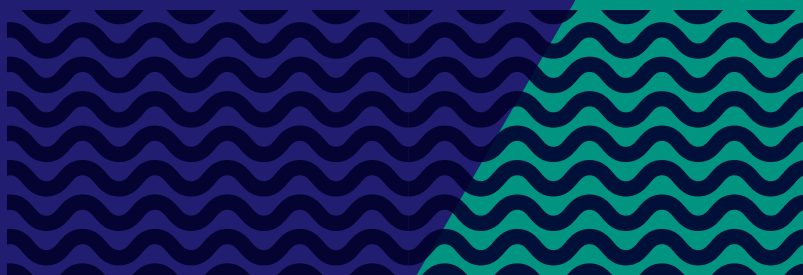
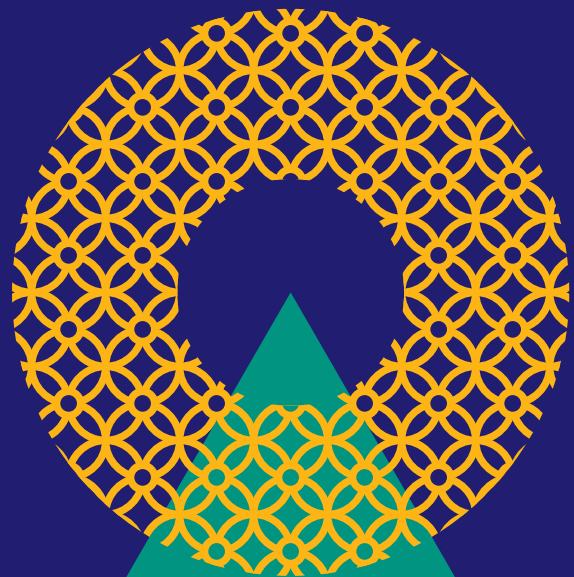
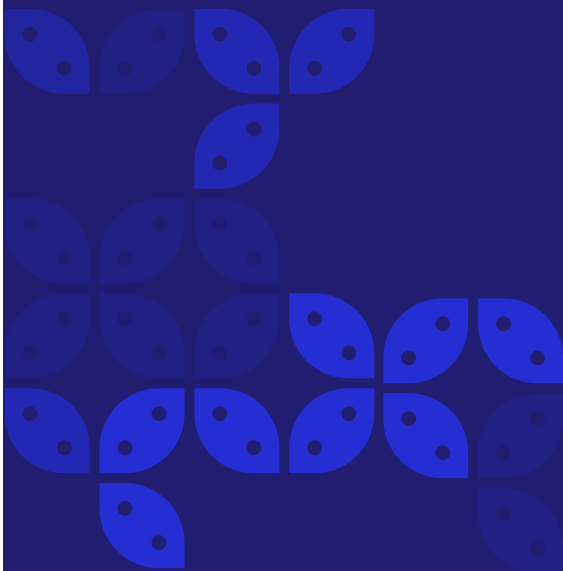




# Investing in Creative and Social Enterprise in Indonesia





# **Investing in Creative and Social Enterprise in Indonesia**

## About British Council

**The British Council is the United Kingdom’s international organisation for educational opportunities and cultural relations.**

Our global Developing Inclusive and Creative Economies (DICE) programme aims to address economic and social exclusion through supercharging homegrown creativity, enterprise and collaboration. DICE takes an ‘ecosystem’ approach to nurturing economic inclusion, with a focus on women, young people, disabled people and other groups often excluded from the mainstream economy. In practice, this means DICE works with and for a growing network of entrepreneurs, artists, enterprises, policymakers, investors, researchers, academics, and community leaders. We provide training, mentoring and funding opportunities; convene international dialogue offline and on; undertake research; and provide the space to co-design, form relationships, experiment and explore.

DICE complements the British Council’s longstanding work in civil society, creative economy and social enterprise, a portfolio of programmes delivered to date all over the world. Together these programmes are designed to help foster a more sustainable, inclusive and prosperous future and build collaboration, opportunities and trust between the UK and other countries.

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

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

## About Asian Venture Philanthropy Network (AVPN)

As the only comprehensive funders’ network in Asia, AVPN is a leading ecosystem builder for the social investment sector with over 600 members globally. AVPN’s mission is to catalyse the movement toward a more strategic, collaborative and outcome-focused approach to social investing, ensuring that resources are deployed as effectively as possible to address key social challenges facing Asia today and in the future.

At AVPN, we see social investment as a continuum that encompasses everything from philanthropy and venture philanthropy to impact investing, CSR and sustainable investment. We call this the “Continuum of Capital”.



## Acknowledgements

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We would like to acknowledge the insightful contributions provided by:

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## Foreword

In 2019, in collaboration with the United Nations Economic and Social Commission for Asia Pacific (UNESCAP) and the Asia Venture Philanthropy Network (AVPN) the British Council commissioned a study, to better understand Creative and Social Enterprises in Indonesia. The study was conducted by Parahyangan Catholic University and the University of Surabaya with support from Social Enterprise UK (SEUK)

We are delighted to present the findings from the study in this report which explore creativity, enterprise and how we can combine them to build a more inclusive economy.

Evidence from emerging economies is beginning to demonstrate the role that social enterprise and the creative industries can play in contributing to sustainable and inclusive growth. The British Council's 2018 Indonesian Social Enterprise Landscape Survey revealed that 22% of all social enterprises were to be found in the creative industries, making this the biggest social enterprise sector in the country.

The Ministry of Tourism and Creative Economy in Indonesia is playing an active role not only nationally but also across South East Asia in its preparations for the International Year of Creative Economy for Sustainable Development in 2021 and with over 8 million creative businesses in the country, there is real recognition of the contribution made to the national economy, and huge potential for growth. Government strategy highlights the links between tourism and digital transformation, as well as growing social enterprise approaches for community development

This agenda is important to the British Council and in the UK we are keen to learn from and share experiences with Indonesian creative and social entrepreneurs as we build our respective creative and social enterprise communities and forge UK-Indonesia collaboration for mutual benefit.

The British Council is the UK's international organisation for cultural relations and educational opportunities. We are on the ground in six continents and over 100 countries, bringing international opportunity and people to people connections to life, every day. In Indonesia we partner with local organisations to deliver on this cultural relations mandate – through the arts and creativity, social commentary, education and support of skills development and business.

Creative and social businesses exist for a purpose that is not income generation alone. They reframe the way we measure value; they challenge what success looks like and they demonstrate the crucial role of social value to that success. Collectively they encourage us to consider the macro-perspective in which they sit - how should businesses with social purpose and creativity be built into the design of our economic system? Further, how can the important skills that are held by creative and social entrepreneurs be deployed in policy design, and in community and economic development?

Young people, women and people with disabilities have been, and continue to be, systematically and intentionally excluded from opportunities and from our economy. The economic system has been designed to work for some at the expense of others. We need to rewrite the rules of this economic system and society at large. This was already an enormous concern before the greatest public health crisis for a generation because of COVID-19. It is time to mainstream social purpose in business and celebrate different ways of problem solving to address inequality and economic exclusion in our response to the pandemic.



The Developing Inclusive and Creative Economies (DICE) was launched by the British Council in March 2018 as a cross-sectoral, multi-country cultural relations response to one of the world's greatest challenges. For two years this experimental programme has explored how creativity, human connection, bold and generous collaboration and talent can be harnessed to contribute to the eradication of profound social and economic exclusion. Each activity has been designed specifically to empower women and girls, foster youth employment and/or promote disabled people and other marginalised groups' inclusion and economic empowerment.

As the UK's cultural relations organisation, the British Council's builds trust through knowledge exchange so that communities in the UK and Indonesia can learn from each other and develop models of enterprise, entrepreneurship, experimentation, and economic development.

In support and validation of this work, this study outlines the current operating context, challenges and inclusion data of creative social enterprises. This report presents emerging evidence that harnessing creativity, nurturing purpose and connections, and providing capacity building are three clear ways to build and grow truly inclusive enterprises.

This report makes clear – the value of creative social enterprises is greater than the sum of their parts - social impact, creative and cultural value, and financial returns. They stimulate collaboration, human connection, bringing multiple knowledge systems together to fundamentally challenge the way society is structured in both bold and subtle ways.

We hope that this report is well used and built upon by those wishing to support creative social enterprises. Thank you for joining in our shared goal of a more inclusive economy.

**Hugh Moffatt**  
**Country Director, British Council Indonesia**



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## Acronyms

|          |                                       |   |
|----------|---------------------------------------|---|
| <b>A</b> | <b>ANGIN</b>                          | Angel Investor Network Indonesia  |
|          | <b>AVPN</b>                           | Asian Venture Philanthropy Network  |
| <b>B</b> | <b>BAPPENAS</b>                       | <i>Badan Perencanaan Pembangunan Nasional</i><br>(National Development Planning Agency)   |
|          | <b>BAPAREKRAF /<br/>KEMENPAREKRAF</b> | <i>Badan Pariwisata dan Ekonomi Kreatif</i><br>(Ministry of Tourism and Creative Economy) |
|          | <b>BAZNAZ</b>                         | <i>Badan Amil Zakat Nasional</i><br>(Indonesia Amil Zakat National Agency)                |
|          | <b>BEKRAF</b>                         | <i>Badan Ekonomi Kreatif</i><br>(Indonesia Agency for Creative Economy)                   |
|          | <b>BPS</b>                            | <i>Badan Pusat Statistik</i><br>(Central Bureau of Statistics)                            |
| <b>C</b> | <b>CAF</b>                            | Charities Aid Foundation  |
|          | <b>CEs</b>                            | Creative Enterprises  |
|          | <b>CoC</b>                            | Continuum of Capital  |
|          | <b>CSEs</b>                           | Creative and Social Enterprises   |
| <b>D</b> | <b>DFIs</b>                           | Development Finance Institutions  |
|          | <b>DICE</b>                           | Developing Inclusive and Creative Economies   |
| <b>E</b> | <b>ESG</b>                            | Environmental, Social, Governance   |
| <b>G</b> | <b>GDP</b>                            | Gross Domestic Product  |
| <b>M</b> | <b>MoTCE</b>                          | Ministry of Tourism and Creative Economy  |
| <b>O</b> | <b>OJK</b>                            | <i>Otoritas Jasa Keuangan</i><br>(Financial Services Authority)                           |
| <b>P</b> | <b>PIIs</b>                           | Private Impact Investors  |
|          | <b>PLUS</b>                           | Platform Usaha Sosial (Social Enterprise Platform)  |
|          | <b>PT</b>                             | Perseroan Terbatas (Private Company)  |
|          | <b>P2P</b>                            | Peer to Peer  |
| <b>S</b> | <b>SE</b>                             | Social Enterprise   |
|          | <b>SEUK</b>                           | Social Enterprise United Kingdom  |
|          | <b>SMEs</b>                           | Small and Medium-sized Enterprises  |
|          | <b>SPO</b>                            | Social Purpose Organisations  |

## Executive summary

A burst of reforms in Indonesia over the past few years, along with liberalisation in foreign direct investment **has paved the way for stable growth, enhanced investor confidence and renewed capital inflows in the country.**

The continuous growth of new enterprises has attracted more investment to Indonesia.

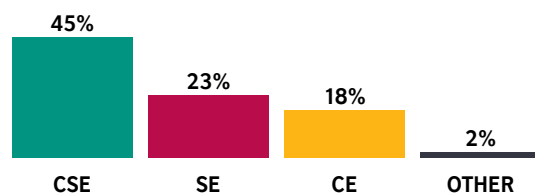
There has been a significant increase in investment in start-ups in Indonesia over the last

**10 YEARS**



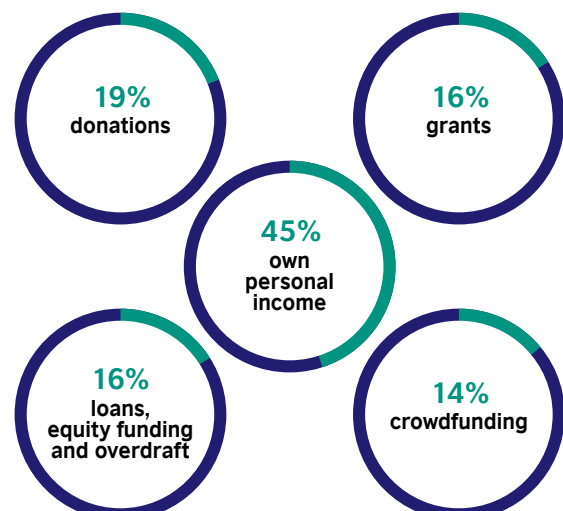
The tourism, fashion, culinary, craft and digital technology sectors show the biggest potential for equity investment in Indonesia.

At the same time, **the concepts of social finance, social investment and impact investment have caught the imagination of people around the world.** These are as a means gaining significant attention as a means to unlock more private capital to do good.

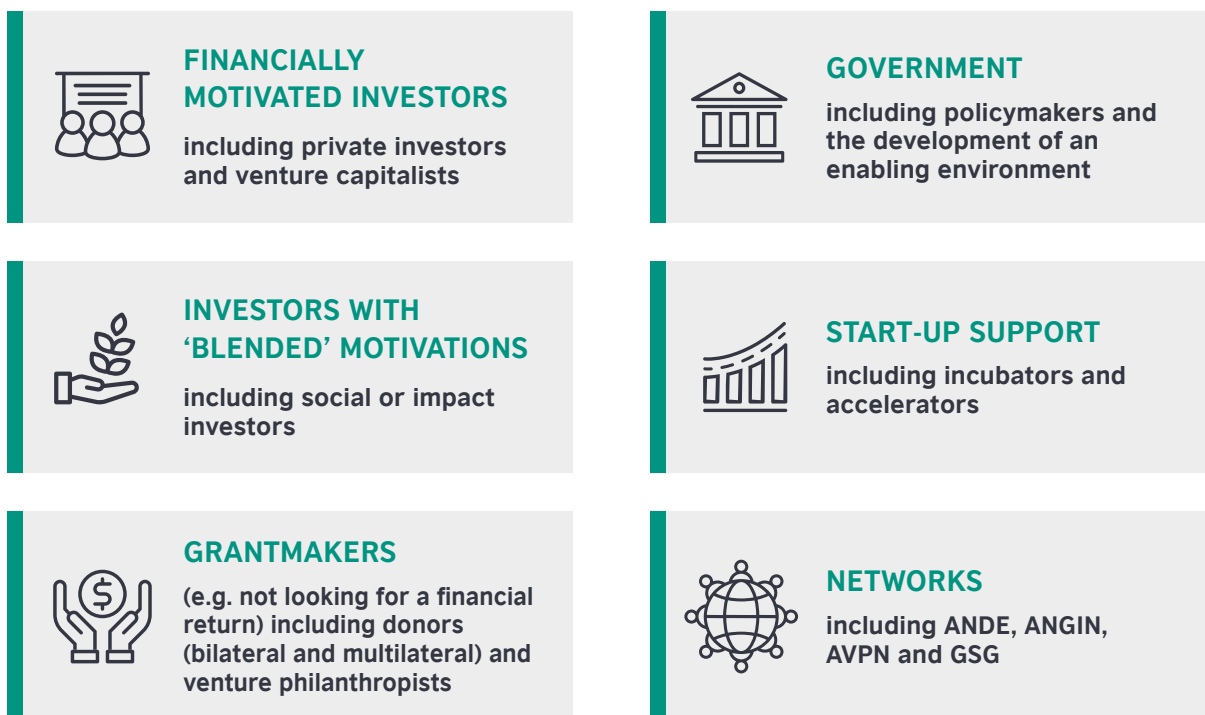


Many creative and social enterprises (CSEs) rely largely on funding from their own personal resources.

**45% of CSEs have used their personal incomes to finance their enterprises.**



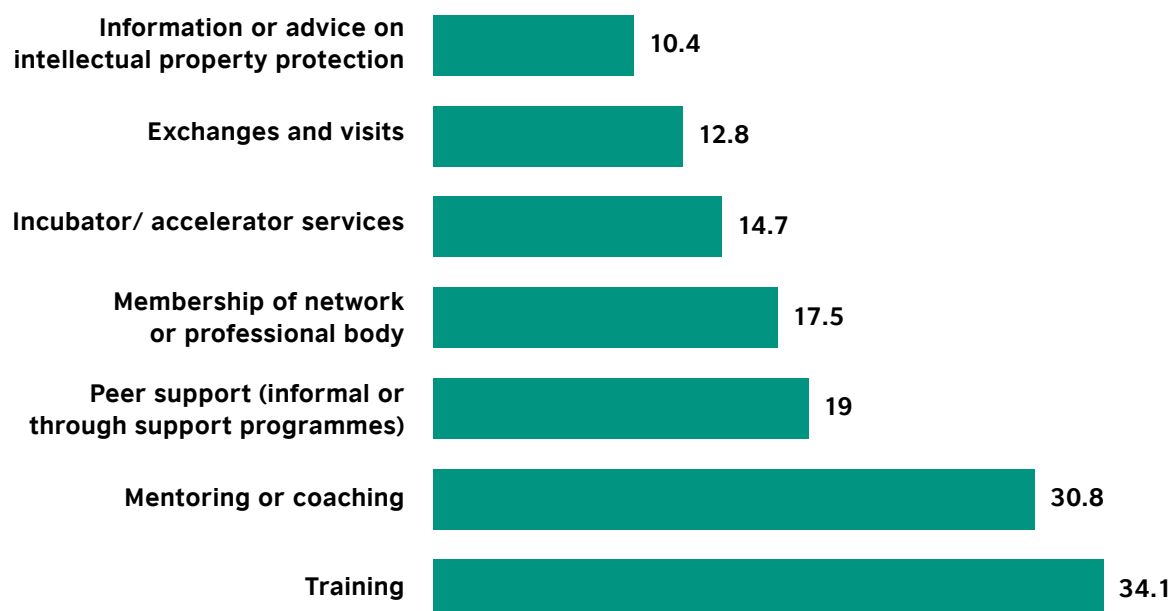
Actors in the ecosystem of investment in creative and social enterprises:



While investing in social and creative enterprises, most funders and financiers in Indonesia do not specifically target CSEs.

**Most seek a balance between financial, environmental and social return.**

CSEs can benefit from access to other support, such as mentoring, coaching and training.



Social and impact investors, can more clearly define and communicate their approach to balancing social, environmental and financial returns and take practical steps to collaborate towards the development of more consistent frameworks and tools.

# 1 Introduction

The British Council is the United Kingdom's international organisation for cultural relations and educational opportunities. Developing Inclusive and Creative Economies (DICE) is a British Council global pilot programme (2018-2020), which takes a holistic approach to imagining and building an economy that is equally accessible to all.

## 1.1 Developing Inclusive and Creative Economies (DICE)

DICE is delivered with and for women, youth, people disabled by society, and other groups that are excluded from the formal economy. The programme is co-designed by a global team and growing network in Brazil, Egypt, Indonesia, Pakistan, South Africa and the UK.

DICE is founded on the hypothesis that supporting the development of creative and social enterprises – and the ecosystems in which they operate – is an effective way to address the issues of unemployment and unequal economic growth and build more inclusive societies. This is underpinned by the understanding that, around the world, communities face common challenges and problems, including:

- unemployment, especially among young people, potentially intensified by automation;
- growing wealth inequality and exclusion from 'mainstream' economic opportunities, especially of women, disabled people<sup>1</sup> and minorities;

- environmental degradation and the climate emergency; and
- a sense of a loss of identity and community.

We know that even significant development aid and investment from governments cannot provide all the answers to overcome these challenges on their own.

The way we do business with each other has to be part of the solution. This requires bringing together stakeholders in participatory ways to enhance mutual understanding. We need to foster the development of activities that have their origin in individual creativity, skill and talent with a potential for wealth creation.

We know that creative and social enterprises have much in common and sometimes overlap. Both creative and social enterprises:

<sup>1</sup> British Council adopts the 'social model approach to disability', which was created by disabled people. It is underpinned by the understanding that people are disabled by the way in which society is organised, rather than by an individual's impairment. It is an inclusive model, emphasising the independence of disabled people to exercise their rights and have choice and control over their own lives. It calls for changes within society to enable disabled people to participate actively, rather than placing disabled people outside of mainstream society. The British Council's work in disability and inclusion focuses on addressing the barriers that restrict individuals' full and equal participation in society, perpetuate traditional models of disability and can ultimately lead to the systematic marginalisation and exclusion of disabled people.

- have low barriers to entry, generating **jobs** especially for women and young people, harnessing human creative, emotional and social skills which are more future-proof and more resistant to automation<sup>2</sup>;
- bring new, disruptive ideas to tackle the challenges we face, providing agile, environmentally and socially sustainable **solutions** that address market failure, contributing to the SDGs;
- are **inclusive**, challenging the over-concentration of wealth and capital by spreading ownership, enabling democratic ownership and governance, distributing the benefits of innovation and technology; and
- bring new energy and pride to communities and countries, reflecting a country's **culture**, and changing how people feel about themselves.

Creative and social enterprises in many parts of the world are considered a success story, generating economic contributions and positive social impact. DICE is founded on this experience. Social Enterprise UK and Catavento Pesquisas in Brazil, Ahead of the Curve in Egypt, Parahyangan Catholic University (UNPAR) and University of Surabaya (UBAYA) in Indonesia, SDPI in Pakistan and Simanye in South Africa, have worked with the British Council to survey creative and social enterprise activity in each of the countries. This work builds on a methodology for mapping social enterprise activity in around 20 countries and also incorporates further expertise on the creative economy and creative enterprise. The findings of this survey are presented alongside this report.

As the only comprehensive funders' network in Asia, AVPN is a leading ecosystem builder for the social investment sector with over 600 members globally. AVPN's mission is to catalyse the movement toward a more strategic, collaborative and outcome-focused approach to social investing, ensuring that resources are deployed as effectively as possible to address key social challenges facing Asia today and in the future.

## 1.2 Aim of this report

This study is focused on the investment landscape for creative and social enterprises. Together with Social Enterprise UK, UNPAR and UBAYA, British Council and AVPN have set out to better understand the investment landscape. This report sets out findings from research and survey work conducted between April and December 2019 and includes a summary of the methodological approach, an overview of our survey and research findings and provides an analysis of these results.

This research seeks to understand the investment landscape, funding and resource ecosystem for creative and social enterprises in Indonesia, in light of the perspective of these enterprises. It includes:

- a mapping of investors engaging with creative and social enterprises including, but not limited to (i) foundations/family offices, (ii) impact funds, (iii) angel investors, (iv) ESG (Environmental, Social, Governance) investors, and (v) development finance institutions;

<sup>2</sup>A variety of studies have attempted to predict the jobs that are less likely to be at risk from automation in future. These often include jobs which involve human creativity and occupations that involve building complex relationships with people. See for instance <https://www.theguardian.com/us-news/2017/jun/26/jobs-future-automation-robots-skills-creative-health> However, one study identified that of 270 detailed occupations listed in the 1950 US Census, only one has since been eliminated by automation: elevator operator.

- an assessment of these investors, their aims, and motivations, their accessibility to creative and social enterprises;
- an overview of the ecosystem around creative and social enterprises including, but not limited to (i) incubators and accelerators, (ii) capacity builders, and (iii) networks
- identification of the challenges, barriers and drivers of investment in creative and social enterprises, and an assessment of opportunities, challenges and gaps in this field; and
- recommendations for different stakeholders with steps to improve the investment landscape.





## 2 Methodology

### 2.1 Data collection

This report is based on both quantitative and qualitative data from primary and secondary sources.

First, desk research identified previous studies and evaluations of investment in Indonesia and identified actors in the investment field. Crunchbase data was used to map existing investment information and trends in Indonesia<sup>3</sup>. In addition, a framework from ANGIN and further secondary data from desk research were used to identify the main players within the creative and social enterprise ecosystem.

Second, data collection was undertaken via an online survey (see Annex 3). The survey was distributed to 52 organisations understood to have invested in creative and social enterprises. There were six respondents with four having invested in creative or social enterprises.

Third stage of data collection involved in-depth interviews with 23 organisations that have provided support to creative and social enterprises (CSEs), through funding, incubation or providing assistance in securing investment. The respondents included peer-to-peer lenders, crowdfunding platforms or co-operatives that support individuals who need access to funding (referred to subsequently here as ‘individual investors’), early-stage funders (‘start-up funders’), growth stage funders (‘round series investors’), start-up support organisations that provide non-financial support (‘incubators and accelerators’), and other ecosystem players (‘other ecosystem’).

Table 1 shows this categorisation of the 24 organisations interviewed. The list of the interviewees and respondents of the online survey can be found in Appendix 1.

**Table 1: List of interviewees in terms of financial and non-financial support**

| INDIVIDUAL INVESTORS        | START-UP FUNDERS | ROUND SERIES INVESTOR         | INCUBATORS / ACCELERATORS        | OTHER ECOSYSTEM ACTORS |
|-----------------------------|------------------|-------------------------------|----------------------------------|------------------------|
| Alumnia Sinergi<br>Adikarsa | Aavishkaar       | Kejora Venture                | Block 71<br>(Innovation Factory) | Bappenas               |
| Amartha                     | ANGIN            | Patamar Capital               | Instellar                        | MoTCE                  |
| Asetku                      | Diageo           | Principal Asset<br>Management | SIAP                             | UK Embassy             |
| Crowde                      | Ford Foundation  |                               |                                  | Water.org              |
| Dompot Dhuafa               | Kinara           |                               |                                  |                        |
| Flipmas                     | Venture          |                               |                                  |                        |
| Koperasi<br>Pancur Kasih    | YCAB             |                               |                                  |                        |

<sup>3</sup> Crunchbase data compiles 261 investors based in Indonesia and 457 enterprises have been funded (the latest data is on 31 January 2020).

## 2.2 Analysis

The analytical methods used for this report were:



### DESK RESEARCH

various resources assembled during the desk research phase were synthesised based on sector and by types of funding.



### DESCRIPTIVE AND CROSS-TABULATION ANALYSIS

for the Crunchbase data and the online survey.



### DEEPER QUALITATIVE ANALYSIS

conducted using thematic content analysis of the in-depth interviews.



### 3 The funding and financing landscape for creative and social enterprises

There are several approaches which can be helpful in understanding the funding and financing landscape for creative and social enterprises.

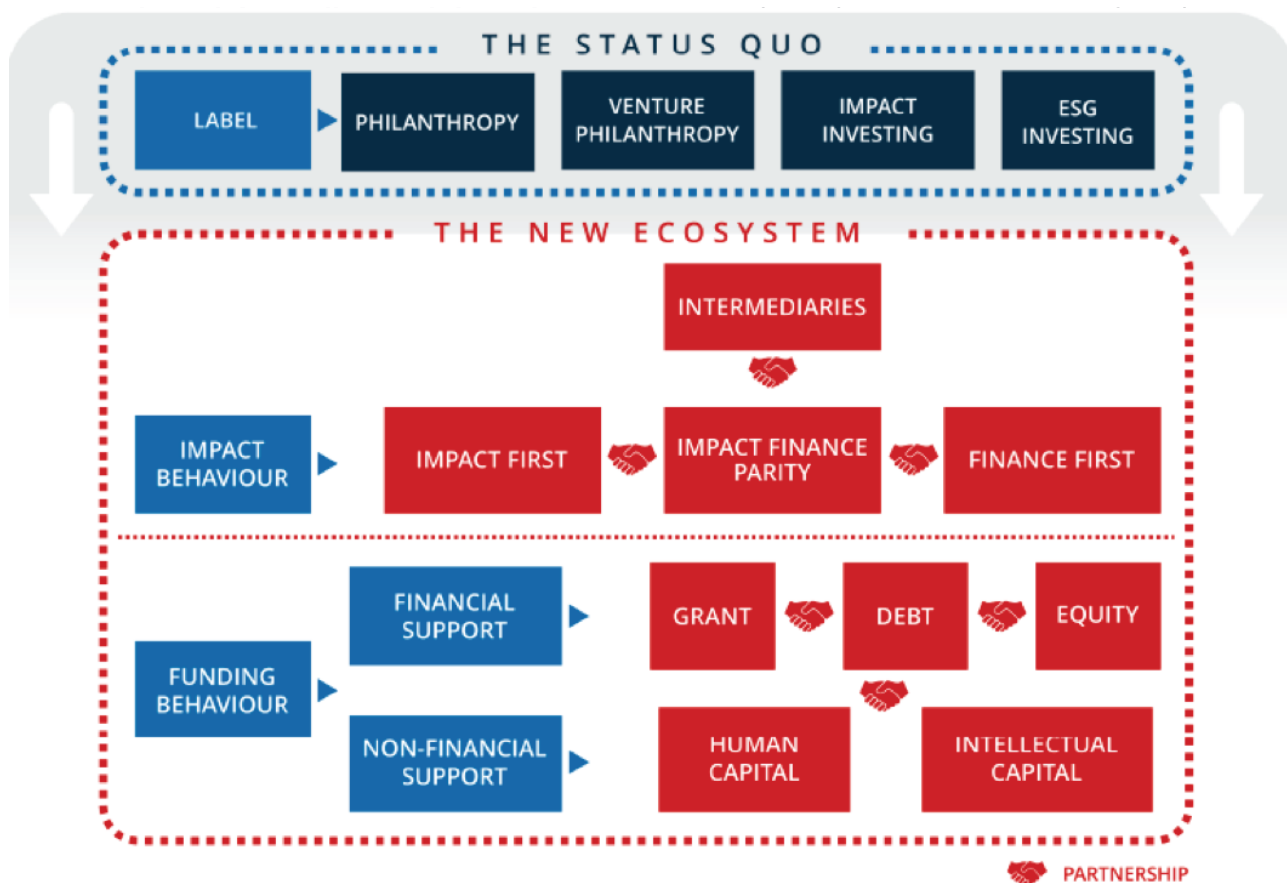
This report adopts the notion of a ‘Continuum of Capital’<sup>4</sup> to present the spread of investors who fund and support creative and social enterprises and provide ‘different kinds of funding and non-financial support throughout their lifecycle on their journey’. Financial, human and intellectual capital can flow from a range of investors to a spectrum of not-for-profit organisations, creative and social enterprises and what may be called impact enterprises, ESG-compliant enterprises or social businesses. The investors can take a range of forms including foundations, private companies, impact funds, family offices, banks and wealth management services, private equity or venture capitalist (VC) and impact investors.

This report – and the work of the British Council – is focused on creative and social enterprises (CSEs). Of course, not all creative enterprises are necessarily social enterprises or may be defined as having a social purpose. Equally, not all social purpose organisations or enterprises may be creative. Nevertheless, there is a very significant overlap between the community of creative and social enterprises in Indonesia and the pool of organisations that AVPN refers to as Social Purpose Organisations or SPOs. We recognise these overlaps and throughout this report, seek to be as clear and consistent as possible about which

groups of organisations – CSEs or SPOs or otherwise – we are describing at each juncture.

AVPN highlights work by Mettgenberg-Lemiere, Anh & Wang (2018) which provides a useful framework for understanding this landscape. They identify the range of stakeholders in what they call the ‘social investment ecosystem’, shown in Figure 1. The model identifies a new and emerging ecosystem that includes a range of stakeholders contributing to social investment. These actors provide a mix of philanthropy, venture philanthropy, impact investing and ESG investing. The model also considers their approach to impact as well as financial and non-financial support.

<sup>4</sup> [https://www.gsef-net.org/sites/default/files/publication/Final-Website\\_0.pdf](https://www.gsef-net.org/sites/default/files/publication/Final-Website_0.pdf)



**Figure 1: Social investment ecosystem**

Source: Mettgenberg-Lemiere et al., (2018) The Continuum of Capital in Asia

### 3.1 Indonesia’s funding and financing landscape

Indonesia is one of the largest markets for investors in Asia. A burst of reforms in Indonesia over the past few years, along with liberalisation in foreign direct investment has paved the way for stable growth, enhanced investor confidence and renewed capital inflows in the country.

Along with a large internal market, a growing middle class and abundant natural resources, Indonesian GDP hit US\$1 trillion in 2018 and has become the largest economy in South-east Asia.

The Indonesian Investment Coordinating Board (BKPM) reported US\$29.31 billion of conventional foreign direct investment in 2018 and US\$23.89 billion of domestic investment in 2018. The Board reported that investment in 2019 was up about six per cent on the same period the previous year. These numbers paint far from a complete picture as the potential investment from outstanding private deposits was nearly US\$340 billion in 2019 (Bank Indonesia, 2019).



### 3.2 A culture of giving

Meanwhile, according to the Charities Aid Foundation (CAF), Indonesia is one of the most generous countries in Asia, with a high propensity for people to seek to donate money, help strangers, and participate in volunteering activities (Charities Aid Foundation, 2019).

Charitable models associated with social welfare and social justice are now arguably increasingly focused on immediate economic circumstances, with donors demanding a quick, unbureaucratic conversion of donations into concrete help, and an immediate material and spiritual return on their 'investment' (Kaliani & Slama, 2019).

For example, Dompot Dhuafa uses social media to attract donors (muzaki) and distributes donations to poor people (dhuafa). Between January and October 2019, Dompot Dhuafa accumulated donations of IDR300 billion or US\$21.7 million, to be passed on to low-income communities, to encourage recipients to develop their own economic activities<sup>5</sup>. The organisation manages these financial resources by investing the money in potential businesses with a tagline of 'supporting Mustahik (beneficiaries) to become Muzaki (donors)'.

At the same time, Indonesian faith-based organisations continue to fight poverty by managing the huge potential of charity funds. For example, the Indonesian National Alms Agency (BAZNAS) reported that the potential zakat in Indonesia is IDR280 trillion or US\$20 billion, while only 3.5 per cent of this potential amount or IDR8 trillion (US\$579 million) is currently under their control (BAZNAS, 2019).

According to the 10th edition of CAF World Giving Index, 69 per cent of the population of Indonesia donated money between 2009 and 2018<sup>6</sup>.

### 3.3 The emergence of 'impact investment'

Over the last decade, the concepts of social finance, social investment and impact investment have caught the imagination of people around the world. While these terms are not yet consistently understood in different geographies, they are nevertheless gaining significant attention as means to unlock more private capital to do good.

Impact investors may be defined as those who contribute to positive social and environmental impact by actively seeking investments which yield both financial and social return (Asian Development Bank, 2011). These investments may attempt to address various social and ecological challenges, including conflicts and refugee crises, climate change, air pollution in cities, ocean plastics, lack of reliable or clean energy provision, food insecurity, or a lack of education or healthcare.

The concept of impact investment was first crystallised around 2008 by the US-based Rockefeller Foundation. Capital markets offer a huge potential resource to enable the financing of sustainable enterprises and allow them to increase their impact (Asian Development Bank, 2011). AVPN has been attempting to scale up the impact of investment in the region by enhancing partnerships between impact-driven business models and impact investors (AVPN, 2019)<sup>7</sup>.

<sup>5</sup> Data source from: <https://money.kompas.com/read/2019/12/09/213300526/dompot-dhuafa-targetkan-kumpulkan-dana-rp-450-miliar>, accessed on 2 February 2020.

<sup>6</sup> CAF (2019), CAF World Giving Index: Ten years of giving trends, Report, October 2019, Charities Aid Foundation.

<sup>7</sup> AVPN (2019). Annual Review 2019

## 4 The perspective of creative and social enterprises

### 4.1 Creative and social enterprise

There are no internationally agreed definitions of creative or social enterprise. However, compared to many other countries, Indonesia has relatively clear definitions of both, with the Government taking a lead.

The draft Entrepreneurship Law sets out that 'A social enterprise is an enterprise which has a social vision and mission to address social problems in the community and/or to bring positive impacts to social welfare and the natural environment; it reinvests its profit in the social mission, empowers the community and exercises good governance principles in managing its business.'

Meanwhile, Article 1, Law No. 24/2019 on the Creative Economy describes a creative enterprise as 'an individual, group of individuals or a business entity which carries out creative economy activities. Creative Economy is the embodiment of the added value of intellectual properties that are sourced from creativity and based on cultural heritage science and/or technology.'

As described in the partner research to this report, the creative economy can be understood to include 16 sub-sectors, namely: (1) game and application developers, (2) architecture, (3) interior design, (4) visual communication design, (5) industrial or product design, (6) fashion, (7) film, (8) animation and video, (9) photography, (10) crafts, (11) culinary, (12) music, (13) publishing,

(14) advertising, (15) performing arts, and (16) fine arts, television and radio. The creative economy is estimated to contribute around seven to seven and half percent of Indonesian GDP.

For the purposes of this research, social enterprises were required to meet the following criteria:

- the business's main income is from selling products or providing paid services; and
- the business has a social mission or environmental mission and prioritises impact over profit; or jointly pursues financial and social/environmental benefit equally.

<sup>8</sup> Based on classification of creative enterprises from BEKRAF (Indonesia Agency for Creative Economy)

We were particularly interested in those enterprises which are both social and creative. We refer to these as creative social enterprises or CSEs (See Figure 2).

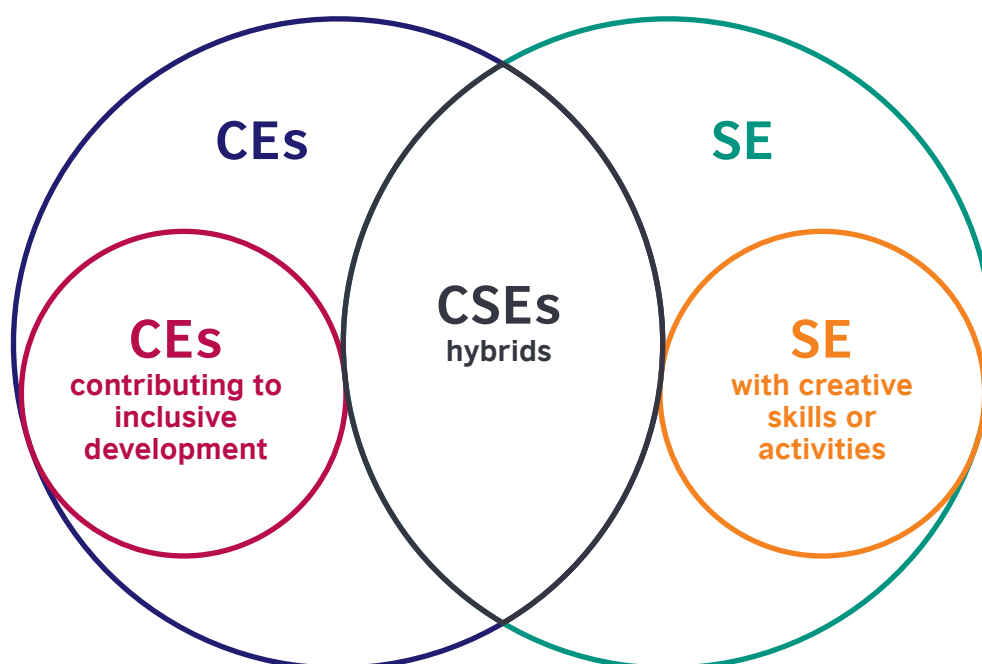


Figure 2: The categorisation of social and creative enterprises

#### CREATIVE AND DIGITAL ENTERPRISES

Many tech start-ups receiving investments in Indonesia can be understood as creative enterprises (CEs). Examples include businesses focused on writing, design, video, software, music, publishing, photography, performance art, games, research and development (R&D).

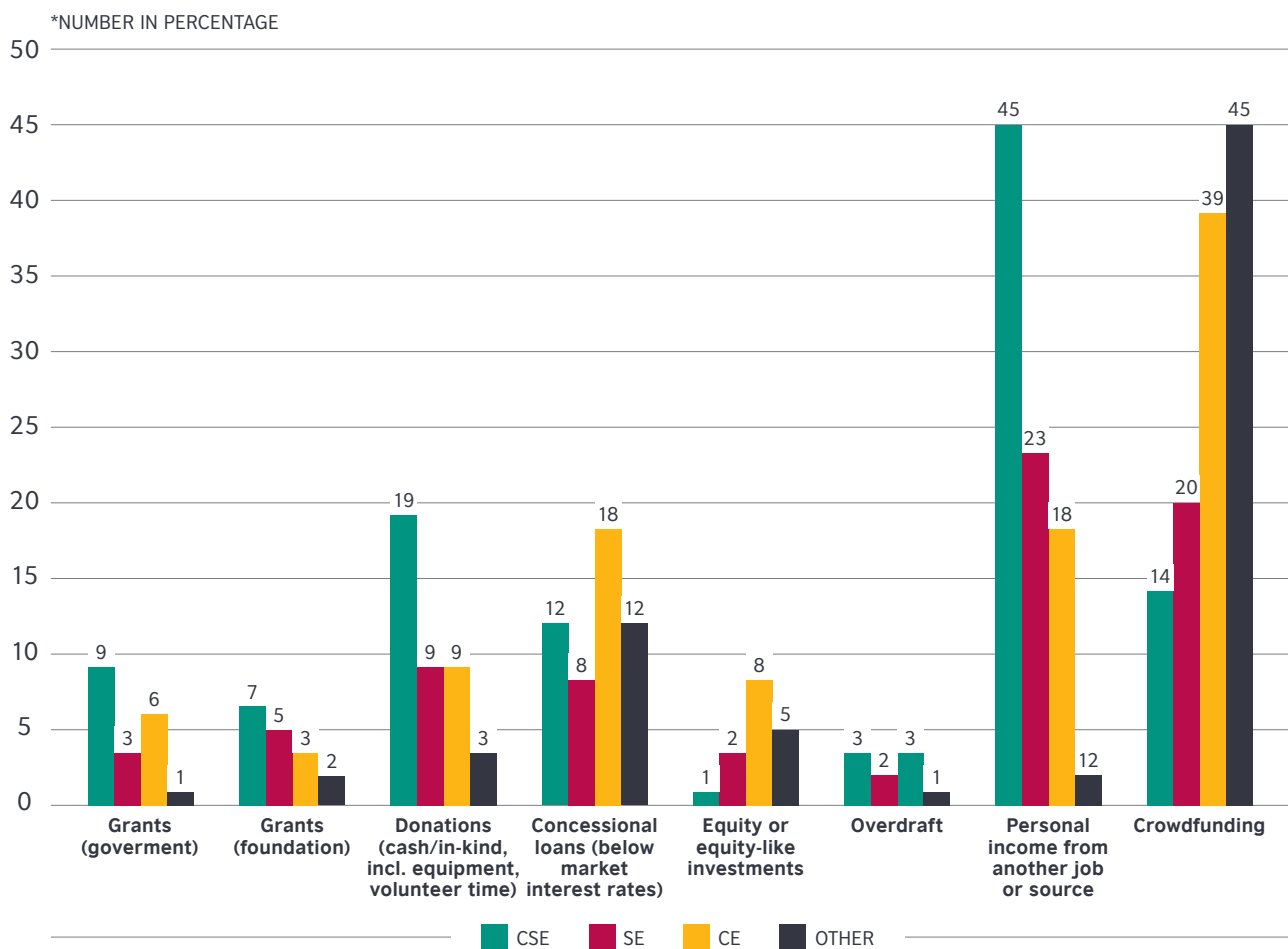
A UNCTAD report (2018)<sup>9</sup> describes how the creative and digital business sectors are increasingly intertwined – the ‘digital environment would be the fertile ground from which a more integrated, synchronised creative economy could operate’.

The creativity and innovation that can be seen in some of the recent large tech-based start-ups in Indonesia offers a good example of enterprises that may not be primarily concerned with creating social impact but which nevertheless offer important services to businesses and inspiration to entrepreneurs with a social focus. Herein lies the opportunity to pivot the creativity and innovation that exists within the tech start-up community in Indonesia and harness this for social impact.

<sup>9</sup> [https://unctad.org/en/PublicationsLibrary/ditcted2018d3\\_en.pdf](https://unctad.org/en/PublicationsLibrary/ditcted2018d3_en.pdf)

## 4.2 Sources of funding and finance

Our survey of creative and social enterprises presented alongside this report, Creative and social enterprise in Indonesia, identifies the sources of funding or finance that these enterprises receive. *The findings show that, in fact, most creative and social enterprises in Indonesia have not received any external finance.* The figures below show the most frequent sources of finance or funding received by creative enterprises (CEs), social enterprises (SEs), creative social enterprises (CSEs) and other enterprises more widely.



**Figure 3: Sources of external funding or finance for creative and social enterprises**  
 Source: This data is compiled from 1,388 enterprises that responded to the online survey (see companion report, Creative and Social Enterprise in Indonesia).

The findings are clear. As Figure 3 shows, **less than one percent of creative social enterprises (CSE) have accessed equity or equity-like investment.** Those accessing loans or overdrafts are also in low single figures, in percentage terms.





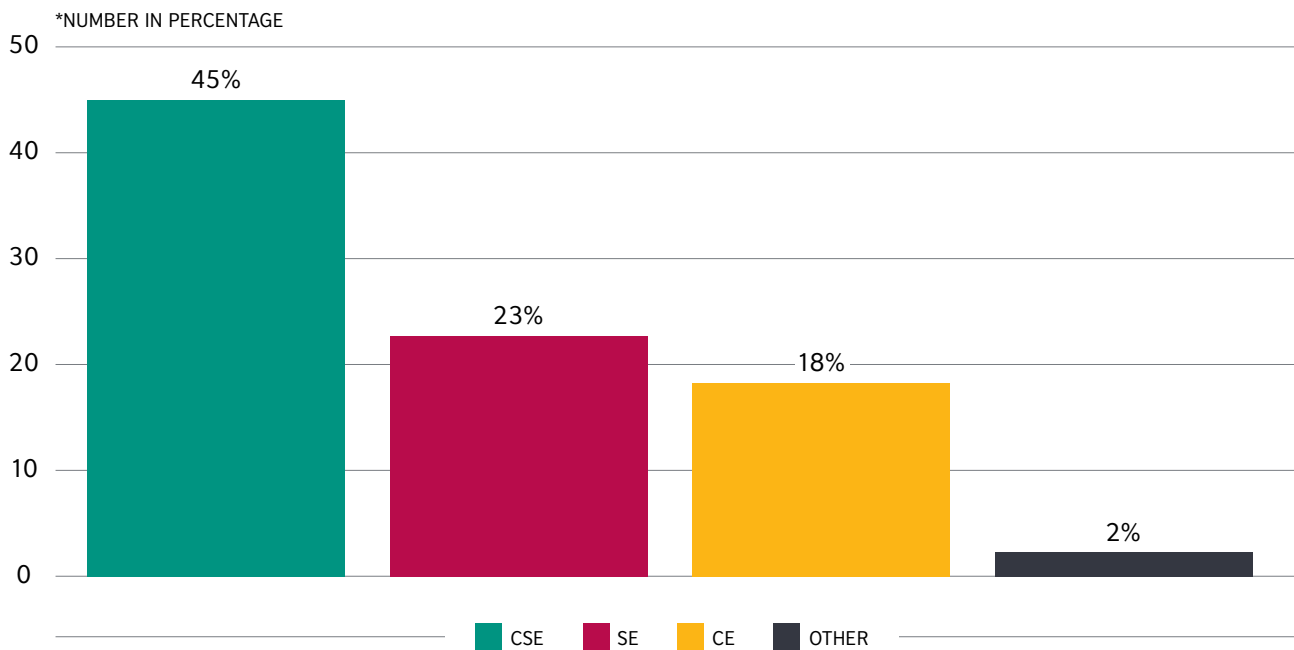


Figure 4: Proportion of enterprises that rely on their own self-funding

Many creative and social enterprises rely largely on funding from their own personal resources. Figure 4 shows that **45 percent of CSEs have used personal incomes to finance their enterprises.**

Yet some creative and social enterprises have received grants from government or other institutions or have received donation and crowdfunding. Creative enterprises are more likely to access crowdfunding than social enterprises. But still, **donations and crowdfunding are not a popular source for creative and social enterprises compared to SMEs more widely.**

In contrast, eco-tourism is one subsector that has received multiple sources of external funding or finance, including grants, donations and crowdfunding. This is particularly striking in the light of the recent creation of the Tourism and Creative Economy Ministry, which demonstrates the importance that the Indonesian government places on the relationship between the creative economy and tourism and the potential this offers for inclusive economic development.

Our data shows that **18 percent of creative enterprises have received concessional loans** (such as through the Kredit Usaha Rakyat (KUR) programme, a guaranteed microcredit facility, or SME loans) and eight percent have received crowdfunding. **18 percent used their own personal income from other sources.**

If the data is broken down into subsectors, most of the creative enterprises in our survey that received funding are enterprises in the tourism, fashion, culinary and craft subsectors (87 of 149 respondents). Creative enterprises in our survey in film, music and photography have not received any kind of funding and most rely on their own income<sup>10</sup>.

<sup>10</sup>Data from the survey of demand side. The respondents are 1,388 enterprises. There are 468 creative enterprises (CEs) and creative and social enterprises (CS) with 269 stated their business sub-sectors.

### 4.3 Access to funding and finance

Creative and social enterprises (CSEs) often report specific difficulties in accessing finance. Research<sup>11</sup> suggests that barriers can include limited access to investors, difficulties in meeting collateral requirements and providing guarantors, as well as other factors listed in the table below.

**Table 2: Factors affecting access to finance by creative and social enterprises in Indonesia**

| BARRIERS TO ACCESSING FINANCE (BY ORDER OF MOST FREQUENT) |   |
|---|---|
| 1   | Limited access to investors   |
| 2   | Finding guarantors/meeting collateral requirements                    |
| 3   | Business model not refined  |
| 4   | Limited track/performance record                                      |
| 5   | Regulatory constraints when securing international capital            |
| 6   | Terms and conditions too onerous or difficult to understand           |
| 7   | Demonstrating/achieving revenue/profit for equity investors and banks |

Yulius et al. (2015) have previously identified that social enterprises in Indonesia face several challenges in relation to funding and finance, including a perceived overdependence on charitable funding, difficulty in accessing seed funding, and limited business skills and technical capabilities to get enterprises beyond seed stage. Similar challenges were found by ANGIN, who found that social enterprises had limited access to capital that hinders them from creating greater significant social and environmental impact. They also identified issues with investment readiness among SEs.

Our survey reinforces these findings, showing that some enterprises which have tried to access finance were not successful, or were unable to identify suitable investors. Our interviews suggest that many, especially community-based enterprises (such as associations or co-operatives), prefer not to

seek finance from third parties due to their faith or religious beliefs around interest payments (or *riba*). Other creative and social enterprises want to keep their independence, believing that investors 'interfere too much' and can compromise the purpose and values of an enterprise.

There appears to be a significant mismatch between the demand and supply of finance in this area. This suggests that there is a need for better understanding of whether the current financial instruments on offer in the market are appropriate for social and creative enterprises as well as work to be done to support enterprises to be better equipped to understand their own investment needs and the implications of the finance they choose to take on. It also suggests a need for investors to better understand the needs and particularly growth expectations of social and creative enterprises.

<sup>11</sup> Data based on the report of demand side – See: Creative and Social Enterprise in Indonesia (2020)



## 5 The ecosystem of investment and support

The ANGIN report (2019)<sup>12</sup> on people and organisations that shape and invest in social enterprise in Indonesia provides significant data on initiatives, programmes, finance and funding available. ANGIN identifies 14 categories of individuals, institutions and organisations that can support social enterprises: impact investors, venture capitalists, start-up support organisations, entrepreneurs, creative and co-working spaces, events, Indonesian Government bodies, think tanks, research organisations, academia and universities, media, development organisations, country governments, private corporations and tech giants.

Of course, many of these actors investing or supporting businesses more widely and do not explicitly target social or creative enterprises. However, to understand access to finance for CSEs and to understand impact investment, it is important to consider the wider market of finance and support, as well as the more specialist institutions which we give special attention to in this report.

In this report we classify the actors in the ecosystem of investment in creative and social enterprises as follows:



### FINANCIALLY MOTIVATED INVESTORS

including private investors and venture capitalists



### INVESTORS WITH 'BLENDED' MOTIVATIONS

including social or impact investors



### GRANTMAKERS

(e.g. not looking for a financial return) including donors (bilateral and multilateral) and venture philanthropists



### GOVERNMENT

including policymakers and the development of an enabling environment



### START-UP SUPPORT

including incubators and accelerators



### NETWORKS

including ANDE, ANGIN, AVPN and GSG

We look at how some of the actors from these groups provide access to finance and the recipients of their support in the table below.

**Table 3: Classification of actors in the ecosystem and their roles**

| TYPE OF ORGANISATION:<br><b>FINANCIALLY MOTIVATED INVESTORS</b> |   |   |
|---|---|---|
| NAME OF ORGANISATION  | TYPE OF SUPPORT   | REMARKS   |
| Alpha JWC   | Round series funding<br>Pre series funding to growth stage enterprise | Providing pre-series A funding (2018) to TaniHub Group <sup>13</sup>  |
| Openspace Ventures (Singapore)                                  |   | Together with Alpha JWC, Convergence Ventures, Korea Investment Partners and MNC Media, leads series B+ and pre-series C funding to Sorabel in 2017, a fashion e-commerce <sup>14</sup> |

| TYPE OF ORGANISATION:<br><b>INVESTORS WITH BLENDED MOTIVATION</b> |  |   |
|---|--|---|
| NAME OF ORGANISATION  | TYPE OF SUPPORT  | REMARKS   |
| Aavishkar   | Early-stage funding to idea stage social enterprise                      | Aavishkaar Frontier Fund started investing in Indonesia in 2015. Aavishkaar is also one of the main partners in the Sankalp Forum, held in 2015, 2016, and 2017 in Jakarta. It has invested in four start-ups, including Fabelio, a furniture omnichannel retailer, Qlapa, a handmade product marketplace, North Atlantic/Bali Seafood, and Sei Balai Green Energy, a tapioca starch manufacturers sourcing cassava from thousands of farmers <sup>15</sup> |
| Impact Investment Exchange (IIX)                                  | Round-series funding for post-revenue and growth stage social enterprise | Together with IIX provides Series A for Krakakoa (a social enterprise for cocoa products), and impact assessment <sup>16</sup>  |
| Mana Impact Partner   |  |   |
| Kinara Indonesia  | Round series funding for post-revenue social enterprise                  | Together with VenTek Ventures, Convergence Ventures, Grupara and Balancop Investment, Kinara provides Series A funding (2016) to Seekmi (an online service marketplace) <sup>17</sup>   |

<sup>13</sup> <https://www.dealstreetasia.com/stories/tanihub-openspace-intudo-182493/>

<sup>14</sup> <https://openspace.vc/2019/08/29/indonesias-sorabel-confirms-pre-series-c-investment-from-koreas-ncore-ventures/>

<sup>15</sup> Based on interview with Adi Sudewa, Aavishkaar Indonesia Senior Investment Manager

<sup>16</sup> <https://www.techinasia.com/indonesian-choco-maker-krakakoa-raises-funds-iix>



## TYPE OF ORGANISATION:

**INVESTORS WITH BLENDED MOTIVATION**

| NAME OF ORGANISATION   | TYPE OF SUPPORT  | REMARKS  |
|--|--|--|
| Patamar Capital (Singapore)  | Seed funding for prototype stage social enterprise and Funding post-revenue and growth stage social enterprise | Provided Series C funding for Kinara Indonesia (an early stage impact investor) (2017) and seed funding for SayurBox (organic fruit and vegetable delivery start-up) under Investing in Women Fund (2018) <sup>19</sup>  |
| Northstar Foundation (Singapore)                                   | Early-stage funding for post-revenue social enterprise   | Provided pre-seed funding to Du-anyam (a social enterprise focusing on wicker crafting products from talented women in Flores, East Nusa Tenggara) in 2018 <sup>20</sup> and to Jati Lintang (a sustainable teak plantation in Central Java) and Electric Vine Industries (a sustainable energy enterprise)      |
| Northstar Foundation (Singapore)<br>Openspace Ventures (Singapore) | Grants at different stages   | Northstar Foundation contributes to social enterprises, including the Peace Generation Foundation, Red Nose Foundation, Yayasan Karya Salemba Empat, Yayasan Mata Air, and Yayasan Cinta Anak Bangsa <sup>21</sup>   |
|  | Round series funding to post-revenue social enterprise   | In 2019, Openspace led Series A funding for an agri-tech start-up, TaniHub Group, and continued to fund the start-up in Series A+ together with Intudo Ventures (UOB Venture Management, Vertex Ventures, BRI Ventures, Tenaya Capital and Golden Gate Ventures also participated in this funding) <sup>22</sup> |
| YCAB Ventures  | Early stage funding for mature non-profits or idea stage or prototype stage social enterprises                 | YCAB has two legal entities, a foundation and a venture capital fund. YCAB Ventures focuses on investment in enterprises that have an education mission <sup>23</sup>  |

<sup>17</sup> <https://jakartaglobe.id/business/seekmi-seeks-expand-business-securing-multi-million-dollar-investment/>

<sup>18</sup> <https://economictimes.indiatimes.com/small-biz/sme-sector/kinara-capital-raises-14-5-million-in-series-c-funding/article-show/61528719.cms?from=mdr>

<sup>19</sup> <https://dailysocial.id/post/sayurbox-obtains-seed-funding-from-patamar-capital>

<sup>20</sup> <https://www.Crunchbase.com/organization/du-anyam-weaving-goods#section-investors>

<sup>21</sup> <https://www.nsgroup.com/>

<sup>22</sup> <https://www.dealstreetasia.com/stories/tanihub-openspace-intudo-182493/>

<sup>23</sup> Based on interview with Veronica Colondam, 23 April 2020

## TYPE OF ORGANISATION:

**GRANTMAKERS**

| NAME OF ORGANISATION | TYPE OF SUPPORT   | REMARKS  |
|----------------------|---|--|
| Astra International  | Grants to early stage non-profits                                 | Astra Start-up Challenge (2019) <sup>24</sup> . The grant (IDR 95 million) is given to promising ideas and the grantees also receive a mentoring and incubation programme  |
|                      | Grants to growing and mature non-profits, specifically to BUMDes  | Kampung Berseri Astra – Desa Sejahtera (2019) <sup>25</sup> CSR grants are given to village-owned enterprises (BUMDes) and training is provided in collaboration with universities or start-ups.   |
| British Council      | Grants and non-financial support                                  | Since 2009, support social enterprises by providing capacity building through various programmes such as Active Citizens Programmes. In 2018, the British Council launched DICE (Developing Inclusive and Creative Economies) programme to use an ‘ecosystem’ approach to nurture economic inclusion <sup>26</sup> . |
| DBS Bank             | Grants to idea stage or prototype stage social enterprises        | DBS-NUS Social Venture Challenge (2018) <sup>27</sup> . A grant is given to winners who also receive network access to further funding. Of the SGD100,000 available, SGD50,000 is given to the top prize winner.   |
| Diageo               | Grants to mature non-profits and idea stage social enterprises    | Supports Community Entrepreneurship Challenge Programme for British Council and and eco-tourism <sup>28</sup>  |
| Ford Foundation      | Grants to mature non-profits and idea stage social enterprises    | Five-year grant programme for leading and strategic organisations that promote social justice, reduce inequality, conserve natural resources and combat climate change <sup>29</sup>   |
| Telkom               | Grants and non-financial support for idea stage social enterprise | NextDev (2019) <sup>30</sup> runs an incubation programme and gives seed funding to the best start-up  |
| Water.org            | Loans to mature non-profits                                       | Water.org provides loans to PDAM Tirta partners in Indonesia, credit co-operatives, Baitul Maal wa Tamwil (shariah micro-finance), local banks and shariah banks to provide loans for households to access to safe water and sanitation <sup>31</sup>  |

<sup>24</sup> <https://www.satu-indonesia.com/AstraUntukIndonesiaKreatif/about>

<sup>25</sup> <https://indonesiancraft.co.id/main-craft/kampung-berseri-astra-untuk-kesejahteraan-masyarakat/>

<sup>26</sup> <https://www.britishcouncil.org/programmes/dice>

<sup>27</sup> <https://www.dbs.com/iwov-resources/images/sustainability/img/dbs-sustainability-report-2018.pdf>

<sup>28</sup> Based on interview with Dendy Borman, 16 September 2019

<sup>29</sup> Based on interview with Alexander Irwan, 24 April 2020

<sup>30</sup> <https://thenextdev.id/on-the-mission/>

<sup>31</sup> Based on interview with Aldi Surianingrat, 7 February 2020



## TYPE OF ORGANISATION:

**GOVERNMENT**

| NAME OF ORGANISATION   | TYPE OF SUPPORT  | REMARKS  |
|--|--|--|
| Bappenas (Ministry of National Development and Planning Agency)                          | Policy framework   | Bappenas has piloted a blended finance scheme involving banking institutions, government and zakat funding (managed by BAZNAS) for micro hydro power plant managed by community <sup>32</sup>  |
| Badan Pariwisata dan Ekonomi Kreatif (Baparekraf) (was Bekraf - Creative Economy Agency) | Grants and assisting access to funding to early stage non-profits and creative enterprises | Under the previous government structure, Bekraf created programmes for creative enterprises to have greater access to non-bank funding, by Baparekraf <sup>33</sup>  |
| Government of Australia  | Assisting access to funding for mature non-profits and general tech-enabling enterprises   | Australia Awards Short Term Programme has several start-up programmes that aim to develop new skills and increase networks and potential through tailored short courses, especially for international business readiness, including tech start-ups in agriculture, health, financial, education, business service and fashion. |
|  | Assisting access to funding for mature non-profits and idea stage social enterprises       | Investing in Women is a five-year programme to catalyse inclusive economic growth through women's economic empowerment in South-east Asia, including impact investment for women-led enterprise and collaborating with impact investors to get funding, including SayurBox <sup>34</sup>                                       |
| Government of the United Kingdom   | Assisting access to funding to idea stage and prototype stage social enterprises           | UK – Indonesia Tech Hub is a new initiative from the British Government to upgrade the Digital Ecosystem through developing individuals' skills and ability through talks, workshops and other support. (2019) <sup>35</sup>   |

<sup>32</sup> Based on interview with Director of Industry, Tourism and Creative Economy, Ministry of National Development and Planning/Bappenas

<sup>33</sup> <https://www.bekraf.go.id/berita/page/10/bekraf-tingkatkan-kesiapan-startup-akses-pembiayaan-non-perbankan>

<sup>34</sup> <https://vietnam.embassy.gov.au/files/hnoi/Investing%20in%20women%20initiative%20LR.pdf>

<sup>35</sup> <https://www.medcom.id/teknologi/news-teknologi/ObzMX5IN-kedutaan-inggris-gelar-uk-indonesia-tech-hub>

TYPE OF ORGANISATION:  
**START-UP SUPPORT**

| NAME OF ORGANISATION                          | TYPE OF SUPPORT   | REMARKS   |
|---|---|---|
| Block71<br>(Innovation Factory)               | Assisting access<br>funding to idea stage<br>social enterprises and<br>creative enterprises | As a tech-start-up incubator and with co-working spaces in three cities, it has hosted and supported many enterprises, including social enterprises, such as 8Villages and e-Fishery. It has provided access to funding through its investment partners <sup>36</sup>   |
| Instellar                                     |   | As a purpose driven company, Instellar sees itself as a catalyst, connector, and connector platform to develop an ecosystem for mission-driven businesses and social enterprises. It has support more than 100 social enterprises by working with corporate, international development agencies, civil society organisations, and government agencies <sup>37</sup> |
| Social Innovation Acceleration Program (SIAP) |   | Provides an incubator and accelerator programme for social enterprises to upgrade business skills. There are at least 13 alumni of this incubator that have started creative or social enterprises <sup>38</sup> . SIAP has been supported by the Australia Awards Programme and the British Council DICE programme   |

<sup>36</sup> <https://innofactory.co/about.html>

<sup>37</sup> <https://instellar.id/about/> and based on the interview Romy Cahyadi (2 October 2019)

<sup>38</sup> <https://socialinnovation.id/alumni/>





## TYPE OF ORGANISATION:

**NETWORKS**

| NAME OF ORGANISATION                              | TYPE OF SUPPORT                 | REMARKS   |
|---|---------------------------------|---|
| Aspen Network of Development Entrepreneurs (ANDE) | <b>Networks and think tanks</b> | <b>A global network of organisations that promotes impact investment and social entrepreneurship in emerging markets<sup>39</sup></b>   |
| ANGIN   |                                 | <b>Starting as an investment network, ANGIN has grown to become more than the largest investment network in Indonesia. Its activities are conducted through its two arms, ANGIN Investment, which bridges entrepreneurs and investors in raising early-stage investment, and ANGIN Impact, which provides a range of advisory services to help institutional clients delivering their impact in the entrepreneurship<sup>40</sup></b> |
| Asian Venture Philanthropy Network (AVPN)         |                                 | <b>An ecosystem builder that increases the flow of capital into the social sector, by creating a social investment ecosystem including philanthropy, venture philanthropy, impact investment and socially responsible investment<sup>41</sup></b>   |
| Global Impact Investing Network (GIIN)            |                                 | <b>A global network that aims to increase the scale and effectiveness of impact investing through education, research, activities and the creation of necessary infrastructure<sup>42</sup></b>   |

Some other institutions and actors may not fit neatly into our categories above, including some crowdfunding intermediaries and financial technology companies focusing on low- or marginal-income community or non-investment ready organisations.

**In this research, we also identified:**

- three financial technology companies – **Amartha, Asetku** and **Crowde**
- two foundations that provide financial and non-financial support – **Alumnia Sinergi Adikarsa** and **Flipmas**
- the co-operative – **Koperasi Pancur Kasih** and the faith-based civil society organisation – **Dompot Dhuafa**.

<sup>39</sup> <https://www.angin.id/2019/09/19/66-people-and-organizations-moving-social-entrepreneurship-and-impact-investment-in-indonesia-2nd-edition>

<sup>40</sup> <https://www.angin.id/about-angin>

<sup>41</sup> <https://avpn.asia/coc/#coc-foundations>

<sup>42</sup> <https://thegiin.org/about/>

## 6 Investors and supporters

In this section, we explore each of the categories of actors in the ecosystem of investment in creative and social enterprises in greater detail.

### 6.1 Financially motivated investors

According to Crunchbase data, there are 261 investors in Indonesia which provide funds to Indonesian enterprises. Indonesian start-ups have received funding across all stages, including seed funding, pre-series, and Round A to G series. Of 43 funding rounds in Figure 5, the highest total quantity of funding is Series A funding while the highest by number is seed funding (other).

The data suggests that there has been a significant increase in investment in start-ups in Indonesia over the last five years. Most of the enterprises listed in Crunchbase are focused on technology and consequently, the investors in this dataset are also those particularly focused on technology.

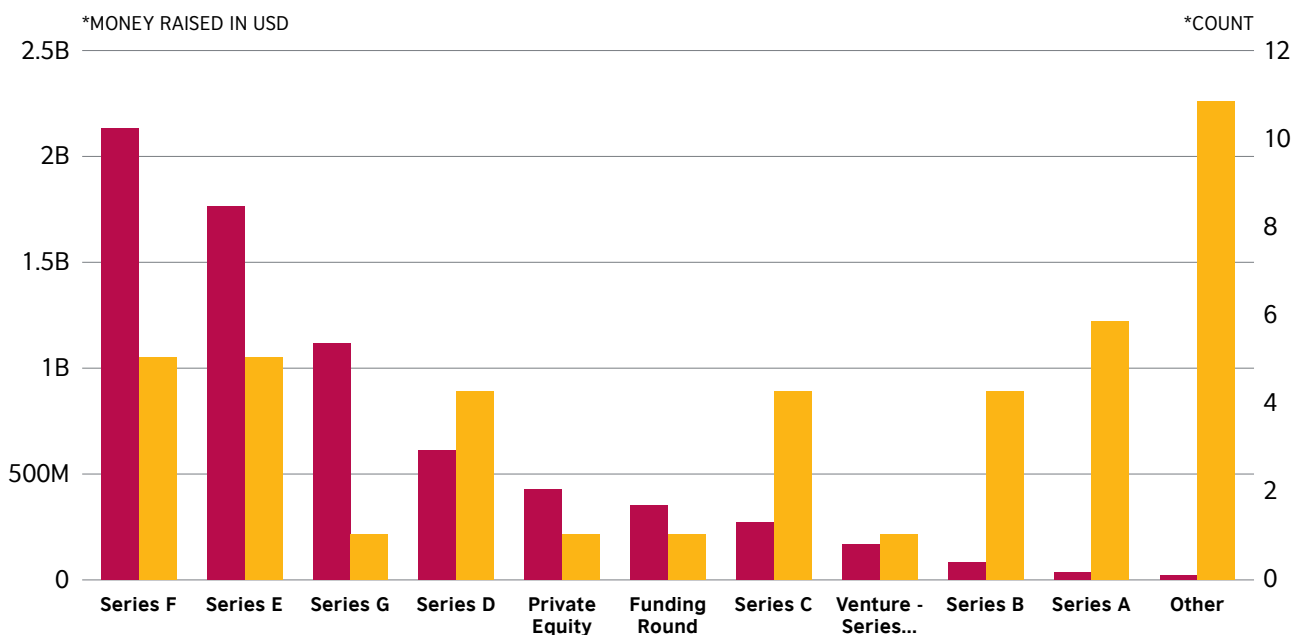
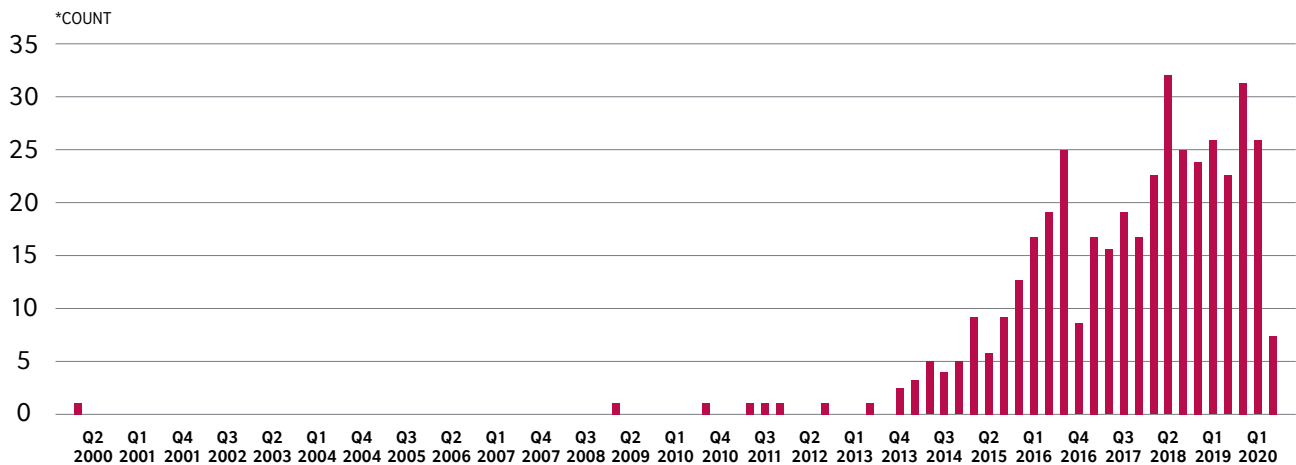


Figure 5: Funding type by total and by number

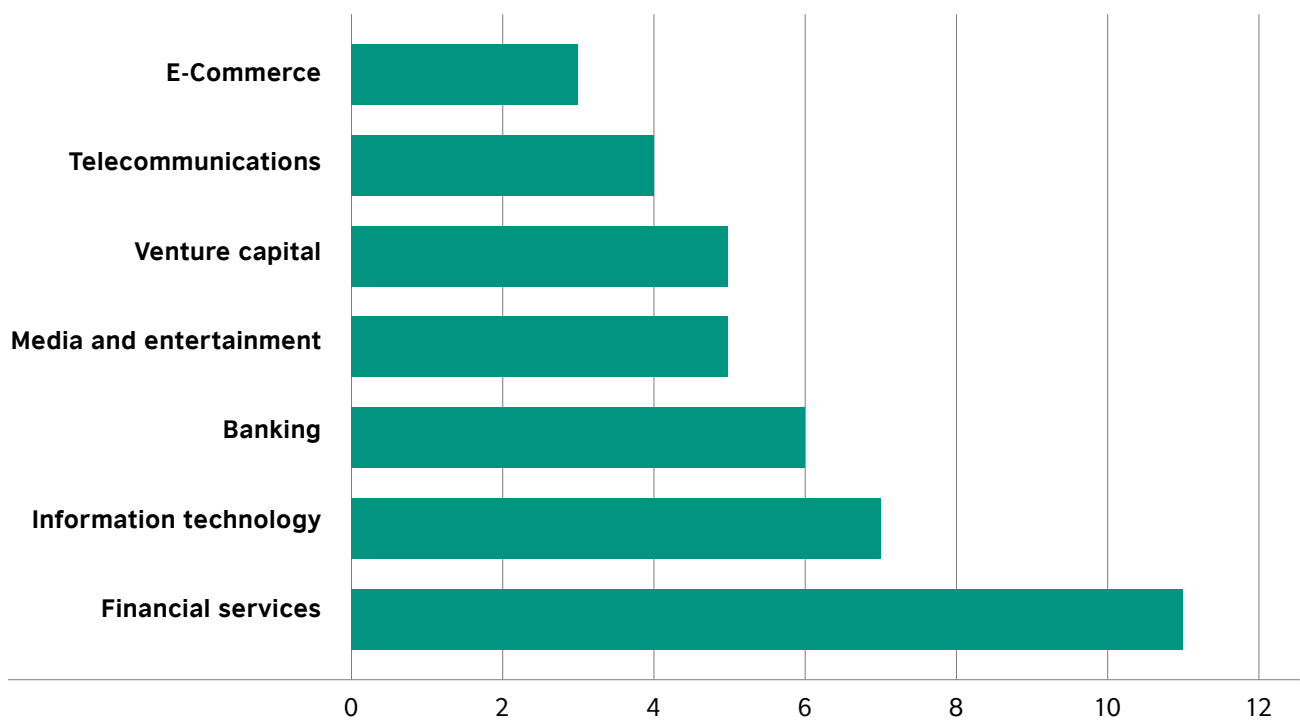
Source: Data from Crunchbase (<https://www.Crunchbase.com/hub/jakarta-investors>) accessed on 31 January 2020 (data from 2016-2019)



**Figure 6: Investments made over time**

Source: Data from Crunchbase (<https://www.Crunchbase.com/hub/jakarta-investors>) accessed on 31 January

Although these investors finance many enterprises, the data suggests that these investors most frequently provide finance to the financial services and technology sectors. Figure 7 shows investors that are founded in Indonesia and with their headquarters is in Indonesia, and the categories of their main business. There are 41 investors in total.



**Figure 7: Type of companies from investors to technology-enabling enterprises**

Source: Data from Crunchbase (<https://www.Crunchbase.com/hub/jakarta-investors>) accessed on 31 January based on companies registered and investing between 2016-2019 that are headquartered in Indonesia



Among digital start-ups, companies that have received finance are now starting to provide finance to other (start-up) companies. Gojek, Traveloka, Tokopedia, and Modalku are four technology companies that have received investment rounds and have now become investors in other start-ups.

Although technology businesses may be considered creative enterprises (see above) the data does not suggest that these investors are investing significantly in a broad range of creative and social enterprises in Indonesia.

The six **most notable venture capital investors** in **Indonesia** are **Convergence Ventures**, **Alpha JWC Ventures**, **MDI Ventures** (Metra Digital Innovation), **SMDV** (Sinarmas Digital Ventures), **Prasetia Dwidharma** and **EverHaus**.

These venture capitalists are sector-agnostic and invest in a range of promising enterprises.

**Convergence Venture** for instance, was founded in 2014. It is an early stage technology venture fund focused on investing in Indonesia. Most of its funding is seed funding (37.5 per cent) followed by Series A funding (35.4 per cent), as well as investment through convertible notes. In **2019**, **Convergence Venture invested** in a Series B round in **Koinworks** with Quona Capital as the lead investor. Koinworks is a peer-to-peer lending online investment platform, connecting investors with borrowers with an advanced technology platform.

**Alpha JWC** is an Indonesia-focused venture capital firm with expertise in FinTech and the consumer technology sector. Alpha JWC has become a lead investor for 13 investment rounds in Indonesia, including **the lead investor** for **TaniHub**, a social enterprise and digital agriculture marketplace solving key problems for farmers as well as retailers, food serving business, and traditional traders.

**Prasetia Dwidharma** a telecommunications infrastructure contractor founded in 2008. The company started to invest in technology start-ups in 2013. Prasetia Dwidharma has **made 26 investments** and **led six**, with most of them technology start-ups operating in B2B, such as **Redkendi** (a B2B catering service provider) in 2019, and **Nodeflux**, a start-up technology company, creating a distributed computation platform in 2017.



**EverHaus** is a data-driven venture capital fund focused on technology companies in Indonesia, and an investor at pre-seed and pre-series A investment stages.

**Investing in 17 companies** starting from 2017, EverHaus is one of the most active seed investors in Indonesia. It has led seed investment in six technology start-up companies, such as **EdenFarm**, an Indonesian agriculture supply chain company,

**Outpost** – a network coworking, co-living and social space in Indonesia and Cambodia.

## Banking institutions

Banking institutions are also amongst the financially motivated investors in the data. Traditional banking institutions offer a range of lending schemes to different enterprises, ranging from micro- and small-scale enterprises to large enterprises. KUR provides concessional loans that impose a lighter burden on the investees in terms of repayments. KUR has been mainly accessed by traders and retailers with relatively stable monthly revenues that allow them to make regular repayments<sup>43</sup>. A survey by Statistics Indonesia on the creative economy in 2016 showed that less than eight per cent of creative enterprises access external funding and only 24 per cent have received loans from banking institutions<sup>44</sup>. Many CSEs face challenges in obtaining loans from traditional banks due to their lack of adequate assets and/or credit records.

To widen the breadth of their services, some large banking institutions have established subsidiary companies. Some have also developed venture capital arms to facilitate their investment activity.

Mandiri Capital Indonesia (MCI), for instance, is the corporate venture capital arm of Bank Mandiri and the largest integrated financial services group in Indonesia. Crunchbase data shows that MCI is a strategic and agile investor within the financial services industry in Indonesia. Part of its work is to facilitate partnerships between start-ups and a network of over 20 subsidiaries and business units in the Bank Mandiri Group.

Central Capital Ventura is an early stage corporate venture capital investor with the backing of Bank Central Asia, one of the largest banks in Indonesia. It works alongside entrepreneurs that specialise in financial services. It seeks to leverage synergies and entrepreneurial innovation to support the growth of business in Indonesia. It was founded in 2018 and has led one pre-seed funding round for Qoala, a micro insurance start-up in 2019 and some co-investments. CCV has recently co-funding Akseleran, a peer-to-peer lending platform together with Beenext and Access Venture.

<sup>43</sup> Data from [https://kur.ekon.go.id/realisasi\\_kur/2019/5](https://kur.ekon.go.id/realisasi_kur/2019/5) shows that up to May 2019, 56% of KUR recipients are trading sector businesses and 25% in agriculture and fisheries sectors. There is no data related to creative economies.

<sup>44</sup> Data from Bekraf and BPS (2017) Data Statistika dan Hasil Survei Ekonomi Creative, based on special survey for creative economy in 2016.

## SMDV AND ARUNA

SMDV, Sinarmas Digital Ventures, is a tech-focused venture capital investor that partners with entrepreneurs building technology companies. It provides venture investments, strategic networks, and mentorship. SMDV has led seven investments in Indonesia and Thailand. Two investments of seed funding went to two social enterprises: Aruna and Warung Pintar.

Aruna is an integrated digital solution for the fishery industry through its application which enables integrated fishery management, fishery data intelligence, and fishery online trading. Warung Pintar is a micro retail technology company with a mission to enable digitalisation for the grassroots population. Through data processing and analysis, Warung Pintar gathers data for the underserved bottom of the pyramid which forms the bulk of the population in Indonesia, opening new windows of opportunity for financial inclusion, social security, behaviour analysis, community engagement and impact monitoring.

SMDV has led series A funding rounds for three Indonesian start-ups: Yummy Corp, StickEarn and Orami and one for Omise, a Thai based start-up.

These VCs frequently look to invest in technology start-ups with ambitious growth projections. They invest in different emerging sectors in Indonesia, including financial technology, technology-based agriculture and logistics-related businesses. But the investment provided by VCs to Warung Pintar and Aruna show that this investment is sometimes also focused on addressing social problems.

### 6.2 Investors with blended motivation

It is clear that while private investors, venture capitalists and banks can invest in creative and social enterprises and sometimes do so, this activity appears relatively small scale, unmapped and stops short of serving the potential demand for finance from these enterprises. This is where investors with a blended financial and social motivation - impact investors or social investors - may have something to offer.

The Global Impact Investment Network reported that private impact investors (PIIs) deployed US\$ 148 million in Indonesia between 2007 and 2017 (Mudaliar, Bass, Dithrich, & Lawrence, 2018). Meanwhile, saving and lending co-operatives have dominated grassroots financing for decades in Indonesia.

While there are still only a handful of impact investors in Indonesia, their focus is currently on investing in enterprises that have a social impact and none of them specifically targets those in the creative sector yet. Some impact investors active in Indonesia are predominantly based outside Indonesia, such as Patamar Capital, Aavishkaar, and Garden Impact Investment.

Patamar Capital is a venture capital firm investing in early stage businesses serving the 'mass market' in South and Southeast Asia. Based in Singapore, Patamar Capital makes equity investments in early-stage (Series A) businesses and



selective growth-stage (series B) investment with assets of over \$1 million. Patamar Capital also reports the social impact of its investments, including the number of low-income individuals impacted and the economic value realised by these individuals (e.g. increase in income, increase in savings).

Table 4 below indicates the investment aims and reasons as well as types of funding provided by three impact investors active in Indonesia, namely Garden Impact Investments, Patamar Capital, and Aavishkaar.

**Table 4: Impact investors and their aims**  
**Source: Data from online survey (See Appendix 2 for the questionnaires) and interviews**

| INVESTOR NAME            | AIM AND REASON FOR INVESTMENT   | TYPES OF FUND             | HOW TO REACH THE INVESTEES                       |
|--------------------------|---|---------------------------|--|
| Aavishkaar               | An Indian impact investor which started investing in Indonesia in 2016, Aavishkaar focuses on the bottom-of-pyramid (BoP) and aims to reduce poverty by funding enterprises that have social impact to grow and have bigger impact, and maintain their engagement with the community.   | Equity investment         | Goes to the field to reach promising enterprises |
| Garden Impact Investment | Established in 2013, Garden Impact Investment t focuses on making investments in commercially sustainable, scalable businesses that impact communities mired in poverty, albeit motivated by financial return. Key sectors include agriculture, clean energy and environment, consumer services & products, education technology, healthcare, water and sanitation. | Equity investment or debt | Invites inquiries                                |
| Patamar Capital          | Patamar seeks opportunities to invest in enterprises that have social impact by focusing on financial technology or lending services and technology-enabling enterprises for small and medium-sized enterprises (SMEs).   | Equity investment         | Invites inquiries                                |



## KINARA: INVESTMENT AND COLLABORATION

Kinara Indonesia initiated its Impact Accelerator Programme (IAP) in 2016. This is a start-up accelerator targeting early-stage social enterprises in Indonesia. The first cohort of businesses was identified with the support of the Department of Foreign Affairs and Trade (DFAT) of Australia. The IAP was held by Kinara Indonesia in collaboration with KOMPAK, an Australia-Indonesia government partnership working to reduce poverty in Indonesia. Based on peer-to-peer assessment, PT. Pandawa Agri Indonesia and Sirtanio Organik Indonesia (both social enterprises focusing on sustainable agricultural businesses with creative activities) received grants for initiating their businesses.

The second round of the Impact Accelerator Programme was dedicated to women-led businesses with a focus on food security. The programme is supported through Investing in Women, an initiative of the Australian government. The third round was conducted in 2018, with the same collaborators, but this time with a focus on fashion.

Founded in 2011, Kinara is an early-stage impact investor focused on providing financial access and scaling-up support to impact businesses in Indonesia. Kinara aims to build a pipeline for investors and investees and focuses on impact investing in Indonesian early-stage impact businesses through business acceleration and venture financing programmes. Kinara has also collaborated with other incubators and accelerators, including SIAP and PLUS.

PT Principal Asset Management (Principal Indonesia), is a joint venture between a US-based and an Asia-based financial institution. It is currently the only asset management company that has constructed a social impact bond in Indonesia<sup>45</sup>. Principal launched the Principal Philanthropy Social Impact Bond Fund in July 2019 that aims to generate competitive financial returns for foundations that pursue social and environmental causes aligned with the United Nations' SDGs. This initiative is part of Principal's intention to deepen its commitment in Indonesia in helping people achieve their best lives<sup>46</sup>.

This is a fixed income fund that allows donations of investment returns to be

distributed to multiple beneficiaries. The fund is run by the Principal investment team in Indonesia, which employs an investment approach that aims for positive financial returns and allows investors to donate their investment returns to social foundations of their choice through a tiered endowment scheme. Silver-tier investors can donate 100 per cent of their investment returns and management fee-sharing while gold-tier investors can donate 100 per cent of their capital, 100 per cent of their investment returns, as well as management fee-sharing. Principal partners with Standard Chartered Bank in Jakarta to act as the custodian bank in distributing donations to the respective beneficiaries<sup>47</sup>.

<sup>45</sup> Based on the interview and <https://www.principal.co.id/en/about-us>

<sup>46</sup> Summarised from [https://www.principal.co.id/sites/default/files/fund-documents/Indonesia%20Site/Brochure%20Philanthropy%20Social%20Impact%20Bond%20Fund\\_Revenue%20Tower\\_pages.pdf](https://www.principal.co.id/sites/default/files/fund-documents/Indonesia%20Site/Brochure%20Philanthropy%20Social%20Impact%20Bond%20Fund_Revenue%20Tower_pages.pdf)

<sup>47</sup> Summarised from [https://www.principal.co.id/sites/default/files/fund-documents/Indonesia%20Site/Brochure%20Philanthropy%20Social%20Impact%20Bond%20Fund\\_Revenue%20Tower\\_pages.pdf](https://www.principal.co.id/sites/default/files/fund-documents/Indonesia%20Site/Brochure%20Philanthropy%20Social%20Impact%20Bond%20Fund_Revenue%20Tower_pages.pdf)





### 6.3 Grantmakers – donors and venture philanthropists

Philanthropists and civil society organisations provide support and funding mainly because they have social missions or have the intention to give back to society. Types of funding provided include grants and loans at concessional rates.

In Indonesia, there are family or corporate foundations providing grants directly or via civil society organisations. Also, many large private corporations provide grants for social impact using their CSR budget allocation.

**Water.org** is an international non-profit organisation that received funding from family foundations and high net worth individuals (HNWIs) and is active in Indonesia. It uses the money to **provide loans to community-based organisations, microfinance organisations or banks to give loans for the household to access to safe water and sanitation**. The repayment of the loans is used by water.org to provide other cycles of loans and to manage their operational costs.

**Astra International** an Indonesian conglomerate, has established foundations to support different social missions. The corporation itself has also allocated CSR funding towards grants for social enterprises and civil society organisations that assist the community in developing their local economy. One current programme is **Kampung Berseri Astra that aims to strengthen village-owned enterprises or Badan Usaha Milik Desa (BUMDes) to generate more income and provide employment for the villagers**.

**Telkom Indonesia** allocates its CSR towards grants for new start-ups to assist them in running their early-stage digital businesses based on the idea or innovation they have introduced through the NextDev initiative.



## DIAGEO-BRITISH COUNCIL CSR PARTNERSHIP

In 2009, Diageo and the British Council, through the Arthur Guinness Fund, launched the first Community Entrepreneurs Challenge (CEC), an annual competition celebrating social innovation through community enterprises. The competition is designed to identify and support community-based social enterprises that can inspire a generation of potential change-makers.

These social enterprises are businesses with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or the community. Within the four years of its implementation, CEC has provided capacity building and skills improvement with an emphasis on women's empowerment to representatives of many communities and identified best practices of community enterprises from around Indonesia.

Diageo-British Council selects participants for a workshop based on identified selection criteria. The selection criteria are different for start-ups and semi-established enterprises. Established enterprises are not allowed to apply.

Currently, Diageo focuses more on the creative economy and community-based initiatives. Working with British Council, PT Laggeng Kreasi Jayaprima/Diageo and Yayasan Wisnu, started an eco-tourism village programme in Desa Nyambu in 2016. Desa Wisata Ekologis (DWE) Nyambu supports community members to protect their land and the local environment. DWE Nyambu also enables them to preserve and maintain local traditions, through tourism products including rice field, cultural, and cycling tours, culinary and painting classes and homestays. Community members are given support in how to manage their own tourism businesses and tackle increasing urbanisation. Training in capacity development, English for tourism, and financial literacy have been delivered to around 270 community members. Community members benefit from additional income while preserving their culture and natural resources. Nyambu Village is now a key resource for many communities across Indonesia who are looking to start their own community-based tourism projects.

(based on interview with Dendy Borman, Director Corporate Relations Diageo Indonesia, 16 September 2019 and British Council Indonesia website)

## 6.4 Government

Between 2015 and 2019, the Indonesian government body with responsibility for the creative economy was the Creative Economy Agency, or Bekraf. In that time, Bekraf helped creative industry start-ups to increase their access to finance through an incentive assistance programme (grants) which supported 62 grant recipients<sup>48</sup>.

In November 2019, Bekraf was merged with the Ministry of Tourism and Creative Economy (MoTCE or Kementerian Pariwisata dan Ekonomi Kreatif/Badan Pariwisata dan Ekonomi Kreatif). Bekraf – and now Baperekraf - has an array of programs aimed at capacity building, training and development and now has a particular focus on incubators.

<sup>48</sup> Based on interview with Fadjat Hutomo, Deputy Bidang Industri dan Investasi, Kemenparekraf/Baparekraf, 23 April 2020



In 2019, Bekraf introduced Go Startup, a platform for startups to meet potential investors<sup>49</sup>.

Other government agencies that play a role within the ecosystem of investment in creative and social enterprise include:

- Bappenas has a role in national development planning. Bappenas has started to explore blended financing, involving different sources of funding both from public and private sectors.
- The Ministry of Finance is responsible for budgetary allocations and has developed different financial schemes, such as endowments, for education, culture, research and development.
- OJK is the authority for supervising the financial sector in Indonesia and also focuses on financial inclusion. In recent years, OJK has actively been involved in increasing financial literacy in digital financial services, in collaboration with financial technology companies.
- The Central Bank of Indonesia, BI, has various programmes of support for the creative and digital economy directly through a mentorship programme, grants and its monetary policy.

OJK and the Ministry of Tourism and Creative Economy have been collaborating in developing an IP based financial scheme for the creative economy.

## 6.5 Start-up support

The roles of intermediaries in Indonesia has grown rapidly in recent years, including support for early-stage social enterprises and others. Qontak, for example, is a database company focused on supporting new ventures.

Along with networking support from ANGIN (see below), the start-up received funding from Azure Ventures, Amand Ventures, SeaCap Venture, and Dwitama.

Other intermediaries offer physical workspaces. Such hubs can provide spaces for young, creative people to get together to share, learn and grow their social ventures. Getting together not only addresses the isolation that many creative workers may feel but can also be useful for sharing possible solutions to day-to-day business problems. **Rumah Sanur**, for instance, was set up to support creative entrepreneurs who above all needed a workspace, internet access and audio-visual equipment.

These hubs often arise organically and can then become drivers of the local economy. Hubs can be catalysts for creative entrepreneurs and may also have a public-facing space allowing creative entrepreneurs to display or sell their products. However, financial sustainability can sometimes be elusive and many hub managers still rely on their core business to support the wider hub, which allows them to invite angel investors, international development agencies, and the government to support the hub activities.

The 'creative hub' movement in Indonesia is particularly focused on creative enterprises. The British Council has previously explored the emergence of these creative hubs in a report<sup>50</sup> which identified the early stages of a growing industry, with hubs finding and defining their roles in a volatile environment, while also showing resilience.

This hub model has also evolved to support businesses with a social purpose. **Impact Hub**, for example,

<sup>49</sup> Interview with Leonardus A. A Teguh Sambodo, Direktur Industri, Pariwisata dan Ekonomi Kreatif Bappenas, 7 February 2020.

<sup>50</sup> [https://www.britishcouncil.id/sites/default/files/mapping\\_creative\\_hubs\\_in\\_indonesia-\\_final.pdf](https://www.britishcouncil.id/sites/default/files/mapping_creative_hubs_in_indonesia-_final.pdf)

focuses on **building entrepreneurial communities** for impact at scale. In Jakarta, it has a co-working and innovation space which supports organisations and entrepreneurs creating sustainable and positive impact. Impact Hub Jakarta is connected to other Impact Hubs in other cities across the globe allowing networking and support for greater impact.

Two of our survey respondents - the Global Social Economy Forum (GSEF) and IDX (Indonesia Stock Exchange) – are intermediaries which do not provide funding to enterprises. The Indonesia Stock Exchange offers the IDX Incubator that functions as an accelerator for enterprises that are ready to try IPO (initial public offering). GSEF mainly focuses on facilitating partnerships, but it can also facilitate access to investment from a Korean foundation.

SIAP and Instellar are two growing intermediaries specifically working to support creative and social enterprises. **Instellar** has a vision of ‘A world where businesses are run with social responsibility and driven by impact and purpose’. As a catalyst, Instellar provides an incubation and acceleration programme to develop business capability and also entrepreneurial (personal) development of the business owners. As a consultant, Instellar provides advisory service to social enterprises, and civil society organisations, and as a connector, it strengthens and expands collaborative engagement between multi stakeholders”<sup>51</sup>.

Similar to Instellar, SIAP (Social Innovation Acceleration Program) focuses on maximising the impact of social enterprises emerging from non-profit

organisations in Indonesia. SIAP has an incubation programme for early-stage non-profits or idea-stage social entrepreneurs to get themselves ready for the prototype stage. The acceleration programme is a one-on-one advancement programme for post-revenue social enterprises to optimise the impact and enhance their networks. SIAP also has advisory services to assist social enterprises to measure, manage and maximise their impact<sup>52</sup>.

This variety of start-up support organisations shows that, although this is not yet a mature ecosystem, there are a number of specific intermediaries serving different enterprises. While some co-working spaces focus on facilitating creative entrepreneurs, some intermediaries focus on incubation and acceleration programmes for social enterprise to maximise their social impact. However, all these intermediaries are working to help enterprises enhance their capabilities.

## 6.6 Networks

Intermediaries and networks can work to help investors find potential investees. These organisations may not directly invest their own money but can enhance the capability of creative and social enterprises, among others, to expand their businesses by facilitating connections between the investors and the ventures. These organisations play an active role in assisting creative and social enterprises to be more investment ready.

The Aspen Network of Development Entrepreneurs (ANDE), a global network of organisations operating in 150 nations, aims to provide support to small and medium enterprises (SMEs) that intend to

<sup>51</sup> Based on interview with Romy Cahyadi, Instellar, 2 October 2019

<sup>52</sup> Based on interview with William Hendradjaja, SIAP, 7 February 2020



grow. Through their programmes in advocacy and education, funding opportunities, knowledge sharing and networking, evaluation, research, training and human resource development, ANDE members provide critical financial, educational, and business support services. ANDE believes that by supporting growing SMEs, there will be more job opportunities in the local community and it helps economic stability in the local setting and it will provide more business opportunities and make the community more resilient<sup>53</sup>. Many, but not all, of the enterprises with which ANDE works with are creative and social enterprises.

As described above, AVPN is a leading ecosystem builder for the social investment sector in Asia with over 600 members globally.

Since 2011, AVPN has worked to increase the flow of financial, human, and intellectual capital to social purpose organisations (SPOs) by connecting and empowering key stakeholders, including capital providers and frontline organisations. AVPN recognises a broad scope of players within this landscape, such as family offices, foundations, impact funds, corporates, banks and wealth management organisations, private equity and venture capital funds, and intermediaries.

AVPN is engaged in a range of activities, including social investment, philanthropy, venture/strategic philanthropy, ESG investing and impact investing.

#### **ANGIN: INVESTMENT AND REINVESTMENT**

**Initiated in 2013, ANGIN is the first structured angel investment network in Indonesia.**

**ANGIN was a spin-off from a project within a USAID-funded non-profit, GEPI (Global Entrepreneurship Program Indonesia). GEPI was also part of a wider global initiative called the Global Entrepreneurship Program (GEP). When GEPI ended, ANGIN was established with a mission to support start-ups in Indonesia. ANGIN provides investment and advisory services that early-stage enterprises need to grow. ANGIN 'attempts to support new ventures during the first years by building a connection between investors and entrepreneurs. ANGIN also helps investors to build their capability in identifying the start-up business.'**<sup>54</sup>

**In 2017, ANGIN received seed round funding from some Indonesian angel investors and also from 500 Startups, a venture capitalist from the US. Starting as a spin-off, ANGIN has now supported more than 60 investments which include crowdfunding platform KitaBisa.com, a plant based restaurant chain Burgreens and co-working space ReWork (now Gowork). KitaBisa.com, for instance, collects individual donations for charities to support social activities, humanitarian acts, education and innovation.**

**In 2018, ANGIN aimed to grow beyond an investment platform and developed a new platform called connector.id, helping entrepreneurs' to access different types of capital providers. It also has developed an advisory service to provide research, technical assistance and service solutions to impact-driven organisations.**

<sup>53</sup> summarized from <https://www.andeglobal.org/page/AboutANDE>.

<sup>54</sup> <https://www.angin.id/>

## 7 The motivations of funders and financiers – the triple bottom line

Most funders and financiers in Indonesia do not target or identify creative or social enterprises in their selection criteria.

In our interviews, we found that many adopt social impact criteria, but do not specifically target creative sectors. YCAB, for example, is focused on businesses in education, technology and micro-financing. Ford Foundation invests in promoting social justice. On the other hand, as an angel investment network, ANGIN is open to any kind of business. ANGIN regards itself as sector-agnostic and does not limit funding only to social or creative enterprises. However, of course, many creative and social enterprises, especially in fashion, culinary, crafts, financial technology (micro-financing) and tech-based education are eligible to receive investment from these sources.

Our survey and interviews revealed three key motivations of those investing in and supporting creative and social enterprises.

### 7.1 Social or community benefit

Most investors who bring a social motivation to their work are focused on the impact of CSEs on communities, whether directly or indirectly on the beneficiaries, and not specifically targeting the growth of CSEs. Examples include:

- **Dompot Dhuafa** is a civil society organisation (CSO) with a focus on supporting poor families. Investing in several community industries, such as a wooden spectacles business that employs ex-prisoners (Sahawood Workshop) or a mushroom crackers and seafood business, Dompot Dhuafa's motivation is perhaps best summed up in their tagline 'Support Mustahik (beneficiaries) to become Muzaki (donors)'.
- **Flipmas** (Forum Layanan Iptek bagi Masyarakat) is a foundation. It was founded by lecturers with a focus on community service programmes and aims to tackle social problems in rural areas, especially farmers and fishermen.
- **Water.org**, an international CSO, that has operated in Indonesia since 2014, works directly with urban and peri-urban water facilities and provides loans for households to get access to safe water and sanitation, stating that they 'aim to provide safe water and sanitation to as many households as possible, with specific annual targets. We target organisation that have access to the BoP (bottom of the pyramid) households.'<sup>55</sup>
- **Crowde**, a peer-to-peer lending platform focused on agriculture, supports crowdfunding investment for farmers based on their experience of farmers being unable to access loans or being forced to sell products below the market price. Crowde aim to collect money from friends and community to provide the loans, always with a focus on the farmers.

<sup>55</sup> <https://water.org/about-us/>

**Aavishkaar** is an impact investor that focuses on early stage funding. It identifies promising impact entrepreneurs and provides them with capital, helping them to build sustainable enterprises. The rationale for Aavishkaar is that these enterprises should be able to improve the livelihoods of low-income communities by either procuring their products or services or providing them with affordable essential products and services. Aavishkar describes how it requires more than just social enterprises to solve poverty issues, but the economic activities generated by the enterprises can be a critical element of poverty reduction. Aavishkaar was one of the first, and still one of the largest, impact investors. They believe that as the enterprises in their portfolio scale up, social impact will grow together with business growth.

**Amartha** offers peer-to-peer lending for groups of women-led micro enterprises. It has allocated loans to more than one million micro-enterprises who engage in trading and retail, home industry, agriculture and husbandry. Amartha focuses on women because it believes they can be more disciplined when it comes to repaying credit and have lower default rates. Its motivation is based on how, as it describes, 'it's more difficult for women to get lending from the bank. We expect that [from the loan they have received] their income can increase, poverty can be reduced, and they can improve their living conditions through better access to health and good sanitation'

## 7.2 Environmental impact

Other investors are motivated by a focus on the environment. Social and impact investors in CSEs often take into account

the interdependence between environmental impact and other areas of impact on the community, e.g. WASH (Water, Sanitation and Hygiene).

**RECOFTC**, for instance, is driven by the belief that 'a fair share of benefits for local people is needed to help reduce poverty and motivate active participation in forest governance and sustainable management.'

**Vitol Foundation's** WASH programme states that it measures impact on the community and also emphasises the impact on the environment. Vitol aims to 'manage water and waste resources in an integrated manner'. FLIPMAS also identifies water conservation as crucial for livelihoods and for agriculture.

The **Ford Foundation**, a large grant maker in Indonesia, has focused its programme on natural resources and climate change with the aim of 'reducing inequality, and the focus of the programme since 2018 has been natural resources and climate change. It doesn't just focus on social enterprises, but the Jakarta office does have a side project investing to help develop the investment inactivity ecosystem in Indonesia.'<sup>56</sup>

## 7.3 Financial sustainability

Of course, alongside potential social and environmental impact, financial drivers remain a key consideration for many investors, socially focused and otherwise. This is intrinsically intertwined with the commercial sustainability of the investee and many investors take further steps to support this in order to increase their prospects of return, be that financial, environmental or social.

<sup>56</sup> <https://www.fordfoundation.org/our-work-around-the-world/indonesia/>

- Instellar, a social enterprise incubator and accelerator has three roles: a catalyst, consultant, and connector, arguing that it aims to ‘help the business and also personal development of the entrepreneurs. As a consultant, we provide advisory services to social enterprises. As a connector, we want to develop the ecosystem so that social enterprises have strong network and we connect them with relevant stakeholders to assist them to develop their business.’<sup>57</sup>
- Meanwhile, SIAP, a learning platform and an accelerator for aspiring and early-stage social entrepreneurs, focuses on entrepreneurs with ideas and solutions to create positive impact and drive change through business, and assists them to further grow their product, SIPA describe how they ‘provide entrepreneurs with mentorship, personal, team and business development, knowledge resources, as well as impact assessment methodology and community support. We are a capacity builder, we help individuals to launch the idea and after the business is running, we help them to boost their investment readiness’<sup>58</sup>
- Kejora, a venture capitalist, seeks business sustainability and growth from its equity investments, describing how they ‘do not specifically invest for social or creative enterprises... we focus on enthusiastic enterprises that have clear business goals so they can grow.’<sup>59</sup>

#### 7.4 The balance between financial environmental and social return

Different investors have different approaches to the balance between social, environmental and financial return. Garden Impact Investment, for instance, which provides equity investment, clearly states that the motive of their investment is to seek financial return. However, it evaluates the investment based on many criteria, especially the potential for social impact. It has its own approach to measuring this impact based on both financial criteria (market size, revenue and assets) and social criteria (number of beneficiaries, impact to community and environmental impacts).

Aavishkaar identifies the balance between financial and social return as a key target that they expect their investees to work towards, failing which they will discuss with the investees how they can help if targets are not fulfilled. ‘For example, season effects can make revenue for fishermen go up and down. But if this situation continues for some years, theoretically, we can ask the company to buy back the equity,’ notes Aavishkaar in their survey response.

Water.org is an international non-profit organisation which also aims to balance the impact of their financial support according to the achievement of SDGs - ‘As a non-profit organisation, aims are balanced between financial and social. Money we receive is used for loans or partnership schemes to provide safe water and sanitation.’

This triple bottom line motivation (the balance between financial, environmental and social return) is important for many of the investors in Indonesia while it is also clear that the balance between the three factors varies from investor to investor and there are few, if any, common approaches to striking this balance.

<sup>57</sup> <https://instellar.id/>

<sup>58</sup> <https://socialinnovation.id/>

<sup>59</sup> <https://kejarahq.com/>





## 8 Support for CSEs in attracting investment

From our surveys and interviews, we have been able to identify a range of support on offer to creative and social enterprises<sup>60</sup>. Our **survey of creative and social enterprises** suggests that **more than one third of CSEs (34 per cent) have had access to training** and **30 per cent have received mentoring or coaching**.



**Figure 8: The proportion of SCEs receiving non-financial support**

Source: Creative and Social Enterprise Survey in Indonesia (2020)

The data from CSEs can be used to explore how organisations that work in **social** and **impact** investment provide different support to CSEs. Mentoring and coaching tend to be provided by support organisations in the ecosystem, and incubation or acceleration services are commonly provided by incubators, hub or co-working spaces as well as investors.

Peer support is most often provided by peer-to-peer lenders, by individual lenders, and also from co-operatives.

<sup>60</sup>The survey is based on 1,388 respondents. The details of the survey can be found in the report of demand side

**Table 5: Support provided to creative and social enterprises**

Source: Interviews (See Appendix 2 of the interview questions)

|                               | PEER SUPPORT | MENTORING OR COACHING                 | TRAINING | INCUBATOR/ ACCELERATOR SERVICES       | EXCHANGES AND VISITS |
|-------------------------------|--------------|---------------------------------------|----------|---------------------------------------|----------------------|
| Aavishkar                     |              |                                       |          |                                       |                      |
| Alumnia Sinergi Adikarsa      |              |                                       |          |                                       |                      |
| Amartha                       |              |                                       |          |                                       |                      |
| ANGIN                         |              | through incubator accelerator partner |          |                                       |                      |
| Block 71 (Innovation Factory) |              |                                       |          |                                       |                      |
| Crowde                        |              |                                       |          |                                       |                      |
| Dompot Dhuafa                 |              |                                       |          |                                       |                      |
| Flipmas                       |              |                                       |          |                                       |                      |
| Ford Foundation               |              |                                       |          | through incubator accelerator partner |                      |
| Garden Impact Investment      |              |                                       |          |                                       |                      |
| Global Social Economy Forum   |              |                                       |          |                                       |                      |
| IDX                           |              |                                       |          |                                       |                      |
| Instellar                     |              |                                       |          |                                       |                      |
| Kejora Venture                |              |                                       |          |                                       |                      |
| Koperasi Pancur Kasih         |              |                                       |          |                                       |                      |
| Patamar Capital               |              |                                       |          |                                       |                      |
| RECOFTC                       |              |                                       |          |                                       |                      |
| SIAP                          |              |                                       |          |                                       |                      |
| Water.org                     |              |                                       |          |                                       |                      |

The data above shows that **incubation** and **acceleration services** are **not generally provided by investors**, and **these roles are taken by specialist incubators** and **accelerators**. Although a few VCs and other investors do, however, offer acceleration services when they provide funding through equity investment. such as Kejora Venture and Garden Impact, helping to enable creative and social enterprises to be more investment ready for the next round series of investment.





## 9 The process for CSEs seeking investment

For CSEs seeking investment, the process of attracting finance from banks and venture capital funds, for instance, is relatively well known and has been documented elsewhere.

But from our desk research, surveys and interviews, we were able to explore in more detail the process when it comes to securing impact investment in Indonesia.

**If the investor has a strong social motivation and can be understood to be a social or impact investor**, then there is likely to be more focus on assessing and validating the social impact of the investee, while also considering financial sustainability.

This likely means an additional stage in the investment selection and due diligence process - social impact assessment. This is often hard to pin down and hard to articulate. In this emerging market, social impact assessment relies on subjective processes due to a lack of reliable information and the absence of common standards and frameworks or an entity to certify social impact. There is great variability in how social impact assessment is applied in different communities and across organisations.

**Aavishkaar**, for example, report that they assess **the eligibility of the enterprises they want to invest not based on a single formula**: 'Since every enterprise has different social impact, we cannot compare each other. So, we assess it subjectively.'

## 10 Challenges and barriers

Of course, not all creative and social enterprises need or want external investment. But for those who do, our interviewees report a range of barriers when it comes to investing in creative and social enterprises in Indonesia, including for social and impact investors. These include the lack of an investment pipeline, regulatory issues, investment readiness, and gaps in the ecosystem. Challenges and barriers are similar for different social and impact investors

### 10.1 Pipeline and information

Impact investment in creative and social enterprise is emerging in Indonesia. However, the pipeline of investment is still lacking, there is a shortage of investment ready deals and some complexity in the finance process.

For some investors, like Kejora for instance, incomplete data makes it difficult to identify potential investees. Kejora points out that 'There is an ecosystem, but there is also a need to know the investment landscape. Maybe there is a need to have a Crunchbase or angel list [for impact investment] to maintain the investment quality. There should be a list of start-ups and which ones need funding.'

Crowde also report issues with information, specifically data, reporting that there are opportunities to digitalise data 'so we can have complete information to offer to the potential lender/investor'.

The use of appropriate technology can answer some of these challenges and the use of data analysis can overcome some gaps.

### 10.2 Regulatory and policy support

There are not yet any specific government incentives around impact investment in Indonesia. The regulations around investment with a social lens are the same as for venture capitalists and other financially motivated investors. Some have suggested the need for a National Advisory Board on Impact Investment as seen in a range of other countries as a step to help address this. The Ford Foundation Indonesia report that stakeholders in the impact investment ecosystem are currently working to encourage regulation aimed at impact investment in Indonesia.

Government policy can play a pivotal role in the emerging impact investment field and in helping creative and social enterprises access finance more widely. Relevant and appropriate policies could support impact investors to better support the development of creative and social enterprises. The Government of Indonesia equity crowdfunding policy of POJK Nomor 37/POJK.04/2018 does not mention the role of impact investment but does call for continuing efforts to improve the investment climate, including simplifying investment procedures and other relevant policies from local authorities and harmonising rules across the country.

From a regulatory and policy perspective, investors indicate that it is clear and enforced regulation in some areas, such as peer-to-peer lending. Otoritas Jasa Keuangan (OJK, or Financial Services Authority) has a policy that P2P lending organisations must be registered and licenced from OJK. However, there is unclear regulation for other investors. Crowdfunding organisations and also P2P lending organisations raised issues about the imbalance of regulation among investors. Alumnia stated that they are in a 'regulatory sandbox'<sup>61</sup> and 'there's no specific regulation related to equity crowdfunding in Indonesia. Sometimes the limit from OJK makes Alumnia difficult to grow, for example, the constraints related to the maximum limit amount of money, and the time to collect the fund is too fast.'<sup>62</sup>

For P2P lenders that have passed the regulatory sandbox stage, there are concerns about the ability of OJK to maintain their controls and also about the awareness of the public when it comes to understanding the OJK policy. Amarta suggests that the public should know that 'it's better to make the investment from one [P2P lender] who already has a licence from Financial Services Authority of Indonesia'<sup>63</sup> but this may not be the case.

Another potential barrier to investment is tax policy. Kejora point out that 'In Singapore, there is a match fund from government and tax incentives for investors. Indonesia needs to consider certain incentives to start-ups

investment... tax scheme as well. Malaysia has considered a new tax scheme as well.'

Government can be more active in engaging private investors and CSEs. For example, Aavishkaar highlights how if 'government wants to build a facility in a rural area, they do not invite investors to join the project ... If they want to co-operate with social enterprise, it would be more effective.'<sup>64</sup> Alumnia also notes the potential of CSEs to work with government and suggests that governments should incubate MSMEs with creative projects and help investment to flow.

Faith-based donations and grants can also help develop the market, such as the use of waqf. Waqf is a form of Islamic charity referring to the dedication or consecration of any property for any charitable or religious objects, or to secure any benefit that refers to other human beings.<sup>65</sup> Central government could enforce better regulations that could stimulate the investment climate, including clearer registration and licencing processes for investors. This could also include incentive mechanisms for investors in CSEs with clear social impact. The local government can also support these efforts through encouraging creative hubs, incubators, accelerators and co-working spaces that assist creative and social enterprises.

<sup>61</sup> Regulatory sandbox is a program or trial period for financial technology (fintech) companies for 6-12 months. The fintech company will be accompanied by the government in legal administration and operations to avoid violations. Through this assistance, the government will also observe the performance of fintech companies to establish operational licenses and service standards.

<sup>62</sup> <https://alumnia.id/>

<sup>63</sup> [https://amartha.com/id\\_ID/](https://amartha.com/id_ID/)

<sup>64</sup> <https://www.aavishkaarcapital.in/>

<sup>65</sup> <https://www.id.undp.org/content/indonesia/en/home/presscenter/pressreleases/2019/undp-and-badan-waqf-indonesia-join-forces-to-launch-waqf-blockch.html>

## 11 Investment readiness

For fast growth-oriented creative and social enterprises for which impact investment might be appropriate, investment readiness is a key issue.

Yet even for these enterprises, raising funds through donations can still be considered preferable to seeking investment, including social or impact investment. From our demand side survey of creative and social enterprises, many feel they are not ready to deal with investors.

Our data shows that, about a quarter of them have problems demonstrating their revenue (52 of 211), providing sufficient track records (55 of 211) and a well-defined business model (55 of 211)<sup>66</sup>.

CSEs with the potential to grow are often not familiar with the approach and expectations of impact investors. A representative from Patamar highlighted that CSEs view borrowing money in the same way as from a traditional bank ‘they want to get the capital but they do not [yet] think about the scale up and exit strategy from the investment’<sup>67</sup>. Both Patamar and SIAP emphasise the needs to educate the CSEs to be better able to deal with investors.

An Aavishkaar representative argues that, ‘[CSEs] have so much potential to grow but they have financial issues.’ RECOFTC suggest that there is limited business capability, such as commercial acumen, business strategy or marketing skills among many of these organisations. Alumnia also report that these enterprises are not sufficiently prepared for

investment pitching, describing how ‘usually, their financial statement is not presentable and difficult to read and below the standard quality’<sup>68</sup>

The Deputy of Industry and Investment at the Ministry of Tourism and Creative Economy (MoTCE),<sup>69</sup> describes how the Ministry has provided early-stage grants to creative enterprises, through the so-called Government Incentive Aid programme. This aid was granted to 62 creative enterprises in 2019 with the aim of supporting creative enterprises to grow and to access next-stage finance from other investors. Since 2018, BEKRAF has focused on inclusive creative enterprises and creative enterprises that are seeking to help deliver the SDGs. This aid and relevant capacity building can help play a role in supporting creative enterprises to become more ‘investment ready’.

Incubators or accelerators can be effective intermediaries in this ecosystem. They provide training and mentoring for creative and social enterprises, as well as incubation processes to help support the investment readiness. But there is often a lack of understanding about the role of incubators and accelerators among enterprises or other supporting ecosystem actors. SIAP suggest that the role of incubators could be expanded to help attract greater investment from private companies.

<sup>66</sup> Data based on the demand side interview (to 1388 respondents and 211 of them are CSEs)

<sup>67</sup> <http://patamar.com/>

<sup>68</sup> <https://alumnia.id/>

<sup>69</sup> Based on the interview on 23 April 2020, was the Deputy of Investment, Kemenparekraf/Baparekraf

## 12 Conclusions

The study has identified the following:

- **Creative and social enterprises are diverse businesses**, working in different sectors of the economy. Creative and social enterprises can attract finance and support from a range of sources, including financially and socially motivated investors, government, intermediaries and networks.
- There is much potential for these CSEs to deliver inclusive, jobs-oriented growth and social and environmental impact. However, the type of finance, funding and support that these businesses need, or seek, varies significantly. Some sectors and business models are more likely to be appropriate for investment, impact investment or equity-based finance, such as digital tech, eco-tourism and potentially fashion – where Intellectual Property rights may play a role. The investment models may be less appropriate in, for instance, small scale agricultural production, handicrafts and community-based enterprise.
- Many creative and social enterprises have not accessed external finance and some are not interested in doing so. Many rely on entrepreneurs using their personal income from other sources. Enterprises in the eco-tourism subsector, however, have received multiple sources of external funding or finance.
- Barriers to finance for CSEs include limited access to investors, and when investors are identified, there are difficulties in meeting the investors' collateral requirements and providing guarantors, for instance. There appears to be a significant mismatch of expectations between the potential investors and investees.
- Social and impact investment is emerging in Indonesia, as an idea and in practice. Investors bring a diverse balance of financial, environmental and social motivations. But while the ecosystem of finance and support is emerging and developing, there are still a number of gaps, weaknesses and areas for development, such as the lack of an investment pipeline, regulatory issues, investment readiness, and gaps in the ecosystem.

## 13 Recommendations

Based on this analysis, we propose the following recommendations:

- The Indonesian Government, through Bappenas / Baparekraf could build on the progress made in the eco-tourism sector, in particular, to develop programmes which can help channel greater investment into creative enterprises with the potential to deliver both financial, social and environmental value and returns.
- Further analysis, market research and understanding of how investment may or may not be suitable for certain CSEs and sub-sectors can help build a market that better aligns demand and supply.
- Social sector representatives, creative sector representatives and tech sector representatives should collaborate more closely to help these seemingly distinct sectors recognise their overlaps and what they have to learn from each other – helping social enterprises harness new technology and creativity, for instance and helping creative and tech businesses have a greater social impact.
- Social and impact investors should clearly define and communicate their approach to balancing social, environmental and financial returns and take practical steps to collaborate towards the development of more consistent frameworks and tools.
- Grantmakers should consider how they can support the ability of these enterprises to be more financially sustainable and ready for the next stage of investment. A bespoke accelerator programme, for example, could complement the existing landscape, and access to training, coaching and peer support, for instance, could strengthen the readiness of CSEs to attract investment from a range of investment sources.
- Digital entrepreneurs close to the social sector and the creative economy could develop solutions which could more intelligently harness data and technology to showcase investment opportunities, signpost the investment pipeline and facilitate brokerage between investees and investors.
- The Indonesian Government could do more to encourage the investment of capital in the creative and social enterprise economy, for instance, by reviewing the tax code, considering incentives for investment in creative and social enterprises and clarifying and simplifying the regulatory framework around socially motivated investment.



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## Appendix 1

### Participants in the creative and social enterprise investment landscape in Indonesia

#### List of interviewees (online survey)

| NO | NAME                     | ORGANISATION                                |
|----|--------------------------|---|
| 1  | David Soukhasing         | ANGIN                                       |
| 2  | Sylvie Tan               | Garden Impact Investment                    |
| 3  |                          | Global Social Economy Forum                 |
| 4  | Untari Febrian Ramadhani | IDX   |
| 5  | Dondi Hananto            | Patamar Caoital                             |
| 6  | Lasmita Nurana           | RECOFTC (The Centre for People and Forests) |
| 7  | Regis Garandeau          | Vitol Foundation                            |

#### List of interviewees (in-depth interviews)

| NO | NAME                       | ORGANISATION                                 |
|----|----------------------------|--|
| 1  | Adi Sudewa                 | Aavishkar Venture                            |
| 2  | Hamka Fauzan               | Alumnia Sinergi Adikarsa                     |
| 3  | Aria Widyanto              | Amartha                                      |
| 4  | Benedikta Atika            | ANGIN  |
| 5  | Rusdin Eka Putra           | Asetku                                       |
| 6  | Leonardo A A Teguh Sambodo | Bappenas                                     |
| 7  | Danang Juffry              | Block 71 (Innovation Factory)                |
| 8  | Yudha Satria Nugraha       | Crowde                                       |
| 9  | Dendy Borman               | Diageo                                       |
| 10 | Kholid Abdillah            | Dompot Dhuafa                                |
| 11 |                            | Flipmas                                      |
| 12 | Alexander Irwan            | Ford Foundation                              |
| 13 | Romy Cahyadi               | Instellar                                    |
| 14 | Andreas Surya              | Kejora Venture                               |
| 15 | Fadjar Hutomo              | Kemenparekraf / Baparekraf                   |
| 16 | Fajar Anugerah             | Kinara                                       |
| 17 |                            | Koperasi Pancur Kasih                        |
| 18 | Dondi Hananto              | Patamar Caoital                              |
| 19 | Agung Budiono              | Principal Indonesia                          |
| 20 | William Hendradjaja        | Social Innovation Accelerator Program (SIAP) |
| 21 | Jimmy Kurnia               | UK Embassy – Indonesia Tech Hub              |
| 22 | Aldi S. Suriadiningrat     | Water.org                                    |
| 23 | Veronica Colondam          | Yayasan Cinta Anak Bangsa (YCAB)             |

## Appendix 2

### Online questionnaires

#### Questionnaires for investors

##### ■ Pengantar (*Introduction*)

British Council dan AVPN ingin mengajak Anda untuk turut berpartisipasi dalam survei dasar usaha sosial dan kreatif di Indonesia.

*British Council and AVPN would like to invite you to participate in a baseline survey of social and creative enterprises in Indonesia.*

Sebagai bagian dari program DICE (Developing Inclusive and Creative Economies), British Council sedang mengembangkan serangkaian survei dasar terkait usaha sosial dan kreatif di Mesir, Afrika Selatan, Brasilia, Pakistan dan Indonesia.

*As part of its DICE (Developing Inclusive and Creative Economies) programme, the British Council is developing a series of baseline surveys of social and creative enterprises in Egypt, South Africa, Brazil, Pakistan and Indonesia.*

Tujuan utama dari survei ini adalah untuk memetakan dukungan keuangan dan model pendanaan/investasi yang diberikan kepada usaha sosial dan kreatif di Indonesia.

*The aim of the baseline study is to map financial support and investment/funding models for social and creative enterprises in Indonesia.*

Tujuan kami juga untuk memberi kontribusi penting bagi perkembangan usaha sosial dan kreatif dalam sektor global, yang memungkinkan para aktor lain untuk menilai kemajuan, dan mengidentifikasi kemungkinan titik intervensi guna pertumbuhan sektor.

*It is also our aim that this study will make an important contribution to the development of the social and creative enterprise sector globally, as it will allow other actors to judge progress, and identify possible intervention points for growing the sector.*

Di Indonesia, UNPAR dan UBAYA adalah tim peneliti terpilih yang akan melakukan survei, dan bekerja sama dengan mitra peneliti global British Council, SEUK ([www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)).

*In Indonesia, UNPAR and UBAYA is the selected research team who will deliver the survey, and work closely with British Council's global research partner, SEUK ([www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)).*

Semua data yang Anda berikan akan dijaga kerahasiannya dengan hati-hati dan diakumulasikan dengan respons lainnya sebelum hasil penelitian ini dipublikasikan ke masyarakat luas, kecuali data yang telah Anda setuju untuk ditampilkan kepada publik. Hanya tim peneliti AVPN, UNPAR, UBAYA, dan SEUK yang ditunjuk oleh British Council yang bisa mengakses semua data sepenuhnya dan akan diperlakukan dengan hati-hati.

*All data you provide will be treated in the strictest confidence and aggregated with other responses before any findings are publicly presented, with the exception of any data that you have agreed can be made public. Only AVPN, UNPAR, UBAYA, and SEUK research team appointed by the British Council will have access to the full data set and will treat it in the strictest confidence.*

### Persetujuan (*Confirmation*)

- Saya bersedia untuk mengisi survey ini dan akan berbagi detail kontak saya dengan tim peneliti British Council, AVPN, UNPAR dan UBAYA dan mitra penelitian global British Council, SEUK ([www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)) hanya untuk kepentingan pemetaan dan bukan untuk digunakan bagi tujuan lain.  
*I am willing to participate in the survey and would like to share my contact details with British Council research team, AVPN, UNPAR and UBAYA and British Council's global research partner, SEUK ([www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)) for this mapping study and not for other purposes.*
- Saya tidak bersedia untuk berpartisipasi dalam survey  
*I do not agree to participate in the survey*

### ■ Profil organisasi (*Organization profiles*)

1. Nama / *Name* :

---

2. Surat elektronik / *E-mail* :

---

3. No telepon / *Phone number* :

---

4. Masukkan dengan kode negara / *Please include the country code* :

---

5. Nama organisasi/perusahaan / *Name of the organization* :

---

6. Jabatan / *Position* :

---

7. Usaha sosial adalah usaha yang memiliki visi dan misi sosial untuk menyelesaikan masalah sosial masyarakat dan/atau memberikan perubahan positif terhadap kesejahteraan masyarakat dan lingkungan hidup, memiliki kegiatan usaha yang sebagian besar keuntungannya digunakan kembali untuk menjalankan visi dan misi sosial, melibatkan partisipasi dan memberdayakan masyarakat atau komunitas yang menjadi fokus kegiatan usahanya, dan menerapkan prinsip-prinsip tata kelola usaha yang baik.  
*Social enterprise is an enterprise which has social vision and mission to address social problems in the community and/or to bring positive impacts to social welfare and natural environment; it reinvests its profit to social mission, empowers community and exercises good governance principles in managing its business.*

Usaha kreatif adalah usaha di sektor kreatif yang memiliki ide yang mengandung keorisinalan, lahir dari kreativitas intelektual manusia, berbasis ilmu pengetahuan dan teknologi, keterampilan, serta warisan budaya. Di Indonesia, termasuk dalam usaha kreatif adalah sektor makanan dan minuman, seni dan budaya, fashion, namun tidak hanya terbatas pada usaha-usaha tersebut saja.  
*Creative enterprise is an enterprise which works in creative sectors, has originality in its business ideas and creativity from human intellectual, uses knowledge, technology and skills and embeds cultural heritage in the ideas. In the Indonesia context, this can include, but is not limited to, enterprises in the F&B, art & heritage, and fashion sectors.*

Apakah organisasi Anda pernah memberikan segala bentuk pendanaan atau pinjaman kepada usaha sosial dan/atau usaha kreatif

*Has your organization given any types of funding or financing to social enterprises and/or creative enterprises?*

Ya / *Yes*

Tidak / *No*

■ Model dan tujuan pendanaan (*Models and purposes of investment*)

8. Berapa banyak usaha yang sudah didanai oleh organisasi Anda sejak tahun 2016 – 2019?

*How many of the following have you provided funding / finance to between 2016 and 2019?*

jumlah usaha sosial yang sudah didanai / *number of social enterprises funded*  
(dalam angka / *in number*)

---

jumlah usaha kreatif yang sudah didanai / *number of creative enterprises funded*  
(dalam angka / *in number*)

---

9. Jika Anda mengisi pada kedua jenis usaha di atas, apakah ada usaha yang sama di kedua baris tersebut (usaha sosial DAN kreatif)?

*If you answered both choices above, are any of the enterprises you funded considered both social AND creative)?*

Ya / *Yes*

Tidak / *No*

10. Bagaimana organisasi Anda mencari usaha sosial dan/atau usaha kreatif yang akan didanai?

*How do you reach potential social enterprises and/or creative enterprise that you wish to fund?*

turun ke lapangan / *going to the field*

membuka penawaran / *inviting inquiries*

mengadakan lomba / *organizing business case competition*

tenant kami sendiri / *source from our incubatees/tenants*

rekomendasi dari organisasi lain / *recommendation from other organizations*

lainnya, sebutkan / *others, please specify*

---

11. Berdasarkan tahapan usaha, pendanaan apa yang diberikan?

*Based on different phases of business growth, what kind of funding do you provide?*

(Pilih semua jawaban yang sesuai / *Please check all that apply*)

- Pendanaan tahap awal / *Seed funding/Angel funding*
  - Pendanaan pengembangan produk / *Initial investment*
  - Pendanaan perluasan pasar/ekspansi / *Scaling up / Expansion investment*
  - Pendanaan peningkatan kapasitas produksi / *Working capital funding*
  - Pendanaan lainnya / *Other types of funding*
  - mohon sebutkan / *please specify*
- 

12. Apa bentuk pendanaan yang diberikan?

*What types of funding instrument did you use?*

(Pilih semua jawaban yang sesuai / *Please check all that apply*)

- Sumbangan / *Donations*
  - Hibah atau hadiah / *Grants*
  - Penyertaan modal / *Equity investment*
  - Hutang / *Debt funding*
  - Subsidi / *Subsidies*
  - Pendanaan ventura / *Venture capital*
  - Arisan / *Crowdfund*
  - Lainnya, sebutkan / *Others, please specify*
- 

13. Apa alasan UTAMA perusahaan Anda memberikan pendanaan tersebut?

*What is the MAIN reason for your organization to provide funding to these enterprises?*

(Silakan pilih SATU jawaban UTAMA / *Please select ONE answer only*)

- Estimasi tingkat pengembalian yang menarik / *To seek financial return*
  - Adanya tawaran pembagian saham yang menarik / *Attractive share of market*
  - Adanya dampak positif bagi masyarakat / *Positive impact to communities*
  - Adanya dampak positif bagi lingkungan / *Positive impact to environment/climate*
  - Usaha memiliki misi/tujuan yang sama dengan organisasi saya / *The enterprise has similar mission to our organization*
  - Ada dana yang tidak digunakan / *Utilising my idle capital*
  - Adanya relasi/hubungan baik dengan pemilik usaha / *Good relationship with the enterprise owner*
  - Rekomendasi / *Recommendation or endorsement by another*
  - Lainnya, sebutkan / *Others, please specify*
- 



14. Apakah organisasi Anda mengukur dampak dari investasi/pendanaan tersebut terhadap usaha sosial dan usaha kreatif tersebut ?

*Does your organization asses the impact of the funding?*

- Ya / *Yes*
  - Tidak / *No*
  - Lainnya, sebutkan / *Others, please specify*
- 

15. Jika ya, apa yang diukur?

*If yes, what are the impact assessment metrics you use?*

(Pilih semua jawaban yang sesuai / *Please check all that apply*)

- Kenaikan jumlah pelanggan (penetrasi pasar) / *The increase of market size/buyers*
  - Kenaikan omset / *The increase of revenue*
  - Kenaikan aset dan/atau nilai alat produksi / *The increase of assets*
  - Peningkatan jumlah penerima manfaat / *The increase of the number of beneficiaries*
  - Peningkatan dampak pada masyarakat / *More impact to communities (e.g. higher community income levels, better quality of life, etc.)*
  - Penurunan dampak lingkungan / *Less environmental impact/hazards*
  - Lainnya, sebutkan / *Others, please specify*
- 

16. Jika tidak, apa alasan untuk tidak melakukan penilaian dampak investasi/pendanaan?

*If no, please share the main reason you are not assessing impact of the investment?*

---

17. Apakah ada proses seleksi pada pendanaan?

*Is there a selection process before deciding on which enterprise to fund?*

- Ya / *Yes*
- Tidak / *No*

18. Setelah memberikan pendanaan, apakah ada proses berikut?

*After the investment, does your organization do any of the following process?*

(Pilih semua jawaban yang sesuai / *Please check all that apply*)

- Inkubasi / *Incubation*
- Pelatihan / *Training*
- Pendampingan / *Mentoring / Coaching*
- Market/Trade expo/Showcasing opportunity*
- Studi banding ke usaha yang sudah sukses / *Benchmarking/visit to other successful enterprises*

19. Apakah hambatan UTAMA yang dimiliki usaha yang akan didanai (sehingga tidak dapat/sulit didanai)?

*What MAIN barrier do you believe these enterprises face in accessing investment?*

(Pilih SATU alasan UTAMA / *Please select ONE answer only*)

- Keterbatasan kemampuan usaha / *limited business capability*
  - Ketidaksesuaian skema pembiayaan the financing / *funding schemes are not as what the enterprises seek*
  - Kesulitan proses pengajuan pendanaan / *Complexity of funding process*
  - Permasalahan regulasi/kebijakan / *Regulatory challenges*
  - Lainnya, sebutkan / *Others, please specify*
- 

20. Kepada perusahaan/organisasi pendanaan lain, apakah Anda merekomendasikan pendanaan bagi usaha sosial dan usaha kreatif?

*To other funders, do you recommend funding social enterprises and creative enterprises?*

- Ya / *Yes*
- Tidak / *No*

21. Jika ya, sebutkan nama organisasi/perusahaan pemberi dana tersebut?

*If yes, please list the name of the organizations that you may want to recommend for funding?*

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■ Alasan untuk tidak mendanai (*Reasons for not funding*)

22. Mengapa Anda belum atau tidak memberikan pendanaan/pinjaman kepada usaha sosial dan/atau usaha kreatif ?

*Please share why you have not invested in Social or Creative Enterprise?*

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## Appendix 3

### In-depth interview questions

| PENDAHULUAN  | INTRODUCTION  |
|--|---|
| <p>Terima kasih atas waktu yang telah Bapak/Ibu luangkan untuk wawancara ini.<br/>[Jika responden sudah mengisi survey]:</p>   | <p><i>Thank you for your time for this interview. We really appreciate it.<br/>[If the respondent has participated in the survey]:</i></p>  |
| <p>Kami hendak menindaklanjuti hasil survey yang telah Bapak Ibu isi.<br/>[Jika reponden BELUM mengisi survey]:</p>  | <p><i>We would like to follow up on the survey you have participated in.<br/>[If the respondent has NOT yet participated in the survey]:</i></p>  |
| <p>Kami adalah tim peneliti untuk kajian British Council dan AVPN mengenai pemetaan ekosistem usaha sosial dan kreatif di Indonesia. Secara khusus, tujuan kajian ini adalah untuk memetakan dukungan keuangan dan model pendanaan/investasi yang diberikan kepada usaha sosial dan kreatif di Indonesia. Harapannya, hasil kajian ini dapat membantu pendanaan untuk pengembangan usaha sosial dan usaha kreatif di Indonesia.</p>  | <p><i>We are a research team for the study conducted by British Council and AVPN on landscape mapping for the creative and social enterprise ecosystem. The specific aim of this survey is to map financial support and investment/funding models for creative and social enterprises in Indonesia. It is expected that the study can identify how to mobilize capital in a way that helps to grow the creative and social enterprises.</i></p>                 |
| <p>Wawancara dilakukan karena perusahaan Bapak/Ibu (atau Bapak/Ibu) pernah memberikan pendanaan pada usaha sosial dan usaha kreatif. Definisi dari usaha sosial dan usaha kreatif di sini adalah:</p>  | <p><i>We would like to interview you because (you or) your organization has invested some funding to social or/and creative enterprises. In the survey we use this definition of social enterprise and creative enterprise:</i></p>   |
| <p>Usaha sosial adalah usaha yang memiliki visi dan misi sosial untuk menyelesaikan masalah sosial masyarakat dan/atau memberikan perubahan positif terhadap kesejahteraan masyarakat dan lingkungan hidup, memiliki kegiatan usaha yang sebagian besar keuntungannya digunakan kembali untuk menjalankan visi dan misi sosial, melibatkan partisipasi dan memberdayakan masyarakat atau komunitas yang menjadi fokus kegiatan usahanya, dan menerapkan prinsip-prinsip tata kelola usaha yang baik.</p> | <p><i>Social enterprise is an enterprise which has social vision and mission to address social problems in the community and/or to bring positive impacts to social welfare and natural environment; it reinvests its profit to social mission, empowers community and exercises good governance principles in managing its business.</i></p>   |
| <p>Usaha kreatif adalah usaha di sektor kreatif yang memiliki ide yang mengandung keorisinilan, lahir dari kreativitas intelektual manusia, berbasis ilmu pengetahuan dan teknologi, keterampilan, serta warisan budaya. Di Indonesia, termasuk dalam usaha kreatif adalah sektor makanan dan minuman, seni dan budaya, fashion, telematika, games dan aplikasi, pertunjukan dan film, namun tidak hanya terbatas pada usaha-usaha tersebut saja.</p>  | <p><i>Creative enterprise is an enterprise which works in creative sectors, has originality in its business ideas and creativity from human intellectuals, uses knowledge, technology and skills and embeds cultural heritage in the ideas. In the Indonesia context, this can include, but is not limited to, enterprises in the F&amp;B, art &amp; heritage, and fashion, telematics, games and application design, film and art performance sectors.</i></p> |

| PERTANYAAN   | QUESTIONS  |
|--|--|
| Kalau responden telah mengisi survey, yakinkan pertanyaan disesuaikan dengan jawaban survey. | <i>If the respondent has participated in the survey, make sure the questions are following up the responses have been given in the survey.</i> |

| NO | INSTRUCTIONS   | PROBING QUESTIONS   |
|----|--|---|
| 1  | Hanya untuk yang belum mengisi survey<br><i>Only for those who have not yet participated in the survey</i>   | Mohon sebutkan, dari investasi yang diberikan, berapa banyak usaha sosial dan usaha kreatif yang didanai? Dan apa saja jenis usaha dari masing-masing usaha yang didanai?<br><i>Please specify, from the investment your organization has given, how many social enterprises and creative enterprises receiving the investment? And what kind of business they are doing?</i>   |
| 2  | Untuk semua responden (baik melalui pertanyaan no 1 atau jawaban pada online survey):<br><i>For all respondents (who answered no 1 or via online survey)</i>                         | Apakah pendanaan yang diberikan lebih besar untuk usaha sosial atau usaha kreatif? Atau sama besar? Atau hanya yang menggabungkan dua jenis tersebut?<br><i>Is the investment bigger to social enterprises, to creative enterprises or only for those that are creative and social enterprises?</i>   |
| 3  | Kalau responden menjawab mendanai usaha sosial dan juga usaha kreatif<br><i>If the respondent answered that (s)he funded both creative and social enterprises</i>                    | Mempertimbangkan pendanaan terbesar yang pernah diberikan, mengapa perusahaan Anda memberikan pendanaan tersebut?<br><i>Please choose one enterprise that has received the largest investment from your organization. Why does your organization fund the enterprise?</i>   |
| 4  |  | Apakah organisasi Bapak/Ibu memiliki preferensi pendanaan dilihat dari tahap pertumbuhan usaha tersebut, yaitu: tahap awal (seed funding, angel funding, atau pinjaman dengan nilai kecil), tahap pertumbuhan (pre-series, working capital funding, pinjaman dengan nilai menengah) atau tahap lanjutan (series funding, IPO)?<br><i>Does your organisation have preference for funding in regard to enterprise's growth stage, i.e. start-up funding (seed or angel funding, crowdfunding), growth stage (pre-series, working capital funding) or expansion stage (series funding, IPO)?</i>                             |
| 5  | Berdasarkan jawaban no 4, arahkan pertanyaan ke jenis pendanaan yang sesuai.<br><i>Based on the previous answer (#4), probe the question to be relevant to the types of funding.</i> | <p>Apa yang menjadi pertimbangan organisasi Bapak/Ibu untuk memberikan jenis pendanaan tersebut?<br/><i>What consideration does your organization have to select that types of funding?</i></p> <p>Selanjutnya, mohon informasikan syarat dan kriteria pendanaan yang diberikan (waktu pinjaman/kontrak, jenis produk/layanan pendanaan, jaminan, harapan lain yang bersifat non-finansial)<br/><i>Also, identify your investment terms and condition, such as term/length, types of products (loan, grant, equity, guarantees, equity-like agreements, etc), and also non-financial expectations and conditions.</i></p> |

|  |  |  |
|--|--|--|
| 6  |  | <p>Bagaimana perusahaan Anda mengukur keseimbangan antara kinerja finansial dan dampak sosial.</p> <p><i>What is the balance sought between financial and social (or environmental or cultural or other) return for your investment?</i></p>   |
| 7  | <p>Tidak perlu ditanyakan untuk bank atau crowdfunding</p> <p><i>Do not ask the question to crowdfunder or banks</i></p>   | <p>Dari mana perusahaan Anda mendapatkan sumber dana untuk pendanaan?</p> <p><i>What are the sources of capital for your funding?</i></p>  |
| 8  |  | <p>Apa dampak yang diharapkan dari investasi/pendanaan tersebut terhadap usaha sosial dan usaha kreatif tersebut?<br/>Sejauh ini, apakah harapan tersebut tercapai?</p> <p><i>What are the desired outcomes of investment to the enterprise? So far, do you get what you expect?</i></p>   |
| 9  |  | <p>Bagaimana perusahaan Anda melakukan penilaian dampak dari investasi tersebut? Bagaimana Anda dapat melakukan penilaian tersebut?</p> <p><i>How does your organization asses the impact of the investment? How or what method do you use to assess?</i></p>  |
| 10   | <p>Jika dimungkinkan, tanyakan nama investor lain yang dianggap setara</p> <p><i>If possible, ask another competing/similar investor for the organization</i></p>  | <p>Dibandingkan investor lain yang setara dengan perusahaan Anda, bagaimana Anda menilai efektivitas dari pendanaan yang perusahaan Anda berikan bagi usaha sosial dan usaha kreatif?<br/>Mengapa Anda bisa menilai demikian?</p> <p><i>Compared to other investors (that have similar characteristics to your organization), how effective is the investment that your organization provide to the social enterprises and creative enterprises?</i></p> |
| 11   | <p>Pertanyaan ini penting untuk mendapatkan rencana tindak yang harus dilakukan untuk penguatan skema pendanaan bagi usaha sosial dan kreatif. Harap digali sedetil mungkin dari pertanyaan pemicu berikut.</p> <p><i>This is a very important question for the mobilization of capital for the growth of creative and social enterprises. Please explore based on the probing question.</i></p> | <p>Apa tantangan terbesar dalam pemberian pendanaan bagi usaha sosial dan usaha kreatif? Dan apakah perlu dilakukan untuk mengatasi tantangan tersebut?</p> <p><i>What are the biggest challenges of the investment to creative and social enterprises? And what should be done to tackle those challenges?</i></p>  |
| <p>Pertanyaan umum untuk semua investor</p> <p><i>General questions for all types of investors</i></p> |  |  |
| 12   | <p>Apakah ada permasalahan (atau keterbatasan) hukum, kebijakan dan peraturan terkait pendanaan untuk usaha sosial dan usaha kreatif?</p> <p><i>Are there any legal or regulatory barriers to investing in creative and social enterprises?</i></p>  |  |

|    |  |
|----|--|
| 13 | <p>Dari pengalaman Anda melakukan investasi di usaha sosial dan usaha kreatif, profil usaha seperti apa yang akan perusahaan Anda danai (karakteristik usaha yang sukses dalam pendanaan)?<br/> <i>From your experiences to invest, what profiles are you looking for to invest in another enterprise (the characteristics of successful enterprise in managing the funds)</i></p>   |
| 14 | <p>Jika ada yang harus diperbaiki, apakah saran Anda untuk pendanaan bagi usaha sosial dan usaha kreatif yang perlu dilakukan oleh:<br/> <i>If there are things to be improved, what are your recommendation for creative and social enterprise investment that should be done by:</i></p> <ul style="list-style-type: none"> <li>■ Pelaku usaha sosial dan usaha kreatif / <i>the enterprise itself</i></li> <li>■ Pemerintah / <i>government</i></li> <li>■ Pendamping usaha / inkubator / akselerator / pendidik / pengajar / <i>mentor / business incubators / accelerators / educators</i></li> <li>■ Masyarakat luas / <i>community</i></li> </ul> |

