

BRIDGING THE SKILLS GAP AND CATALYSING JOB CREATION IN JAKARTA

Pre-Feasibility Report

Produced on the ASEAN Young Leaders Programme
November 2018



Table of Contents



Section	Page
Glossary	3
Executive Summary	4
Introduction and Background	6
Current Situation and Challenges	13
Business Model	16
Operations	30
Governance and Organisational Structure	38
Financial Analysis and Investment	44
Policy Recommendations	53
Social Impact	56
Risk Analysis and Mitigation	59
Implementation Timeline	62
Conclusion	65

Glossary

- **ASEAN** Association of Southeast Asian Nations
- **BLK** Vocational Training Centres (*Balai Latihan Kerja*)
- **Bupati** Mayor
- **DKI** The Capital Region (*Daerah Khusus Ibukota*)
- **Kapupaten** Regency
- **Kecamatan** Districts
- **MSME** Micro, Small and Medium Enterprises (*Usaha Mikro, Kecil dan Menengah*)
- **OK OCE** One District (*Kecamatan*) One Centre for Entrepreneurship
- **PAS 7** 7-Steps to Success (*Pasti Akan Sukses*)
- **Pemerintah provinsi** Municipal Government
- **PKT** Integrated Entrepreneurship Development (*Perkembangan Kewirausahaan Terpadu*)
- **PT** Private Limited Company (*Perseroan Terbatas*)
- **SMK** Vocational Education School (*Sekolah Menengah Kejuruan*)



Executive Summary (1/2)

Country Overview

Indonesia is Southeast Asia's largest economy and is home to a population of over 264 million. Indonesia is a youthful country, with a high dependency ratio of 49.2 and only a small percentage of people over the age of 65 (7.01%). Its largest industries are agriculture, mining, automotive and textiles. However, income inequality is high, with a Gini coefficient of 0.391. Performance in the labour market has been weak, with slow job growth and high levels of labour under-utilisation. Indonesia's labour force is 127 million and has an unemployment rate of 5.13%; that's 6.87 million people¹

Current Issues

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.

¹ <https://data.worldbank.org/country/indonesia>

Current Solutions

To address the issues surrounding employment, the Municipal Government of Jakarta / Pemerintah Provinsi Daerah Khusus Ibukota (DKI) has established initiatives targeted at different segments. One stand-out scheme, One District One Centre for Entrepreneurship (OK OCE), was a programme founded in 2016 for the purpose of creating 200 thousand entrepreneurs in five years. For this scheme, industry experts taught participants in community centres and an online portal was developed to provide information on how to set-up small businesses as well as connecting entrepreneurs to a network of support for all business aspects. It was eventually transformed into Integrated Entrepreneurship Development (PKT) under a recent government regulation.

DKI also provides vocational education initiatives such as SMK (Sekolah Menengah Kejuruan), a secondary education-equivalent that runs for 3 years; and BLK (Balai Latihan Kerja), short courses for industry-relevant skills. These schemes upskill the workforce across a range of trades, from electrical engineering to culinary design, to promote formal employability. 'Learning by doing' is a key principle, with 75% practical learning and only 25% theoretical learning.

Despite the concerted efforts of DKI, equal employment opportunities for all remains an unmoving challenge in Jakarta.

Executive Summary (2/2)

Business Proposal

To fill the gaps left by current initiatives, a fresh approach including a business model has been proposed by 30 business leaders who participated in GIFT's ASEAN Young Leaders Programme. With the objectives of bridging the skills gap and catalysing job creation, this business proposal comprises the following key elements:

1. The creation of an **Endowment Fund** – **Yayasan Terampil** – financed by public, private, multilateral and civil society investors that share the common interest of improving livelihoods amongst the most disenfranchised in Jakarta.
2. The creation of a **new public private sector entity** – **Jakarta Terampil** – that administrates the provision of vocational training, entrepreneurial incubation, and job placements for under-skilled populations.
3. The creation of purpose-built **Skills Hubs** by **Jakarta Terampil** across Jakarta, that leverages **public-private-partnerships** to deliver bespoke curriculums and opportunities for employment. Each hub will encourage community interaction in a “third space” – a venue for citizens to gather together between work and home; a healthier alternative to the ubiquitous shopping mall.
4. The opportunity for Jakarta to become the first mover for an **ASEAN Centre of Excellence** for vocational education targeting rural migrants to urban centres, with potential for replication and adaptation across ASEAN.

Financial Highlights

The proposal requires an initial capital raising of IDR1.45 trillion (USD100 mill). 80% initially will be placed in the Endowment Fund and managed by a professional fund management team. The other 20% will be used to capitalise **Jakarta Terampil** and fund the cap-ex and initial operating costs of the **Skills Hubs**. The base-case scenario financial projections show a break-even in year 5.





Introduction & Background

ASEAN Young Leaders Programme



The Global Institute For Tomorrow (GIFT) is an independent pan-Asian think tank that provides content-rich and intellectually challenging executive education from an Asian worldview. GIFT's methodology invites participants to build greater self-awareness and test personal resilience whilst creating robust new business models linked to contemporary challenges and opportunities.

GIFT's **ASEAN Young Leaders Programme (YLP)** brings together top public, private and civil sector professionals from across Southeast Asia to develop their leadership skills whilst engaging in constructive dialogue and cross-sectoral collaboration to overcome key challenges in ASEAN societies.

Project Team

30 young professionals from 7 countries and 14 organisations – including multinational companies, government bodies and civil society groups – participated in the ASEAN YLP. The programme was carried out in Malaysia and Indonesia between 19 – 30 November 2018.

The project team worked to produce business recommendations for DKI to create a commercially sustainable public private sector entity with the aims of upskilling Indonesia's workforce and reducing unemployment in the city.



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



PETRONAS



Project Partner

Pemerintah Provinsi Daerah Khusus Ibukota is the term used to describe the Municipal Government of Jakarta. The Governor's Office is the lead administrative body and is headed by the Governor of Jakarta.

The administrative regency of DKI is the Thousand Islands (*Kepulauan Seribu*), which is a collection of 105 small islands located on the Java Sea. Jakarta consists of five administrative regions, each supervised by a mayor (*bupati*) and one administrative regency (*kabupaten*). Each region is divided into districts (*kecamatan*).

DKI has attempted to tackle unemployment across Jakarta through initiatives that teach entrepreneurial and vocational skills. The former has included OK OCE, now transformed to PKT under new government regulation, while the latter involves many technical skills courses such as SMK and BLK.

These schemes have good outreach: nearly 700 centres for vocational training for SMK and BLK combined; and have had significant uptake: over 45 thousand sign-ups for OK OCE in the first year alone. However, levels of under-qualification and unemployment remain high. For example, graduates of vocational schools contribute more to levels of unemployment than graduates of traditional high-school education. Furthermore, the proportion of OK OCE sign-ups that complete the scheme is minimal.

As such, there is room for improvement in a way that complements and expands on current efforts.



Left to right: Governor of Jakarta, Anies Baswedan; GIFT CEO and Founder, Chandran Nair; Founder of OK OCE, Faransyah Jaya

Scope of Project (1/2)

Programme Objectives

To obtain insights into the **disconnects** between Jakarta's under-skilled communities and the Jakartan job market, and to explore methods of **bridging skill gaps** in these communities to deliver long-term employment.

To develop a business model for DKI that provides routes to employment in a format that is **inclusive, self-sustaining**, and ultimately **uplifts Jakartan communities** and the wider Jakartan economy.

To produce recommendations entrenched in the Jakartan context, including:

- Taking into account the balance between the social mandate of the model and its long-term financial sustainability for DKI and other investors;
- The need to be inclusive of under-skilled communities across all Jakarta to ensure equal access to opportunity;
- The need for contemporary routes to employment to ensure successful hiring rates that do not disrupt current employment opportunities;
- The potential use of this model as a pilot for disenfranchised urban communities across the wider ASEAN region.



Scope of Project (2/2)

Methodology for Field Project

- Immersion in the Jakartan employment ecosystem through interaction with a wide range of stakeholders. Discussions, focus groups, and site-based learnings for critical evaluations of unemployment in Jakarta.
- Collection and analysis of relevant data to support information from site visits and stakeholders. Consolidation of findings in business planning sessions to develop a large-scale, long-term, and self-sustaining business model.

Insights from key stakeholders include:

- **Government site visits** – Consultation with several government agencies, including Jakarta Smart City, Ministry of Micro, Small and Medium Enterprises, Economic Bureau, Manpower & Labour, and Trade & Industry.
- **Private enterprises & foundations** – Discussions with tech unicorn Go-Jek; alternative capital provider Dompet Dhuafa; and Bank of Indonesia.
- **Entrepreneurs** – Meetings with local entrepreneurs who have seen success with governmental schemes that encourage in-home entrepreneurship. Participated in a training centre class where the scheme curriculum is taught.
- **Community visits** – Engagement with residents of local communities across a range of life-stages and socioeconomic statuses.

Outcomes

- Generation of a business proposal with five focus areas: Business Model; Operations and Strategic Partnerships; Organisational Structure and Governance, Social Impact; and Financial Analysis and Investment.
- Presentation of strategic sections of the business proposal to the Governor of Jakarta at a public forum in the City Hall on 30th November 2018 to a range of stakeholders – including government, private, and civil society sectors.



Indonesia and Jakarta



Indonesia at a glance



Indonesia is home to Southeast Asia's largest economy and is one of the world's most important emerging markets. Key industries include petroleum, automotive, electrical appliances, rubber, textiles, and tourism.

Though the country has a steady annual GDP growth rate and a rapidly rising middle-income population, **poverty** and **unemployment** remains a key issue, with young people making up almost a quarter of the unemployed population.

Jakarta, Indonesia's capital, has a population of at least **10.5 million** and is simultaneously the largest and **most densely populated city** in Southeast Asia. It has a **GDP of US\$321.3 billion**, and an impressive **economic growth rate of 4.5%**, making it a faster growing city than Bangkok, Kuala Lumpur, and even Beijing.

Despite being classed as an alpha world city that links Indonesia to the rest of the world with integrated economic services, over a quarter of Jakarta's population **resides in slums**, totalling near **3 million people**.

Jakarta links Indonesia to the rest of the world with a GDP of US\$321.3 billion



Current Situation and Challenges

The Jakartan Labour Market

The Jakartan labour market holds regional significance. Indonesia has the **largest economy in ASEAN**, and Jakarta is the economic hub of the country; in 2017 it generated **17% of the national GDP**. Of this, finance and business services were the largest contributor (29%), followed by hospitality and restaurants (20%), and finally manufacturing (16%). Jakarta also has the highest average monthly salary in Indonesia, at Rp 3.9 million.

Despite these positives, unemployment and underemployment are stark issues in Jakarta, which have yet to be remedied. The key drivers are:

Inequality

Jakarta has a 0.39 Gini coefficient

>3 million people earning < Rp 1 million per month

Rural-urban migration adds to the pool of impoverished unskilled workers

Capacity

Every year in Indonesia, 800 thousand new jobs are created, but 2 million youths reach employment age.

Jakarta is affected by the same issue on a smaller scale

Basic services

Just 57% of Jakartans have access to piped water

For those living on the poverty line, it costs Rp 20 thousand to purchase clean water

Informal work

>350 thousand Jakartans are believed to work in the informal sector

MSMEs remain informal as they serve very local markets and want to avoid tax

Education

In 2015, 52% of the employed population was likely under-qualified for their positions

Vocational school graduates contribute more to unemployment than traditional graduates

Overall, performance in the labour market has been weaker than anticipated, with slow job growth and dominance of an informal workforce.

Current Initiative Analysis

Initiatives	Descriptions	Objectives	Limitations
OK OCE	<ul style="list-style-type: none"> Launched in Dec 2017 by Pak Anies & Pak Sandi to create 200 thousand new entrepreneurs 	<ul style="list-style-type: none"> Reducing unemployment rate in Indonesia Promoting economic growth of Indonesia Potentially replicating this model in other provinces 	<ul style="list-style-type: none"> Too much political affiliation Programme going national for political purpose
PKT	<ul style="list-style-type: none"> Following electoral changes, OK OCE was rebranded as PKT and formalised as a gubernatorial regulation 	<ul style="list-style-type: none"> Reducing unemployment rate in Jakarta Promoting economic growth of Jakarta 	<ul style="list-style-type: none"> Builds on OK OCE's model and operations but lacks clear direction and coordination
SMK	<ul style="list-style-type: none"> 593 SMK 61% management, 26% information technology, 10.3% tourism, 2% fishery Full time education - 3 years Students tend to come from poor families with low educational backgrounds 	<ul style="list-style-type: none"> Aimed at students not planning higher level studies who want to join the workforce once they graduate 	<ul style="list-style-type: none"> Mismatch between industry needs and subjects offered Shortage of teachers (due to low pay) Employers feedback: grads are not 'workplace' ready
BLK	<ul style="list-style-type: none"> 197 BLK Short courses – 60 days 7:30 – 3:15pm 	<ul style="list-style-type: none"> To help senior high school grads develop specialized skills 	<ul style="list-style-type: none"> Requires a SMK certification However, now going through a 5-year revitalisation plan
National & local level	<ul style="list-style-type: none"> Competency based training programs E.g. Bantaeng, South Sulawesi and Pasuruan, East Java 	<ul style="list-style-type: none"> Specifically designed to meet the industries needs hiring in the region 	<ul style="list-style-type: none"> Basic levels currently, needs more specialisation

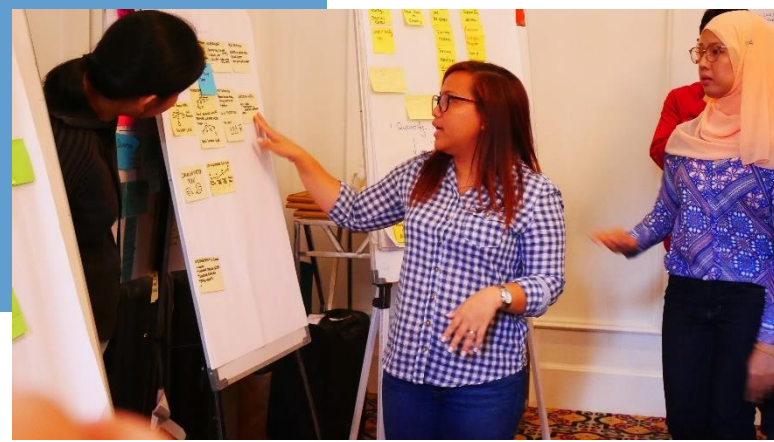
Well-targeted vocational education is inadequate in Indonesia



Source: [Businessreview.co](https://www.businessreview.co)

Business Model

Summary



The proposed business model is centred around the creation of an **Endowment Fund** that provides the capital for the instigation and long-term development of a new **public private sector entity**, known as PT **Jakarta Terampil**.

Jakarta Terampil is a private company whose operations are formed through public private partnerships between DKI and multiple private sector stakeholders.

The public private sector entity itself will fulfil the following functions:

- Construction of **Skills Hubs**, which will provide **nominal cost vocational training** and work experience for a range of key industries that are active within localities of each Hub
- Strategic partners from the public and private sectors will provide **state-of-the-art equipment** and **industry-experienced trainers**
- Facilitating the connection between trainees and a network of companies to encourage **accelerated employment** through a **Placement Centre** and fully integrated **e-Platform**
- **Certification** for graduates to provide proof of training, enabling independent employment search

These services are all targeted at bridging skill gaps and catalysing job creation across Jakarta in an inclusive and sustainable way.



Rationale and Objectives

The constraints and limitations of current initiatives leave gaps that can be addressed to more successfully bridge the skills gap and catalyse job creation in Jakarta.

Objectives:

- As **marginalised communities** in Jakarta are in the most need of employment, the model will be targeted towards them, although not exclusively so. To that end, traditional commercial models of upskilling are too costly, so an **Endowment Fund** financed by **public and private sources** will be created to support ongoing upskilling and subsequent employment.
- By virtue of being a **public private sector entity** **Jakarta Terampil** would gain access to funding from diverse sources, professional management teams, efficient administration and mutually beneficial partnerships with the private sector – a feat not easily attained through solely public sector initiatives.
- As unemployment is such a **social issue**, private sector companies are not the best equipped to manage underprivileged communities' needs. So, a new public private sector entity called **Jakarta Terampil** will be formed that operates **using public private partnerships** to balance the specialisation of the private sector with the resources of the government.
- As a broad range of instruction is needed to bridge the skills gap, purpose-built **Skills Hubs** will be one-stop centres that provide technical upskilling for both hard-skill **vocational** and soft-skill **entrepreneurship** training, marrying the successes of current government initiatives in one space.



Jakarta Terampil



VISION

An equitable and prosperous Jakarta with development opportunities for all



MISSION

Bridging the skills gap and catalysing the creation of jobs to reflect the needs of Jakarta's labour market

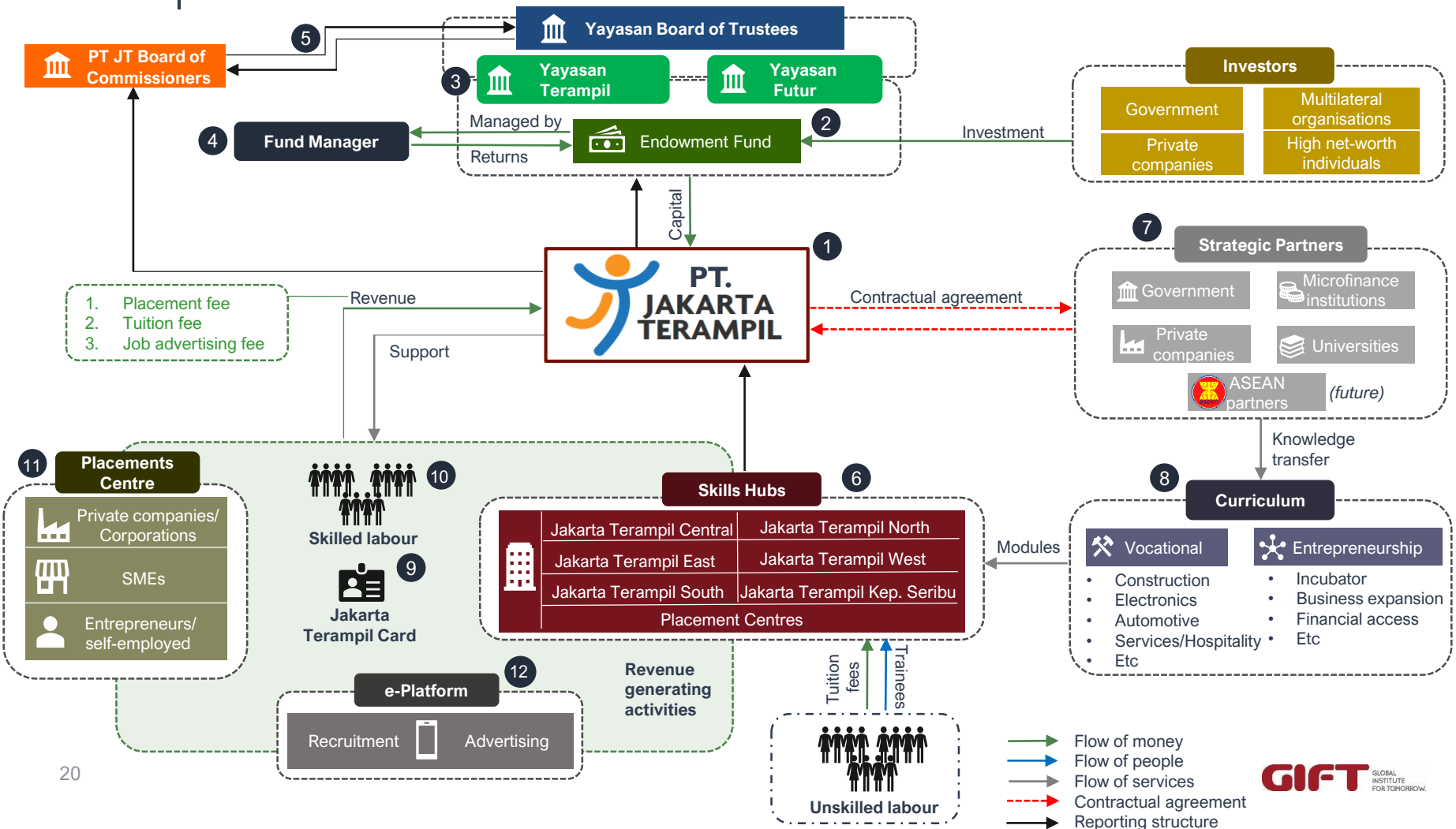


Terampil (adj) *Te – rum – pill*

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*.

Proposed Business Model



Business Model Rationale

- 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 There will be one PT **Jakarta Terampil Board of Commissioners** and one **Yayasan Board of Trustees** overseeing **Jakarta Terampil**'s performance. 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 **5th year of operations**.

Each **Skills Hubs** will also be equipped with a **Placement Centre** to provide individual careers advice and to seek job offers. The centre will also be in charge of certification and **Jakarta Terampil** card management.

- 7 **Contractual agreements** will be signed with **strategic partners** to provide trainers and equipment for the **Skills Hubs** (page 22 and 23).
- 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. It will be multi-purpose, i.e. containing a digital resume, and will provide preferential access to job opportunities as well as a range of public and private sector goods and services.
- 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.

Business Model: Key Stakeholders 1/2

The table below lists the key stakeholders in the business model and their major contributions.

Stakeholders		Key Contributions	Interests
Municipal Government	North Jakarta, East Jakarta, West Jakarta, South Jakarta & Kepulauan Seribu	<ul style="list-style-type: none"> Provides land to build Skills Hubs Support via local policies and / or regulations Converge some existing initiatives e.g. BLK 	<ul style="list-style-type: none"> Reducing unemployment rate Promoting economic growth
Private Sector	Flagship Indonesian & International brands E.g.: Astra International, Semen Indonesia, Astra Honda Motor, DBS, BASF, Nestle, DOW, Samsung, Apple	<ul style="list-style-type: none"> Co-develops curriculum & course modules Sponsors equipment, machinery & tools Fitting of state-of-the-art facilities Provides trainers and future Train The Trainers (TTT) schemes for Skills Hubs 	<ul style="list-style-type: none"> Company brandings & goodwill Increased pool of employable labour
	Technology Support Partners E.g.: Telkom Sigma, Indosat, Axioo, Bukalapak	<ul style="list-style-type: none"> Provides IT infrastructure for training centers (e.g. mobile app, computer, broadband, etc.) Training Management System to connect the network of Skills Hubs on a single platform 	<ul style="list-style-type: none"> Company brandings & goodwill Increased pool of employable labour
	Financial Support Partners E.g.: ORIX Indonesia Finance, BFI Finance Indonesia	<ul style="list-style-type: none"> Micro-financing tuition fees for selected bracket trainees 	<ul style="list-style-type: none"> Company brandings & goodwill Increased pool of employable labour
	Marketing & Communications Partners E.g.: Kompas, .NET TV, TransTV, JakFM	<ul style="list-style-type: none"> Provides required marketing and promotion for training center 	<ul style="list-style-type: none"> Company brandings & goodwill Increased pool of employable labour

Business Model: Key Stakeholders 2/2

Stakeholders		Key Contributions	Interests/Benefits
Multilateral Agencies & DFIs	E.g.: Asian Development Bank, International Finance Corporation (AIC), World Bank Group, Asian Infrastructure Investment Bank (AIIB), Japan International Cooperation Agency (JICA), Australian Aid (AusAID)	<ul style="list-style-type: none"> • Technical assistance • Monitoring and evaluation • Funding 	<ul style="list-style-type: none"> • Reducing unemployment rate in Indonesia • Promoting economic growth of Indonesia
	<p>High net-worth individuals</p> <p>Crowd-funding</p> <p>Yayasan, Zakat Funds, etc.</p>	<ul style="list-style-type: none"> • Investments in Endowment Fund and capital expenditure for Jakarta Terampil 	<ul style="list-style-type: none"> • Shared interest in the common goal of improving livelihoods in Jakarta

Potential key stakeholders:

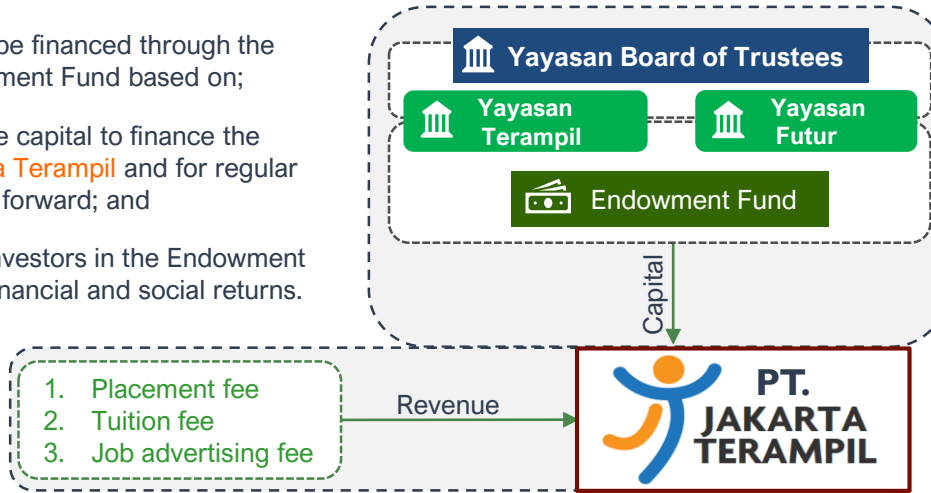


Funding and Revenues

Endowment Fund Premise

Jakarta Terampil will be financed through the creation of an Endowment Fund based on;

- The ability to raise capital to finance the mission of **Jakarta Terampil** and for regular investment going forward; and
- Expectations of investors in the Endowment Fund regarding financial and social returns.



Revenue Streams

- Tuition Fees:** Although almost entirely subsidised by the Endowment Fund, trainees will pay a small fee to cover administrative costs
- Placement Fees:** Commission is paid by companies who hire graduates from the Placement Centres' database, equal to a percentage of the graduate's salary
- Job Advertising Fees:** Companies that choose preferential advertisement in the Placement Centre and on the e-Platform will pay a small advertising fee

Endowment Fund Rationale

The Endowment Fund is the financing model of choice because **Jakarta Terampil** is an inclusive business with a strong social mandate that – due to its ambitious scale – requires a high portion of start-up and long-term capital.

Endowment funds have been utilised for large-scale social development and environmental projects in Indonesia, such as the **Indonesia Climate Change Trust Fund** managed by Bank Mandiri. Internationally, there is also the example of **Harvard's Endowment Fund** and **Nanyang Technology University Endowment Fund** in Singapore.

Two Foundations

It is a legal requirement that any company must have two shareholders, thus **Jakarta Terampil** will have two foundations.

The first foundation, **Yayasan Terampil**, will be the **prime shareholder with 99%** of all funds and will operate as the investor relations arm. The second foundation, **Yayasan Futur**, is an accessory shareholder that **holds 1%**. Details regarding these two **Yayasan** will be part of a full feasibility study.

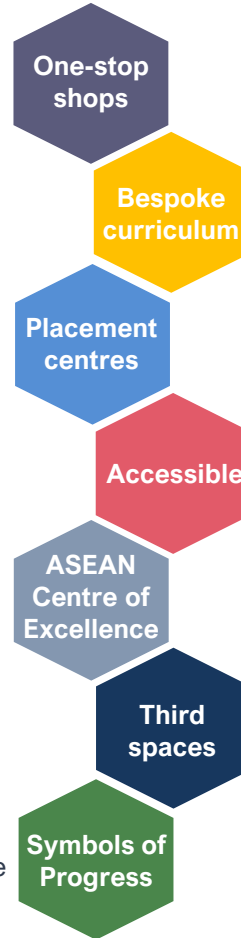
Skills Hubs – Value Proposition

The proposed **Skills Hubs** are envisioned as **purpose-built venues** in carefully selected locations, with contemporary facilities designed to accelerate a broad range of curriculums, from **vocational hard-skills** to **entrepreneurial soft-skills**

Fundamental to the **Skills Hubs** are the introduction of **Placement Centres**. These are platforms that channel **Jakarta Terampil** trainees and graduates into skilled employment with partner companies and external organisations

The **Skills Hubs** represent an opportunity for **international recognition** as **Centres of Excellence**, which has the **potential for replication** in other ASEAN states

With stand-out designs, these **Skills Hubs** will act as symbols of **progress and hope**, helping developing a positive brand image that encourage individuals from all across Jakarta to get involved



These courses will be **tailored in collaboration with the private sector** partners at each location to provide flexible training for the dominant industries in each locality. Importantly, this will align skill development with the **supply and demand of job markets** in each area

Initially, there will be **six Skills Hubs** erected across the six main regions of Jakarta to promote **accessibility** and **inclusivity** for a range of communities

Beyond the provision of vocational education, the **Skills Hubs** will also act as **community centres, a third space** for Jakartans to interact in, with **accessory facilities** like sports halls, food courts, gardens and libraries

Skills Hubs – Recruitment

Recruitment

Training

Internship

Assessment

Jakarta Terampil Card

Hiring
Process

Employed

In order to attract and recruit trainees to the **Skills Hubs**, the operations team of both PT **Jakarta Terampil** and **Skills Hubs** will engage with the public through various channels:

- Roadshows with live skills demonstrations
- Mobile enrolment centres in the heart of the community
- Collaboration with local district government offices
- Outreach in partnership with grassroot organisations
- Booths at employment fairs
- Social media campaigns
- Incentives for referrals

Each **Skills Hubs** will be strategically located to guarantee accessibility to the communities who need them the most. In addition, activities such as talks by industry leaders, employers and graduates will be held regularly at the **Skills Hubs** for continuous community engagement.



Membership

Recruitment

Training

Internship

Assessment

Jakarta Terampil Card

Hiring
Process

Employed

Trainees will receive a **Jakarta Terampil membership card** that will log their **attendance** of training sessions, as well as permitting access to **in-Hub facilities**. As graduates, they will obtain **complete physical and digital membership** of **Jakarta Terampil** – they will be provided with **certification**, and their membership card will be updated to grant certain benefits:

1. The card will contain a **digital resume** regarding course type, pass date, level of achievement, and number of hours worked
2. **Member-level access** to the e-Platform to accelerate and enhance **employment opportunities**
3. **Member-level access** to the **alumni network** for city-wide interpersonal connections
4. Discounts through the network of partner organisations

There are opportunities to transform the **Jakarta Terampil card** into a multi-service card by tying it to toll or cash cards.

*The QR code will enable employers to access the resume of the **Jakarta Terampil** trainee or graduate to quickly ascertain expertise.



App and Website

The **e-Platform** is an integrated set of interactive **online services** that provides trainees with information, tools and resources. This includes: communication, course registration, certificate archiving, and a job portal. It is a combination of a website, an intranet, and an app. To provide exhaustive employment opportunities, **Jakarta Terampil** will leverage the increasing importance of the app-based economy. **Mobile applications** will be introduced to mirror the complete set of services available on the **Jakarta Terampil** website.



- Stakeholder Profiles
- Participants / Trainers Registration
- E-Learning Course
- CV Maker
- Course Directory
- Classes Schedule
- Mobile Apps
- Trainers' Profile
- Job Portal
- Internship Information

My Profile

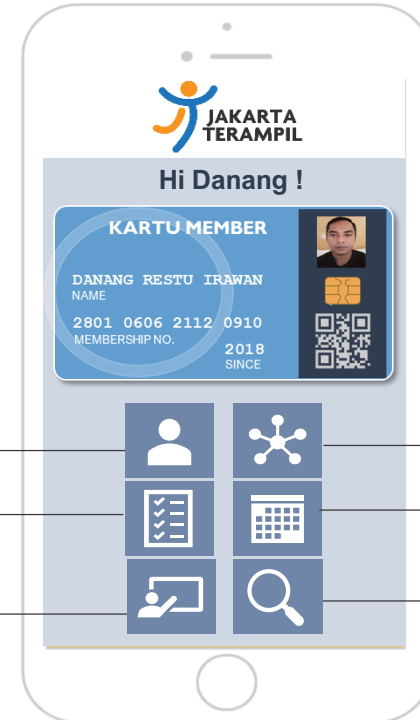
Data of training record, digital resume and certificate repository

Historical Employment

Database of previous employment records

Course Manager

Portal for available courses



JT-Network

Connect with fellow Jakarta Terampil graduates

Training Calendar

Reminders for upcoming training

Job Portal

Database of available jobs

Key Milestones of Business Plan

Year
1 - 2

- Formation of **Yayasan Terampil** and **Yayasan Futur**
- Formation of **Jakarta Terampil** with 99% share ownership by **Yayasan Terampil** and 1% by **Yayasan Futur**
- Formation of **Board of Trustees** for **Yayasan Terampil** and **Yayasan Futur**
- **Board of Commissioners** for **Jakarta Terampil**
- **Investor relations team** and **Endowment Fund Manager** hired by Board of Trustees
- Identification of government land for **Skills Hubs** sites, and initiation of licensing process
- Fund raising activities throughout Year 1 and 2

Year
2 - 3

- 1st – 5th **Skills Hubs** established
- Mobile app and website introduced
- Train The Trainers (TTT) scaled with private sector support

Year
4 - 5

- 6th - 10th **Skills Hubs** established
- 10 **Skills Hubs** fully operational
- Focus efforts on scale and outreach through mobile app and Placement Centres

Year
5+

- After the initial 5 years of set-up, the success of the model piloted in Jakarta could spread to reach an international stage in ASEAN.

Options for Scaling

ASEAN Centre of Excellence

- **Jakarta Terampil** and the **Skills Hubs** will be the first entities of their kind. If the model proves successful, then Jakarta and Indonesia will provide the foundation for the model to be adapted to the needs of major urban centres across ASEAN.

e-Platform Marketplace

- Through partnerships with existing Indonesian digital marketplace specialists, such as Tokopedia, the e-Platform has the potential to expand into a marketplace that allows graduates to sell goods they produce, or purchase raw materials for production.

e-Platform Aggregator

- To provide legitimate flexible employment for graduates, partnership with on-demand job aggregators such as Go-Jek would provide graduates with the opportunity to use the job portal of the e-Platform for short-form work that matches their skillset.





Operations

Summary



In order to effectively bridge skills gaps and catalyse job creation in Jakarta, an operational plan detailing the processes involved in setting up and running the **Skills Hubs** is essential. These include:

- Ascertaining the **location** of the Hubs and how the space within each Hub will be used
- Understanding the **key stakeholders** involved in the **Skills Hubs**, and what their interests are
- Designing the **curriculum** in a way that encourages efficient upskilling to move under-skilled trainees into employment as fast as possible
- Sourcing trainers from local industries, in which they will have expertise
- Conceptualising the process flow of an individual through a **Skills Hub**, from applicant to employee, to understand how the system fits together
- Realising the potential of the Hubs as community centres, providing third spaces for Jakartans to engage with one another in positive ways

Skills Hubs: Location and Design

The **Skills Hubs** will be located based on three main factors:

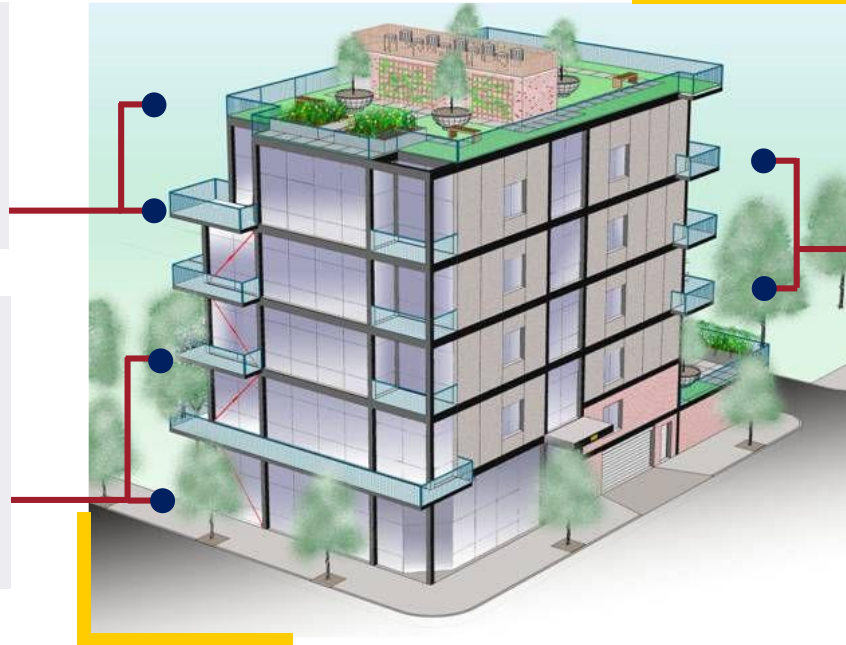
- **Inclusivity:** Most importantly, the **Skills Hubs** must be positioned to cater for the communities in greatest need of upskilling – commuting times must be as minimal as possible
- **Industry:** The proximity from local strategic partners is essential to ensure strong partnerships and efficient flow of trainees to and from industry sites during work experience
- **Availability:** Underpinning the location of any Hub is the availability of government-owned land, as this land will be used to develop the **Skills Hubs**

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

Skills Hubs: Key Stakeholders

GOVERNMENT

- Provider of land, funding and support mechanisms through policies and regulation
- Local councils to assist and support trainees enrolment
- Work together with Placement Centres to secure jobs
- Motivated to achieve mandate, policy goals to improve the livelihoods of its society



PRIVATE SECTOR

- Provides funds, construction and expertise
- Most importantly to absorb the new grads into the workforce
- Knowledge transfer and contributes to new fixtures and equipment
- Want a pool of readily-available talent who are skilled according to the needs of the industry
- Better labour supply management



TRAINERS

- Develop a trainers network to keep trainers motivated by creating a continuous learning environment
- Trainers will be able to learn on-the-job and rotate through different hubs
- Experienced trainers: companies, institutions and retirees



NGOs

- Support the development and empowerment of a range of different communities across the Jakarta
- Utilise space in **Skills Hubs** to run social activities to activate the 'third space'
- Find ways to collaborate with **Skills Hubs** in providing value-adding services including contributing to curriculum development



SOCIAL ENTERPRISES

- Support the development and provision of social and community building
- Be part of the ecosystem to absorb the new grads
- Take part in empowering trainees through networking events and lunch-and -earn talks
- Offer services e.g. managing day-care



FINANCIAL & CORPORATE SUPPORTERS

- To collaborate with **Jakarta Terampil** to provide access to financing for entrepreneurship graduates
- To co-develop and contribute to the entrepreneurship curriculum
- To open up more opportunities to access bigger markets for entrepreneurs



COMMUNITIES

- Third spaces: accessible, affordable and safe spaces open to all layers of community
- Volunteering: maintenance, community projects, coaching
- Community centre: sports halls, libraries, gardens, urban gardening etc.
- Objectives: Promoting vibrant and inclusive communities in the medium to long-term



Opportunities for many to contribute to the success of the Skills Hubs

Curriculum Design

Blended learning

- A combination of academic classroom-based and practical workshop-based learning at a 20% to 80% ratio respectively

Job market specific

- Based on the supply and demand of labour in job markets surrounding the **Skills Hubs**
- Strategic partners leveraged for internships

Agile and adaptive

- Every **Skills Hubs** will have varying curriculums, with cross-Hub sharing for course optimisation
- Coaches will provide one-on-one teaching to prepare trainees for work



Course duration: between one to three months

Trainers

Skills Hubs will have permanent teams of core staff with industry expertise who will act as trainers for a given Hub. To supplement and support these staff, external part-time trainers will be sourced from:



Government



Private sector partners



Academic institutions (faculty and mature students)



Retired professionals (>55 years)

Trainers will be professionals with deep experience in their field, and will come from a range of sectors:

Construction and Machinery Skills



- Plastering
- Concrete laying
- Plumbing

Automotive



- Assembling
- Mechanics
- Tyre specialist

Services



- Childcare
- Hospitality
- Hairdressing

Electronics



- Mobile phone repair
- Laptop repair
- Air-con maintenance

Trainers will also undergo specialised programmes called Train The Trainers to keep their content and skills up to date. This involves advanced short-courses and secondment to different **Skills Hubs**.

Process Flow



Applicant

Registration

- Participants register online or through an application form.
- Applicants' data will be added to the **Skills Hubs'** database
- Nominal tuition fees for higher enrollment from target groups.

Course selection

- Training is selected based on the skillset applicants want to develop.
- Each course will be outlined, including information on employers in the Hub's district.



Trainee

Attendance

- Programme courses are short and concise, combining a 80% practical learning with 20% classroom sessions.
- Courses are followed by on-site internships with strategic partners.

Assessment

- Rigorous academic and practical assessments will be conducted to evaluate skills capabilities.
- Quality assurance will ensure that employers are satisfied with the standards of graduates.



Graduate

Employment

- In the Placement Centre database, participants' status will be updated to 'graduate'.
- This will enable them to apply for jobs through the Placement Centre and e-Platform.

Upskilling

- Post-graduation, there will be opportunities for members to up- or re-skill further, improving their skills repertoire and / or expertise.



1: Corporations

Opportunities to work with strategic partners or other large industries who advertise with **Jakarta Terampil**.



2: Entrepreneurs

Obtaining micro-financing from **Jakarta Terampil** or other sources to setup or scale an SME.



3: Self-employed

Using the training provided at the **Skills Hub** to have a flexible or autonomous work structure.

The outcomes of an individual's flow through the Skills Hubs depends on course and employment choice

A Third Space



The Three Spaces: home, work, and social spaces. In Jakarta, traditional third spaces are malls – the **Skills Hubs** aim to become a community area

Above and beyond the services **Skills Hubs** provide as a means to bridge the skills gap and catalyse job creation in Jakarta, they will also act as community centres and third spaces for Jakartans to interact in.

Example Facilities:

- Sports halls
- Gardens
- Day-care
- IT suite
- Libraries
- Food halls

Engagement Opportunities:

- **Lunch-and-learns:** guest speakers can be invited to share opinions and areas of expertise to provide valuable lessons to entrepreneurs or recent graduates seeking work – all open to the public.
- **Skills masterclasses:** imparting basic skills to the community on a regular basis, e.g. how to mend clothes or cooking demonstrations, as a way to involve a range of ages and generate more interest in prospective trainees
- **Free services:** locals can act as ‘practice’ for trainees by signing up for free haircuts; bringing damaged mobile phones for repair; and being audiences for presentations.





Governance and Organisational Structure

Why Good Governance Matters

Good governance means:

Conducting business with **integrity, fairness, transparency** and **necessary disclosures** to protect the interests of all stakeholders.

Both public and private organisations should comply with all laws of the land; be accountable and responsible towards stakeholders; and commit to conducting business in an **ethical manner**. They should focus on balancing stakeholder interests with other key stakeholder groups, including customers, communities and supporters.

Why does **Jakarta Terampil** need governance mechanisms?

As the intended recipient of large amounts of public and private investment, mechanisms need to be in place to deliver **accurate and transparent information** on the direction of funds and what social impacts are generated.

Strong corporate governance is also essential for the **accountability** of **Jakarta Terampil** in protecting the interests of investors, trainees and value chain partners, as well as ensuring the objectives of the organisation are met through **well-established legal norms**.

Good governance will positively influence the reputation of **Jakarta Terampil** and can **mitigate risks** associated with managing funds and working with multiple stakeholders.

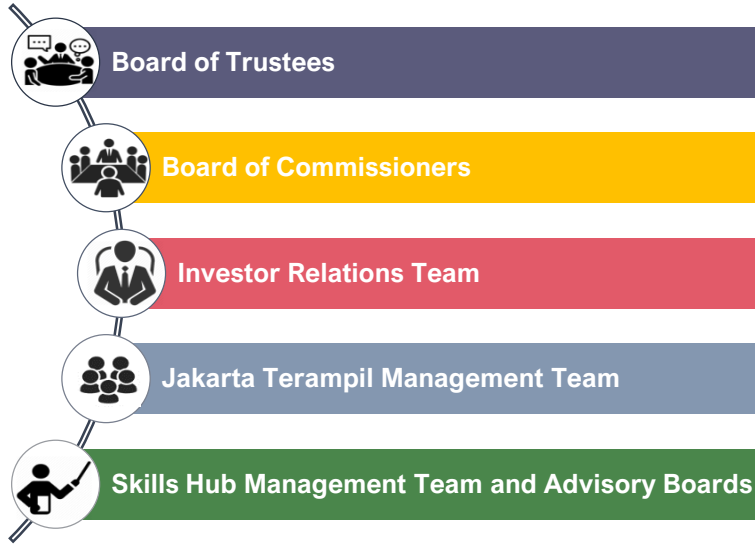
This section highlights the organisational and governance structures necessary to integrate the management of the newly formed **Jakarta Terampil**, **Yayasan Terampil** and the **Skills Hubs**.



Good governance will ensure Jakarta Terampil will achieve its objectives and drive improvement through legal compliance and in an ethical fashion

Proposed Governance Framework

The following governing roles are proposed to ensure smooth business management and operations:



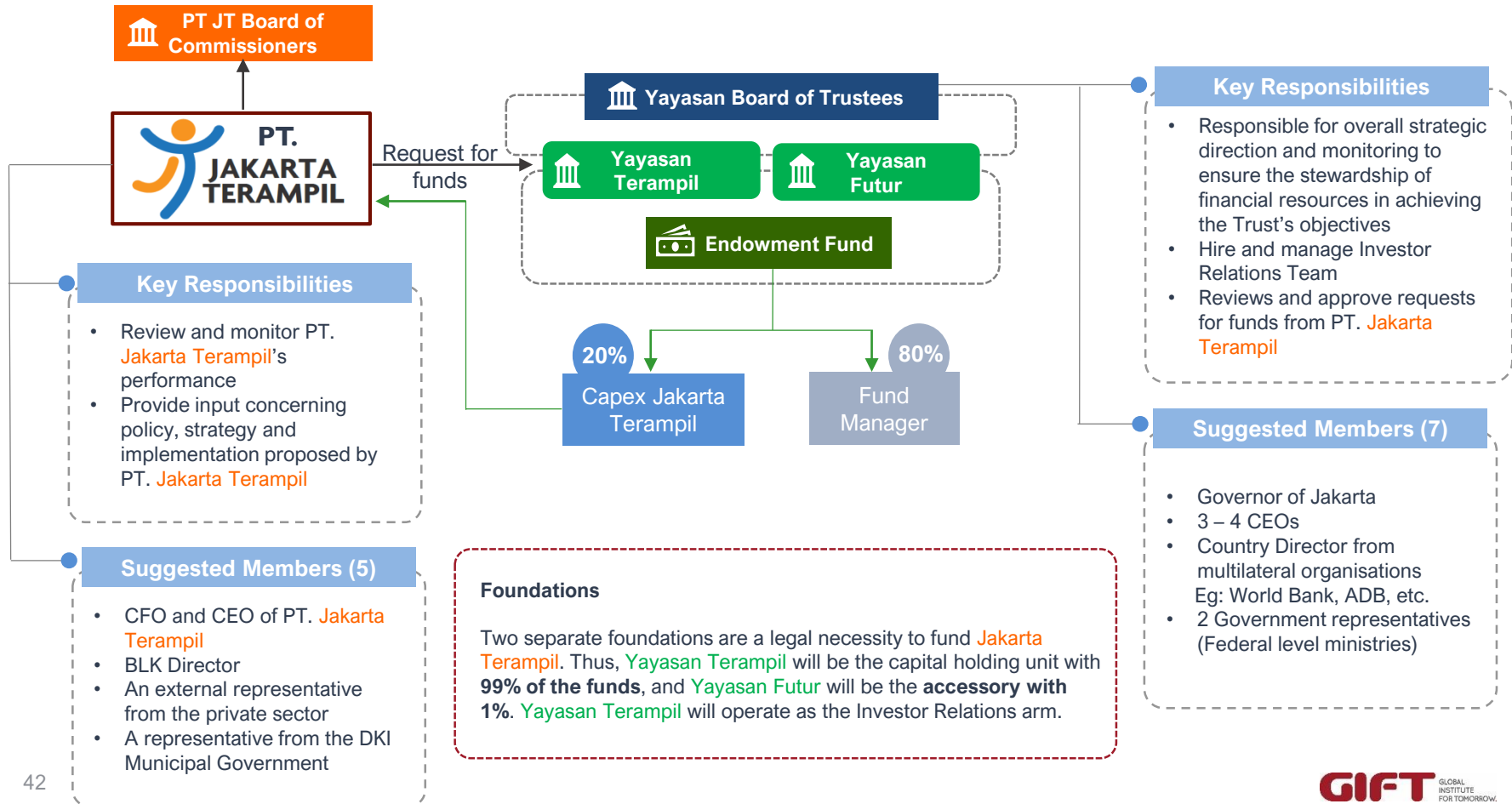
Instilling leadership values in the business from its inception is useful to grow company culture in tandem with growth. It is important to clearly define these values with the management team, trainers and trainees. This ensures that everyone works with the same purpose and intention: **building skillsets and improving the attitudes, mindsets and character of Jakartan communities.** We believe the stand-out values for **Jakarta Terampil** are **Respect, Compassion and Empathy**:

Respect	Display consideration, politeness, and courtesy towards individuals, and cultural and community differences
Compassion	Refrain judgment to enable appreciation for another's perspective or situation when they differ from your own
Empathy	To become self-aware and to understand others' feelings and emotions

Objectives:

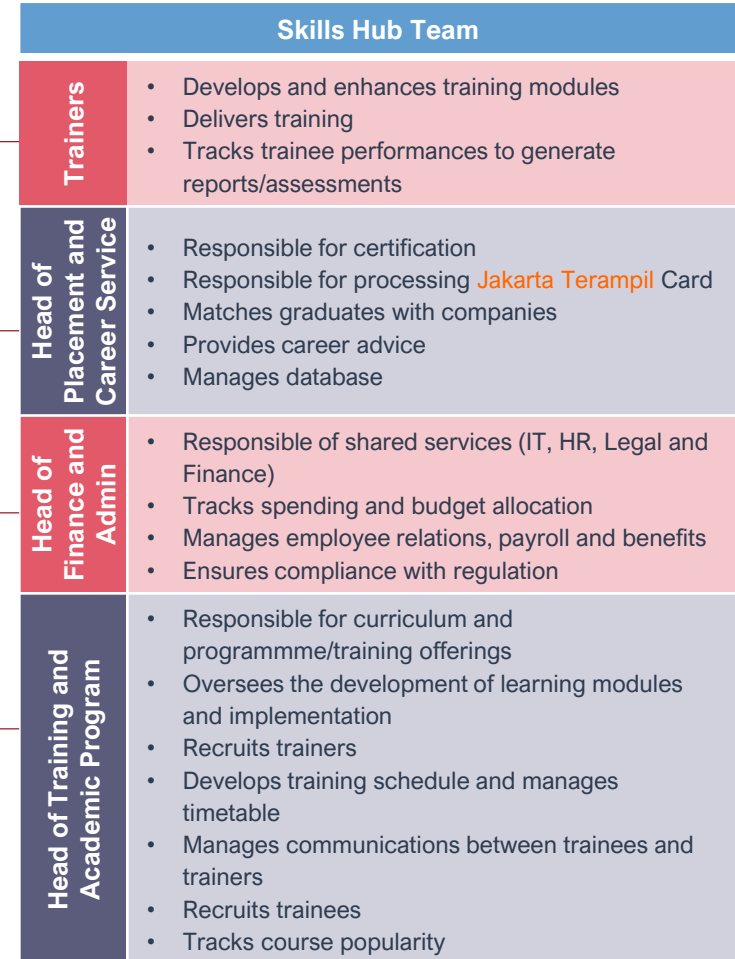
- To ensure agreed upon strategies are carried out in the most effective manner
- To manage invested funds for long-term growth at minimal levels of risk so **Jakarta Terampil** remains financially sound
- To align and meet the objectives and expectations of key stakeholders and partners
- To ensure **Jakarta Terampil** operates at high levels of professionalism both internally and with external partners

Jakarta Terampil Organisational Structure



Key Roles & Responsibilities

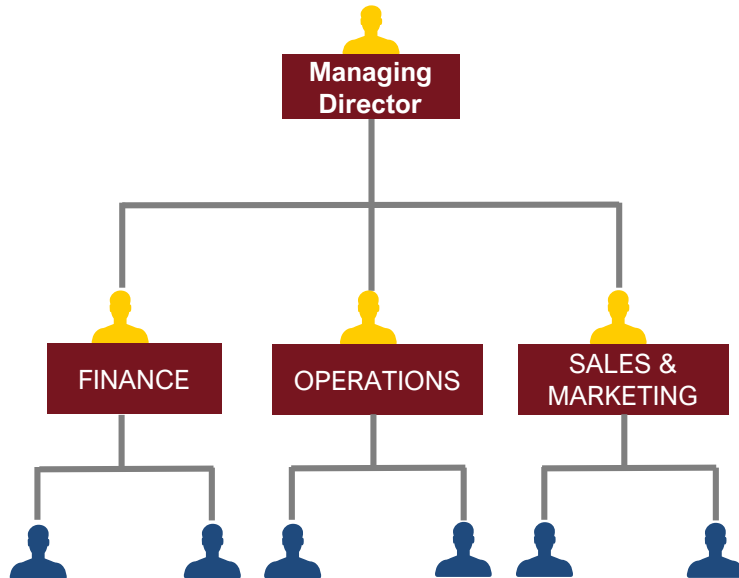
Main Roles	Responsibilities
Yayasan Jakarta Terampil Managing Director	<ul style="list-style-type: none"> Manages investor relations Oversees finance, admin and legal Facilitates communication and relationships between stakeholders Tracks and monitor Fund Manager's performance
Jakarta Terampil Managing Director	<ul style="list-style-type: none"> Ensure overall success of the public private sector entity based on vision and mission Responsible for stewarding and shaping the entity's direction Responsible for growth, cash and value generation Ensures management team stays competitive and on the look-out for growth opportunities in customers and markets Acts as the channel between Boards, strategic partners and Skills Hubs
Skills Hub General Manager	<ul style="list-style-type: none"> Recruits the Hub management team: Head of Training & Academic Program, Head of Placements & Career Services, Head of Finance & Admin and trainers Crucial role in championing, leading and driving the establishment of the Hub Responsible for the Hub operations Establish strategic partnerships with industry leading organisations Reports to Jakarta Terampil Director Oversees financial management All other heads reports to the General Manager



Jakarta Terampil and Skills Hubs' Staff

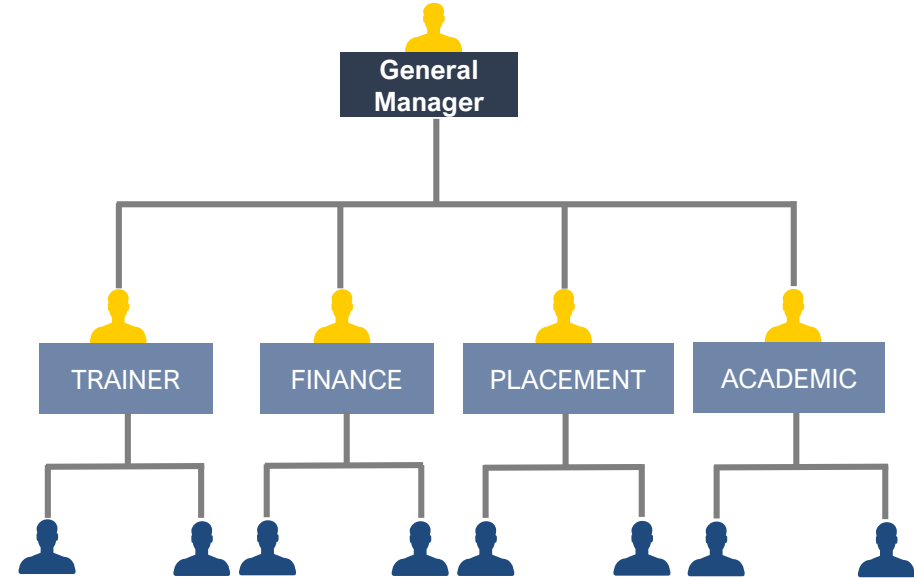
PT Jakarta Terampil

- The public private sector entity will be managed by a team with expertise in business operations. The management team will be responsible for the growth and development of each hub and will report to the Board of Governance.



Jakarta Terampil Skills Hub

- The management team will be responsible for managing the day-to-day operations of their respective Skills Hub and will report to the Managing Director of PT Jakarta Terampil





Source: The Jakarta Post

Financial Analysis and Investment

Summary

Jakarta Terampil presents an opportunity for investors who wish to create significant social impact through bridging the skills gap and catalysing the creation of jobs in Jakarta. This section includes the base case financial projection for PT **Jakarta Terampil**'s first 5 years of operations. Below overview are key highlights:

Assessment Year:

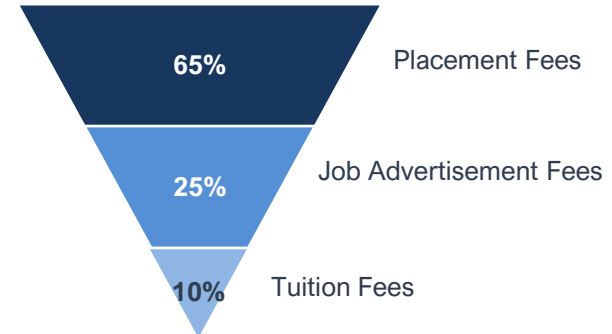
	Metrics	Results
YAYASAN JAKARTA TERAMPIL	Endowment Fund Value	IDR1165B (USD\$80M)
	Endowment Fund ROI	10%
PT JAKARTA TERAMPIL	Jakarta Terampil Start-up Capital	IDR291B (USD\$20M)
	Cost Per Hub	IDR122B (USD\$8.4M)
	Courses Offered	25
	Inflation Rate	5%
	Break even year	5

Of the initial IDR1452.6 billion (USD\$100 million) in the Endowment Fund, around 20% will be used as the initial investment. This amount will be used to cover capital expenditures and expenses, including

infrastructure, mobile app development and paying staff. The remaining 80% will be tied to investments that will be managed by the external Fund Manager.

There will be yearly 10% returns from these investments that will be a large contribution to balancing the year-on-year expenses of running an increasing number of **Skills Hubs**.

The model assumes three main revenue generating activities in each **Skills Hubs**:



An additional IDR250 billion will be raised every year into the Endowment Fund, the returns of which are treated as capital investment into **Jakarta Terampil** as much of it is used to subsidise tuition fees.

Key Financial Assumptions

- Operating cost includes overheads, materials and maintenance costs of the training centers
- Cost of development & building construction to come from allocations in the Endowment Fund
- Land to be provided by the government

Cost Assumptions

- Sensitivity analysis is based on:
 - **Worse** case at 40% capacity in year 1 and self-sustaining by year 10
 - **Base** case at 60% capacity in year 1 and self-sustaining by year 5
 - **Best** case at 80% capacity in year 1 and self-sustaining by year 4

Operating Assumptions

- Government provides 3,400 sqm of land
- Source of capital comes from government, multilaterals, top 10 iconic companies in Jakarta and high net-worth Individuals
- Strategic partners sponsors equipment & tools based on course & **Skills Hub**

Investment

Revenue Assumptions

Placement Fees

- Earned upon successful job placements
- Base assumption:
 - ✓ 1st year – Fee waived (to gain trust and credibility in the graduate quality with employers)
 - ✓ 2nd year – Fee is equivalent to one-month salary

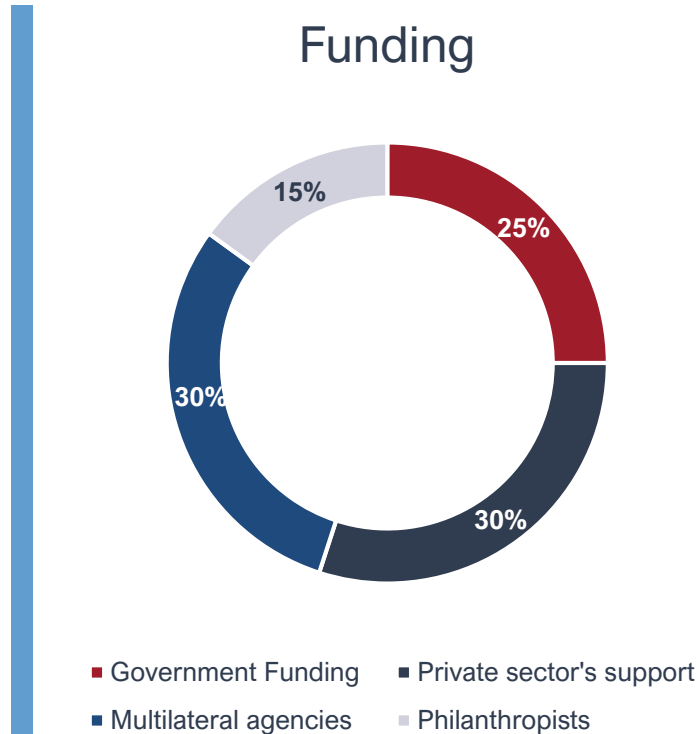
Tuition Fees

- 80% of tuition fees are subsidized by **Jakarta Terampil**
- 20% is paid by trainees
- Average tuition fees: IDR400K – IDR500K

Subscription Fees

- Paid by employers that advertises on the job portal (e.g. 1-month or 3-months job opening)
- 1st year – 50 employers
- 2nd year – doubles and increases exponentially

Initial Investment Requirement



Source of Funding	Funding in IDR (b)	% of funding	Type (Cash / In-kind)
Government	363.1	25.0%	Assets
Private sector sponsorship	435.8	30.0%	Equity
Multilaterals	435.8	30.0%	Equity
High net-worth	217.9	15.0%	Equity
Total Funding	1,452.6	100%	

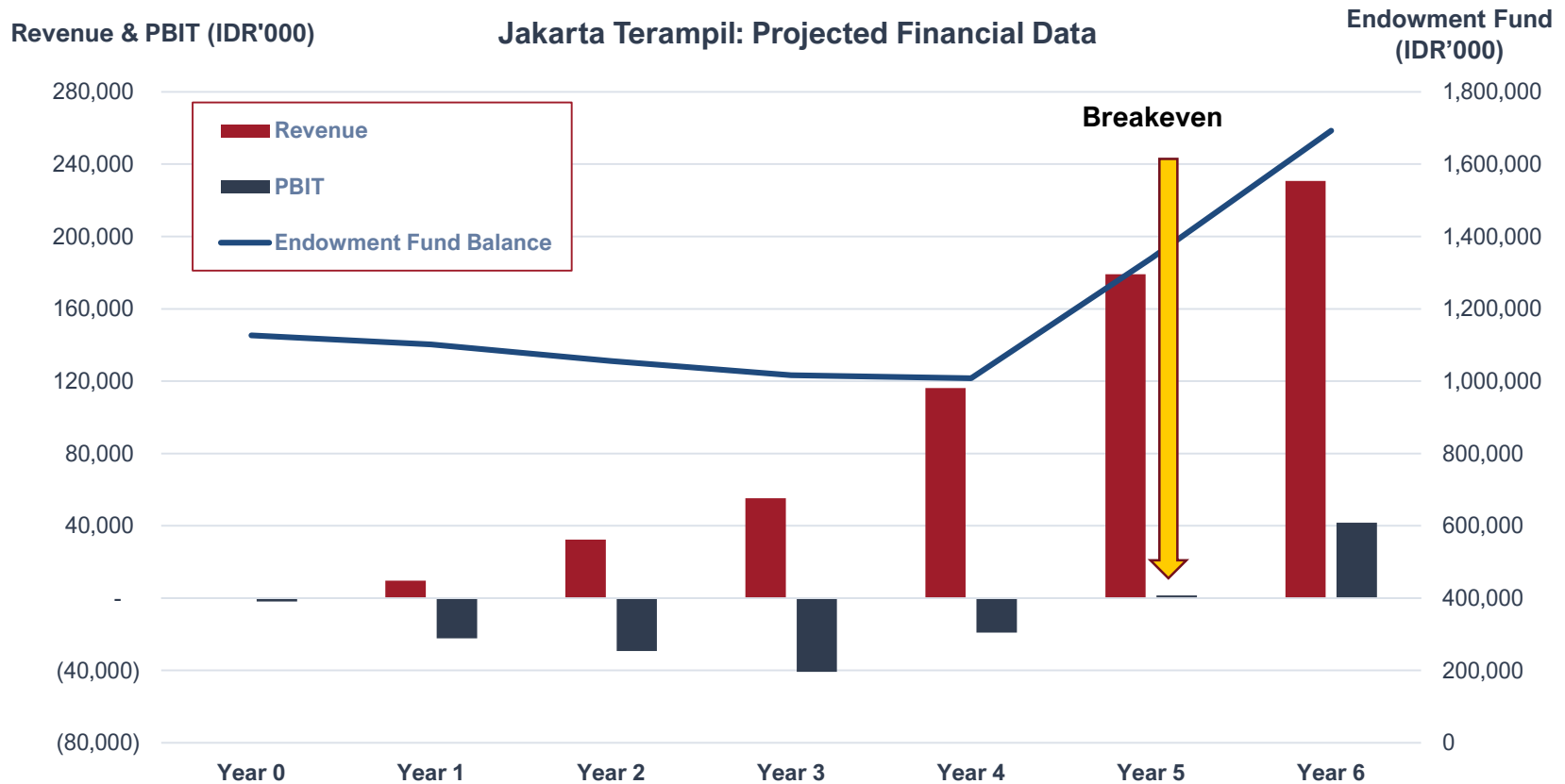
The suggested Endowment Fund ratio is **70% fixed income** and **30% equity**. The term deposit is 1 year with a return of 5.75%. The Indonesian Government Bond will be locked in for 3 years with a 7.5% return. 30% will be locked in Global Equity Markets.

Examples of Endowment Funds in Indonesia:

- Lembaga Pengelola Dana Pendidikan managed by Ministry of Finance.
- Indonesia Climate Change Trust Fund managed by Bank Mandiri.

Total investments will be split between Jakarta Terampil's start-up capital and Endowment Fund

Projected Returns for Jakarta Terampil



Robust financial projection with a break-even point by year 5

Income Statement Projection

Figures in IDR'000	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
REVENUES							
Tuition fees	-	3,614,400	7,831,200	12,650,400	18,072,000	23,493,600	25,300,800
Placement fees	-	-	15,415,920	27,669,600	72,468,000	111,337,200	138,348,000
Commission income	-	-	364,500	1,770,000	3,486,000	6,480,000	12,645,000
Job advertisement fees	-	6,000,000	8,760,000	13,140,000	22,075,200	37,843,200	54,494,208
Total Sales Revenue	-	9,614,400	32,371,620	55,230,000	116,101,200	179,154,000	230,788,008
COST OF SALES / SERVICES							
Cost of Goods Sold	-	3,477,320	7,311,066	12,342,857	18,154,576	24,811,635	29,100,885
Total Cost of Sales	-	3,477,320	7,311,066	12,342,857	18,154,576	24,811,635	29,100,885
Gross Profit	-	6,137,080	25,060,554	42,887,143	97,946,624	154,342,365	201,687,123
FIXED / ADMIN EXPENSES							
Staff Cost & Benefits – Admin	1,690,000	13,832,000	24,106,030	36,494,832	50,022,181	65,179,332	69,741,885
Marketing / Mission / Transportation Expense Admin	-	961,440	1,618,581	2,761,500	5,805,060	8,957,700	11,539,400
Depreciation Charge – Admin	-	11,664,681	24,445,515	37,862,925	51,951,206	66,743,900	66,655,470
Other Expense – Admin	145,000	1,889,244	4,165,783	6,561,108	9,185,552	12,056,036	12,056,036
Total Expenses	1,835,000	28,347,365	54,335,909	83,680,366	116,963,998	152,936,969	159,992,791
Profit Before Interest & Tax (PBIT)	(1,835,000)	(22,210,285)	(29,275,355)	(40,793,223)	(19,017,374)	1,405,396	41,694,332
TAX EXPENSE							
Profit Tax Expense 25%	-	-	-	-	-	-	10,423,583
Total Income Tax Expense	-	-	-	-	-	-	10,423,583
Jakarta Terampil Entity Profit / (Loss) for the Year	(1,835,000)	(22,210,285)	(29,275,355)	(40,793,223)	(19,017,374)	1,405,396	31,270,749
FINANCIAL INCOME FROM Endowment Fund							
Financial Income	-	67,140,000	65,939,850	81,334,848	82,235,968	108,648,728	137,161,302
Endowment Fund Management Fee	(23,000,000)	(22,482,800)	(21,551,941)	(20,747,599)	(20,577,367)	(27,338,794)	(34,535,244)
Net Financial Income	(23,000,000)	44,657,200	44,387,909	60,587,249	61,658,602	81,309,934	102,626,058
TOTAL CONSOLIDATED GAIN/LOSS FOR THE YEAR	(24,835,000)	22,446,915	15,112,554	19,794,026	42,641,228	82,715,330	133,896,807

Cash Flow Projection

Figures in IDR'000	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Cash Received from Customer	0	9,614,400	32,371,620	55,230,000	116,101,200	179,154,000	230,788,008
Less Cash Paid For:							
Direct costs	0	-3,477,320	-7,311,066	-12,342,857	-18,154,576	-24,811,635	-29,100,885
Staff costs	-1,690,000	-13,832,000	-24,106,030	-36,494,832	-50,022,181	-65,179,332	-69,741,885
Marketing costs	0	-961,440	-1,618,581	-2,761,500	-5,805,060	-8,957,700	-11,539,400
Other administrative costs	-145,000	-1,889,244	-4,165,783	-6,561,108	-9,185,552	-12,056,036	-12,056,036
Tax Expense	0	0	0	0	0	0	-10,423,583
Cash Flow from Operational Activities	-1,835,000	-10,545,604	-4,829,840	-2,930,298	32,933,832	68,149,297	97,926,219
Construction of Skill Hubs	(208,372,500)	(229,730,681)	(241,217,215)	(253,278,076)	(265,941,980)	-	-
Renovation Costs	(74,088,000)	(81,682,020)	(85,766,121)	(90,054,427)	(94,557,148)	-	-
Purchase of Capital Goods	-	(442,155)	(90,093)	(82,268)	(86,382)	(90,701)	-
Pre-Operating Costs	(295)	-	-	-	-	-	-
Cash Flow from Investing Activities	-282,460,795	-311,854,856	-327,073,429	-343,414,772	-360,585,510	-90,701	0
Funds allocation from Endowment Fund	300,000,000	320,000,000	340,000,000	350,000,000	320,000,000	0	0
Cash Flow form Financing Activities	300,000,000	320,000,000	340,000,000	350,000,000	320,000,000	0	0
Cash Balance at Beginning of Period	0	15,704,205	13,303,744	21,400,475	25,055,406	17,403,728	85,462,323
Net Change in Cash Position	15,704,205	-2,400,460	8,096,731	3,654,931	-7,651,678	68,058,596	97,926,219
Cash Balance at End of Period	15,704,205	13,303,744	21,400,475	25,055,406	17,403,728	85,462,323	183,388,542

Balance Sheet Projection

Figures in IDR'000	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
ASSETS							
Current Assets							
Cash	15,704,205	13,303,744	21,400,475	25,055,406	17,403,728	85,462,323	183,388,542
Non-current Assets							
Building Costs	0	204,205,050	425,173,668	652,804,475	887,430,582	1,129,401,752	1,105,430,943
Renovation	0	66,679,200	132,784,218	194,396,725	251,292,095	303,234,472	260,619,700
Furnitures	0	281,303	226,691	168,936	107,881	43,362	26,430
Computers	0	72,421	110,676	127,796	135,053	131,954	78,997
TOTAL ASSETS	15,704,205	284,541,718	579,695,728	872,553,338	1,156,369,339	1,518,273,864	1,549,544,613
Accumulated Profit / (Loss)	-1,835,000	-24,045,285	-53,320,640	-94,113,863	-113,131,237	-111,725,841	-80,455,092
Accumulated Endowment Fund Allocation	17,539,205	308,587,003	633,016,368	966,667,201	1,269,500,576	1,629,999,705	1,629,999,705
Accumulated Reserves from Endowment Fund	15,704,205	284,541,718	579,695,728	872,553,338	1,156,369,339	1,518,273,864	1,549,544,613

Endowment Fund Projection

Figures in IDR'000	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Opening Balance at beginning of the Period	0	1,127,000,000	1,101,657,200	1,056,045,109	1,016,632,358	1,008,290,960	1,339,600,894
Contribution from Grantors	1,450,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Interest from Term Deposits	0	32,340,000	31,139,850	0	0	0	0
Income from Government Bonds	0	34,800,000	34,800,000	53,711,692	54,306,772	71,749,160	90,578,218
Returns from Funds Investment	0	0	0	27,623,156	27,929,197	36,899,568	46,583,084
Funds Allocation to PT Jakarta Terampil	-300,000,000	-320,000,000	-340,000,000	-350,000,000	-320,000,000	0	0
Fund Management Expenses @ 2% per annum	-23,000,000	-22,482,800	-21,551,941	-20,747,599	-20,577,367	-27,338,794	-34,535,244
Closing Balance at end of the Period	1,127,000,000	1,101,657,200	1,056,045,109	1,016,632,358	1,008,290,960	1,339,600,894	1,692,226,952
Endowment Fund Balance Sheet	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 5
Balance B/F	-	1,150,000,000	1,147,140,000	1,123,079,850	1,104,414,698	1,116,650,667	1,475,299,395
Contribution from Grantors	1,450,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Earmarked for Disbursement	(300,000,000)	(320,000,000)	(340,000,000)	(350,000,000)	(320,000,000)	-	-
Investable Funds	1,150,000,000	1,080,000,000	1,057,140,000	1,023,079,850	1,034,414,698	1,366,650,667	1,725,299,395
Interest and Fixed Income from Investments	-	67,140,000	65,939,850	81,334,848	82,235,968	108,648,728	137,161,302
Balance C/F	1,150,000,000	1,147,140,000	1,123,079,850	1,104,414,698	1,116,650,667	1,475,299,395	1,862,460,696
Assumed Investment Portfolio	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 5
Term Deposit 1 Year	686,000,000	616,000,000	593,140,000	-	-	-	-
Indonesian Government Bond 3 Year	464,000,000	464,000,000	464,000,000	716,155,895	724,090,289	956,655,467	1,207,709,576
Global Equity Fund Investment (30% Allocation)	-	-	-	306,923,955	310,324,409	409,995,200	517,589,818
Investable Funds	1,150,000,000	1,080,000,000	1,057,140,000	1,023,079,850	1,034,414,698	1,366,650,667	1,725,299,395
Term Deposit Interest Income	-	32,340,000	31,139,850	-	-	-	-
Government Bond Interest Income	-	34,800,000	34,800,000	53,711,692	54,306,772	71,749,160	90,578,218
Return from Fund Investment	-	-	-	27,623,156	27,929,197	36,899,568	46,583,084



Policy Recommendations

Proposed Enabling Policies (1/2)

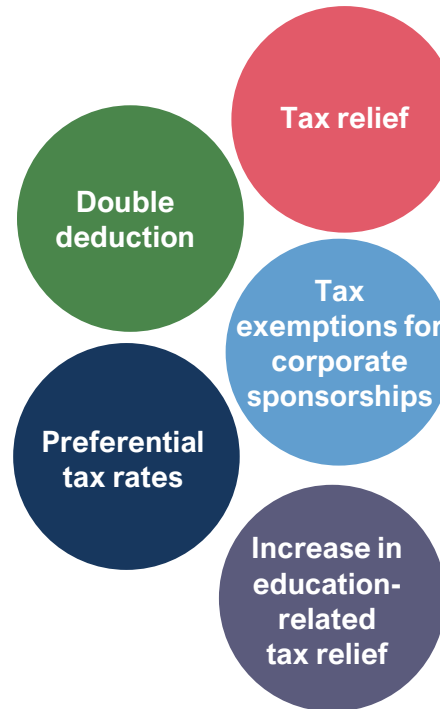
Policies are fundamental to creating an enabling environment for the establishment of the Endowment Fund and to allow authorities, investors, developers, employers, trainees and communities to be key stakeholders in **Jakarta Terampil**.

Tax Incentives and Exemptions

Tax policies have a substantial influence on the flow of investments (either in cash or kind). To stimulate investments and engagement with the private sector and employers, as well as local communities, the following tax policies are recommended:

For trainers and their respective companies. Incurred expenditure can be deducted twice from taxable profits

Due to the nature of **Jakarta Terampil**'s activities, the company tax amount could be reduced in the first operational years of the **Skills Hubs**



Tax waiver in the first 5 years and incentives thereafter for a substantial reduction in future taxes

Currently there are no tax benefits related to corporate sponsorships for vocational training (in terms of equipment and fitting). A certain measure of corporate tax-exemption could be applied in this case

A company that sponsors trainees could have an allocation for education allowance which is tax deductible

Proposed Enabling Policies (2/2)

Policies that Benefit Employers and **Jakarta Terampil** Graduates

Expedited visa processing (like MSC status companies in Malaysia)

Hiring specialist foreigners

Government endorsement

Jakarta Terampil graduates to receive a qualification certificate with an official government stamp (e.g. Ministry of Human Resources or Labour)

Jakarta Terampil cardholders can have discounts on transport, healthcare and higher education

Special benefits

Hiring policies

Companies that keep a hiring policy for **Jakarta Terampil** graduates will qualify for more tax exemptions and tax reliefs

Policies that enable **Skills Hubs** provide better services to its community. E.g providing free shuttle buses or subsidised daycare facilities

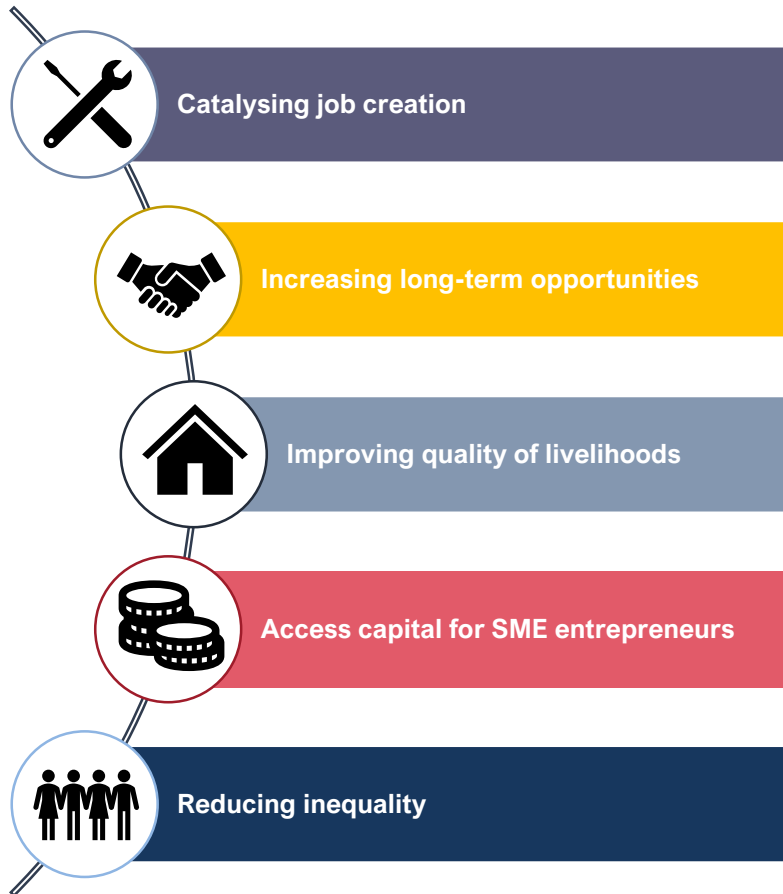
Supportive local policies

Having accompanying enforcement policies are equally important to ensure the success of the business model



Social Impact

Social Impact



Jakarta Terampil will **deliver social impacts** that will uplift communities across Jakarta. This will help scale **Jakarta Terampil** by generating persistent interest in the activities and outcomes of those involved with the **Skills Hubs**.

- **Catalysing job creation:** Providing high-quality vocational training targeted at job-market supply and demand within each **Skills Hub** locality to produce a highly employable workforce
- **Increasing long-term opportunities:** Certification and efficient job placement services to ensure successful job applications and an unemployment rate that persistently decreases over time
- **Improved livelihoods:** Engagement of workers in formal employment will improve household income and quality of life
- **SME capital:** Micro-finance loans and tangible business knowledge provided by **Jakarta Terampil** and strategic partners will enable individuals to set up or scale their own businesses
- **Reducing inequality:** Access to opportunities for up- and re-skilling across Jakarta at nominal cost, to promote inclusivity of all Jakartan communities, especially those who are marginalised

Monitoring Social Impact

In order to determine the tangible benefits that **Jakarta Terampil** delivers to Jakartan communities, impact evaluation must take place. Considering that **Jakarta Terampil** is a social enterprise, it is essential that these benefits can be logged to improve **Jakarta Terampil**'s effectiveness and provide a transparent narrative to all stakeholders. To achieve extensive social impacts, certain targets have to be met:



10 Training Hubs in 5 years



25 available courses within the curriculum



230,000 graduates in 5 years

Along the way, detailed indicators will be evaluated with a variety of methodologies and partners to give a granular depiction of social impact:





Risk Analysis and Mitigation

Risk Analysis & Mitigation 1/2

Political

Risk	Mitigation
Challenges arising from a new government	Establishing Jakarta Terampil as a private organisation not wholly reliant on government funding will insulate it from direct government shifts
Delays in securing land from the government	The use of a legal team to contractually bind the government to land donation
Regulatory changes, particularly tax exemptions	Clear quarterly reports on Jakarta Terampil 's social impact and maintaining a strong relationship with government

1

2

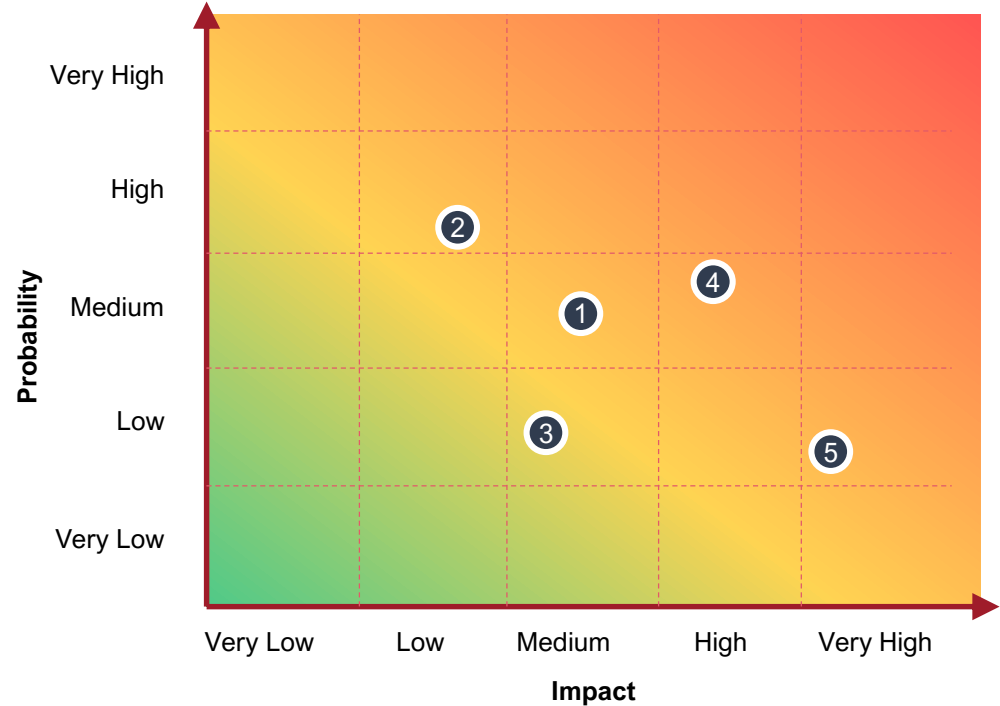
3

Financial

Risk	Mitigation
Jakarta Terampil will run at a loss for the first five years at minimum	Propose sponsorship for individual courses to cover costs for tailored curriculums at each hub if costs exceed endowment return long-term
Endowment contributions do not reach starting target	Initiate fundraising directly through the ASEAN Secretariat to source monies from companies across ASEAN

4

5

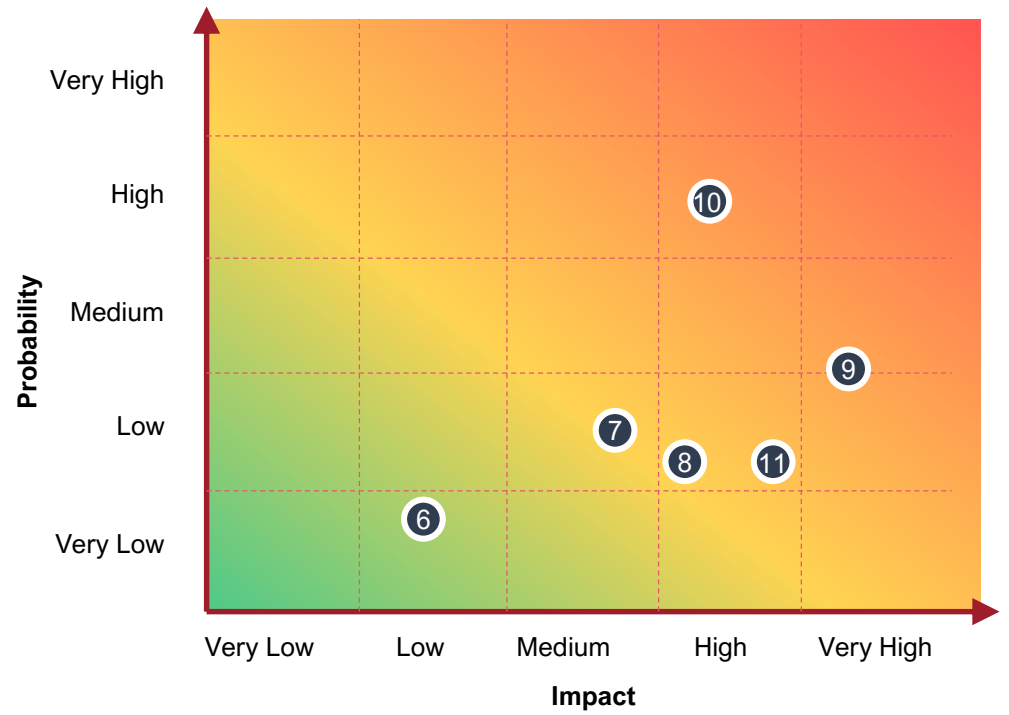


Risk Analysis & Mitigation 2/2

Operational

Risk	Mitigation
Inability to recruit sufficient participants	A referral programme will encourage existing trainees to refer their peers to join a Skills Hub – at a 5% discount on tuition fees
Insufficient pool of qualified trainers	Incentivise the role with health packages and emphasise double deduction on tax for strategic partners who contribute trainers
Skills Hubs not operating to standards	Yearly audit requirements and performance reviews that identify areas of weakness to be improved on
Jakarta Terampil and Investor Relation management not operating to standards	Monthly performance review based on targets and timeline. Bi-weekly updates with the Governor of Jakarta and his Office team
Compliance risk from key stakeholders and strategic partners	Strong enforcement policies coupled with a rewards and incentives strategy to motivate the right behaviours
Reputational risk due to misconduct among staff	Regular performance monitoring and offers of training

6
7
8
9
10
11





Implementation

Implementation Timeline

Focus Area	Phase	Year 0				Year 1				Year 2				Year 3				Year 4			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Funding	Secure investment and necessary capital	█	█	█	█				█				█				█				█
	Finance & Budget Planning	█	█		█				█				█				█				█
	Set up company, foundations & fund		█	█																	
Organisational Structure and Governance	Hire investors relation team	█																			
	Establish Board of Governance for Jakarta Terampil and Foundations	█	█																		
	Hire Jakarta Terampil management team		█	█																	
	Hire Skills Hubs management team				█				█				█					█			█
	Enact policies			█	█	█	█														

Implementation Timeline

Focus Area	Phase	Year 0				Year 1				Year 2				Year 3				Year 4				
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Sales & Marketing	Establish direct outreach channels with potential partners																					
	Develop marketing materials																					
Operations and strategic partnerships	Alliance with government for policy support and advocacy																					
	Develop strategic partnerships to support operations & grads																					
	Develop strategic partnerships for talent pipeline																					
	Develop curriculum for each industry																					
	Launch Skills Hubs																					



Conclusion

Critical Drivers for Success

Despite the concerted efforts of DKI, equal employment opportunities for all remains an unmoving challenge in Jakarta due to underqualification and informal sector dominance.

To address this, the project team generated the objectives of bridging skill gaps and catalysing job creation. Subsequently, the team proposed a contemporary business model aimed at helping DKI on its mission to improve livelihoods through the formation of an innovative public private sector entity – **Jakarta Terampil**.

The newly established **public private sector entity** will adopt a novel approach to vocational education by founding **Skills Hubs** that will up- and re-skill trainees across a range of industry-targeted bespoke curriculums. Inclusivity and access are key to the model, as it provides education at nominal cost to marginalised communities in six regions across Jakarta.

Financed by a considerable Endowment Fund, it aims to be self-sufficient. With its diverse business portfolio, it will align local market needs with its curriculums to provide education that ensures employment through certification. Other services include: providing essential job experience; a Placement Centre for careers services; an employment e-Platform and job matching portal; and comprehensive support in incubating entrepreneurs.

Lastly, the **Skills Hubs** will serve as third spaces for Jakartans to interact in. Multiple facilities and services will enable this, including food courts, daycares, lunch-and-learns, and more.

Key drivers for success include:

- Further due diligence on this pre-feasibility report to make steps towards actualising **Jakarta Terampil** as a reality.
- Developing an inclusive integrated business plan to elevate the skills of communities across Jakarta.
- Securing necessary finance for the Endowment Fund and the consistent revenue streams needed to support the development of **Jakarta Terampil**.
- Establishing strong partnerships with DKI, MNCs, SMEs, and universities by clearly demonstrating the benefits of collaboration to their businesses.
- Creating a strong and trusted brand image for **Jakarta Terampil** and driving positive cumulative impacts for the greater community.
- Setting up sound governance frameworks, policies, and evaluation mechanisms to ensure the sustainability of **Jakarta Terampil**.



For more information contact
Pial Khadilla pkhadilla@global-inst.com | Tel: +6(03) 2715 8160
www.global-inst.com/asean