woman in a leadership role in the firm, including owners, board of directors, board of commissioners, c-level executives or directors, and/or shareholders.

Gaps in Market Access and Meeting Women Entrepreneurs' Financial Needs

Women entrepreneurs in Indonesia express needs and preferences that are distinct from men's. To meet the needs of women entrepreneurs, it is not enough to be ostensibly gender-neutral. Prior studies have shown that while Indonesia's banks lending policies are indeed gender-neutral, women entrepreneurs are by and large at a disadvantage due to time constraints, widespread lack of collateral, and generally lower levels of business experience relative to men.

Nor is it enough to target women entrepreneurs as a homogenous group. Currently, most lending specifically targeting women entrepreneurs in Indonesia is focused on poverty reduction.⁴ This is not suitable for growth-oriented SMEs with the will and capability to expand their business.

In order to continue to build the business case for investing in WLSEs and women entrepreneurs in general, it is necessary to understand what works for them and what doesn't, and how investing in them impacts the bottom line for investors.

A 2016 survey by the IFC corroborates this pattern in that most women entrepreneurs finance their businesses through profits, personal savings, or borrowing from friends or family members.⁵

In order to meet demand for financing with financial products designed for them, women's needs and preferences must be understood and actively addressed. This means gendered tailoring from design to marketing to delivery and beyond.

It is not enough to be gender neutral, nor is it enough to treat women entrepreneurs as a homogenous group.

Winning Women Over

By and large, Indonesia's women entrepreneurs are discouraged from approaching commercial banks. Depending on the sector and the institution, there are often particular requirements that women are often unable to meet. For example, in the fisheries sector, if women lack collateral, a formal fisheries identification card, or must include a man's name on their loan application, they may decide that formal financing is not for them.

The resulting mistrust or perceived irrelevance of financial institutions makes the case that it is just as important for financiers to convince women as it is for women to convince financiers: in order to increase utilization of financial products by women entrepreneurs, they must be "won over".

A thorough understanding of women entrepreneurs' needs and goals and thoughtful design to create financial products that are appealing and appropriate is required. Just as important is gender sensitivity in the delivery of these products. Women's constraints and reservations must be taken into account, especially given their tendency to take the relationship with their creditors very seriously: a negative "customer service" experience would damage the viability of the financial service. Given the time and effort that women put into their relationship with their financial service providers coupled with the widely cited time constraint due to household responsibilities, it is important to convince them that it is worth their while.

⁴ I Gede Putra Arsana and others, *Women entrepreneurs in Indonesia: a pathway to increasing shared prosperity* (Washington DC, World Bank, 2016)

⁵ International Finance Corporation, *Women-Owned SMEs in Indonesia: A Golden Opportunity for Local Financial Institutions*, (Washington DC, International Finance Corporation, 2016)

The “Right Fit”

As mentioned earlier, currently most lending to women entrepreneurs in Indonesia is focused on poverty reduction, and concentrated at the micro level. This not the right fit for growth-oriented enterprises, which have outgrown microfinance but may not be a perfect fit for commercial banks either, for a variety of reasons. These enterprises are too big for microfinance institutions, with a typical maximum loan of IDR10mn. On the other end, the requirements for commercial bank loans are often prohibitive.

Social enterprises led by women have a particular set of opportunities and a particular set of challenges. According to those surveyed and interviewed for this study, those who are growth-oriented quickly become too big for most grants, but too small for most investors, as far as they are aware.

Many individual entrepreneurs, financiers, and others on the supply side have stressed that these entrepreneurs are largely unaware of non-banking resources, unless they are already well connected to the social finance and entrepreneurship networks. Outside of Jakarta, many women entrepreneurs simply do not know that there are other options. This indicates a clear need for outreach and effective messaging.

Creating financial products for women must go beyond superficiality and lip service to gender equality. A homogenous effort to finance women’s SMEs across the board is also insufficient. To reach and to grow growth-oriented, women-led social enterprises, there is a need for financiers to carefully consider ways to bridge the gap to tap into this unmet demand, including active outreach with messages that respond to identified gender-specific needs. In meeting this demand, there is a tremendous opportunity for return on investment both financially and for the advancement of the SDGs.

Beyond Finance

Women, more often than men, request bundling of services. They cite needs beyond financing for the success of their businesses. They are interested in business skills training, financial management training, sector-specific technical assistance, networking, and mentorship.

In investigating trends in women-led social enterprises in Indonesia in the agriculture, fisheries, and forestry sectors, several recommendations for bundling of services have come about.

Women SMEs in Agriculture, Fisheries, Forestry, and Tech Sectors

The following is a summary of the environment for women's entrepreneurship in each of the chosen sectors, trends observed, and case studies.

Agriculture

Of the three sectors represented in this study, agriculture has the fewest barriers to entry for women entrepreneurs at the bottom of the pyramid, which makes it easier for social enterprises in the middle to include them as suppliers as well as build their capacity to grow their operations in size and sophistication.

The greatest challenges faced by WLSEs in this sector are related to infrastructure. Transport from farmers to markets is time-consuming and results in difficulties in making sure products stays fresh. For example, LimaKilo, a Jakarta-based WLSE in the agriculture sector state infrastructure as a main obstacle for growth. Transportation infrastructure constraints keep operations contained to areas close to Jakarta, and limits offerings to produce that is relatively easy to keep fresh, such as shallots and chilis.

The cost of shipping has also been cited as a constraint to moving goods, fresh or not. Some entrepreneurs have cited a regulation that dictates that the price of fuel must be the same throughout Indonesia. There are often shortages of fuel in remote areas, which can distort the price of fuel and thus the cost of shipping.

Nonetheless, this is a sector that is alive with WLSEs with a tremendous variety of innovative business models, impacting a range of SDGs, each with their own set of challenges.

Case Study: Burgreens – Sustainable Food and Economic Empowerment (SDGs: 1, 3, 4, 5, 8, 11, 12)

Burgreens is a chain of vegetarian restaurants founded in 2013 by husband and wife team, Max and Helga. They seek to make healthy food available and appealing in their hometown of Jakarta, while practicing fair trade and empowering smallholder farmers and women through a responsible supply chain; eschewing palm oil, for example.

The name is a combination of “green” and “burger” – one of their most popular menu items. They endeavor to promote healthy, ethical, and sustainable lifestyle choices through social enterprise.

Burgreens works to create job opportunities, management trainings, and career advancement for disadvantaged women. At present, 70 percent of their producers are women, two of whom have been trained and promoted to leadership positions.

Burgreens finds their organic suppliers through referrals, such as WLSE YUM Farm, which they continue to work with today. In Cipanas (West Java), YUM Farm in turn channels their profits toward the provision of education for the children of farmers and underprivileged children in organic farming, and provides free healthcare for the elderly.

When investigating a potential supplier, Burgreens visits the farm, meets with its leadership, and consults the community as to the farm’s positive impact.

Like many WLSEs, Burgreens started through personal savings, progressing after three years to an investment-ready stage, working with angel investors with the help of ANGIN.

Helga does not report having faced serious discrimination, with the exception of occasionally finding herself underestimated due to her youth and gender by larger corporations. Over time, she has changed their perception by demonstrating her professionalism.

As for what would help their business and other social enterprises to grow, Helga cites tax regulations that do not distinguish between social enterprise and conventional enterprise, which do not direct their resources toward social impact. Helga recommends a tax subsidy for social enterprises so that they have the opportunity to be as profitable as conventional enterprises without compromising their social mission.

Case Study: AkarKayu – Giving Back for Education (SDG 4)

AkarKayu is an example of a WLSE at an earlier stage of development. It is a business run by a team of two former classmates, one woman and one man, whose natural honey business and contributions to education have won them a number of business competitions.

AkarKayu got its start in 2013 from a business competition at a university where its founders were students at the time. They went on to win other competitions, including one from Bank Indonesia (for training), and were awarded both funding and business skills training as a result.

Their unique value proposition is that their honey is authentic – throughout Indonesia and other parts of the world, much of the honey sold is mixed with sugar syrups, molasses, corn syrup, dextrose, and other flavors and additives. They observed that high-quality, authentic honey had to be imported, which was quite expensive. They offer authentic honey produced in East Java and Sumatra for the domestic market, bolstered by a quality certification from the Indonesian Food and Drug Administration.

Their products also include honey with added propolis and bee pollen. They previously offered propolis soap, which was popular, but time and informality constraints have not permitted the company to scale up its offerings or its operations.

This agriculture and education-focused social enterprise contributes a portion of their proceeds to schools in the Sukabumi area, with the aim of expanding inclusive and equitable quality education and promote lifelong learning opportunities. Co-founder Rina Noviyanti is uncertain of the exact amounts/proportions of proceeds, as the enterprise does not keep formal financial records.

As a next step, AkarKayu would like to be able to donate more of its proceeds to education, as well as install beehives for educational purposes for schools in the Jakarta area, time and resources permitting.

AkarKayu has grown and won business competitions, including from Bank Indonesia, despite its informal status. As for why the business remains informal, the owners cite time constraints and the convoluted and difficult process of becoming a registered legal entity such as a PT (Perseroan Terbatas, or LLC).

For now, Rina and her co-founder are primarily focused on continuing their education, but they do not plan to close up shop: they fully intend to devote what time and energy they have to continue their operations and contributions to local education.

Fisheries

Generally, women's enterprises in the fisheries sector are characterized by informality, small size, and low levels of business skills. Women entrepreneurs in fisheries typically have difficulty progressing beyond the micro level. This is in part owing to the requirement of a formal identification card for the running of a fishing business, which is very difficult for a woman to obtain.

Along with the difficulty in obtaining a formal identity card, women in fisheries report they face obstacles in accessing finance. By and large, the boats used by fishing businesses in Indonesia generally are leased or rented, and thus can't be used as collateral. Women interviewed claimed they typically apply for financing using the name of a male relative, as a response to discrimination, whether real or perceived.

The most successful women in fisheries find their footing through cooperatives and associations, allowing them to pool their resources and their skills.

Case study: Women's Fisheries Cooperative for Collective Prosperity and Sustainability (SDGs 1, 5, 8, 13, 14, 15)⁶

⁶ Equator Initiative, "Solusi berdampak lingkungan pesisir," 13 July 2017. Available at <https://www.equatorinitiative.org/2017/07/13/solusi-berdampak-lingkungan-pesisir/>
Jennifer Howard and others, *Clarifying the role of coastal and marine systems in climate mitigation*, (Washington DC, The Ecological Society of America: Frontiers in Ecology and the Environment, 2017)

The Women's Cooperative of Muara Tanjung Fishing Village in North Sumatra is a business cooperative formed in 2005, led by a woman named Jumiati. Through the organization's work, the surrounding mangrove forests have begun to recover and flourish, access to finance has improved, and incomes have grown.

In 2012, the Cooperative established a Multipurpose Cooperative (KSU) Muara Baimbai to include both men and women (26 women and 39 men). KSU went on to develop four business units. Today they manage: i) food and beverages derived from mangroves; ii) fisheries; iii) a credit union/savings and loan scheme; and iv) the Kampoenng Nipah Mangrove Tour, all of which have improved the livelihoods of the community.

Until 2009, most women in the area were dependent on the income from their husbands' catch. To feed their families in the event of an income shortfall, the women often had no choice but to take out high-interest loans from local credit providers known as bakrie, or batak kredit. Through the credit union established by the cooperative, the women (and now the men) had financing more readily available on far more favorable terms.

Today, regarding the mangrove-derived food and beverages unit, in the eight years since the business began in 2005, the Women's Cooperative has produced 50 kilograms of mangrove leaf chips, with a profit of IDR 4mn.

According to the women in the Cooperative, the tourism business unit is now the most lucrative, bringing in up to IDR 100mn per month, resulting in an average of between IDR 4mn and IDR 9mn per month in dividends for the women in the group as of 2016.

In recognition of the ecosystem services provided by mangrove trees and the effects of their degradation over time, the Cooperative began to form mangrove conservation groups. Promulgating that conservation and replanting would protect the coastline from high winds and waves as well as restoring an ecosystem where fish and other marine life would flourish, the Cooperative distributed mangrove seedlings. Over time, the communities learned to care for the mangrove seedlings and the mangrove forests have grown dramatically.

In addition to income, the Cooperative has worked to improve livelihoods in a different way. Previously, the degradation of the mangrove forest had made it necessary for the fishermen to go farther out to sea in order to make a living, including in very dangerous conditions during monsoon season. With recovering mangroves has come an increase in readily available crabs and fish close to shore.

Previous to the mangrove restoration efforts, the average family income hovered around IDR 30,000 per day, but as of July 2017, incomes have since grown to an average of IDR 50,000.

The role of mangrove forests in climate change adaptation is well-documented. Mangroves play a critical role in protecting low-lying coastal areas from storm surges, which are expected to increase with climate change. In addition to protecting shorelines and the communities that depend on them for habitat, these marine ecosystems play a vital role in the carbon cycle of the ocean.

They also provide many other ecosystem services such as food security, biodiversity and tourism income. Through the establishment of the Nipah Village Mangrove Tourism Center, the conservation of mangrove forests as a means of educational tourism has created conservation incentives and influenced the mindset of those who cut down mangroves as a means of income. The educational tourism model has become a mainstay in the regency of Serdang Bendagai, and has inspired neighboring communities to adopt a similar model.

According to the Peoples Coalition for Fishery Justice (KIARA), part of the reason why cooperatives such as Muara Tanjung have helped women succeed in fishery is because within these cooperatives they find community, mentorship, and strength in numbers, as well as an avenue for financial access.

Challenges and Opportunities

Depending on their location, women in fisheries have difficulty accessing market information and other useful input due to a lack of mobile connectivity. This also makes smallholder-focused mobile apps used in some industries, such as agriculture, of limited use to women in this sector.

There are, however, WLSEs that are active in empowering this sector through technology.

Case study: IWAK - Poverty Reduction through Family Fisheries

IWAK is a Yogyakarta-based WLSE that aims to reduce poverty by establishing portable family fish farms.

IWAK is a Javanese word that means “fish.” The co-founders, two of whom are from the Nganjuk regency of East Java, started IWAK’s fish farms in Nganjuk where they estimated that 88 percent of its land was underutilized and could easily be used for fish farming. IWAK did not have difficulty recruiting and training villagers as fish farmers because 76 percent of Nganjuk’s labor force was unemployed, with 92,000 families living below the poverty line.

After an initial training period, each farmer receives up to three portable fish ponds and equipment to start the business. IWAK offers technical support and training to the fish farmers, and assists the fish farmers with sales and distribution logistics.

IWAK’s online platform matches investors with villagers who want to earn additional income as fish farmers. Investors can monitor their fishes in real time through its website. Low cost portable fish ponds, equipment and business assistance, including sales and distribution logistics; are provided by IWAK.

As the founders of IWAK, two women and three men, were inexperienced students with no background in fisheries, the team initially struggled to find funding. They raised IDR 30 million from their friends and relatives, which was sufficient to start the business. In early 2015, they piloted the project in Kebon Agung village in Nganjuk. By October, they had been nominated for the Indonesia ICT Award, and went on to rank second at the ASEAN Young Sociopreneur Program 2015, and participated in Mandiri Bank’s incubation program in 2016.

IWAK has since recruited 30 families in East Java, with a total of 93 pools and 359 investors.

Their biggest challenge at present is accommodating excess demand: the rapid increase in farms requires an upgrade to IWAK’s software, without disrupting current services, such as the online real-time monitoring system for the fish pond operations. As for their future plans, they aim to export fish from IWAK farms to other Southeast Asian countries by 2018.

As with agriculture, one of the main challenges cited by WLSEs in this sector is infrastructure. Operations are constrained by the limits of keeping the fish fresh, for example, thus containing distribution to areas within a feasible distance from the fisheries.

Forestry

Forestry, in terms of women-led social enterprise, is the most difficult of the three sectors to explore. Broadly speaking, WLSEs aren't yet active in that sector. Overall, there is a dearth of data on women's participation of any kind in the forestry sector. Timber business activities are dominated by men, whereas women's participation is largely relegated to subsistence.

Women's participation in forest governance is also severely limited. As civil society organizations (CSOs) implement forest conservation interventions, there is a concern that they lack the ability to address issues surrounding gender.⁷ On the public sector end, most efforts concerning forest tenure and governance are focused on management of conflicts between community-run forests and those under state control; gender considerations are seldom addressed.⁸

Before women can meaningfully participate in any form of entrepreneurship in the forestry sector, investment in gender and forestry research to address gender data gaps to understand the differing roles and needs of men and women is a prerequisite.

Women are the primary managers of NTFPs (non-timber forest products), but have limited opportunities to produce and market these products.⁹ There are cases of women's entrepreneurship in the NTFP sector, but these are few and far between. Nonetheless, given that women's participation in this particular sector is stronger than in timber production, it is worth investigating further their potential for growth and autonomy.

Case Study: Jepara – Woodworking by women (SDGs – 1, 5, 8, 15)

⁷ Lies Marcoes and others, *Achieving Gender Justice in Indonesia's Forest and Land Governance Sector: How civil society organizations can respond to mining and plantation industry impacts*, (Jakarta, SETAPAK, The Asia Foundation's Environmental Governance Program, 2015)

⁸ Food and Agriculture Organization and RECOFTC - the Center for People and Forests *Gender and forests in a changing landscape: Understanding women's participation in forestry in Indonesia*, (Bangkok, FAO Regional Office for Asia and the Pacific, 2015)

⁹ Ibid.

Ikatan Wanita Pengusaha Indonesia (IWAPI), the Jepara Women Entrepreneurs Association, is a social enterprise focused on furniture production in the town of Jepara in Central Java. The Center for International Forestry Research (CIFOR) has worked with the Association to improve the women's production capacity, business skills, and environmental sustainability.

Despite competition from overseas, particularly from China, Jepara's furniture sells well in the domestic market. CIFOR has facilitated training for the women to increase their carving skills, adding value to their products and increasing their incomes. They have been encouraged to use designs that are traditional in the region, with quality and marketability increased through training.

Teak is a slow-growing tree, and thus quite vulnerable to over-exploitation and depletion. CIFOR encouraged the women to grow their own trees, using a fast-growing variety developed by selective breeding. In addition to mitigating deforestation, growing their own trees contributes to the women's incomes in a way that increases their economic independence.

Previously, women represented around half the workforce but were typically paid only half as much as their male counterparts. The women have received training in marketing, and were encouraged to organize into associations for purposes of lobbying for their interests through dialogue with regional government bodies, which has resulted in the association being formally recognized.

The Association has obtained a domestically recognized "green certificate," which is relatively new in Indonesia. Gradually, with increasing revenue, they are working toward internationally recognized sustainability certifications, which is a challenge and a significant expense for domestic enterprises.

In addition, in order to ensure chain-of-custody sustainability for community forest timber, increased support and involvement by central and local governments is needed.

In recent years, there has been growing private sector interest in the forestry sector, due to the consequences of Indonesia's having one of the highest rates of deforestation in the world, namely, the possibility of international backlash for the industry.

Numerous foundations and other donors have offered funding and technical assistance to help Indonesia's small-scale forestry producers increase productivity without unsustainable, illegal logging, which is rampant in the country's forests.

In order to advance both sustainability and livelihoods, it is incumbent upon public policy to foster forest entrepreneurship in order to allow forestry-based business models to use their untapped potential. Once the door is open to entrepreneurship in general, it will then be possible to address the possibility of women's entrepreneurship in the sector.

Tech disruptors

There are many examples of innovative, women-led technology SEs that enable enterprise development in these sectors. Several such firms are “disrupting” these three sectors through, for example, providing access to market intelligence; streamlining supply chains/market access, “cutting out the middleman;” and introducing technology for time savings.

Case Study: Aruna - B2B Services for Fisheries (SDGs – 1, 8, 9, 10)

Aruna’s mission is to provide an end-to-end e-commerce for fisheries products. Through information technology, they seek to improve price information for fairer trade, improve livelihoods for fisheries workers, and improve Indonesians’ access to high-quality seafood. They collect supply data directly from local fisheries, and supply market demand data for fair pricing, then connect the fisheries directly to markets (B2B).

Aruna’s founding team consisting of two men and one woman conducted industry research for two years before designing their Enterprise Resource Planning (ERP) application intended for use by for groups of fisheries to manage their businesses with the help of features such as inventory tracking and point of sale. They began their operations in 2016 with seed funding from UMG Indonesia, which they used to build and expand their team, develop their online platform, and begin outreach and relationship-building with fisheries groups and cooperatives.

Aruna has helped to form fishing groups and cooperatives West Java, Aceh, South Sulawesi, East Kalimantan, and several other areas. They then work directly with the groups to help them use their platform for i) market intelligence; and ii) improved access to markets.

Without accurate market information on pricing for inputs, fisheries may end up paying more than market value. Using “big data,” Aruna provides market intelligence to the fisheries so that they will have a sense of both what to pay for inputs, as well as how to best price their goods so that they may improve their bottom line and thus their livelihoods.

By digitally connecting the fisheries groups and cooperatives directly to buyers (B2B), they cut out “middlemen” who, throughout industries in Indonesia, are known to gouge the producer by paying less than market value for their product.

As with other enterprises, Aruna’s operations are constrained by the limits of the country’s infrastructure in terms of keeping the fish fresh, which contains their operations to areas within a feasible distance from the fisheries. As a next step, the enterprise plans to continue to impart understanding of information technology among fisheries as well as expand its work into other parts of Indonesia with active fisheries industries.

Case Study: LimaKilo – Streamlining Market Access (SDGs-1, 8, 9, 10)

LimaKilo is an enterprise founded in 2016 by three colleagues, two men and one woman, that got its start from a state-sponsored sustainability hackathon. They subsequently obtained seed funding from East Ventures to fund their expansion, and now have a total of 25 employees, 17 of whom are full-time.

LimaKilo works in the agriculture sector, connecting farmers directly to small markets, which allows farmers to bypass middlemen who usually control the produce's movement through the supply chain, at a significant cost to the farmers due to rent-seeking behavior by middlemen and unfair pricing due to lack of market information. This business-as-usual route to market results in artificially inflated prices and limited choices for farmers. This streamlining of the supply chain allows farmers to keep more of their revenue, improving their profitability and their livelihoods.

In order to find their suppliers, LimaKilo's founders traveled to areas near Jakarta that were known for certain types of produce. They then stayed for two to three weeks to build a relationship with the local farmers and show them how to use the app to sell their produce.

To expand upon this work, with support from the Ministry of Communications and Information, LimaKilo's staff members have embarked on road shows to build relationships with farmers and teach them to use the technology.

The LimaKilo app allows buyers purchase directly from the farmer and arranges delivery to the small markets where most people do their produce shopping. There are about 800 small markets that currently order through LimaKilo once or twice per month, with approximately 70 actively ordering every week. LimaKilo does not currently sell B2C/direct to customers because individual consumers do not ordinarily need, for example, several kilograms of shallots.

The greatest challenges faced by this business are related to infrastructure. Transport from farmers to markets is time-consuming and results in difficulties in making sure the produce stays fresh. For now, this keeps operations contained to areas close to Jakarta, and limits offerings to produce that is relatively easy to keep fresh, such as shallots and chilis.

As a next step, LimaKilo would like to expand its services beyond the Jakarta area. Because of the logistical challenges in transporting the produce, they will focus their efforts on other cities with sufficient demand, sourcing from farmers sufficiently close to the markets.

Case Study: Eragano – Addressing Information and Insurance Gaps (SDGs-1, 8, 9, 10)

Like LimaKilo, Eragano facilitates market access for agricultural producers, cutting out the middleman and streamlining their connection to buyers. As with Aruna, Eragano addresses market information gaps providing intelligence to producers so that they will have a sense of both what to pay for inputs and the fair market value of their products.

Post-harvest, Eragano via EraganoStore, a B2B service, allows farmers to sell their produce at reasonable prices. One farmer working with Eragano reported that his profits increased by 30 as a result of his participation.

In addition to market intelligence, Eragano provides online and offline training in best practices in farming. Their app also assists farmers in connecting to microfinance options and to crop insurance resources.

In recognition of the risks presented by climate change to farmers' livelihoods, Eragano's unique value proposition addresses a range of market access, information, and financial needs. This approach has the potential to enable smallholder farmers to advance beyond the micro level and join the middle of the pyramid.

Challenges and Needs

There are a few stylized general trends regarding challenges specific to women entrepreneurs in Indonesia, some of which have been corroborated by this research.

Time constraints

By and large, women tend to face greater demands on their time than men vis-à-vis running a business. Women more often than men have childcare and household responsibilities that limit the time that they can spend running their business.

Tech for time savings

There are technologies that can serve to address this. eFishery is a Bandung-based enterprise that has developed an inexpensive automatic fish feeder. A sensor placed in the fishpond detects agitation that indicates when the fish are hungry. Using an app, fishery managers can schedule and monitor feedings, aided by the technology to dispense the right amount of fish food. If this technology is accessible to them, this has the potential for significant time savings for women in fisheries, allowing them to fulfill their household obligations while running their business.

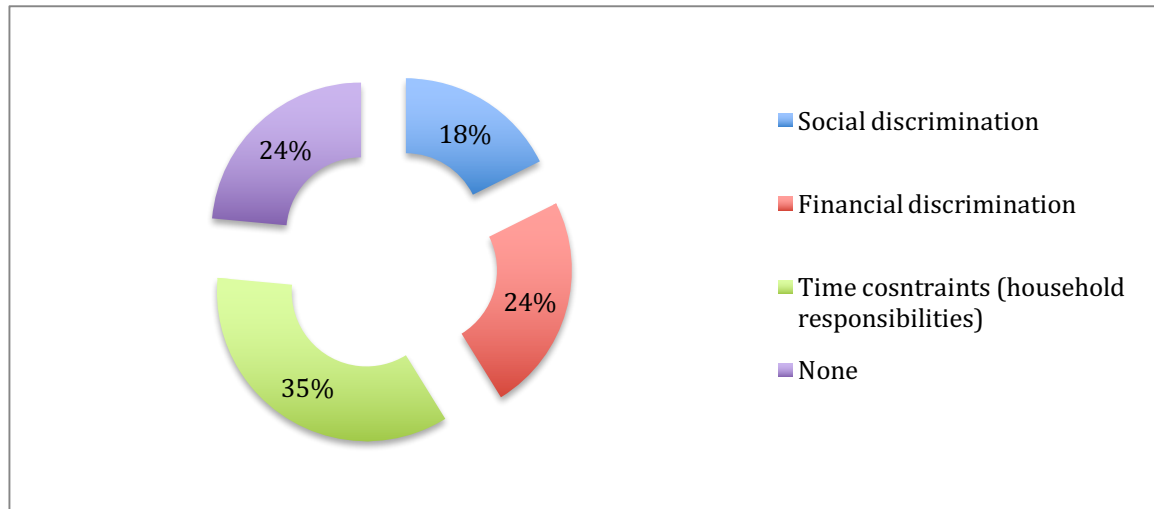
Discrimination

There is some evidence that women face discrimination in various ways that affect their ability to manage and grow their businesses.

Specifically regarding early-stage enterprises, including those that are investment-ready, some of those on both the supply side and the demand side of finance asserted that, when meeting with potential creditors or investors, it helped to “have a man in the room” in order to be seriously considered.

As mentioned previously, Indonesian banks’ lending criteria are ostensibly gender-blind. This does not necessarily preclude discrimination. According to interviews, even if a financial institution doesn’t require men’s names on paper, they are sometimes requested in person.

Other entrepreneurs and financiers interviewed reported observing no particular gender-based discrimination. This suggests that, although prevalent, discrimination by financial institutions is not universal.



Needs Particular to Women-led Social Enterprises

Growth-oriented WLSEs have indicated a number of constraints and needs, both internal (skills, networking) and external (business enabling environment) that are important to understand.

Business and Financial Skills Training

In this study and beyond, WLSEs have stated a need for specific training in business management skills. They recognize their need for general business administration training, financial management, general operations, ICT, marketing and use of social media, human resources, and organizational development. By and large, these are the services that they request be bundled with financial services.

Networking and Mentoring

In Indonesia and throughout Southeast Asia, women entrepreneurs often express a need for community and connection with one another.¹⁰ Women may not have as many networking opportunities as men. Women may not have access to, or awareness of, associations of women entrepreneurs where they may share skills, find mentorship from other women, and encourage one another.

¹⁰ See, for example:

Kate Bollinger and others, *Access to Trade and Growth of Women’s SMEs in APEC Developing Economies*, (Singapore, Asia Pacific Economic Cooperation, 2013)

Portia Hunt, *The Ecosystem for Women’s Entrepreneurship in Lao PDR: Networks, Associations, and Other Activities and Services That Support Women Entrepreneurs in Lao PDR*, Washington DC, United States Agency for International Development, 2016)

On both the supply side and the demand side, it has been noted that women entrepreneurs are less confident in their abilities than men. They are also more reluctant to speak up and share their thoughts when in mixed company; they are far more likely to engage when in a women-only setting.

Formalization

Many WLSEs have cited disincentives to formalization or registration of their businesses including time constraints, complex (and time-consuming) procedures, and the expense of registration.

Certifications

Similarly, there are a variety of certifications that are relevant to social enterprises. Organic, fair trade, and other sustainability or quality assurance criteria for a range of certifications are difficult to meet, complex to understand, and expensive to obtain. In addition, if the enterprise aims to export its goods, these certifications vary by country. If appropriate, certification assistance could be another beneficial service with which to bundle appropriate financing.

Insurance

Very few women entrepreneurs in Indonesia have insurance of any kind.¹¹ Examples include life insurance, property insurance, or insurance related to business interruptions such as maternity – a need that male entrepreneurs do not have. This leaves WLSEs vulnerable to having to spend their resources responding to emergencies rather than making productive investments in their business such as hiring staff, upgrading their technology or their office space, for example. This is another example of a bundling opportunity. Coupled with financing, it may be useful to partner with insurance providers to tailor insurance plans to women's needs.

¹¹ I Gede Putra Arsana and others, *Women entrepreneurs in Indonesia: a pathway to increasing shared prosperity* (Washington DC, World Bank, 2016)

Recommendations

Supply-side

Informed and Strategic Targeting

In order to appropriately finance growth-oriented WLSEs, informed and strategic targeting is needed. “One size fits all,” i.e., blanket assistance to all women’s SMEs has not and will not meet their needs. As mentioned previously, most interventions targeted toward Indonesian women-led SMEs are focused on poverty reduction. This is not appropriate for growth-oriented WLSEs operating in the middle of the pyramid.

According to interviews, growth-oriented WLSEs are often unsure of their financing options, given the mismatch between their needs and known resources, such as MFIs and commercial banks, while operating at a scale that is too advanced for most grants but not ready for most types of investment.

In order to specifically reach and grow the middle, the following entry points are recommended for targeting in order to get the most “bang for your buck” toward the growth and prosperity of WLSEs and, by extension, the SDGs. Here are a few avenues to consider.

SEs in the Middle of the Pyramid.

The most immediately obvious entry point is to target the middle directly. WLSEs in the middle of the pyramid, especially those outside of Jakarta, are often not strongly networked or connected to the entrepreneurial or financial ecosystem. Some report feeling stuck in this middle position, unsure of their options, and unaware of financial products that could meet their needs. For WLSEs in this position, active outreach will be necessary to connect them to the resources, financial and otherwise, that they need to grow and succeed.

SEs Moving the Bottom to the Middle.

There are many examples of social enterprises in Indonesia that work with or source from the bottom of the pyramid, connecting them to markets or buying their products. However, there are also strong examples of WLSEs that are actively building the capacity of smallholders and microenterprises to advance themselves toward the middle. The combination of technical assistance and market access offered by WLSEs such as IWAK (fisheries), Antic (fisheries) and HARA (agriculture) fit this description.

SEs Enabling the Middle of the Pyramid.

It may also be useful to consider targeting larger, more advanced WLSEs such as Burgreens that work with or source from smaller, less developed enterprises, if investment in these larger enterprises is designed to strengthen their engagement with the middle.

Better Data by Design

Better gender-disaggregated data is needed for current and future financial products.

Many bank and non-bank financial institutions do not currently collect gender-disaggregated data on their applicants or their portfolio. To design attractive, appropriate, and high-performing financial products for WLSEs, it is important to understand gender-related financing trends as thoroughly as possible.

In order to continue to build the business case for investing in WLSEs and women entrepreneurs in general, mechanisms for data collection on the uptake and performance of financial products designed for women should be included. The resulting data will allow evaluation of return on investment and further building of the business case for investing in women.

Bundling of Services

As mentioned earlier in the report, WLSEs and women-led SMEs in general request, more often than men, bundling of services in addition to financial products. Based on the data collected for this study, the following services are recommended for inclusion.

Skills Training

Many of the WLSEs in this study have expressed a need for skills training in order to grow and manage their business. Skills including basic business management, financial management, ICT, branding and marketing, leadership, and human resources are in high demand. Connecting these entrepreneurs to appropriate training resources (with due attention to the quality of the training) is a “low-hanging fruit” that could easily be bundled with financial services, and would be very appealing to women entrepreneurs if promoted in outreach and marketing.

Insurance

As an example, as previously discussed, most women-owned SMEs lack insurance of any kind. As a “bundled service” combined with financing, it could serve women’s businesses well: they could spend their capital productively rather than on occasional emergencies. Financiers could do well to work with insurers to develop appropriate insurance products to meet the needs of early-stage, women-owned enterprises (social or otherwise), or at least suggest that it would benefit their growth in the long term.

Formalization

Many WLSEs have cited disincentives to formalization or registration of their businesses including time constraints, complex (and time-consuming) procedures, and the expense of registration.

As previously mentioned, agriculture WLSE AkarKayu has grown and won business competitions, including from Bank Indonesia, despite its informal status. As for why the business remains informal, the owners cite time constraints and the convoluted and difficult process of becoming a registered legal entity such as a PT (Perseroan Terbatas, or LLC).

Assisting WLSEs in formalizing their business as a condition of financing may be appropriate for growth-oriented enterprises that find it difficult to navigate or prohibitively costly. It may also be useful to include messaging regarding the benefits of formalizing in outreach and marketing of financial products.

Certification

Depending on the mission and the growth ambitions of a social enterprise, certifications as to their standards and authenticity are in demand. Whether domestic or international, in order to market and grow their businesses, many social enterprises have expressed a need for certifications. Examples include a variety of certifications related to environmental sustainability, fair trade, organic, and sanitation standards. The WLSEs in this study lacking certifications reported that they find them unaffordable. Others reported that they simply do not know where to start.

In addition to the expense of acquiring a certification, social enterprises seeking to export are stymied by the individual standards and requirements of different export markets. Without a unified international standard for what is considered organic, for example, SEs may face a decision as to which certification(s) to pursue.

Guidance in choosing and obtaining certifications may be an appropriate service to bundle, depending on the purpose and scope of the SE.

Mentoring

Time and again, women entrepreneurs have expressed a need for mentoring, specifically from other women. Organizing, creating, or promoting existing networks of women-entrepreneurs such that they may meet, exchange skills and knowledge, find guidance and mentorship, and form partnerships to the benefit of their businesses is in high demand.

While Jakarta has a high concentration of the country's WLSEs, it is not the only place where WLSEs are active and innovative. How can these enterprising women overcome their physical distance from the entrepreneurial ecosystem concentrated in Jakarta? There may be an opportunity through mobile apps.

In Myanmar, a UNDP-supported app called iWomen connects women in 14 states and regions to one another for mentorship, networking, knowledge-sharing, and support. It includes market intelligence content and information on relevant laws, rights, and regulations. It is designed to help women entrepreneurs navigate and overcome restrictive social norms and a widespread lack of confidence.

Given Indonesia's geography, a mobile app such as this could help to fulfill some of this need.

Messaging and Marketing

With an understanding of the nature of WLSE's constraints and needs, appropriate financial products can be designed and marketed as solutions. Once an appropriate financing product has been designed, active outreach will be needed to reach WLSEs using effective messaging and marketing channels.

Strategically chosen avenues of communication, such as associations and web resources commonly accessed by WLSEs can be utilized to "get the word out" about the availability of these products.

Given that women entrepreneurs have demonstrated a preference for financing through known and trusted contacts, it may be useful to explore the possibility of using referrals and testimonials from other women to pique their interest.

Messaging should communicate to the entrepreneur that this product is for her – that her needs, as previously detailed, have been understood and addressed.

Business Enabling Environment

Indonesia's business enabling environment (BEE) could be more conducive to long-term growth of women-led SEs in the following ways.

Simplify Registration

According to the World Bank's 2017 Doing Business rankings, Indonesia ranks as 151 out of 190 economies in *Starting a Business*. This topic measures a variety of aspects of formalizing a business, including the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized LLC to start up and formally operate in economy's largest business city.¹²

According to the *Starting a Business* data, the number of procedures, time (in days), and cost (as percent of income per capita) are the same for women and men. This is ostensibly gender neutral. This masks to some degree the *de facto* difficulty for women relative to men when taking into account the constraints detailed in the "Constraints and Needs" section of this report. An improvement in these aspects of doing business in Indonesia would benefit both male and female entrepreneurs, but could well make a bigger difference to women.

Collect Gender-disaggregated Data

A lack of gender-disaggregated data limits the ability to design and promote women-focused financial services and monitor uptake and impact. According to the IFC, gender-disaggregated data for small

¹² For details on the methodology for the Starting a Business indicators, see <http://www.doingbusiness.org/Methodology/Starting-a-Business>.

businesses has yet to be collected by Indonesian banks, including Bank Indonesia.¹³ This information could serve to illuminate and corroborate gendered trends observed by research such as this, bolster the business case for investing in women, and serve to inform the development of a distinct value proposition for women entrepreneurs.

Data synergies and leveraging

As previously mentioned gender-disaggregated data on women's participation in these sectors is largely unavailable. There is an opportunity to close this data gap by leveraging the many technological innovations that are already in use by social enterprises. Technological enablers in these sectors such as eFishery, Limakilo, or Aruna could leverage their data collection technology to communicate "bi-directionally," i.e., to not only collect information for the smallholders, but also information on the smallholders in order to gain a more thorough understanding of the extent and nature of women's participation.

Existing and active survey tools such as Akvo's Do-It-Yourself Survey Application for Monitoring (DIY-SAM) have been used to collect hundreds of data points from farmers for UNDP Indonesia's Strategic Planning and Action to Strengthen Climate Resilience of Communities project. A proven, affordable, and highly scalable tool such as this could easily be leveraged to collect gender-disaggregated data in the agricultural sector.

The Internet of Things

A 2016 report by the United Nations International Telecommunication Union and Cisco Systems¹⁴ explores how the connectivity technologies afforded by the Internet of Things (IoT) can help to contribute significantly towards achieving the SDGs. The report highlights how sensor deployments are aiding and quickening the pace of data collection for research, policy formulation, service delivery and monitoring and evaluation across a range of different sectors.

In Indonesia's forestry sector, for example, San Francisco-based nonprofit Rainforest Connection has placed acoustic sensors in forests to "listen" for illegal logging in Sumatra by upcycling smart phones as solar-powered listening devices that can pinpoint signs of destructive activity in real time.

There are a number of social enterprises in these sectors using IoT in their approach.

Atnic, a Yogyakarta-based WLSE, has created an affordable IoT device for use in shrimp ponds. The device is submerged in the shrimp pond and uses five sensors to gather water quality data so that shrimp farmers may monitor the conditions of their ponds via their mobile phones, with the aim of reducing the risk of loss of harvest. The app also helps shrimp farmers to generate reporting on the performance of their ponds. Atnic is also working to organize a community of shrimp farmers to share best practices gleaned from the use of this technology. With this level of sophistication of data collection, Atnic's technology could well be leveraged to collect additional, gender-disaggregated data on the activities of shrimp farmers.

Another example is HARA, a WLSE operating in the agriculture sector that collects and disseminates information bi-directionally through the IoT.

Case study: HARA – Big Data for Smallholders

¹³ International Finance Corporation, *Women-Owned SMEs in Indonesia: A Golden Opportunity for Local Financial Institutions*, (Washington DC, International Finance Corporation, 2016)

¹⁴ Cisco Systems and the United Nations International Telecommunication Union, *Harnessing the Internet of Things for Global Development* Discussion paper for the United Nations Broadband Commission for Sustainable Development (2016)

HARA is a WLSE that uses a mobile application to provide insights to field officers and farmers. It makes farming recommendations based on historical data and adaptive analytics, providing market intelligence/pricing to bridge information gaps, as well as projections regarding weather, pests, and crop disease.

During its pilot phase with more than 1,300 farmers in 1,700 hectares of land, HARA reports that crop yield increased by 80 percent, and use of farm inputs (such as fertilizers) decreased by 50 percent.

In addition to disseminating information to the farmers, HARA also gathers information from the farmers. Field officers collect data on farm conditions as well as the farmers themselves. HARA provides relevant information to financial institutions to inform credit scoring and risk profiles. It also collects demographic information on the farmers, including gender and date of birth – this could be leveraged to collect needed data on women in agriculture to fill knowledge gaps.

Areas for Further Investigation

There have been several areas for additional research presented earlier in this study. Namely, it may be useful to further delve into the following.

Unknowns in the Forestry Sector

As an important part of Indonesia's economy overall and in particular to the livelihoods of many an Indonesian family, the data gap concerning women's participation is important to address. If women are to participate beyond subsistence, an understanding of their circumstances, needs, and aspirations is a prerequisite.

Discrimination by Financial Institutions

As noted earlier, there are stakeholders on both the supply side and the demand side of financing for social enterprises that have stated quite unequivocally that it helps to “have a man in the room” when negotiating for financing. Even if a financial institution doesn't require men's names on paper, they are sometimes requested in person.

While there is no doubt that there have been cases of discrimination against women by creditors or investors, the extent of the discrimination and its impact must be investigated beyond the well-documented issues of *de facto* discrimination due to, for example, a lack of collateral. The simplest way to increase understanding of this issue may be to examine rejection rates by financial institutions, controlling for other factors affecting creditworthiness.

Perceptions and Confidence

An addition to real or perceived disadvantages due to gender, it has been noted by several stakeholders that there is something of a “crisis of confidence” among women entrepreneurs in Indonesia. Some cited a reluctance to approach a financial institution, lack of experience in the public domain, and a reluctance to share their thoughts.

Part of the purpose of UNDP Myanmar's iWomen app is to build users' confidence in themselves and their abilities, benefiting from mentorship as they assume greater roles in their communities and markets.

It may be useful to further investigate Indonesian women entrepreneurs' beliefs and perceptions with regard to their own capabilities, and the benefits of connection to networks and communities of women entrepreneurs, whether in person or remotely.

Networks and Support Systems

In the same vein as the above, it would be useful to understand the nature of women's social networks and support systems. Interviewees for this study have stated that women experience work-life balance differently from men, have different modes of social contact and a different type of network, relying on known contacts for information and support.

The often-expressed need for mentoring is an indication that there may indeed be a difference in the strength of and advantages afforded by men's vs. women's networks and social patterns. A social network analysis (SNA) could well shed light on the matter and determine to what degree it affects women's entrepreneurship.

Challenges Shared by Men

For targeting purposes as well as general understanding of the characteristics and needs of SEs in Indonesia, it may be useful to investigate whether the various findings of this research apply only to, or mostly to, women-led SEs. For example, is there a significant difference in the proportion of women-led vs. men-led SEs that lack necessary insurance? Do men find it just as difficult as women to obtain organic, fair trade, or other certifications? It may well be that some needs and challenges are shared by men-led SEs, indicating that they too should benefit from measures taken to address the issues.

Gender-based Violence

The question has been raised whether gender-based violence or other issues of physical safety are a constraint to women's entrepreneurship. Downstream on the supply chain, middlemen have purportedly been predatory toward women in particular, presenting a risk of gender-based violence. Although this issue is outside the scope of this research, it is absolutely relevant for the SEs that source from or work with smallholders and microenterprises.

Geographic Disparity

WLSEs included in this study are concentrated for the most part in Jakarta, and secondly elsewhere in Java. Enterprises from Sulawesi, Bali, Aceh, West Nusa Tenggara are also represented, but this is not nearly an exhaustive inventory of WLSEs in Indonesia. IFC data has indicated that there are notable differences in size and profitability depending on location.¹⁵ This suggests that an understanding of geography should be taken into account for design and marketing of financial products. Who are the women entrepreneurs working for social good that are not readily visible and already well connected? How can they be contacted and connected? A geographically focused investigation could serve to illuminate needs and opportunities based on location.

Climate Risks

Each of these natural resource-based sectors is vulnerable to climate change-related events. As noted earlier, very few women's businesses in general have any type of insurance. For these social enterprises targeting or sourcing from smallholder producers, it is important to take this into account. An extreme weather event could devastate the livelihoods of the smallholders and undo the work of these WLSEs. Thus even an entrepreneur operating from Jakarta, far from the fields or shores of their smallholder counterparts must recognize the risk to their own businesses. Agricultural supply-chain streaming tech WLSE Eragano, for example, connects farmers to crop insurance resources. Educating SEs on the importance and availability of

¹⁵ International Finance Corporation, *Women-Owned SMEs in Indonesia: A Golden Opportunity for Local Financial Institutions*, (Washington DC, International Finance Corporation, 2016)

crop insurance could generate a “win-win” situation that increases crop insurance coverage while protecting SE’s bottom lines.

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Organizations consulted

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AkarKayu
Aliet Green
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Aruna
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British Council
Burgreens
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CI-Agriculture (HARA)
Du'Anyam
eFishery
Eragano
Etmieco Sarana Laut
FAM Organic
Girls In Tech Indonesia
HIVOS
ICCO Advisory Services
Impact Hub Jakarta

Inclusive Business and Digital Application Task Force, Coordinating Ministry of Economic Affairs
Indonesia Business Coalition for Women Empowerment
Investing in Women
IWAK
Javara Coffee
Jepara Women Entrepreneurs Association
Ketiar Coffee
KIARA: People's Coalition For Fishery Justice
Kitabisa
Lemonilo
Limakilo.id
MEKAR
Office Board of Canada
OXFAM
Patamar Capital
Sajogyo Institute (Center for Indonesian Agrarian Studies)
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Sulawesi Economic Development
(SEDS) Project
United Nations Development Programme Myanmar
World Bank

Appendix A: Additional Case Studies

Agriculture

Aliet Green

Aliet Green is a woman-owned social enterprise established in 2009 in Yogyakarta, with the overall aim of improving the livelihoods and working conditions of Indonesia's smallholder farmers and their families. Founder Lastiana Yuliandari launched the business with her own savings, later securing overseas financing with the assistance of the Impact Investment Exchange (IIX) ACTS (Assistance for Capacity-building and Technical Services) program, which provided Aliet Green with liquidity to procure vital technical assistance to prepare for investment. Consultants visited the social enterprise to create a sophisticated impact assessment identifying and measuring a range of social and environmental indicators, which validated the effectiveness of the social and environmental aims of Aliet Green.

Women's economic empowerment, education, and health: 3, 4, 5, and 6

Aliet Green aims to empower women working in the agricultural sector, deliberately seeking to hire unskilled rural women. Aliet Green uses a portion of proceeds to fund educational scholarships, health insurance and public sanitation facilities for the producers' communities.

It takes time to draw out and gain the trust of the rural women. Once they are on board, in order to further develop their capacity and their confidence, Aliet Green facilitates training every few months, as well as socialization for knowledge-sharing and mentorship.

In addition, when Aliet Green secured a loan with an overseas investor with the assistance of the Impact Investment Exchange's Impact Partners, the funds were used to increase production capacity and also to establish a childcare facility for employees.

Environmental sustainability and decent work: 1, 8, and 15

Aliet Green was Indonesia's first supplier of organic coconut sugar. In 2014, Lastiana observed an increase in international demand for natural and fair trade products. She found that consumers were prepared to pay more for these products. Once secured, organic certification resulted in an increase in the premium price of coconut palm sugar and hence the incomes of more than 300 farmers.

The company facilitates the certification of farmers in organic farming practices and improves their working conditions through the provision of safe climbing equipment, as well as training to improve farming skills and practices. All farmers receive an income above the regional minimum, which significantly improves the livelihoods of the farmers and their families.

Aliet Green employs "Green Warriors" who promote sustainability on site, and conduct internal audits to ensure environmental compliance.

Toward more sustainable consumption: 12

With increased growth and funding, Aliet Green became a processor in 2014. The company has worked toward producing more sustainable goods and services by using available technologies to reduce the energy-intensiveness of food processing.

Challenges and opportunities

As with other enterprises, Aliet Green has stressed that certifications are difficult and expensive to obtain. Moreover, individual export markets have their own fair trade and organic certifications, adding to the expense and red tape.

An additional but welcome challenge is meeting demand for its products, given that the crops need time to regrow and rejuvenate in order to ensure sustainability.

Fisheries

Etmieco Sarana Laut

Etmieco Sarana Laut (ESL), established in 2000, is a fishing enterprise run by a young woman and her mother. “Etmieco” stands for “Etty Michella Erwin Company,” after the names of the three family members, Michella, her mother, and her brother. After finishing her education abroad, Michella returned to Manado to support the family business. She and her mother run a fleet of ships in nearby Bitung, North Sulawesi, an area famous for its tuna, for which there are 13 nearby canning factories. At the heart of the Coral Triangle, it is especially rich in natural sources, with a coastline that makes it one of the top ten diving destinations in the world.

International knowledge-sharing: 17

ESL is an example of a conventional enterprise that has transformed into a social enterprise due to its leadership’s exposure to social entrepreneurship principles and practices, through an organization called NEXUS Global, which hosts summits on six continents to connect young people from diverse backgrounds to facilitate thought leadership and collaboration for the advancement of a global culture of philanthropy.

As the leader of Indonesia’s participation in NEXUS Global, Michella is able to share her passion and her skills with other social entrepreneurs. She identified knowledge sharing as a crucial need: closing information gaps is paramount to the success of small social enterprise at home and abroad. If someone has that interest, she says, there are most certainly skills that are transferable.

It has introduced Michella to a variety of social change tools, and the other members of the organization continue to inspire her to advance in her mission. Michella explains that it has helped her to embark on her learning as a leader, owner and individual to grow and implement her values and new and better ways of managing her company for positive change.

Environmental sustainability and reducing waste: 12 and 14

Through her work with the family business and her extensive knowledge of the marine ecosystem of her home town, she is working to build initiatives to give back to her industry and her environment, in terms of raising awareness of conservation issues and generating interest in sustainability. One of these she calls “100% Fish,” which is an initiative aimed at maximizing the use of the tuna catch to use more of the fish to produce other products, minimizing waste and potentially generating additional sources of income for her community.

Forestry

Non-Timber Forest Products: Du’Anyam

Du’Anyam is a social enterprise that sustainably uses non-timber forest products (NTFP) on the island of Flores in the province of East Nusa Tenggara while contributing to a wide range of Sustainable Development Goals.

The founders, Azalea Ayuningtyas and Yohanna Keraf, began operations with the help of a grant in 2013, and became a formal entity in 2014. Yohanna Keraf is a native of the region, and was aware that child malnutrition rates in five of the region's districts exceeded 40 percent and maternal mortality was also alarmingly high.

The team began with a site survey in 2013 to ascertain needs and opportunities. They identified an existing indigenous traditional art form, and empowered women in the community to use these skills to generate income, change their household dynamics, improve their families' nutrition, and improve maternal and child health.

Using non-timber forest products, namely the leaves of the palmyra tree (*borassus flabellifer*) in a sustainable manner, the women produce woven wicker products. Du'Anyam works in 17 villages in Flores, each with a community group that meets every one to two weeks. A field facilitator travels to the community groups periodically to buy the products, and to facilitate training to improve the quality of their wares.

Final assembly and packaging of the woven products is done by partner vendors in Java, who add zippers, leather trimming, etc. Du'Anyam's buyers are largely other businesses (80 percent B2B; e.g., hotels and the coffee chain Anomali), and to a lesser extent, direct to consumer (20 percent).

Du'Anyam raises awareness and grows its business through occasional collaborations with local Jakarta designers, with fashions featuring Du'Anyam accents appearing in Jakarta Fashion Week.

Women's economic empowerment: 5

Du'Anyam has the master weavers in the community (women in their 60s) act as trainers for women of childbearing age, who might otherwise not learn the craft.

According to Du'Anyam's leadership, some of the women's husbands were angry at first, when their wives took up this alternative to subsistence farming. But once they realized the value of their wives' contributions to the household, they became supportive, and by and large, the men harvest the leaves of the trees for the women to weave.

Du'Anyam's next step in Flores in developing the business is training the women to make a variety of goods and improve their quality – the underlying challenge is to transition them from making what they are accustomed to making to producing what the market demands, increasing added value. Du'Anyam is encouraging the women's groups to take on this task themselves.

Environmental sustainability: 15

They harvest the leaves of the tree every two months, approximately the time it takes for the tree to regrow the leaves. As an added incentive to use the trees sustainably, they serve a second purpose, namely the production of *arak*, the locally produced spirit.

Maternal health and improved nutrition: 2 and 3

This enterprise works to improve maternal and newborn health issue by providing an alternative employment option to subsistence farming for pregnant women. They are able to work sitting down, and have no production quotas, and are therefore only required to produce as much as they are reasonably able.

Some of Du'Anyam's funds go to partnering with local midwives and with government programmes for improving nutrition. According to Du'Anyam's founders, household spending on food has increased, and nutrition along with it.

Challenges and next steps

As with many other enterprises, Du'Anyam cites infrastructure, namely the inefficiency of shipping. The products must be shipped from Flores, one of the eastern islands of Indonesia, moreover from remote areas. In addition, there is a regulation that dictates that the price of fuel must be the same throughout Indonesia. There are often shortages of fuel in these remote areas, which can distort the price of fuel.

Formalizing the business was, as other enterprises have stated, quite a hassle and not inexpensive.

As for financing, in the beginning they had access to grants to start the program, but now are in a “middle ground” where they are too big for most grants, but not quite big enough for some investors. They received some funding from an angel investor in 2016, and are currently in discussions seeking convertible and/or soft loans.

To meet demand for its products in terms of both quantity and diversification, Du'Anyam has expanded into Papua, again using existing traditional weaving and local weaving materials (i.e., the indigenous trees). Expansion into another community in Java is also under consideration.

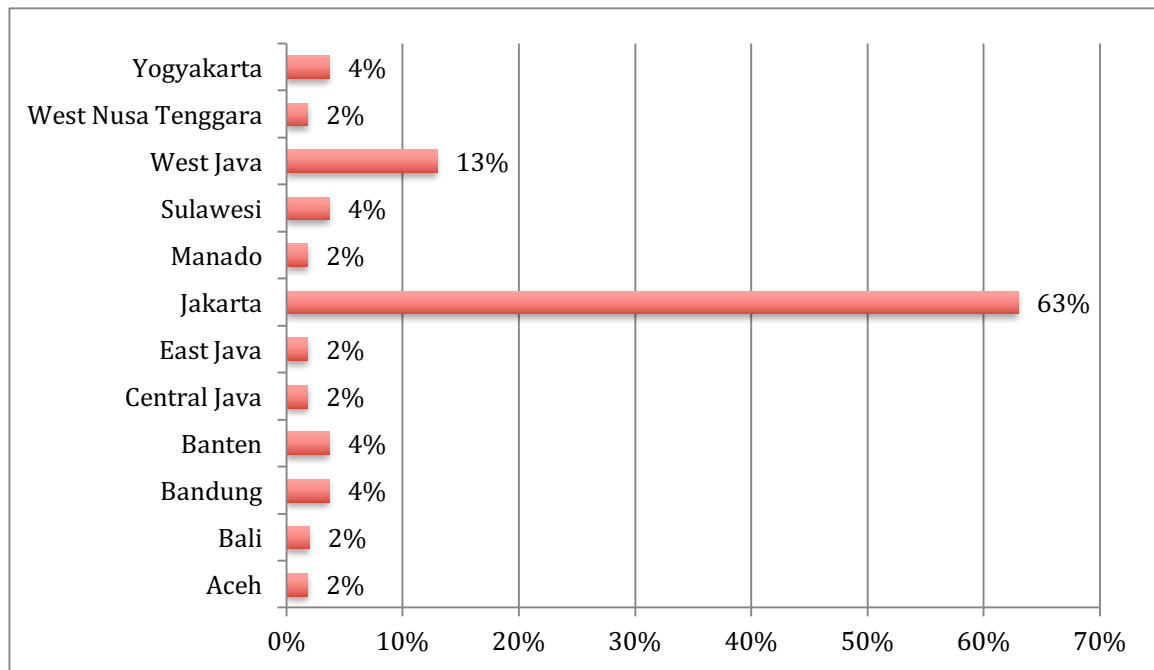
As a next step for the company, Du'Anyam is currently taking its first steps toward expanding to international markets.

Appendix B: Infographics

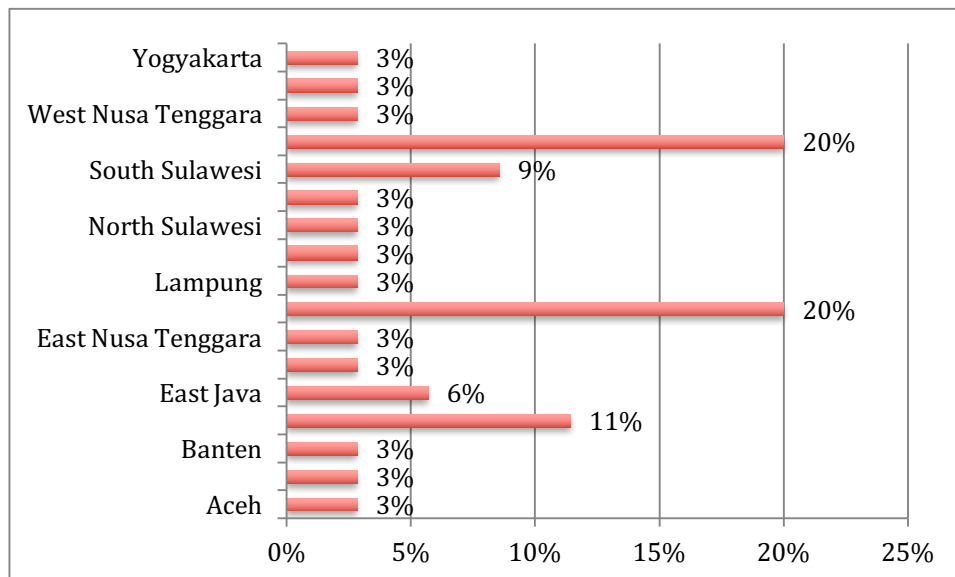
The following infographics represent selected characteristics of surveyed enterprises.

Basic characteristics

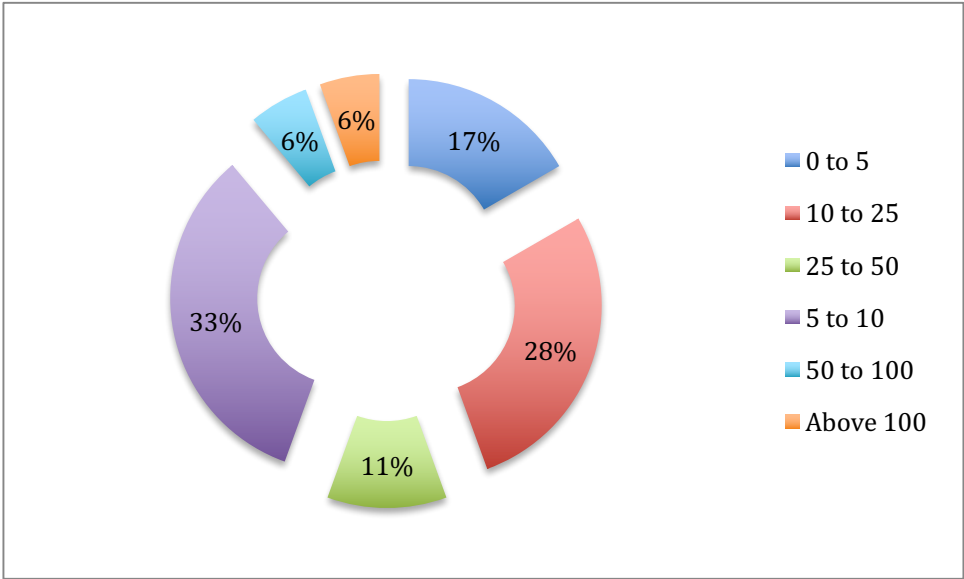
Main office location



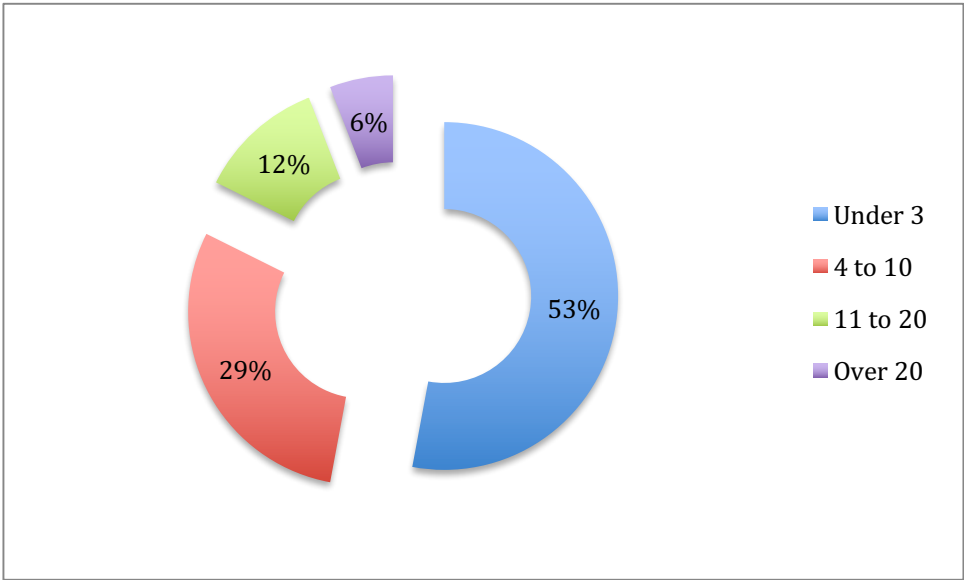
Locations of operation



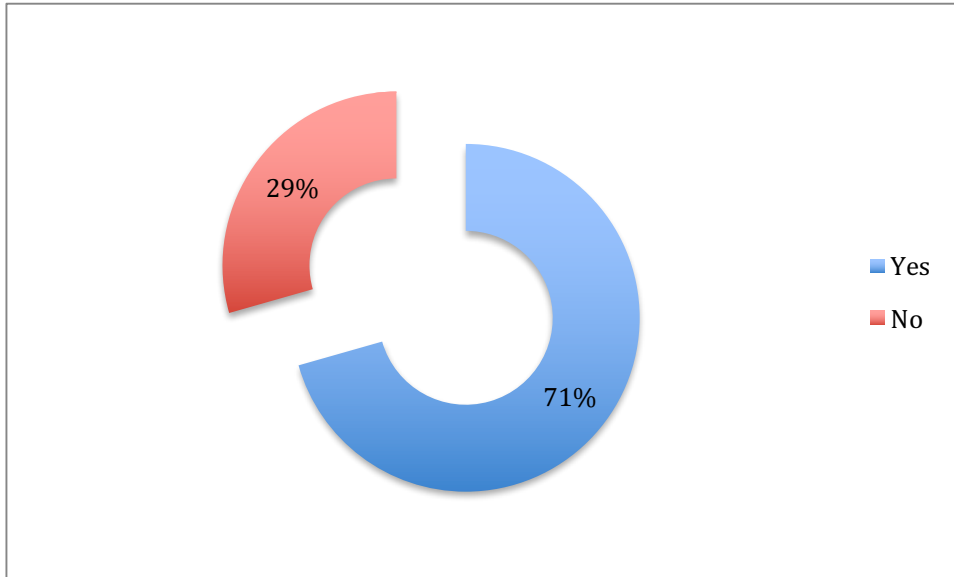
Number of full-time employees



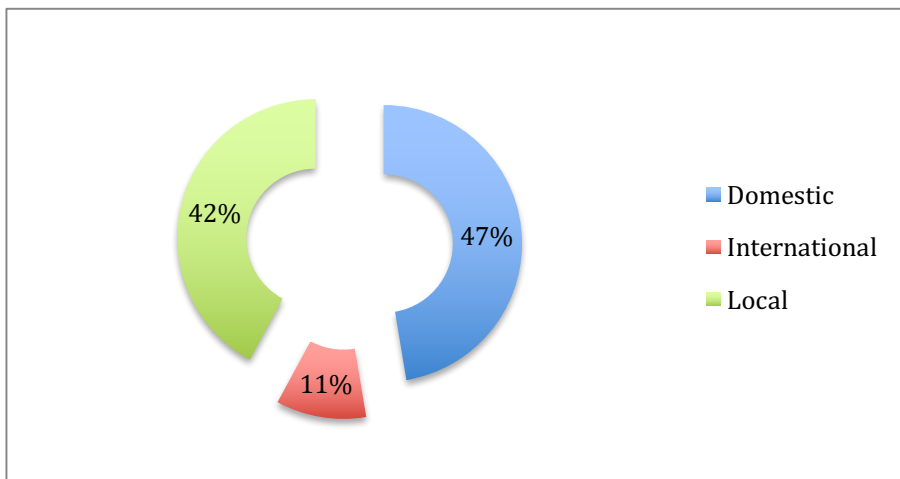
Years in operation



Formally registered

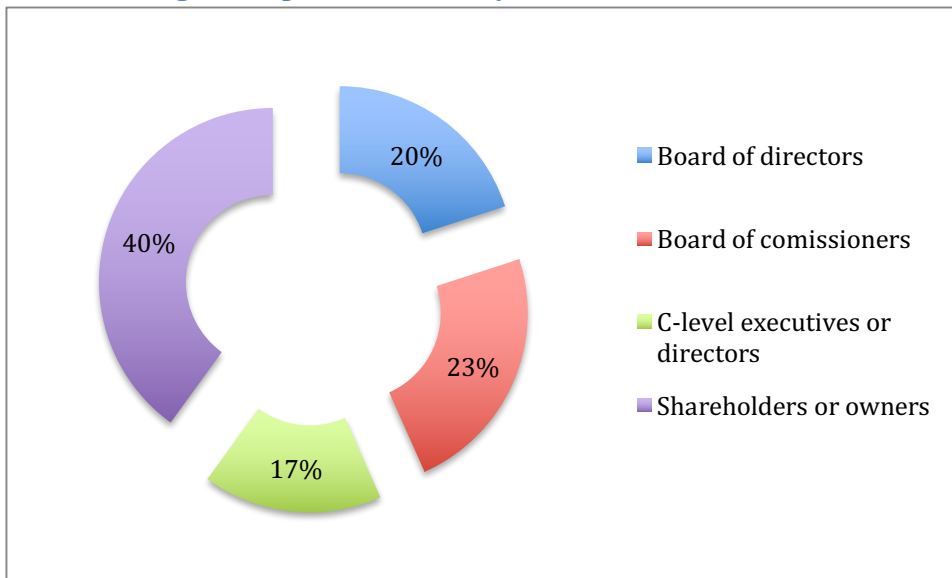


Market served

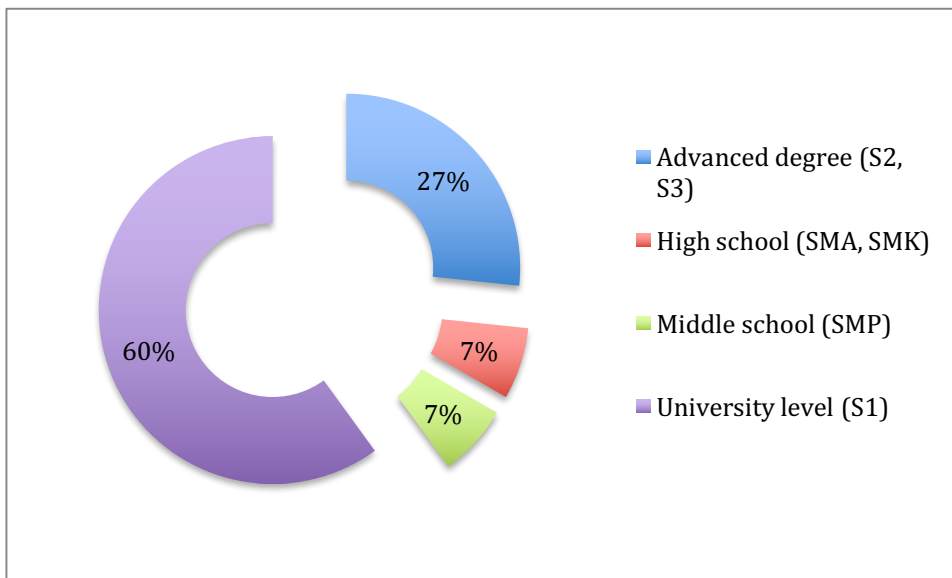


Women in leadership

Senior management positions held by women

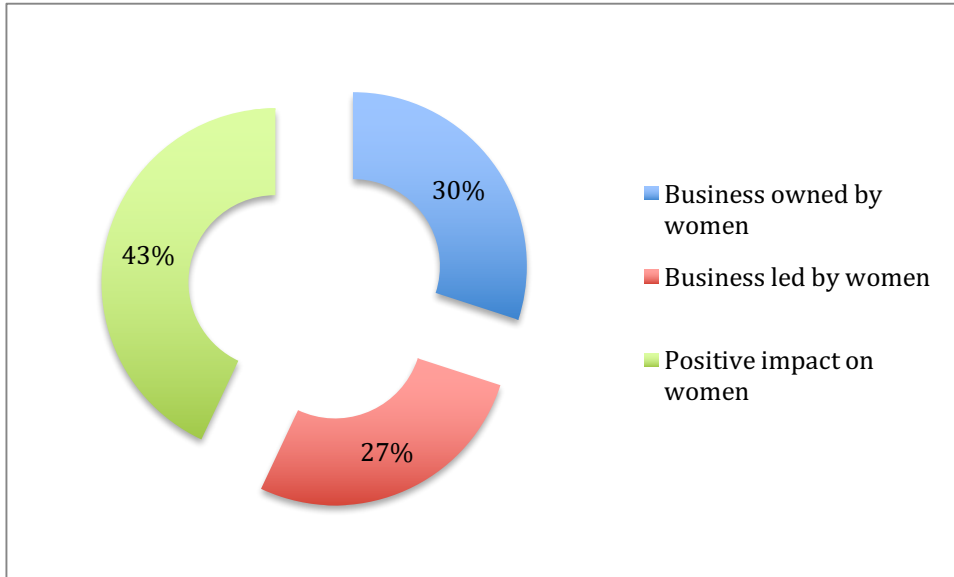


Education level of business owner



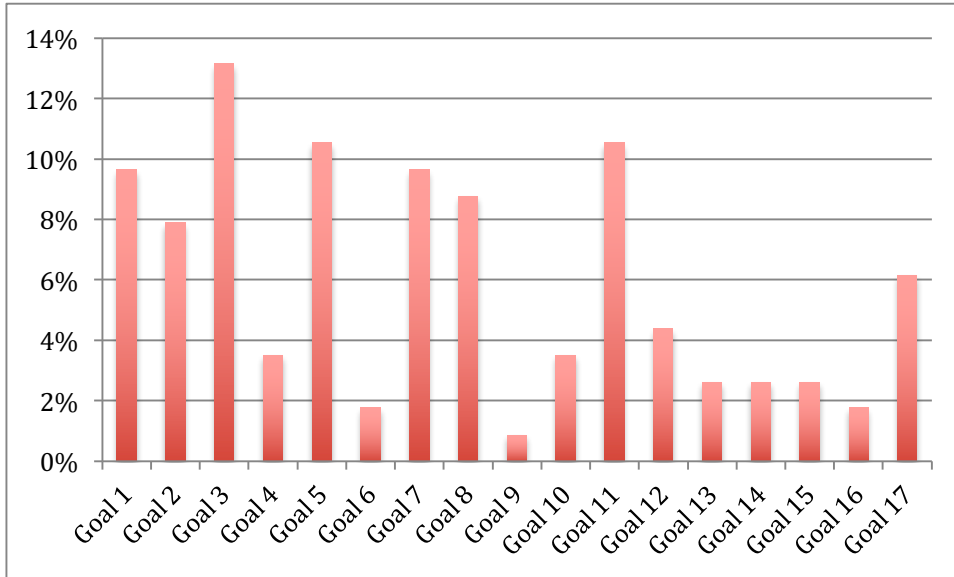
Social impact

Gender-based approach

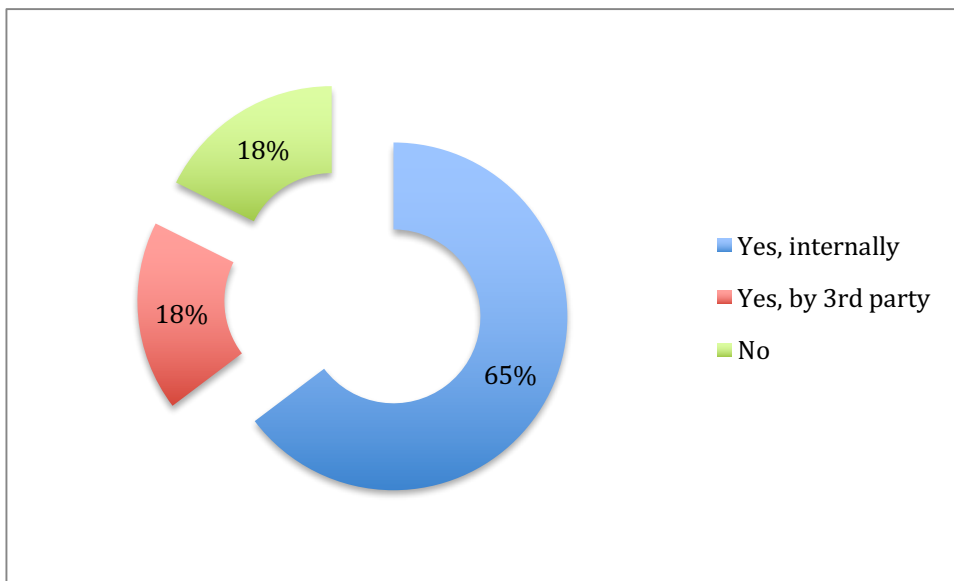


SDGs targeted

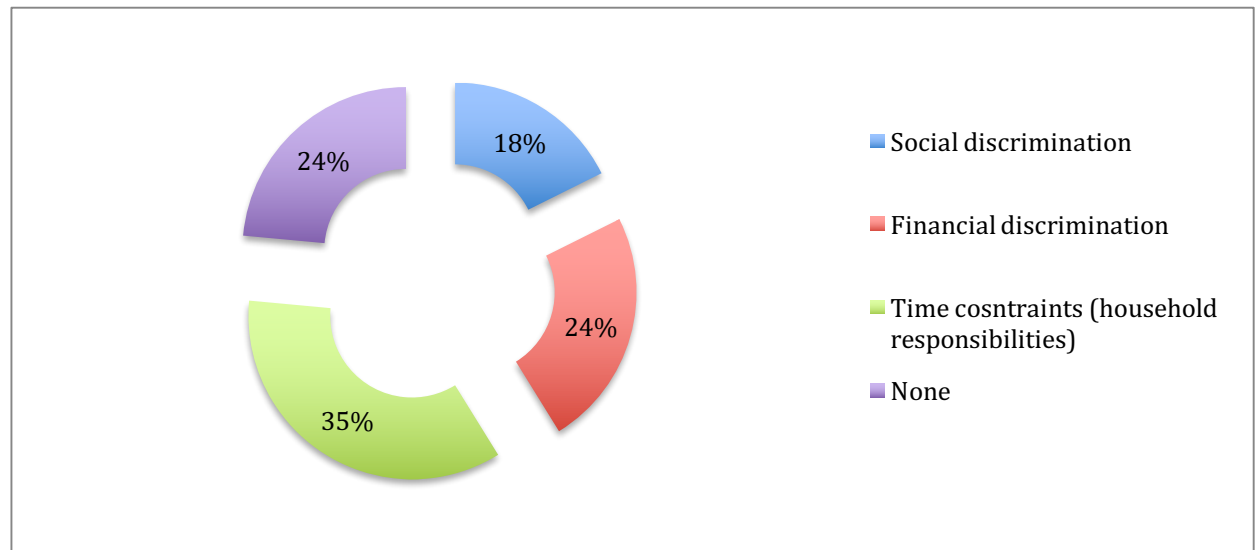




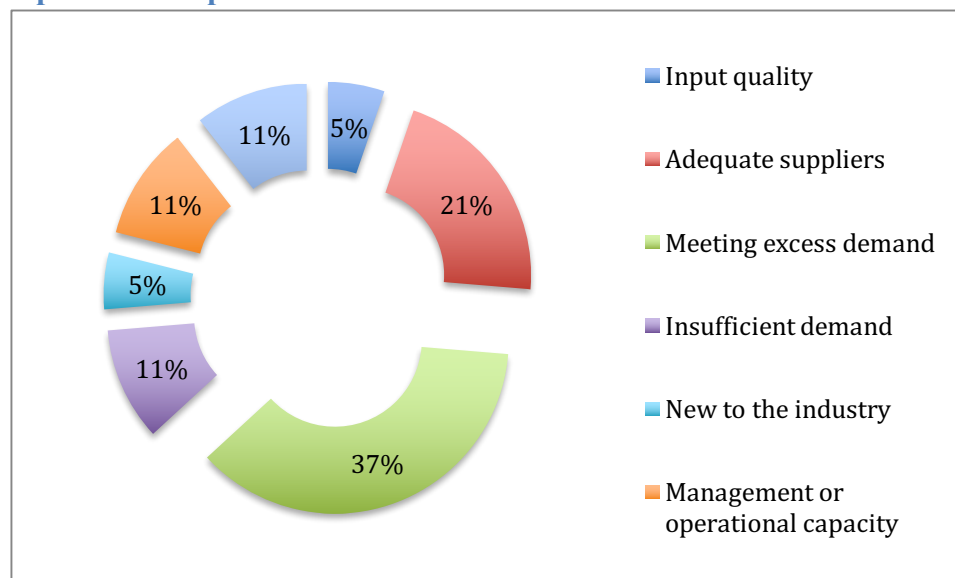
Impact measurement



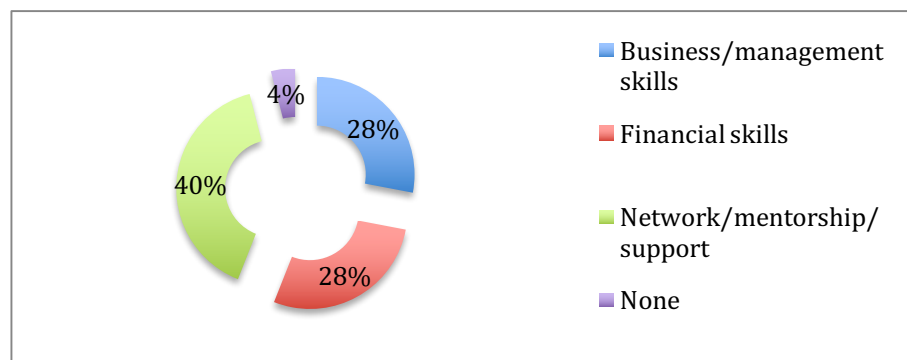
Constraints and needs Gender-based constraints



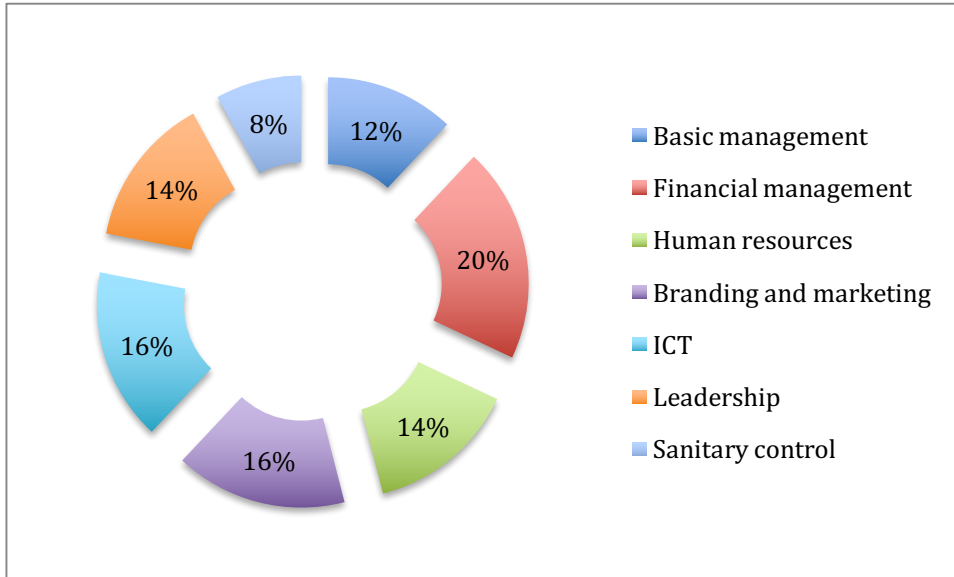
Inputs and outputs



Skills and connectivity

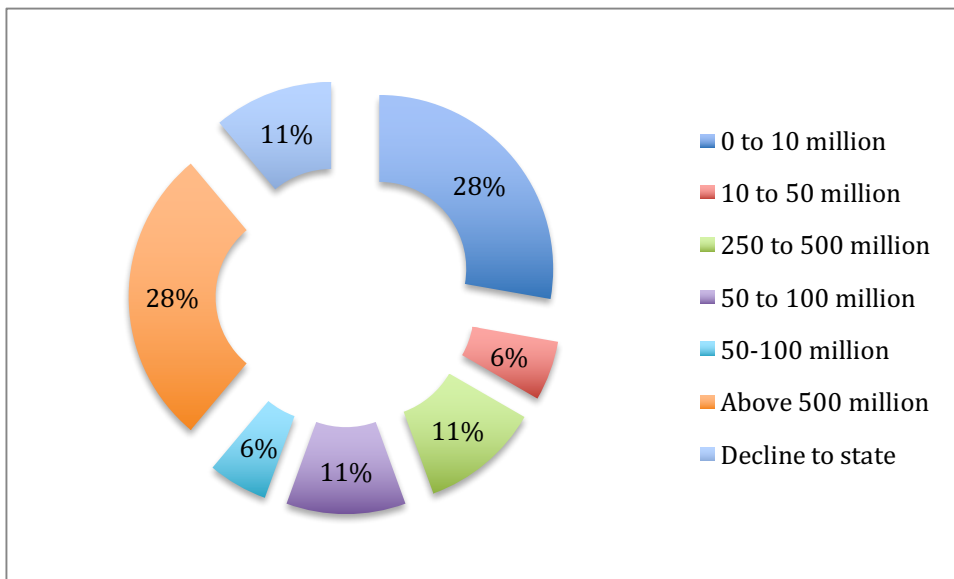


Training needs

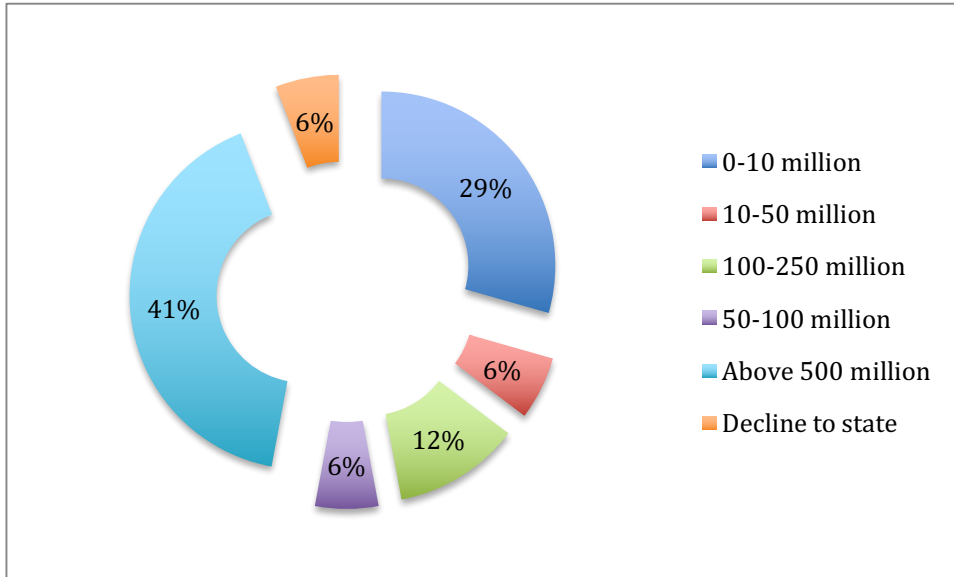


Financials

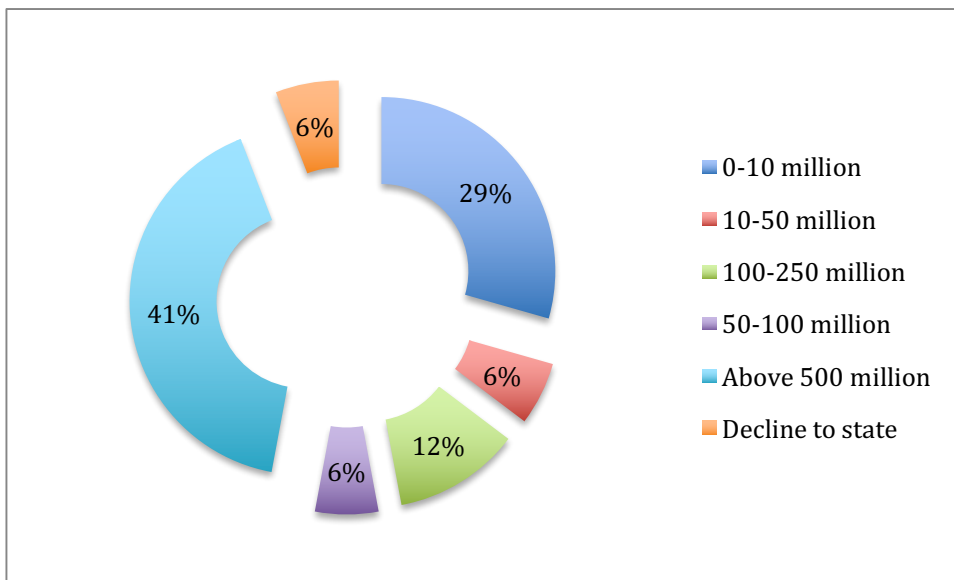
Revenue 2016



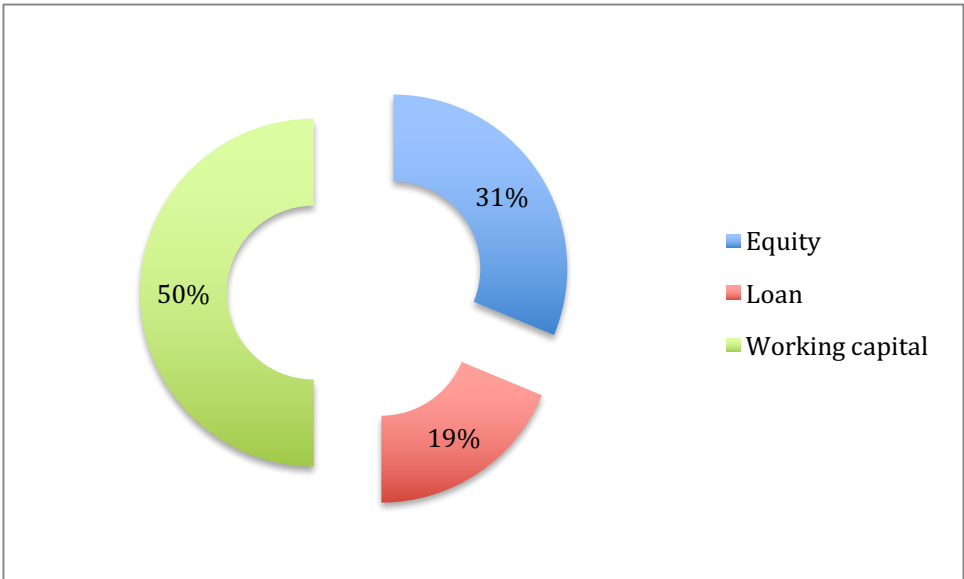
2017, projected



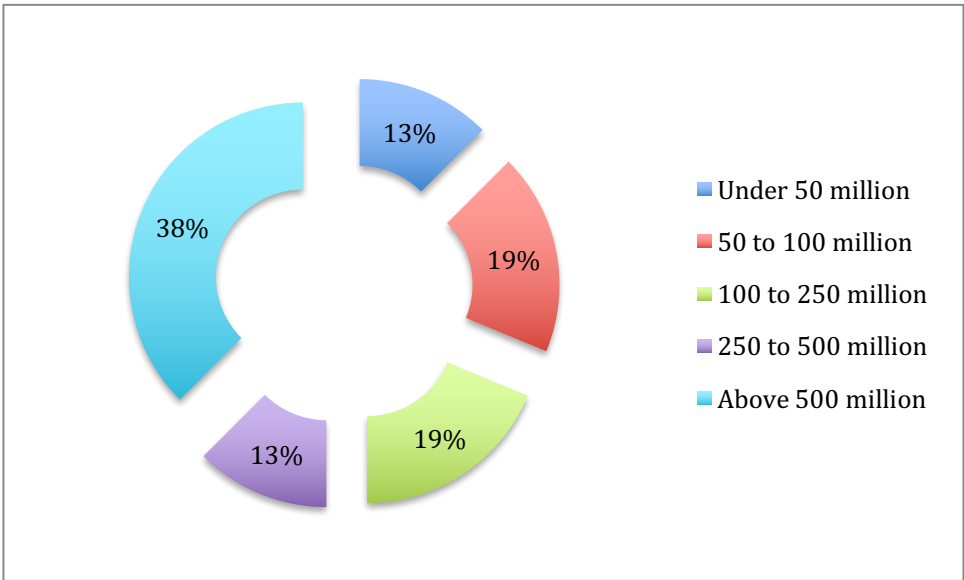
Past external funding



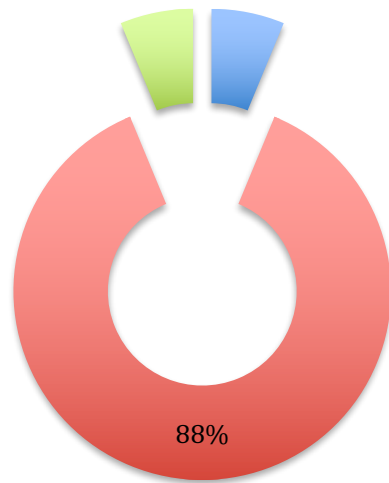
Funding needs: type



Funding needs: amount



Funding needs: timing



- In a matter of weeks
- In a matter of months
- Within a year

Appendix C: Enterprise Survey

Basic Information

1. Please write your name, email, and phone number
2. What is the commercial or legal name of your business?
3. Is your business formally registered? (as a PT, CV for instance)
 - a. Yes: What sort of business is your company registered as?
 - i. PT
 - ii. CV
 - iii. Foundation / Yayasan
 - iv. Cooperative
 - v. Other: ...
 - b. No: Why are you not registered?
 - i. Process is complex
 - ii. Process is too expensive
 - iii. Formalisation of my business is not necessary
 - iv. Other: ...
4. Describe your business activities in 500 characters or less
5. Where is your main office located?
 - a. Sumatra: which province?
 - i. Aceh
 - ii. North Sumatra
 - iii. West Sumatra
 - iv. Riau
 - v. Riau Islands
 - vi. Jambi
 - vii. Bengkulu
 - viii. South Sumatra
 - ix. Lampung
 - x. Bangka Belitung
 - b. Jawa, Bali, Nusa Tenggara: which province?
 - i. Banten
 - ii. Jakarta
 - iii. West Java
 - iv. Central Java
 - v. Yogyakarta
 - vi. East Java
 - vii. Bali
 - viii. East Nusa Tenggara
 - ix. West Nusa Tenggara
 - c. Kalimantan: which province?
 - i. West Kalimantan
 - ii. Central Kalimantan
 - iii. North Kalimantan
 - iv. East Kalimantan

- v. South Kalimantan
- d. Sulawesi, Maluku Papua: which province?
 - i. North Sulawesi
 - ii. Gorontalo
 - iii. Central Sulawesi
 - iv. West Sulawesi
 - v. South Sulawesi
 - vi. Southeast Sulawesi
 - vii. North Maluku
 - viii. Maluku
 - ix. West Papua
 - x. Papua
- 6. Where are your main areas of operation? *(can choose more than 1 option)*
 - a. Sumatra: which province?
 - i. Aceh
 - ii. North Sumatra
 - iii. West Sumatra
 - iv. Riau
 - v. Riau Islands
 - vi. Jambi
 - vii. Bengkulu
 - viii. South Sumatra
 - ix. Lampung
 - x. Bangka Belitung
 - b. Jawa, Bali, Nusa Tenggara: which province?
 - i. Banten
 - ii. Jakarta
 - iii. West Java
 - iv. Central Java
 - v. Yogyakarta
 - vi. East Java
 - vii. Bali
 - viii. East Nusa Tenggara
 - ix. West Nusa Tenggara
 - c. Kalimantan: which province?
 - i. West Kalimantan
 - ii. Central Kalimantan
 - iii. North Kalimantan
 - iv. East Kalimantan
 - v. South Kalimantan
 - d. Sulawesi, Maluku Papua: which province?
 - i. North Sulawesi
 - ii. Gorontalo
 - iii. Central Sulawesi
 - iv. West Sulawesi
 - v. South Sulawesi

- vi. Southeast Sulawesi
 - vii. North Maluku
 - viii. Maluku
 - ix. West Papua
 - x. Papua
7. How many full-time people do you employ?
 - a. 0 to 5
 - b. 5 to 10
 - c. 10 to 25
 - d. 25 to 50
 - e. 50 to 100
 - f. Above 100
 8. How long has your business been operating? (*numeric answers only, in years*)
 9. How would you position yourself along the value chain?
 - a. Input
 - b. Farming
 - c. Harvesting
 - d. Processing
 - e. Distribution
 - f. Retail
 10. How are you selling your products?
 - a. Offline wholesale
 - b. Offline retail
 - c. Online wholesale
 - d. Online retail
 - e. Own store

Firm Leadership

1. Are there any woman(en) at a senior management position of your business?
 - a. Yes: What are the positions? (*can choose more than 1 option*)
 - i. Board of directors
 - ii. Board of commissioners
 - iii. C-level executives or directors
 - iv. Shareholders or owners
 - b. No
2. What is the age range of the main business leader (CEO or director)?
 - a. 30 and under
 - b. Above 30
3. What is the highest education level obtained by the business owner?
 - a. Middle school (SMP)
 - b. High school (SMA, SMK)
 - c. University level (S1)
 - d. Advanced degree (S2, S3)
 - e. Informal training
 - f. Did not go to school

Mission of Firm

1. What is the intended impact of your business? Focus on the Sustainable Development Goals (SDG) developed by the UNDP. *(can choose more than 1 option)*
 - a. Goal 1; Poverty reduction
 - b. Goal 2; Nutrition and food security
 - c. Goal 3; Improve health and wellbeing
 - d. Goal 4; Education
 - e. Goal 5; Woman empowerment
 - f. Goal 6; Water and sanitation
 - g. Goal 7; Sustainable energy
 - h. Goal 8; Employment generation
 - i. Goal 9; Technology innovation for social/environmental causes
 - j. Goal 10; Safe and affordable housing
 - k. Goal 11; Sustainable agriculture
 - l. Goal 12; Climate change mitigation
 - m. Goal 13; Sustainable fisheries and marine conservation
 - n. Goal 14; Sustainable forestry
 - o. Goal 15; Protecting biodiversity
 - p. Goal 16; Social justice, inclusiveness and/or peaceful society
 - q. Goal 17; International partnership for sustainable development and/or promotion of social enterprise
 - r. None
2. Do you have a gender specific approach? If your company has a focus on empowering women in the business' core values or direct impact throughout the supply chain. *(can choose more than 1 option)*
 - a. Our business is mainly
 - b. Our business is led by women
 - c. Our business model has positive impact on women, both directly and indirectly
 - d. Our business does not have specific target
 - e. Other: ...
3. Do you measure, track or document, your business positive impact?
 - a. Yes, we measure it ourselves
 - b. Yes, a 3rd party measures it
 - c. No
4. Does your business have certifications? *(can choose more than 1 option)*
 - a. BPOM
 - b. ISO
 - c. Fairtrade certification
 - d. Organic certification
 - e. Kosher certification
 - f. Halal certification
 - g. PIRT
 - h. None: Is there a reason why you do not have such certifications? *(can choose more than 1 option)*

- i. I do not know how and where to apply
 - ii. It is too expensive
 - iii. My product or service does not meet the criteria
 - iv. Certification does not apply to my business
 - v. I do not see the need for certification
 - vi. Other: ...
- i. Other: ...

Financial

1. Do you have a dedicated business bank account for your business?
 - a. Yes
 - b. No: Please state the reason (*can choose more than 1 option*)
 - i. I use my personal bank account
 - ii. I do not know how to open a business bank account
 - iii. I do not fulfil the requirement (ex: missing documents)
 - iv. Opening bank account is troublesome
 - v. I do not trust bank
 - vi. Nearest bank is too far
 - vii. Other: ...
2. Do you record your book-keeping for your business?
 - a. Yes: How do you manage your book-keeping?
 - i. I sometimes do it, but not very often
 - ii. I do it myself but I am not confident
 - iii. I do it myself and I am confident with book-keeping
 - iv. I outsource my book-keeping (hire an accountant)
 - v. I use a cloud platform (online application, computer program)
 - vi. Other: ...
 - b. No
3. I keep the following financial records: (*can choose more than 1 option*)
 - a. Income statement
 - b. Balance sheet
 - c. Cash flow statement
 - d. Other
 - e. None
4. Approximately, what was your revenue last year (2016)? In Rupiah
 - a. I did not have any revenue last year
 - b. 0 to 10 million
 - c. 10 to 50 million
 - d. 50 to 100 million
 - e. 100 to 250 million
 - f. 250 to 500 million
 - g. Above 500 million
 - h. I do not want to answer
5. Approximately, what is your projected revenue last year (2017)? In Rupiah
 - a. I will not have any revenue this year
 - b. 0 to 10 million

- c. 10 to 50 million
 - d. 50 to 100 million
 - e. 100 to 250 million
 - f. 250 to 500 million
 - g. Above 500 million
 - h. I do not want to answer
6. Is your business profitable (net profit) as of today?
- a. Yes
 - b. No
 - c. I do not want to answer

Skills and Training

1. Have you received any training or support in the following areas? *(can choose more than 1 option)*
- a. Basic business management skills
 - b. Financial management
 - c. Human resources
 - d. Branding and marketing
 - e. ICT for business
 - f. Leadership skills
 - g. Sanitary control
 - h. None
 - i. Other: ...
2. What topic would you like to learn? *(can choose more than 1 option)*
- a. Basic business management skills
 - b. Financial management
 - c. Human resources
 - d. Branding and marketing
 - e. ICT for business
 - f. Leadership skills
 - g. Sanitary control
 - h. None
 - i. Other: ...

Business Scales

1. Are you currently interested in expanding your business?
- a. Yes
 - b. No
2. What markets does your business serve?
- a. Local (town/province)
 - b. Domestic (Indonesia)
 - c. International

Finance and structuring

1. Are you currently seeking funding?

- a. Yes:
 - i. What type of funding are you looking for?
 1. Loan
 2. Equity
 3. Working capital
 4. Other: ...
 - ii. How much are you looking for? In Rupiah
 1. Below 50 million
 2. 50 to 100 million
 3. 100 to 250 million
 4. 250 to 500 million
 5. Above 500 million
 - iii. When do you need the funding?
 1. In a matter of weeks
 2. In a matter of months
 3. Within 6 months
 4. Within a year
 - b. No
2. Has your business ever received external funding?
- a. Yes
 - i. What type of external funding did you receive? *(can choose more than 1 option)*
 1. Equity
 2. Grant
 3. Loan
 4. Other: ...
 - ii. Who did provide the external funding? *(can choose more than 1 option)*
 1. Family or friends
 2. Accelerator and incubator
 3. Angel investor
 4. Bank
 5. Competitions and awards
 6. Corporate
 7. Crowdfunding
 8. Family foundation
 9. Impact investor
 10. Microfinance institution
 11. Non-profit organization
 12. Peer-to-peer lending
 13. Private equity
 14. Public government
 15. Venture capital
 16. Other: ...
 - b. No

Challenges




1. Gender-based: is your business constrained by (can choose more than 1 option)
 - a. Social discrimination against women
 - b. Financial discrimination against women
 - c. Time constraints due to household responsibilities
 - d. None
 - e. Other: ...
3. Inputs and outputs: Is your business constrained by (*can choose more than 1 option*)
 - a. Lack of quality inputs
 - b. Lack of adequate suppliers
 - c. Difficulty meeting excess demand for product
 - d. Insufficient demand for product
 - e. None
 - f. Other
4. Skills and connectivity: is your business constrained by (*can choose more than 1 option*)
 - a. Lack of business skills/knowledge
 - b. Lack of financial skills/knowledge
 - c. Lack of network or business community for support and learning
 - d. None
 - e. Other



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