



ASEAN Young Leaders Programme 2018

# BRIDGING THE SKILLS GAP AND CATALYSING JOB CREATION IN JAKARTA

Executive Summary



## INDONESIA

9.8% poverty rate  
in 2018



## JAKARTA

One-quarter reside in  
informal settlements: 3  
million people



## EDUCATION

52% of Jakartans  
underqualified for work  
in 2015



## EMPLOYMENT CHALLENGES

Secure employment is one of the most efficient ways out of poverty. Yet, as developing countries continue to diversify their employment opportunities, communities on the economic periphery in both urban and rural regions struggle to gain access to new and lucrative occupations. From an economic viewpoint, this is a stagnating labour force that should be harnessed to help achieve equitable growth. From a humanitarian viewpoint, marginalised communities simply must be given the opportunities to access employment if poverty is to be eradicated.

## JAKARTA'S LABOUR MARKET

GIFT partnered with the Municipal Government of Jakarta to develop a business model that provides routes to employment in a format that is inclusive, self-sustaining, and ultimately uplifts Jakartan communities and the wider Jakartan economy.

The Jakartan Municipal Government has long worked to improve employment opportunities for the 10 million people under its purview. It has developed nearly 700 centres for vocational training, and strongly encourages micro, small and medium enterprises.

However, unemployment and informal employment have become epidemic in Jakarta, with widespread poverty and lack of social mobility. Levels of education and school participation rates are low, resulting in a population that is both underqualified and under-skilled. The majority of the Jakartan workforce is employed in the informal sector and is missing out on the stability of traditional formal employment. Nearly 90% of the informal workforce has only basic education – at most up to primary level – causing skill shortages and mismatches.

## STATE-OF-THE-ART SKILLS HUBS THROUGH PUBLIC PRIVATE PARTNERSHIPS

The model generated by the business leaders attending the programme detailed the creation of purpose-built Skills Hubs stationed across Jakarta that will provide vocational training, entrepreneurial incubation, and job placements for communities spanning the socioeconomic spectrum.

Each Hub will offer up to 25 courses for a range of skillsets, from welding to hairdressing to computer services. Each Hub will deliver locale-specific curriculums to further encourage employment in the area.

The potential of the Skills Hubs lies in their success at leveraging public private partnerships. These will combine the resources of the government with the specialisation of the private sector to simultaneously improve education provision with industry experts, and by enabling targeted opportunities for work at partner companies.

## PT JAKARTA TERAMPIL AND AN ENDOWMENT FUND



**Terampil** (adj)     *Te – rum – pill*

In the Indonesian language, terampil means skilled or to develop an expertise on a particular matter.

Jakarta Terampil's tagline: Keahlian untuk Kesejahteraan translates to *Skills for Prosperity*.

To oversee these Skills Hubs, a new public private sector entity will be created called **Jakarta Terampil**. It will administrate the Skills Hubs and provide strategic direction to optimise the performance of the Hubs across its implementation timeline.

An Endowment Fund will also be created to provide capital for the startup and long-term costs of the Skills Hubs. It will be financed by public, private, multilateral and civil society investors that share the common interest of improving livelihoods amongst marginalised communities in Jakarta. The Fund will be comprised of two foundations – Yayasan Terampil and Yayasan Futur. This proposal requires an initial capital raising of IDR1.45 trillion (USD100 mill) – 80% of which will be invested by the foundations, 20% of which will be used to cover capital expenditures for the Hubs.

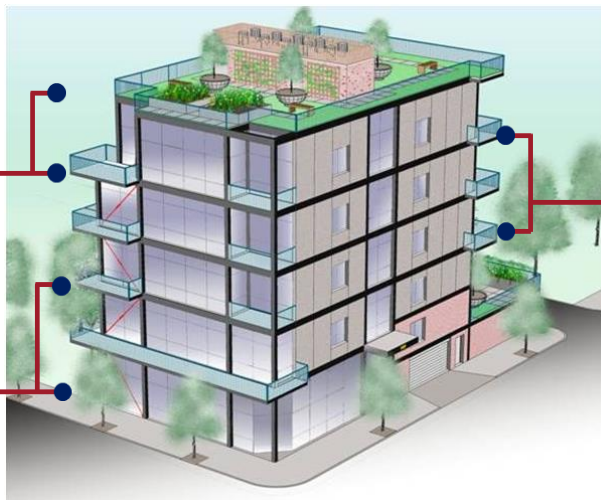
## THIRD SPACES AND CENTRES FOR EXCELLENCE

### Soft skills

On the upper floors, entrepreneurial education will take place in classrooms designed to promote interaction

### Heavy Industries

Workshops on the lower floors will be equipped with heavy industry-standard equipment and tools sponsored by large companies in the locality



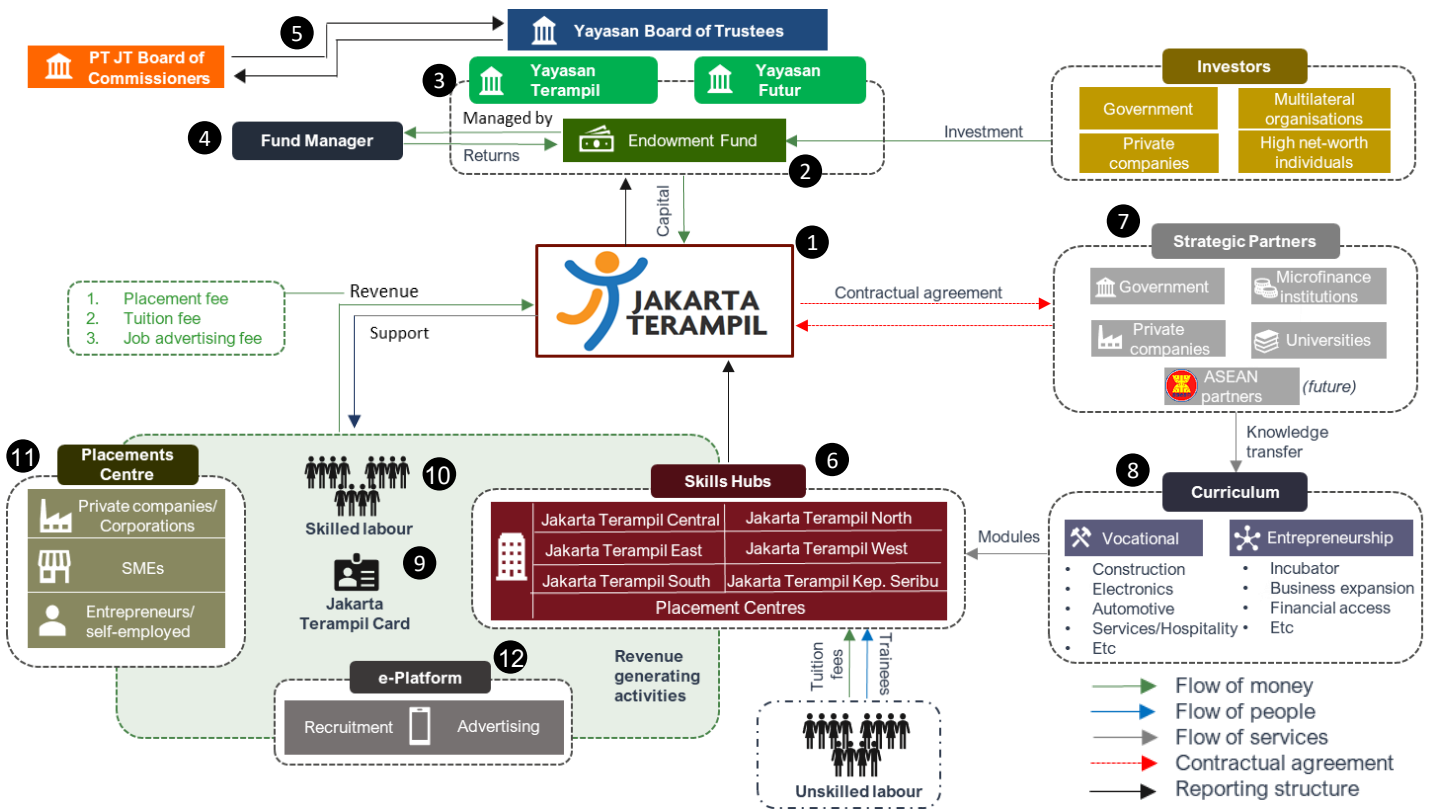
### Active skills

The middle floors will be outfitted with specially-equipped classrooms for a range of active skillsets, from hairdressing to information technology

Beyond the provision of vocational education and employment opportunities, the Skills Hubs will also act as community centres – a third space for Jakartans to interact in. Accessory facilities like sports halls, food courts, gardens and libraries will encourage community engagement, and opportunities for non-trainees to become involved with the education process will also be available, including skills masterclasses and lunch-and-learns.

With all this in mind, Jakarta Terampil and the Skills Hubs will be the first public private sector entities of their kind. If the model proves successful, the Hubs of Jakarta will act as ASEAN Centres for Excellence, providing the foundation for the model to be replicated and adapted to the needs of major urban centres across ASEAN.

# JAKARTA TERAMPIL BUSINESS MODEL



**1** PT Jakarta Terampil is a new public private sector entity that will be established and be responsible for bridging the skills gap and catalysing the creation of jobs.

**2** Jakarta Terampil's capital will be financed by an Endowment Fund provided by a diverse group of investors such as the government, private companies, multilateral organisations and high net-worth individuals. 20% of the capital raised will be initially deployed to the operational costs of Jakarta Terampil.

**3** The Endowment Fund will be overlooked by two foundations, Yayasan Terampil and Yayasan Futur that act as investor relations arm and will report to the Yayasan Board of Trustees.

**4** 80% of the capital raised will be placed in the purview of a professional Fund Manager.

**5** The Governor of Jakarta will act as Chairman of the Yayasan Board of Trustees and the Director of BLK institutes will be selected as Chairman of PT Jakarta Terampil Board of Commissioners.

**6** Skills Hubs will be established across the city. Trainees enrolled in each centre will be trained in vocational and/or entrepreneurship skills based on the industries within the vicinity of the hubs that would qualify them for employment. There will be 10 Skills Hubs by the 5<sup>th</sup> year of operations. Each Skills Hubs will also be equipped with a Placement Centre to provide individual careers advice and to seek job offers.

**7** Contractual agreements will be signed with strategic partners to provide trainers and equipment for the Skills Hubs.

**8** Curriculums in each Hub may differ as they are bespoke collaborations between the Jakarta Terampil core training staff and strategic partners who are based in the locality of each Hub.

**9** Jakarta Terampil will certify the trainees, who will also receive a Jakarta Terampil card upon registration.

**10** Upon course completion, Jakarta Terampil graduates will be able to render their services to corporations or SMEs. Alternatively, they may opt to be self-employed as free lancers or entrepreneurs.

**11** The Placement Centre is a platform that enables Jakarta Terampil graduates to pursue various avenues of employment or gain formal working experience.

**12** The e-Platform serves as an avenue for private corporations and SMEs to recruit skilled labours through a job matching portal.

# BRIDGING THE SKILLS GAP AND CATALYSING JOB CREATION IN JAKARTA

In line with the goals of the Municipal Government, Jakarta Terampil has an ambitious aim of producing 230 thousand new graduates following the first five years of operation.

This will be achieved through the construction of ten Skills Hubs in five years, with each Hub offering 25 available courses.

Certification and efficient job placement services will ensure successful job applications and an unemployment rate that persistently decreases over time.

The indicators of the Skills Hubs' success are varied, and include:

- The number of graduates
- Lower unemployment
- Improving income equality
- Higher school completion



10 Skills Hubs in 5 years



25 available courses within the curriculum



230,000 graduates in 5 years



The **Global Institute For Tomorrow (GIFT)** is an independent pan-Asian think tank providing content-rich and intellectually challenging executive education from an Asian worldview.

The **ASEAN Young Leaders Programme (YLP)** is GIFT's Southeast Asian leadership experiential programme designed for managers from leading global organisations to think critically about the drivers of change in the 21st century and develop new business models that address the defining challenges of our time.

In this ASEAN YLP, 30 participants from 14 companies and 7 countries convened in Malaysia and Indonesia between 19 and 30 November to undertake classroom discussions, fieldwork, and business planning sessions. The results of this business plan were presented at a public forum in Jakarta City Hall, Indonesia, on 30 November to a range of government, business, and community stakeholders.

GIFT thanks everyone for putting in their best efforts and making this possible.

# Tomorrow Matters.

*Published January 2019*

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