



MINISTRY OF COOPERATIVES AND SMEs  
REPUBLIC OF INDONESIA



3rd ASEAN Inclusive Business Summit :

# Promoting Inclusive Business Opportunity in Indonesia

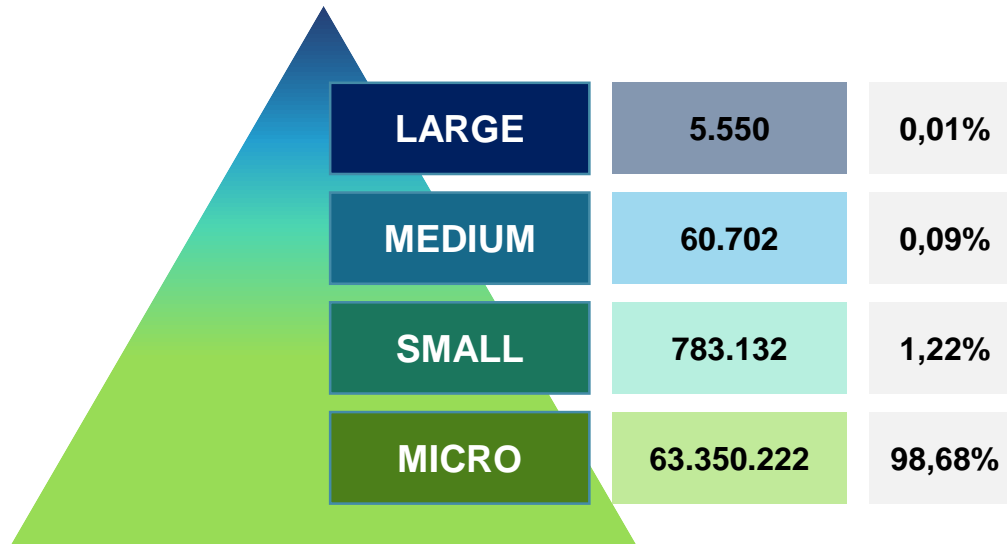
**Victoria br. Simanungkalit**

Deputy Minister for Production and Marketing



# SME Landscape in Indonesia

## Structure of MSMEs in Indonesia



Total MSMEs: **64,194,056**

Source: Ministry of Cooperatives and SMEs - 2018

## IB Policy in Indonesia

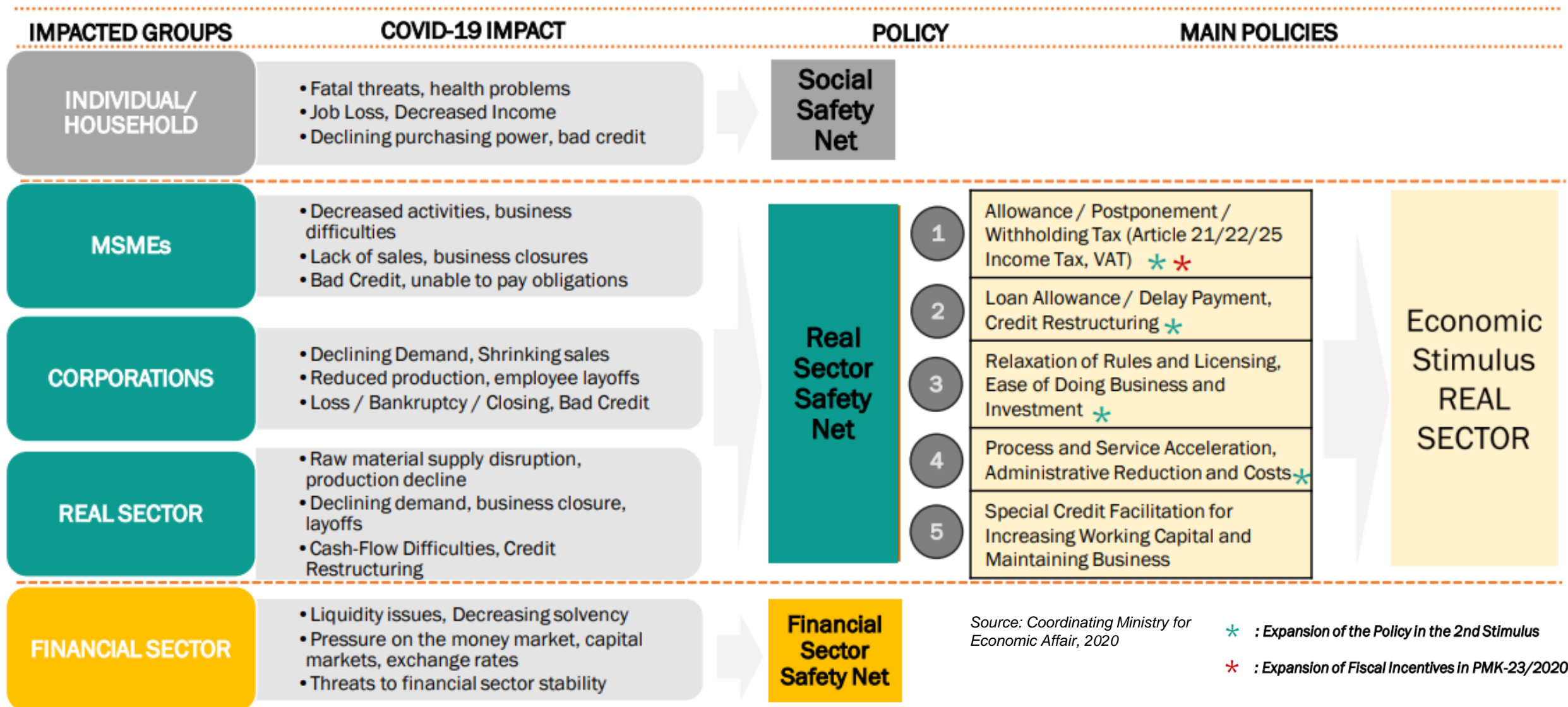
IB Policy has **NOT YET** been imposed in the National Policy of MSMEs Development, yet the policy direction in the Medium Term National Development (RPJMN) 2020-2024 stated that:

***“Promotion of entrepreneurship, MSMEs, and cooperatives is implemented through partnership, between MSMEs and large companies..”***

The government currently aims to tackle the **“missing middle”**, by increasing participation of not only large companies, but also **medium enterprises** to actively engage their business with micro and small companies.



# Government Measures to Mitigate COVID-19 Risk





# IB Potential in Wellness Toursim

According to IB promotion program by UN-ESCAP in 2019 in Indonesia

## Strengths

- Rich and diverse culture of holistic wellness including several signature experiences.
- Indonesia is second largest market for wellness tourism in Southeast Asia with 1.3 million direct employees and annual growth rate of 21.5% from 2015-2017.

## Weaknesses

- Indonesia lack behind regional competitors in terms of sustainability, sanitation, hygiene and safety in the tourism sector.
- Limited market linkages and capacity of BOP to engage in wellness tourism.
- No international brand reputation of wellness tourism in Indonesia (outside Bali).

## Opportunities

- World trends of health and holistic wellness tourism, especially in high-paying markets like USA and Europe.
- Wellness tourism has high potential for quality tourism with high-value products and services.
- Wellness tourism has high potential for IB.

## Threats

- Risk of over tourism with quality issues for tourists and sustainability issues for environment and local communities.



# Challenges of IB in Indonesia

1. **Limited knowledge and information** on IB among government stakeholders and businesses
2. IB has yet to be seen as a promising business model to promote low-income communities
3. **Limited participation** of large companies / private sectors to involve in IB
4. **Limited collaboration** between district level governments to develop wellness destinations and between government and private sector to develop tourism products.





# Best Practice of IB in Indonesia (1)



## 1. Lewi's Organics

A company specializes on organic products, such as rice, fruits, sugar, and spices, that applies organic farming methods to ensure the sustainability of the environment.

The company has partnered up with many local farmers, not only in making them parts of the business, but also empowering them to cultivate organics products that meet international standards.

By doing so, it enables to improve local farmers' livelihood through organic farming and fair trade.



## Best Practice of IB in Indonesia (2)

### 2. Martha Tilaar



Martha Tilaar has been doing very well in incorporating local communities as part of their inclusive work. As a leading company in health and wellness sector in Indonesia, Martha Tilaar has empowered women in Bilebante Village, West Nusa Tenggara, through capacity building and training program.

The training was given to teenage women and also the housewife by bringing some professional and experienced trainers in the SPA field, entrepreneurship, green land management, and so on. As a result, the products are branded as Sari Ayu SPA or as local SPA brand, with the use of local natural resources and local labour/employees from Bilebante Village.

The program was part of Innovation and Investment for Inclusive Sustainable Economic Development (ISED), with support from GIZ and BAPPENAS.





## Best Practice of IB in Indonesia (3)

### 3. HARA Technology

HARA Technology is a data exchange platform that collect data of farmers as their partner. This data is used to help farmers to gain access of credit by banks, through data risks analysis, which determine the amount of credit capital for farmers.

The data collected by HARA includes farmes personal data; geotagging such as area, location, and land ownership; cultivation such as time and type of plant, fertilizers and medicines used; ecology such as weather and soil type; up to the transaction value for the sale of the harvest.

Farmers can use the data to select crops varieties, planting season, harvesting, and deciding potential market to sell the products.







MINISTRY OF COOPERATIVES AND SMEs  
REPUBLIC OF INDONESIA



# Thank You!