



PROMOTING ENTREPRENEURSHIP FOR THE YOUTH

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INTRODUCTION

Let me quote the inspiring statements from the Welcome Message of the Committee:

- **Education** has a fundamental role to play in personal and social development
- Unpredictability and complexity of current events demand more:
 - More innovative
 - Bold strategies and approaches
- This calls out for:
 - Creative
 - Outside-the-box thinking
 - Courage to put cutting-edge ideas to work
- That is the essence of **Entrepreneurship**

WHY ENTREPRENEURSHIP, WHY FOR THE YOUTH?

- Below the illustration the potential and problematic issues of the youth
- The first is from World Bank (2010)
- The second is from International Labour Organization (2010)

The problem: High Unemployment and High informality

**Youth unemployment rate is 5 times
the national average**



Source: ILO and WDI, 2007 (Indonesia calculated from core unemployment Susenas 2007)

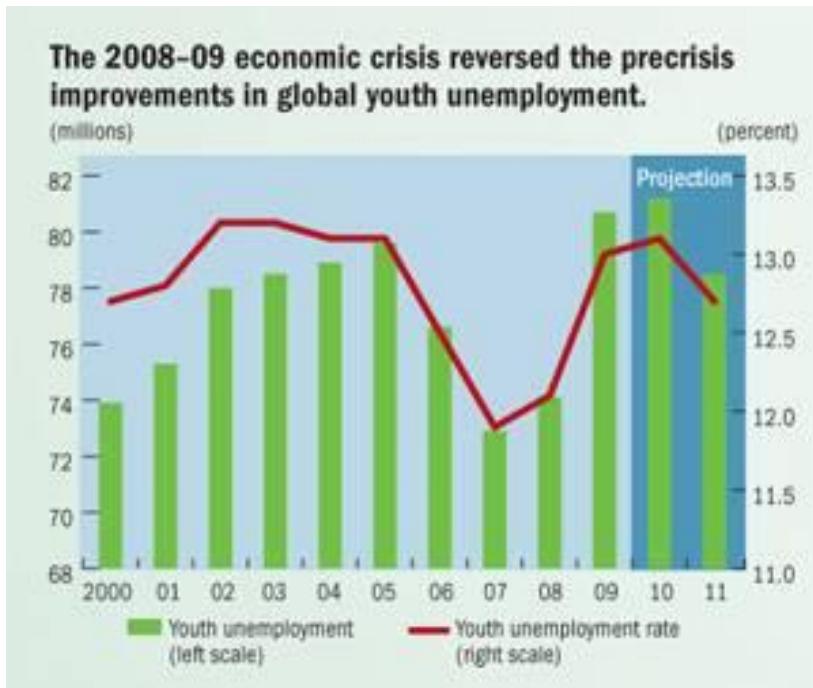
**Employment is highly informal
and agriculture-based**



Youth Employment Challenges

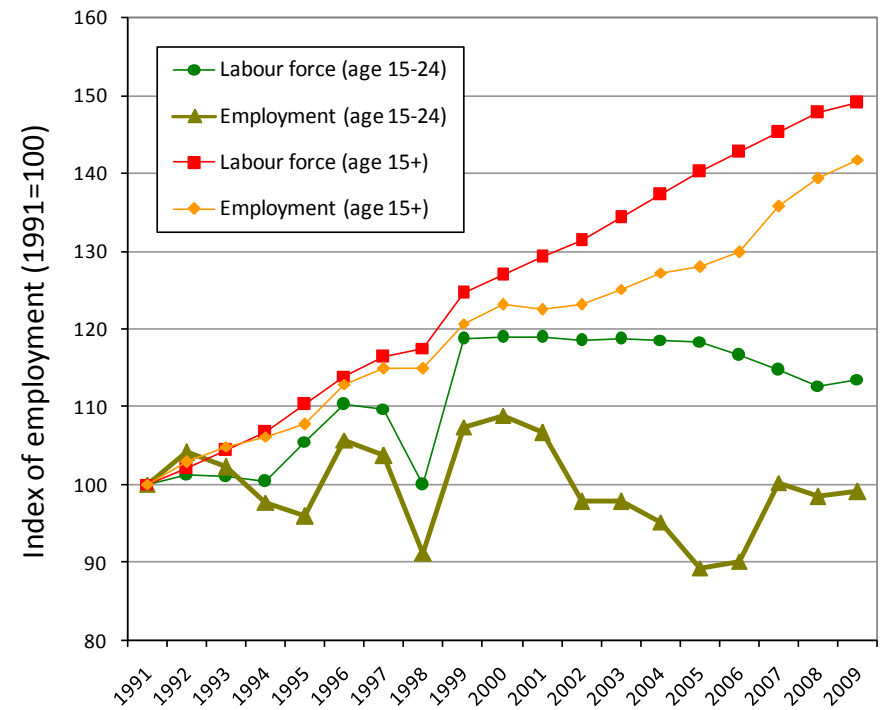
World

- 13% of young workers (81 million people) were unemployed in 2009
- There are 7.8 million more unemployed youth (age 15-24) since the onset of the global financial crisis
- 45% of the youth unemployed come from Asia and the Pacific



Indonesia

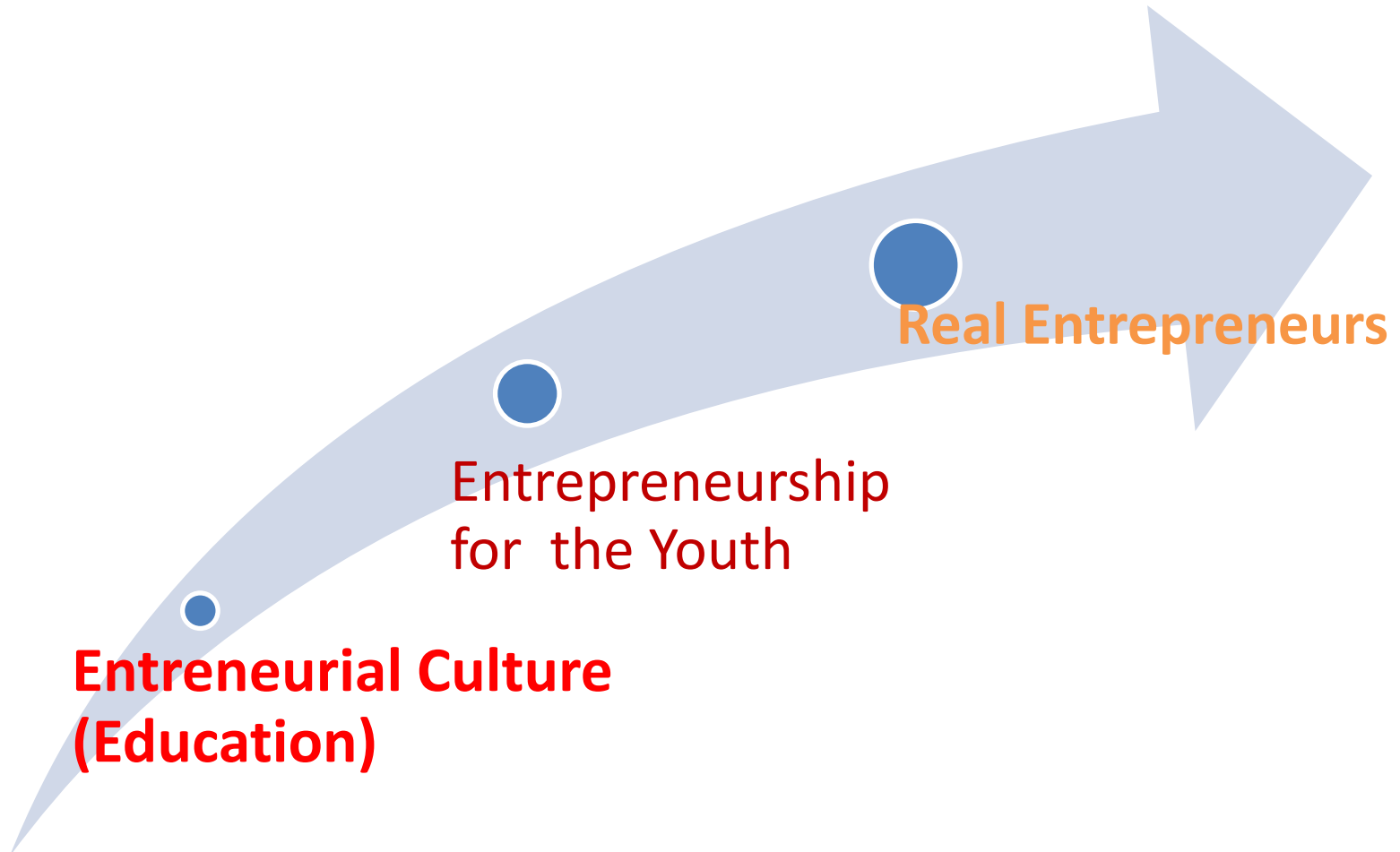
- Employment opportunities for youth hardly grew since 1991
- Youth unemployment rate in Indonesia is above the regional average
- Young workers were 4.9 times more likely to be unemployed than workers of age 25+



CONCERNING THE YOUTH

- Numerical vs leverage
- Burden vs asset
- The real challenge is youth unemployment, especially young educated unemployment
- So, let's promote entrepreneurship for the youth

ENTREPRENEURSHIP POLICIES (up- to down- streams)



ENTREPRENEURSHIP FOR THE YOUTH

1. Regulatory Framework:

- Law number 40 year 2009 concerning the youth
- 3 areas: awareness, empowerment, and development
- Leading sector: Ministry of Sport and Youth Affairs together with other related institutions, both public and private
- Mandate of the Law (article 51): establishing “Financing Institution for Youth Entrepreneurship”
 - representing the role of “business angel” and “venture capital”

2. Academic Literature:

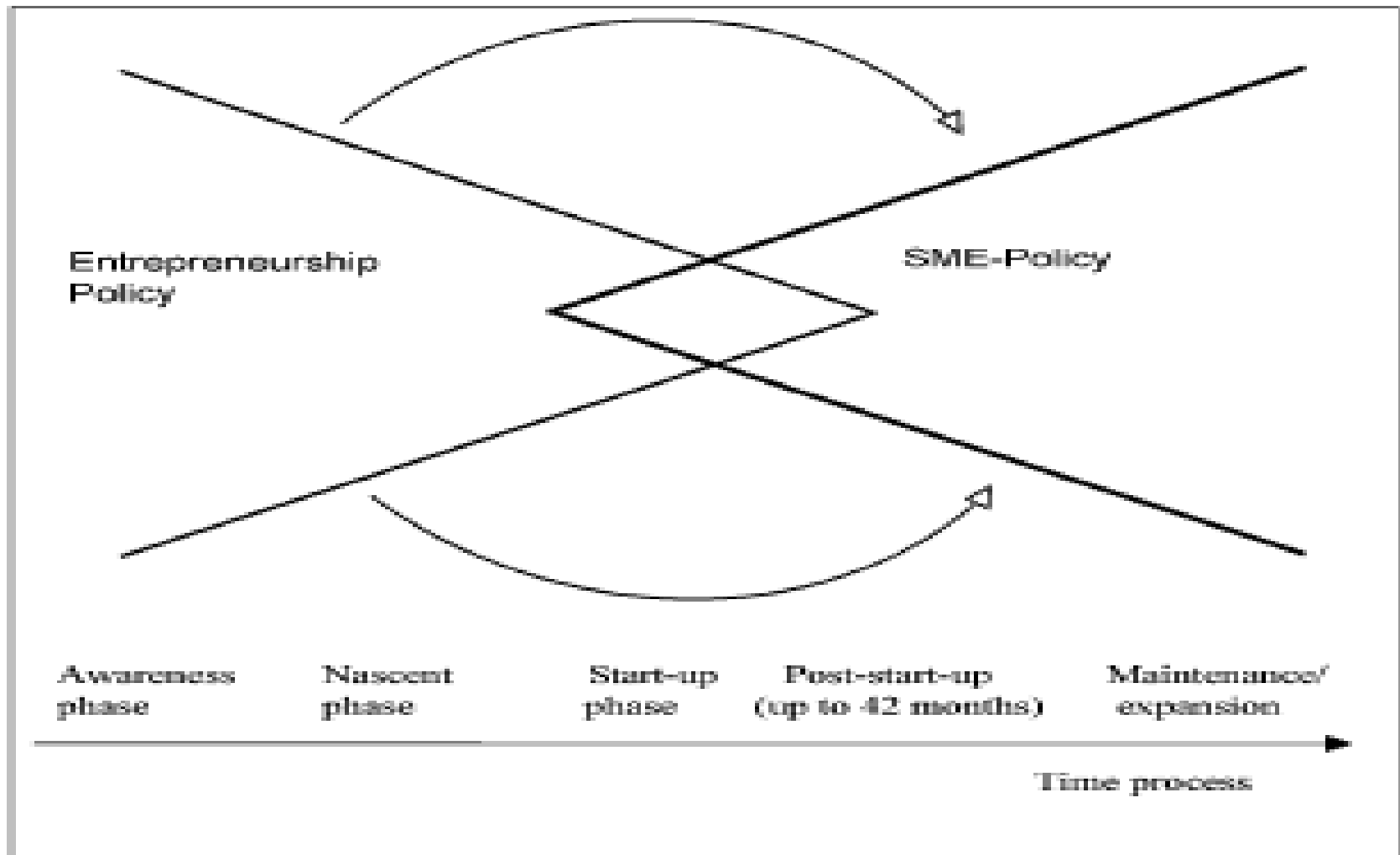


Figure 2-2. The interface between entrepreneurship policy and SME policy
Source: Lundström and Stevenson (2002).

3. Best Practices:

1.

- Bright Ideas Workshop

2.

- Becoming Successful Owner Manager

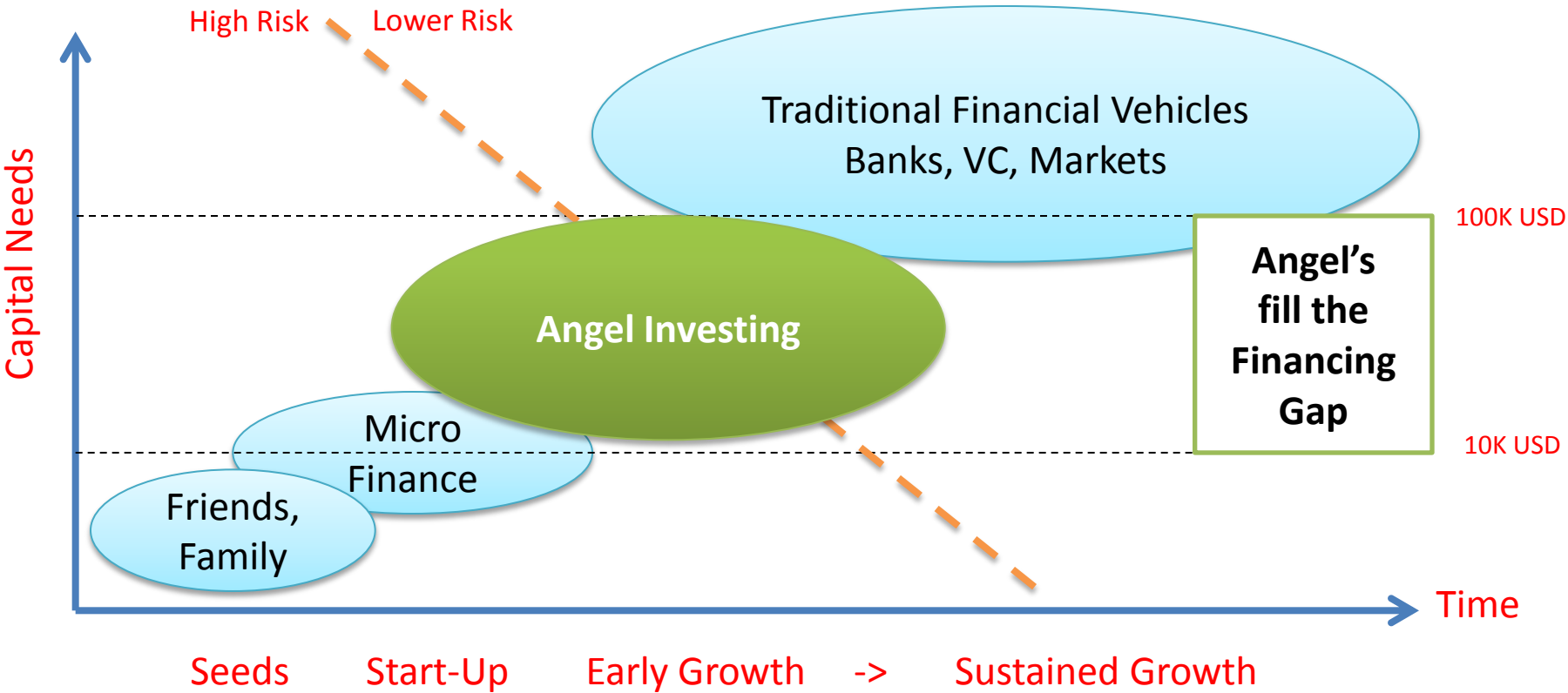
3.

- Business Start-up Awards

4. The Needs of Young Entrepreneur:

- FGD Finalists of “the best” Young Entrepreneur (28 Oct 2011) ranks among others:
 - 1) Human development, especially for soft competence
 - 2) **Capital support**, before reaching category of “bankable”
 - Who cares for start-up small young entrepreneur?
- Below is the USAID’s illustration:

To fill in the Financing Gap...



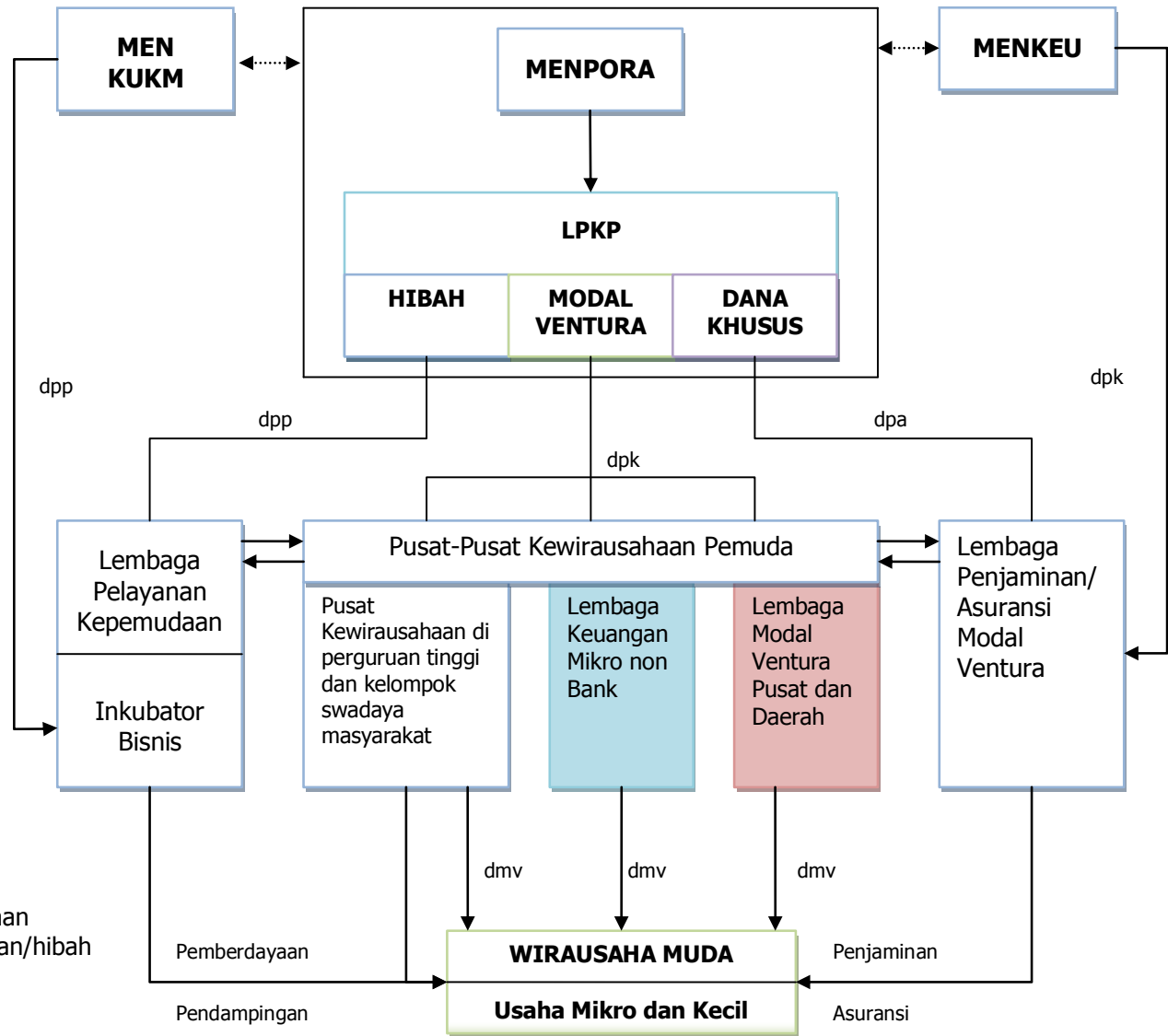
To fill the financing gap as mentioned above we propose:

“Coordinating Agency” to promote:

- 1) Private Investors (Business Angel and Venture Capital)
- 2) Financing Institution for Youth Entrepreneurship (“Lembaga Permodalan Kewirausahaan Pemuda”/LPKP)

→ Below is the draft mechanism of “LPKP” proposed by “Center for Policy Reform”

MECHANISM OF "LPKP"



dmv : dana modal ventura/ Start-up Capital
 dpk : dana perkuatan permodalan/ penyertaan
 dpp : dana pemberdayaan dan pendampingan/hibah
 dpa : dana penjamin/ asuransi

Terima kasih.....

