

YOUTH EMPLOYMENT IN INDONESIA:  
INTERNATIONAL AND NATIONAL GOOD PRACTICES  
FOR POLICY AND PROGRAMME IMPROVEMENT

LEA MOUBAYED AND R. MUHAMAD PURNAGUNAWAN

TNP2K WORKING PAPER 19a-2014  
*December 2014*

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# **Youth Employment in Indonesia: International and National Good Practices for Policy and Programme Improvement**

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**Léa Moubayed and R. Muhamad Purnagunawan<sup>1</sup>**

December 2014

## **ABSTRACT**

TNP2K's mission is to coordinate poverty alleviation policies in Indonesia. As part of its tasks, TNP2K conducts and commissions research reports and studies with the objective of facilitating and informing evidence-based policy planning. TNP2K has undertaken several research activities and policy initiatives related to employment in Indonesia. This working paper, 'Youth Employment in Indonesia: International and National Good Practices for Policy and Programme Improvement', specifically concentrates on the analysis of youth unemployment and possible answers for Indonesia from the perspective of local and international best practices. The paper, after setting the research context and methodology, presents a short literature review of programme lessons learnt worldwide; Indonesia's main challenges in a number of youth employment-related areas; country case studies as plausible responses to such issues; and evidence-based policy and programme recommendations applicable to Indonesia.

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<sup>1</sup> The analysis and interpretation presented in this work are those of the authors, Léa Moubayed and R. Muhamad Purnagunawan, independent experts in TNP2K's Cluster for Employment (Cluster 3).



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## Abbreviations

ABKIN	<i>Asosiasi Bimbingan dan Konseling Indonesia</i> (Indonesian Career Counselling Association)
Apindo	<i>Asosiasi Pengusaha Indonesia</i> (Indonesian Employers Association)
ATS	after-training support
Bappenas	<i>Badan Perencanaan dan Pembangunan Nasional</i> (National Development Planning Agency)
BBPPK	<i>Balai Besar Pengembangan Produktivitas</i> (Employment Development and Expansion Centre)
BCC	Bridge Course Centre
BDS	business development service
BI	Bank Indonesia
BK	<i>bimbingan karir</i> (career counselling)
BKM	<i>badan keswadayaan masyarakat</i> (community self-reliance agency)
BLK	<i>balai latihan kerja</i> (public vocational training centre)
BSM	<i>Bantuan Siswa Miskin</i> (Cash Transfers for Poor Students)
ESC	employment service centre
GET	Gender and Entrepreneurship Together
GoI	Government of Indonesia
ILO	International Labour Organization
IYEN	Indonesia Youth Employment Network ( <i>Jejaring Lapangan Kerja bagi Kaum Muda Indonesia</i> or JEJAKMU)
KAB	Know About Business
Komida	<i>Koperasi Mitra Dhuafa</i> (Mitra Dhuafa Cooperative)
KUR	<i>Kredit Usaha Rakyat</i> (Public Credit)

LMI	labour market information
LMIS	labour market information system
LPMP	<i>Lembaga Penjaminan Mutu Pendidikan</i> (Education Quality Assurance Agency)
MDG	Millennium Development Goal
MDG-F	MDG Achievement Fund
MoEC	Ministry of Education and Culture
MoMT	Ministry of Manpower and Transmigration
MoU	memorandum of understanding
MoYS	Ministry of Youth and Sports
MSME	micro, small, and medium enterprise
NGO	nongovernmental organisation
NTT	Nusa Tenggara Timur (East Nusa Tenggara)
OSH	occupational safety and health
PESO	Public Employment Services Office
PHP	Philippine peso
PKM	<i>Pendidikan Kewirausahaan Masyarakat</i> (Community Entrepreneurship Education)
PNPM	<i>Program Nasional Pemberdayaan Masyarakat</i> (National Programme for Community Empowerment)
SKB	<i>Sanggar Kegiatan Belajar</i> (learning activity centre)
SMA	<i>sekolah menengah atas</i> (senior secondary school)
SME	small and medium enterprise
SMK	<i>sekolah menengah kejuruan</i> (vocational school)
SMP	<i>sekolah menengah pertama</i> (junior secondary school)

SYB	Start Your Business
TNP2K	<i>Tim Nasional Percepatan Penanggulangan Kemiskinan</i> (National Team for the Acceleration of Poverty Reduction)
TREE	Training for Rural Economic Employment
TVET	technical and vocational education and training
UNICEF	United Nations Children's Fund
USD	US dollars
WISE	Work Improvement in Small Enterprises
YEE	Youth Economic Empowerment
YEN	Youth Employment Network

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<sup>2</sup> Appendix 6 lists all key informants contacted for this working paper.

## Executive Summary, Including Next Steps

The following are a series of recommendations for immediate quick-impact action by the Government of Indonesia (GoI) under five pillars identified by the National Development Planning Agency (Bappenas) for combating youth unemployment.

### *Reducing School Dropout, Enhancing Second-Chance Education, and Keeping Youth at School*

Until academic curricula changes made in 2013, it was usual for most schools in Indonesia to focus on the subjects required to be successful at national examinations, leaving aside noncore subjects such as life skills and career counselling. This has contributed to the high occurrence of dropouts in between succeeding school levels (ILO 2011c). In addition, government education financial assistance programmes, such as the School Operation Assistance (BOS) programme and Scholarships for the Poor (BSM) programme, primarily focus on in-school youth.

For these reasons, it is recommended that the Ministry of Education and Culture's (MoEC's) future directives encourage the central and district levels and school administrators to prioritise noncore subjects by having at least one vocational counsellor (e.g., recruited from the country's existing network of career counselling professionals trained by the International Labour Organization or ILO) for every few educational institutions. In the long term, it may be fruitful to train and recruit more specialty teachers, for example, using ILO 'master trainers' available in all provinces. These trainers could serve to upgrade tutors' competencies in the Experiential Learning Cycle<sup>3</sup> and vocational counselling in equivalency education centres to cost-efficiently and immediately increase school retention among at-risk youth. MoEC's directives could also further support advocacy efforts—such as those currently deployed by the Indonesian Career Counselling Teachers Association (ABKIN)—in favour of career counselling and vocational guidance.

Moreover, it is recommended that MoEC look at the design, potentially with support from the National Team for the Acceleration of Poverty Reduction (TNP2K) and/or relevant international organisations, of a second-chance education pilot project at the district or subdistrict levels; this could be inspired by India's best practice on Bridge Course Centres, which support mainstreaming of dropout children back into the formal education system. These centres could also provide ideas for improving the Ministry of Manpower and Transmigration's (MoMT's) 'shelter programme' entitled the Child Labour Reduction Programme–Family Hope Programme (PPA-PKH), which shares a similar objective.

In the same vein, MoEC and/or the Ministry of Finance may envisage a mechanism for transfers of conditional cash-for-school in the form of improved vouchers or scholarships for targeted dropout children by expanding coverage of the current BSM programme to out-of-school children, using the training fund currently under design, or turning to funds from the Institute for Educational Fund Management (LPDP) in the Ministry of Finance, in parallel with efforts to disseminate information on their use and raise families' awareness.

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<sup>3</sup> For more information, see: [www.wilderdom.com/experiential/elc/ExperientialLearningCycle.htm](http://www.wilderdom.com/experiential/elc/ExperientialLearningCycle.htm).

## Improving Skills

Common constraints to youth employability in Indonesia include a lack of basic academic skills; soft, mainly core work and life skills, including, according to the World Bank, complex thinking/problem solving and effective communication skills (2010a: 29); transversal skills; and practical on-the-job experience (2010a: 32). Good practices reveal that such skills are fundamental nowadays in the world of work, and play an essential role in the school-to-work transition. Most employers are no longer willing to hire young people without demonstrated core work skills (Brewer 2013). Integrated education that provides opportunities for literacy, numeracy, and soft skills training along with other forms of training (e.g., general or vocational) has proved the most successful globally for better engaging students (Drake and Burns 2004<sup>4</sup>). Therefore, MoEC could call on central and district governments and schools, as well as school administrators, to prioritise active learning methodologies (an interactive engagement approach cultivating life skills) and noncore subjects. Headmasters could proceed to rapidly hire life skills teachers (e.g., from the country's existing network of ILO trainers) and/or upgrade tutors' competencies in life skills to implement this type of methodology in general and in equivalency education and vocational training, thereby quickly improving academic and soft skills in most education streams.

## Improving the Quality of Apprenticeship

When trainees complete their training in Indonesia's informal sector and outside centrally governed apprenticeship schemes, this training is usually not followed by an evaluation or assessment of the skills acquired by employers (Ferland 2011). For trainees of nonformal training providers and informal apprenticeship schemes, this training is also rarely followed by a formal sector job with identified competencies (Ferland 2011). The MoMT is particularly concerned that apprenticeships at the provincial level only follow loose time-based rather than competency-based local regulations, which do not tackle skills training and certification. Serious concerns also exist about young workers' level of awareness on their labour rights and quality of experience in both the formal and informal sectors (ILO 2011e).

To influence regulations on and practices of local apprenticeship schemes, it is recommended that MoMT's future directives encourage regional manpower offices to establish linkages with the regional chamber of commerce (*kamar dagang dan industri daerah*). Specifically, the district offices and regional chamber of commerce could set the nature and level of competencies to be gained through the apprenticeship scheme or, when possible, reactivate and better finance local chapters of the MoMT-sponsored Apprenticeship Network Forum (*Forum Komunikasi Jejaring Pemagangan*) for it to support the gradual use and improvement of the National Professional Certification (BNSP) / Indonesian National Competency Standards accreditation system in provinces under its coverage. The GoI might also encourage local multistakeholder grassroots initiatives to support young apprentice protection, for example, through the design and use of enforceable memoranda of understanding (MoUs) or 'quality apprenticeship agreements' at the micro level between training providers and apprenticeship placement companies. These MoUs should cover strict selection criteria for placement companies of trainees, youth rights at work in Indonesia, and an effective monitoring system. Such an approach could help partially offset the consequences of poor dissemination of state apprenticeship contract models and

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<sup>4</sup> See more on the Better Life Options website, available at [www.cedpa.org](http://www.cedpa.org).

national and international labour laws through actual sharing of responsibility for youth's well-being at work among several apprenticeship stakeholders and building healthy peer pressure among them to preserve a safe working environment for youth.

At the central level, to promote rights-based working conditions that integrate occupational safety and health (OSH) in formal and informal small and medium enterprises (SMEs), the MoMT may wish to call for mobilisation of the Indonesian Work Improvement in Small Enterprises (WISE) network to conduct its easy-to-apply training programme focused on actions by workers themselves to improve informal economy workplaces. Judging from experience in other Asian countries, these workshops are likely to constitute an effective quick win by improving the quality and productivity of apprenticeships and jobs at many levels. Furthermore, the MoMT and Ministry of Social Affairs could jointly support fair and equal access to apprenticeships by designing and implementing (with relevant support as needed) a quick awareness-raising campaign addressing both the protection needs of youth at work and the stereotypes held by recruiters about young women workers and persons with disabilities.

### ***Increasing Youth Entrepreneurship Opportunities***

Although 5 and 7 percent of Malaysia's and Singapore's respective populations work as entrepreneurs, current young Indonesian entrepreneurs mostly work in highly competitive markets, according to the ILO (2011a). This points to a major constraint on youth entrepreneurship in the country: youth's risk aversion to and lack of perception of benefits from innovation and diversification, in addition to the absence of entrepreneurial role models and spirit and the low level of technical and financial support available to young businessmen and women (see ILO 2011a). Ministerial programmes promoting entrepreneurship also do not target youth and women, according to the latest review by the Indonesia Youth Employment Network (IYEN 2012), which is also known as JEJAKMU.

The impact of ministerial entrepreneurship programmes<sup>5</sup> may be visibly and rapidly improved and trainings may enrol a large number of young persons through a more systematised and rigorous selection of trainee applicants upfront using standardised screening tools. These ministries could also consider recruiting trainers, possibly from the ILO's Gender and Entrepreneurship Together (GET)–Ahead network, to mainstream gender concerns in ministry financial literacy and entrepreneurship programmes and improve delivery on a gender-sensitive basis in order to attract and retain young women. This would rapidly enhance the likelihood of successful women businesses, including in poor, remote areas with a high percentage of less-educated youth. In addition, ministries could enhance the impact of entrepreneurship skills courses in training institutions (e.g., vocational schools and public vocational training centres (*balai latihan kerja* or BLK) by improving existing entrepreneurship modules (e.g., the Start Your Business programme). They could do so by emphasising after-training support or ATS (e.g., involving Indonesia Start and the Improve Your Business Association) to rapidly increase the rate of success of youth enterprises. As coaching remains essential, ministries could have an immediate impact on the failure rate of start-ups by contributing funds to extend the trainee mentoring period from three to six months for entrepreneurial programmes such as MoEC's Community Entrepreneurship Education Programme (*Pendidikan Kewirausahaan Masyarakat* or PKM).

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<sup>5</sup> For example, MoEC's PKM, Ministry of Cooperative and Small Medium Enterprises' National Entrepreneurship Movement, MoMT's Start Your Business, and Ministry of Youth and Sports' (MoYS's) Youth Entrepreneurship Programme (*Program Kewirausahaan Pemuda*).



Alternatively, ministries' future directives could strengthen involvement of the private sector in youth entrepreneurship training by better institutionalising linkages with the Indonesian Chamber of Commerce and Industry (*Kamar Dagang dan Industri* Indonesia or Kadin Indonesia) and the Indonesian Employers Association (*Asosiasi Pengusaha* Indonesia or Apindo). For example, ministries and employers might together assess the technical feasibility of and support adoption of the Youth Employment Network's (YEN's) online E-Coaching Programme (which matches aspiring young entrepreneurs with relevant coaches from around the world on the Web) in ministerial technical and vocational education and training (TVET) centres delivering business management curricula. Alternatively, ministries and employers could study the feasibility of replicating the E-Coaching platform at the national level using private corporate social responsibility funding and Indonesian business mentors to support students online. In that respect, it would also be positive if concerned ministries, based on their respective alliances with the private sector, invited employer representatives to select experienced and critical mentors showing a solid youth coaching capacity and get them on board. This would likely strengthen access of young Indonesians to an adapted entrepreneurship counselling system. In addition, ministries might broaden the range of their implementing partners for youth entrepreneurship initiatives. They could encourage local cooperation of district/community entrepreneurship programmes with financial institution partners addressing strict appraisal criteria, such as banks participating in the micro, small, and medium enterprise Public Credit government programme (*Kredit Usaha Rakyat* or KUR): these banks could receive incentives in the form of larger than usual credit guarantees of up to 85–90 percent (currently 70–80 percent) to target more promising young entrepreneurs. Alternatively, in areas with few or no banks, the government could stimulate development of saving and credit cooperatives to allow for start-up capital and business expansion (e.g., building on the cooperative model of the Indonesian microfinance institution Mitra Dhuafa Cooperative (*Koperasi Mitra Dhuafa* or Komida)).

### ***Improving Quality of and Access to the Labour Market Information System***

A full-fledged labour market information system (LMIS) functioning nationally and in an integrated way across all provinces requires a long timeframe to implement and systematise yet is essential to informing development of market-driven skills development schemes and contributing to the reduction of persistent nationwide skills mismatch—ultimately enhancing youth employment outcomes. Meanwhile, to leverage 'alternative' labour market information (LMI) in rural poor areas in favour of youth employment, the MoMT could invite its Employment Development and Expansion Centre (Balai Besar Pengembangan Produktivitas or BBPPK) in Lembang to organise among the youth a rapid impact assessment of the market information-based, pro-poor, pro-entrepreneurship Training for Rural Economic Employment (TREE) methodology implemented in the farming and fishery sectors with 18–35 year-old beneficiaries from various provinces. If convincing, the GoI may consider further scaling up and mainstreaming TREE in other youth skills development curricula and national plans, such as the National Programme for Community Empowerment (*Program Nasional Pemberdayaan Masyarakat* or PNPM), for example, PNPM Mandiri Rural, PNPM Support for Poor and Disadvantaged Areas, etc.

Active labour market policies, in particular employment services, are also needed to facilitate youth access to the LMIS and their school-to-work transition. In that respect, with assistance from relevant institutions, the MoMT might wish to follow up or resume work on successful workforce district offices—such as employment service centres (ESCs) established in East Java under an ILO project—and consolidate such offices. This could be done, for instance, using some of the steps in the Millennium Development Goal Achievement Fund (MDG-F) PESO Starter Kit for strengthening ESCs that were

used successfully in the Philippines. The emphasis on training staff may be in (1) LMI management (vacancies collection and dissemination, forecasts, skills mapping, and interpretation for the purpose of career counselling) and (2) networking with training institutions for placement and referral of job seekers and organisation of career fairs. However, given that Indonesia has not yet invested in a culture of widespread multifunctional ESCs, the MoMT could seek to encourage further development of the BLK training-certification-placement ‘3-in-1’ Kiosks in the short run to strengthen linkages with ESCs and integrate into their curricula such services as training in writing curricula vitae and job search skills. These developments should increase incentives to employers and job seekers to advertise and register through both kiosks and existing ESCs, thereby enhancing dissemination of LMI and other support services essential to the labour market transition of youth.

### ***A Model That Beats Them All?***

Bappenas has identified Plan Indonesia’s Youth Economic Empowerment (YEE) Programme as a reliable foundation in the fight against youth unemployment on which local and central authorities can build. Yet, YEE could potentially benefit from a number of good practice enhancements (‘quick wins’) spelled out in this working paper to rapidly increase its impact on youth employment. In light of Plan Indonesia’s current collaboration with the MoMT’s BLK in Grobogan and Rembang to replicate the YEE scheme, local authorities and Plan Indonesia could be encouraged to join hands in developing systematic community employment assessments to inform the design of future TVET curricula for youth and subsequent job placements. The job order form currently used by Plan Indonesia in its partnership with local employers and placement companies could serve as a basis for development of a more comprehensive enterprise survey/job order inventory and could be revamped in order to collect data on present and future vacancies organised by skill type and by sector and region (thus feeding into the work of potential ESCs).

A finely tuned targeting mechanism for youth applicants to the BLK’s YEE entrepreneurship stream, using screening tools, could be introduced at the time when youth need to choose between vocational training and business management paths. GET-Ahead as well as OSH / worker rights modules could be mainstreamed into the entrepreneurship package to ensure the relevance of business training for young women and transfer of knowledge and competencies on productivity and protection at the workplace to all youth programme trainees. Where feasible, links with solid pro-poor bank and microfinance initiatives (KUR, cooperatives, etc.), already appraised, could be developed to increase access of young entrepreneurs to safe funding, and the YEN E-Coaching Programme could provide long-term coaching through Web linkages between the YEN Marketplace and BLK supported by Plan Indonesia. Where possible, relationships with trade unions could be initiated to draft and monitor quality apprenticeship agreements respectful of trainees’ labour rights. Tentatively, parallel links with small business associations could be established to work hand in hand with BLK on upgrading the quality of apprenticeships through better-defined competency standards and methods of assessment and certification. Apprentice graduates who do not wish to work as employees or are not offered any wage job at the end of their training period would be given the option of rejoining the entrepreneurship stream of the BLK’s YEE. In addition, when circumstances permit, BLK could organise job fairs in cooperation with a nearby manpower district office.

## Introduction

### *Indonesia's Youth Employment Context and Bappenas's Five Priority Action Areas*

The magnitude of the youth unemployment challenge in Indonesia can be captured through a few explicit numbers: 17.2 percent of the Indonesian population are youth, that is, 42 million people, among whom 4.5 million are unemployed<sup>6</sup>. Young persons are six times more at risk than adults of being jobless and account for 60 percent of the unemployed in the country<sup>7</sup>; the large majority of unemployed youth are looking to access the labour market for the first time.

For illustrative purposes, although unemployment in general declined consistently for the 30–39 year-old age groups between 2005 and 2013 (table 1), in the past three years of the period considered, this tendency is much less obvious for the 15–19, 20–24, and 25–29 year-old age groups; for all three younger age groups, unemployment actually increased between the summer of 2012 and summer 2013.

**Table 1. Evolution of Unemployment Rates by Age Group**

Year	Age Group (percent)						Total	
	15–19	20–24	25–29	30–34	35–39	15–29		15–39
November 2005	41.01	29.42	12.48	5.96	3.51	25.32	16.61	11.24
August 2006	38.39	26.48	12.29	5.40	3.12	23.42	15.37	10.28
August 2007	30.02	22.42	12.43	7.42	4.84	20.13	14.16	9.11
August 2008	28.28	20.29	11.45	6.96	4.97	18.37	12.96	8.39
August 2009	27.54	18.85	10.00	5.46	4.00	17.14	11.70	7.87
August 2010	27.97	17.44	9.04	4.95	3.39	15.99	10.59	7.14
August 2011	29.13	14.40	7.37	3.96	2.76	14.57	9.44	6.56
August 2012	26.25	15.24	7.26	4.18	2.63	14.35	9.26	6.14
August 2013	28.60	17.18	7.42	3.63	2.45	15.66	9.77	6.25

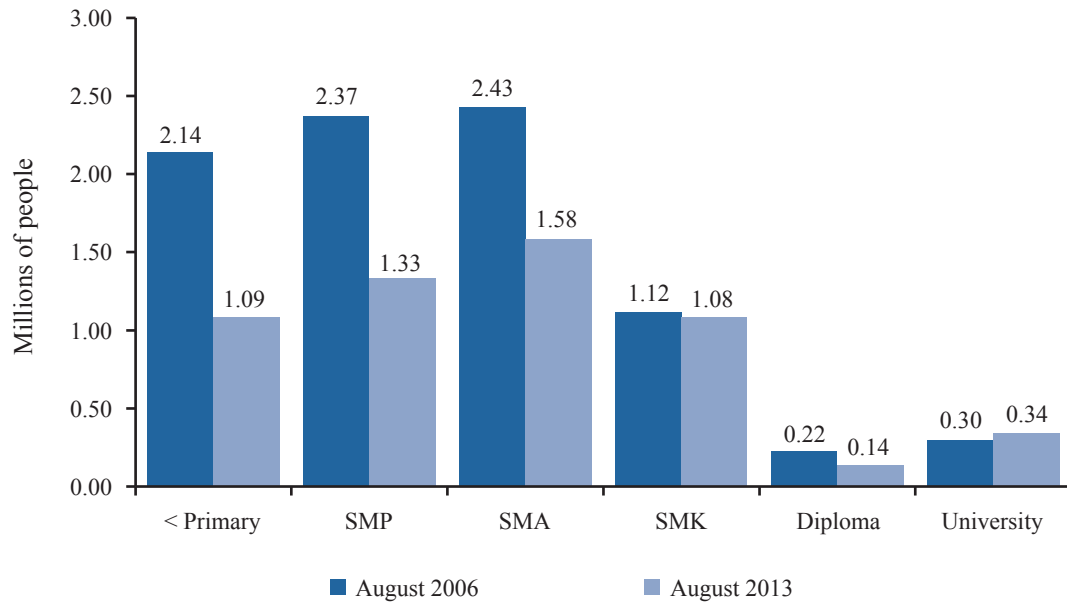
Source: Bappenas and Statistics Indonesia.

It should be pointed out that unemployment is relatively high among the less educated, yet many youth among the poorest families still drop out of formal schools before SMA (figures 1a, 1b, and 2). This phenomenon particularly affects future workers aged 16–18 years old from underprivileged backgrounds (figure 3).

<sup>6</sup> TNP2K computed data in this section in 2012–14.

<sup>7</sup> ILO 2013: Statistics Indonesia National Labour Force Survey (*Survei Angkatan Kerja Nasional* also known as Sakernas).

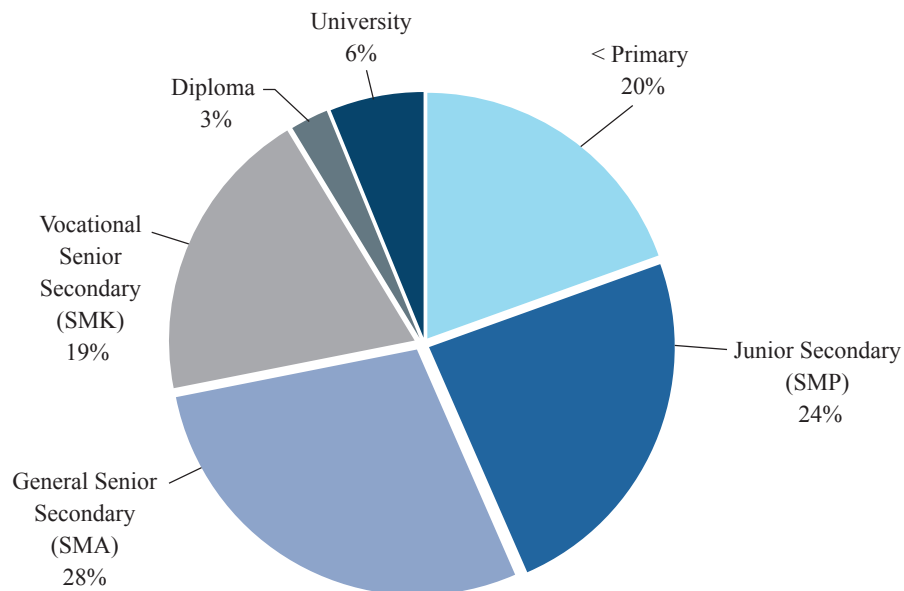
**Figure 1a. Unemployment Levels by Educational Grade**



Source: Author calculations based on Bappenas data.

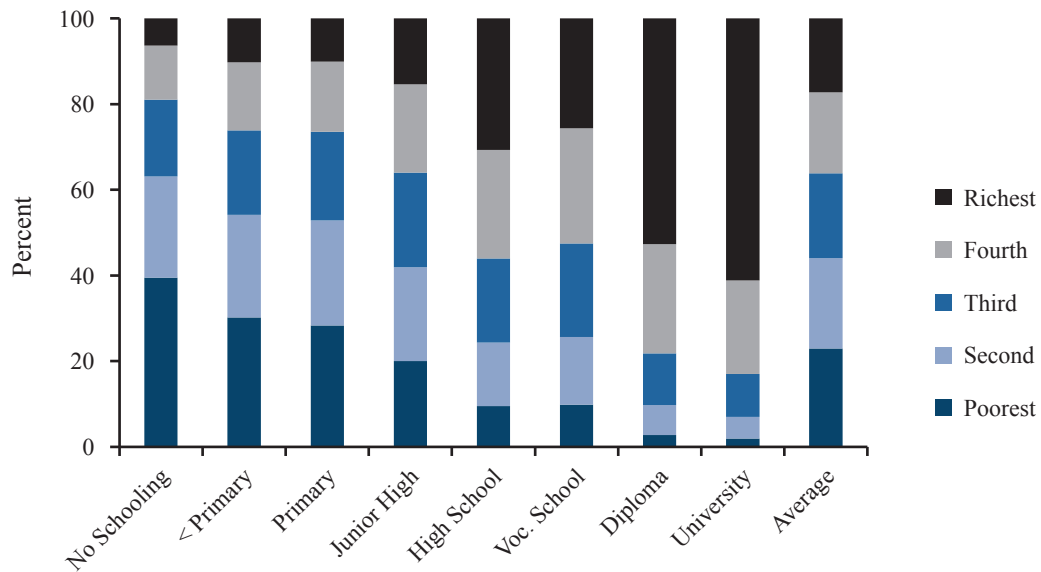
Note: SMP: junior secondary school; SMA: senior secondary school; SMK: vocational school.

**Figure 1b. Educational Level of Unemployed 15-29-Year-Olds, August 2013**



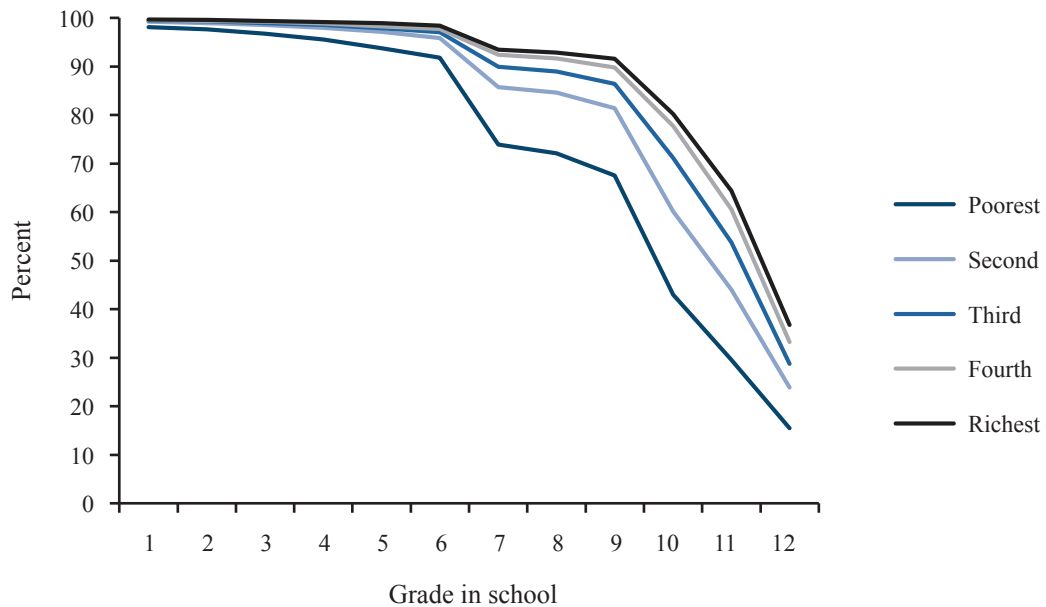
Source: Author calculations based on Bappenas data.

**Figure 2. Educational Attainment of Students by Income Quintile**



Source: Authors' calculations based on National Social and Economic Survey (*Survei Sosial dan Ekonomi Nasional* also known as *Susenas*), 2012.

**Figure 3. Highest Level of Education Attended by 16–18-Year-Olds by Income**



Source: Authors' calculations based on the National Social and Economic Survey, 2012.

Nowadays, in a context marked by the stagnation of employment opportunities for young persons, economic productivity is jeopardised by inactive and out-of-school youth (19 percent, particularly young adults in rural areas) and those considered as ‘discouraged’ (16 percent of youth)<sup>8</sup>. This phenomenon further affects the ability of the country to generate higher competitiveness in an increasingly globalized world, more so in view of ASEAN’s recent efforts towards a common labour market which will likely result in enhanced labour market competition.

The specific vulnerabilities of rural youth are also worth highlighting: three-fourths of rural youth work in the informal sector compared with 56 percent of youth nationally (table 2). Furthermore, most underemployed youth (20 percent in rural areas) work in agriculture, where half of rural youth are concentrated (UCW Programme 2012). Figure 4 shows underemployment (less than 35 hours per week) trends by quintile: not surprisingly, it is much more common among the poorer quintiles.

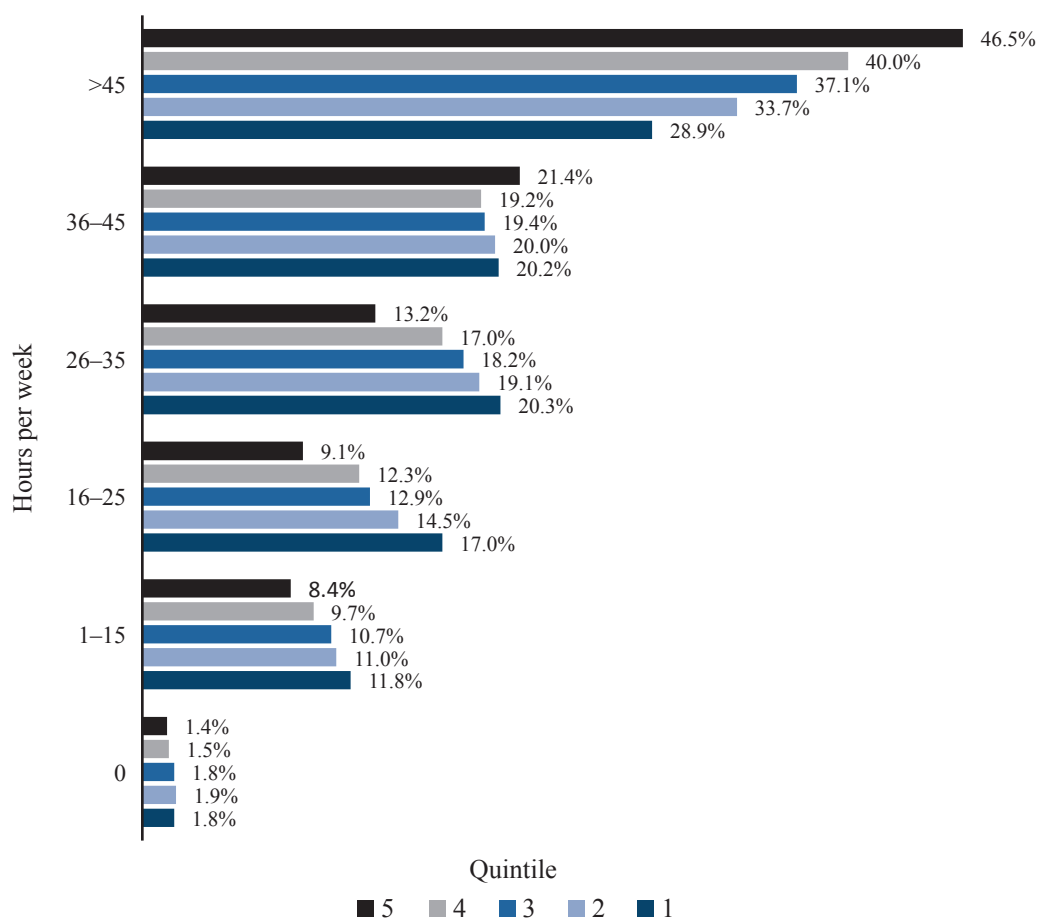
**Table 2. Employment Formality of Employed Persons Aged 15–24 Years Old, by Residence and Region**

Category	Total (%)	Residence (%)			Region (%)					
		Urban	Rural	Jakarta	West Java	Central & East Java	Sumatra	Kalimantan	Sulawesi	Eastern Indonesia
Formal	44.3	68.2	25.4	80.2	60.5	46.2	33.4	38.2	31.3	18.3
Informal	55.7	31.8	74.7	19.8	39.5	53.8	66.6	61.8	68.7	81.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Understanding Children’s Work calculations based on the National Labour Force Survey (*Survei Angkatan Kerja Nasional* also known as *Sakernas*), August 2010.

<sup>8</sup> ILO 2013: Statistics Indonesia National Labour Force Survey.

**Figure 4. Hours Worked per Week by Employed Persons, by Quintile\***



Source: National Social and Economic Survey (2011).

\*Quintile 1: poorest; quintile 5: richest.

Furthermore, the low prevalence of entrepreneurs in Indonesia compared with Southeast Asia is striking: whereas Malaysia and Singapore have 5 percent and 7 percent of their population working as entrepreneurs, current Indonesian young entrepreneurs stick to traditional and competitive, rather than niche, markets, products and services (ILO 2011a).

Even though this section does not provide a comprehensive overview of the reasons behind the various phenomena described above, it does briefly point to a number of obstacles affecting youth employability and work today.

First, quite common constraints to youth education and training in Indonesia were identified through a literature review and exchanges of the authors of this paper with national stakeholders, among which are the following:

- The lack of access to education and training for the poorest, most disadvantaged, and out-of-reach youth, mainly in rural remote areas, including a lack of remedial education services and informal vocational training (often resulting in dropout, impairing long-term employability and productivity and leading to child labour)
- The lack of formal secondary (junior secondary school [*sekolah menengah pertama* or SMP] plus senior secondary school [*sekolah menengah atas* or SMA] or vocational school [*sekolah menengah kejuruan* or SMK]) education on basic academic skills; life skills including complex thinking, problem solving, and effective communication skills (World Bank 2010a: 29); and ‘transversal’ skills<sup>9</sup>
- The mismatch between skills taught and acquired by students through the education and training system and those required by the labour market (partly explaining why it takes the more highly educated a longer time to find a job)
- The lack of education orientation and career counselling (from primary to secondary education, from SMP to SMA or to SMK, and regarding employment options in general)
- The lack of ‘practical on-the-job experience’ (World Bank 2010a: 32).

Second, ‘nonformal’ education and training—often the only option accessible to poor, marginalised youth—is not yet developed enough to target disadvantaged unemployed young persons “in need of basic skills” and remains largely hindered by several factors, per the ILO (2013b) and World Bank (2011):

- It is mainly private, thus expensive
- It suffers from structural limitations relating to facilities, resources, and equipment; autonomy; cost-effectiveness; etc.
- It does not offer a complete or sufficiently demand-driven set of courses, being mostly used by secondary or higher education graduates as an education ‘top-up’, rather than benefiting inactive and/or out-of-school youth in rural areas
- It lacks connections with the world of work – industry and trade, etc.
- Along with informal education, it lacks quality assurance mechanisms (e.g., insufficient standards, unaligned assessment methods, and little certification by relevant bodies), mainly because of the absence of a single, unique national competency-based system (which explains variations in TVET standards among various existing training providers).

Third, the literature review and meetings with national stakeholders allowed the authors to identify major constraints to youth entrepreneurship in Indonesia, including the following per ILO (2011a: 30–55): (1) a lack of ‘entrepreneur role models’ (32) and the generally weak status of the entrepreneur in society; (2) youth’s ‘risk aversion’ and limited perception of the benefits of innovation and diversification; (3) mistrust of young women entrepreneurs; (4) the low awareness, use, and availability of business development services (BDSs), especially in isolated areas; (5) the absence of sufficiently diversified sources of financing for start-ups; and (6) the mostly ‘informal nature’ of youth SMEs, due to a lack of information on and ‘working mechanisms’ for enforcing formalisation.

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<sup>9</sup> Such as computer and language skills.



Altogether, these findings align with the Ministry of National Development Planning's (Bappenas) five declared and identified strategies, or pillars, for combating youth unemployment in Indonesia (IYEN 2012), as follows:

- To fight dropout and keep students in school longer, thereby reducing the number of less-educated workers entering the labour market
- To improve skills
- To improve the quality of apprenticeships
- To increase opportunities for youth entrepreneurship
- To improve the quality of and access to the LMIS

### ***Research Questions and Objectives of the Good Practices Project***

Given these challenges to youth employment in Indonesia and Bappenas's five national priority areas for action in this field, TNP2K conducted the Youth Employment Good Practices (GP) Project. The purpose of the project was to identify short-term evidence-based strategies to enhance the employability of mainly poor youth in decent wage employment and self-employment through relevant forms of skills development schemes and entrepreneurship training, using 'inspiring' local and international best practices. As per the project terms of reference, the questions under study concerned 'which Best Practices, or elements thereof, are most relevant to consider as reform options—[improvement, outreach, etc.]' and 'what kind of government actions and reforms should be carried out in order to improve service delivery in the area of youth employment, including skills improvement and entrepreneurship training'. In other words, how can Indonesia most benefit, based on country priorities, from specific improvements derived from relevant and adaptable elements of best practice—local and international—in order to enhance national youth employment outcomes?

### ***Rationale Adopted***

A number of steps were simultaneously pursued during the GP Project in order to address the above questions and objectives:

- Understanding Indonesia's challenges to youth employability and resulting labour market outcomes for youth that could be considered as priority issues for the country and therefore qualify for related strategy or programme development/improvement
- Comparing findings with Bappenas's five identified priority areas for action on youth employment
- Identifying existing small- and large-scale big-impact national initiatives that address the above-mentioned identified concerns and priorities and evaluating their limitations in remedying existing problems and additional elements needed to close the gaps
- Investigating national GPs which seem to address remaining strategic needs and show a potential for replication/scale-up without losing the impact effect, while remaining in line with Bappenas's five youth employment pillars
- Exploring international best practices—aligned with Bappenas's five youth employment priorities—which have demonstrated their effectiveness in addressing remaining gaps; and examining their potential for replication/mainstreaming into Indonesia's existing national initiatives for further improvement

- Formulating relevant, short-term policy or programme recommendations for enhancing youth employability and employment. This paper’s recommendations target evidence-based ‘quick impact’ improvements derived from elements of local or international GPs, to be brought (ideally within a year) to major working youth employment initiatives in order to further enhance the impact. Alternatively, some recommendations look at scaling up replicable GPs—whose potential to enhance labour market outcomes for youth has been evidenced in this paper. In all cases, it has been broadly assumed that the labour market impact and cost effectiveness of these best practices would be preserved—if not multiplied—during the process of adaptation, replication, or scale-up.

## **Project Approach**

The methodological process for this research involved the following steps:

- A comprehensive literature review of relevant background documents, focusing on identifying constraints, challenges, and limitations related to youth skills development schemes and corresponding labour market outcomes in Indonesia in order to determine possible policy and programme priorities
- An extensive desk review of existing local, regional, and international GPs as well as project and programme lessons learnt, including databases of the Organisation for Economic Co-operation and Development, World Bank (Systems Approach for Better Education Results or SABER), ILO (YouthPOL and GoodPracs), United Nations (Youth Employment Inventory), etc.
- Meetings with international stakeholders including the ILO, World Bank, and Plan Indonesia. In particular, a visit to ILO Headquarters in Geneva<sup>10</sup> was organised in October 2013 to collect technical advice from the Youth Employment Unit, Youth Employment Network, Employment Policy Department branches and Small Enterprises Unit
- Discussions with relevant ministries and social partners (MoMT, MoEC, MoYS, Bappenas/IYEN, etc.)
- Local field visits to youth employment programmes and projects in Central Java (September 2013) and South Sulawesi (November 2013) carried out by both consultants
- One inception report (Word) and three progress reports (Word and PowerPoint)
- Regular internal consultations with the Cluster 3 Team and assistant to the policy working group coordinator during the entire project period to integrate feedback
- Final PowerPoint presentation to Bappenas for approval
- Following internal and external reviews, publication and dissemination of two complementary final TNP2K working papers, of which this is the first: TNP2K Working Paper 19a report with appendices and 19b (Moubayed and Purnagunawan 2014), a compendium of good practices<sup>11</sup>
- Possible future technical workshop (to be confirmed) with national (and relevant international) stakeholders to present GP findings and suggestions for policy and programme improvements to a broader audience.

<sup>10</sup> Authors’ mission summaries are available from authors upon request.

<sup>11</sup> To the extent possible, the compendium of GPs in TNP2K working paper 19b (Moubayed and Purnagunawan 2014) acknowledges the beneficiaries, relevance, effectiveness, impact, conditions for replication, and implementation cost of the recommended programmes, taking into account the sometimes limited data available. For details on best practices, it is recommended that readers refer to the compendium in working paper 19b when they need more information.

## *Acknowledged Limitations and Delimitations (as of March 2014)*

### Project Developments

The first limitation that the authors confronted overall was the few data that existed on programmes and the limited number of proper impact evaluations in Indonesia. In addition, existing Indonesian employment support programmes in general do not sufficiently target youth, mainstream gender concerns, or recognise other vulnerabilities (e.g., persons with disabilities or living with HIV, etc.).

The engagement process with concerned government stakeholders was also delayed due to competing political priorities. It has taken an unusually long time for the authors to reach out to main actors and to get appointments and organise meetings. This was remedied in the last phase of the project by recruiting a government engagement expert to support TNP2K's Cluster 3.

In addition, a primary and supportive project informant—the ILO Country Office in Jakarta—saw a number of its key Education and Skills Training (EAST) project staff depart permanently or for extended missions, further extending the process of programme information collection during the first research phase. The 2008–11 Indonesian EAST project<sup>12</sup> had been found particularly relevant to the development of TNP2K's GP research for targeting disadvantaged youth—those who had left school before completing senior secondary school—in vocational and entrepreneurship training. For this very reason, EAST practices are regularly mentioned throughout the present paper.

As a result of the constraints above, relevant local and international field trips were postponed several times. Findings of local field visits could only be introduced at a late stage, while exploration of a regional GP, initially envisaged in the Philippines, had to be cancelled in light of the Haiyan typhoon, which devastated the country in November 2013 (and whose impact was still being felt at the time this paper was written).

### Environment of an Education, Training, and Employment Reform

It is also worth emphasising that the size and complexity of the education and training systems of Indonesia may generate difficulties in programme design, implementation, and monitoring. Indeed, 'the key challenge...is not the articulation of a policy framework for youth employment, but the operationalisation of such frameworks, effectively integrating, coordinating and extending current programming efforts' in Indonesia (UCW Programme 2012: 87).

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<sup>12</sup> The Education and Skills Training (EAST) programme was 'a four-year project funded by the Government of the Netherlands and executed by the ILO' in 2008–11. Its purpose was to 'improve the employability and capacity for entrepreneurship among young women and men through improved access to high-quality and relevant educational and training opportunities'. The project addressed this aim in the geographic area covering Aceh, East Nusa Tenggara, Maluku, Papua, South Sulawesi, and West Papua (ILO 2011c: i).

Nowadays, mechanisms with suboptimal systemic/systematic coordination, including knowledge sharing, persist at several levels of governance (IYEN 2012):

- Within ministries, with directorates being in charge of specific functions (financing, training, or post-training), rather than integrating resource use at the service of a national youth employment strategy
- Among central government ministries (e.g., limited integrated cross-sector programmes for youth employment)
- Between the central and local governments, challenging programme quality monitoring
- Among government actors, private sector/industries, TVET providers, and schools in the fields of curriculum development, implementation, and cost sharing (i.e., even when an agreement exists among ministries, it does not necessarily translate into integrated programme delivery and collaboration at the local level).

To the extent possible, programme recommendations on youth employment in this paper take into consideration the acknowledged complexities and limits of (horizontal/vertical, cross-sectoral, or cross-level) institutional arrangements. Beginning reform at the level of the village or subdistrict is nonetheless still more manageable or actionable; later reforms may be consolidated at the district level: as most programme implementation and evaluation happens at the district level, it is indeed wise to focus on this one first. Many of the approaches suggested in this paper therefore target districts and subdistricts and may be initiated in the form of local pilot projects by working with district-level planners in developing district-level efforts. In the future, lessons learned from the initial districts will inform and help expand successful initiatives to other districts, progressively strengthening, in areas of consensus, the national plan for youth employability (UNICEF 2013).

### Political Context

For reasons linked with the upcoming 2014 national elections, this working paper emphasises short- to medium-term programme recommendations rather than long-term policy reforms. The present study has been more concerned with showcasing quick-impact ideas that have worked locally and globally so the GoI may select what it wishes to improve and adopt immediately and possibly consider for inclusion in the Midterm Development Plan (*Rencana Pembangunan Jangka Menengah*) 2015–19. That said, the present work does not suggest that isolated elements of good practices taken separately can enhance youth employment outcomes in a sustainable way; ideally, a combination of these elements in a cleverly designed initiative is what will make a difference for Indonesia (an improved model of Plan Indonesia's YEE programme, which proved particularly successful, is suggested for that purpose in the conclusion to this paper). It is expected and hoped that in follow-up pilot projects to be launched by 2015, programme details linked with actual implementation as well as institutional, financial, and monitoring and evaluation arrangements could be laid out through strategic planning. Such planning ultimately depends on present and future political priorities and alliances.

## Short Review of Good Practices Literature

This introductory literature review summarises the academic framework (lessons learnt) for good practice research in relation to Bappenas's five priority pillars for combating youth unemployment. The following sections of the paper echo this analytical framework on the ground through country findings, real practitioner experience, and expert opinions.

### *Tackling Dropouts and Consolidating Second-Chance Education*

Different factors explain high dropout rates, such as a lack of self-confidence, self-censorship, too little understanding of the benefits of school, or the need to work to sustain relatives. Therefore, a proven strategy to reduce school dropout is to distribute widely basic and factual information on the benefits of school attendance and diploma. If parents and children can better assess the cost-benefits of education (i.e., the longer education lasts, the bigger the benefits), children are also more likely to remain in school longer (Cunningham, Sanchez-Puerta, and Wuermli 2010). This is all the more true as an important factor behind school dropout in developing countries is the relatively high cost of education. In Colombia, the Vouchers for Private Schooling Programme (*Programa de Ampliación de Cobertura de la Educación Secundaria* or PACES) organised lotteries in which participants won vouchers for private schooling. This randomised experiment showed that students benefiting from this voucher were 10 percent more likely to complete 8th grade<sup>13</sup>.

For those who have already dropped out, 'second-chance' education can be turned to in order to make up for the lost years of school. Second-chance education programmes have been set up in several countries, but evidence of their impact—mainly in terms of cost efficiency—is uneven. Remedial education can actually be quite expensive for small benefits in terms of employment when the certification is distinguishable from an ordinary school diploma (Cunningham, Sanchez-Puerta, and Wuermli 2010). The findings of the U.S. Jobstart programme, for instance, showed that beneficiaries did not benefit from a wage increase after completing the programme. However, societal gains were observed—such as a lower chance of going to prison or being involved in violent acts (Cunningham, Sanchez-Puerta, and Wuermli 2010). On the other hand, the Chilean Califica programme, offering low-income youth and adults demand-based vocational training sanctioned by a diploma that is indistinguishable from an ordinary school diploma, had a long-term impact on wages (increases of 10 to 14 percent) and post-programme schooling (Cunningham, Sanchez-Puerta, and Wuermli 2010). Second chance schools have also flourished in Western Europe, and the European Union has supported good practices in this area targeting implementation of active learning methodologies, a structured organisation, a simplified administration system, building of a reassuring environment for students, and reduction of the number of students per class.

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<sup>13</sup> For more information, see 'Vouchers for Private Schooling in Colombia' available at [www.povertyactionlab.org/evaluation/vouchers-private-schooling-colombia](http://www.povertyactionlab.org/evaluation/vouchers-private-schooling-colombia).

## ***Improving Foundational, Vocational, and Life Skills with Better-Quality Education and Demand-Driven TVET***

An integrated education approach that provides opportunities for literacy and numeracy training and soft/life skills training along with other forms of training (general, vocational, and remedial) has proved quite successful globally, not only in acquiring core work skills<sup>14</sup> but also in terms of academic achievement (Drake and Burns 2004). Students who benefited from this type of curriculum attained higher scores in their exams, probably because they felt more engaged. For example, the Better Life Options programme in Nigeria (originally conducted in India) increased literacy and self-confidence among participating young girls, thanks to a holistic approach integrating remedial education, livelihood training, and reproductive health; upon completion of the programme, 50 percent of participating adolescents were able to enrol or re-enrol in general secondary education, while the others joined vocational training<sup>15</sup>. For this kind of programme to be successful, social acceptance is needed as well as financial investment in related activities; however, the overall cost of the approach can be relatively low (CEDPA 2001). Besides, such initiatives remain all the more relevant, as soft skills—often lacking in academic curricula—are fundamental to the world of work. As most employers are no longer willing to hire young people without demonstrated core work skills, having—and being able to show—soft skills greatly facilitates the school-to-work transition for youth (Brewer 2013).

Alternatively, the improvement of specific, technical skills through enhanced TVET has been tested in many developed and developing countries as a way to increase employment among secondary education students, provided it is conducted appropriately. However, if TVET supports a country's economic development (as has happened in Korea<sup>16</sup>) or allow it to move up the value production chain, this kind of training also needs to be strictly linked with labour market developments in line with technological progress to be fully efficient. In particular, it is important that TVET establishes partnerships with both public administration and private firms to be relevant to the needs of the economy and positively affect youth employment (Brewer 2013). In Bulgaria, for example, the Clearing the Path to Employment for Youth programme set up TVET in collaboration with institutional and private actors in the labour market, providing young people with 30 training curricula focused on market demand. The results of this programme have been extremely successful; more than 60 percent of the trainees were sustainably employed by the end of the programme and 300 long-term workplaces created through self-employment<sup>17</sup> (850 youth participated in the entrepreneurship training stream).

## ***Promoting Youth Apprenticeships for a Bigger Role in School-to-Work Transition***

The toughest task for youth is usually entering the labour market without any supportive network. This is why on-the-job training has been highly praised worldwide for providing both work experience and an informal network (Cunningham, Sanchez-Puerta, and Wuermli 2010). Because formal apprenticeship schemes often face reluctance from employers—who see them as not cost-efficient—

<sup>14</sup> The 4 in 1 Handbook for Non-Formal Training Providers (ILO 2011f) defines core work skills as (1) basic literacy and numeracy, (2) communication and teamwork, (3) problem-solving skills and a solution-oriented attitude, (4) adaptability, (5) self-motivation, (6) independent decision making, and (7) ethical competence.

<sup>15</sup> See more on the Better Life Options website, available at [www.cedpa.org/content/publication/detail/2585.html](http://www.cedpa.org/content/publication/detail/2585.html).

<sup>16</sup> For more information on the UNEVOC-UNESCO database, please see 'World TVET Database', available at [www.unevoc.unesco.org/worldtvetdatabase1.php?ct=KOR](http://www.unevoc.unesco.org/worldtvetdatabase1.php?ct=KOR).

<sup>17</sup> See the Youth Employment Inventory website for more details, available at [www.youth-employment-inventory.org/inventory/view/45](http://www.youth-employment-inventory.org/inventory/view/45).



many countries have set up wage subsidies to encourage firms to take trainees on board. Evaluated in developed countries, such as Germany and Switzerland, formal apprenticeship schemes that have benefited from wage subsidies have proved successful in convincing employers to hire less-qualified workers (Cunningham, Sanchez-Puerta, and Wuermli 2010). These schemes also turn out to be more efficient when combined with basic skills or vocational training. In Bulgaria for instance, on-the-job training is paired with vocational training and subsidies for employers for the duration of the training (Cunningham, Sanchez-Puerta, and Wuermli 2010). Nonetheless, such formal apprenticeships can only be replicated in developing countries with strong political will and through wage subsidies and specific, recognised schemes. Informal apprenticeships are actually more prevalent in developing countries and still constitute an important path towards skills and network acquisition for most young people who do not have access to formal education and jobs (Cunningham, Sanchez-Puerta, and Wuermli 2010). In many African countries, informal apprenticeships are extremely common and are part of tradition and local culture. In such cases, building on existing schemes and upgrading the quality of informal apprenticeships may well be the most cost-efficient way for improving youth employability (ILO 2011b).

### ***Increasing Youth Entrepreneurship Opportunities with Enhanced Awareness and Assistance***

Promoting youth entrepreneurship and self-employment can be another effective way of tackling youth unemployment. ILO's Know About Business (KAB)<sup>18</sup> programme, developed since the 1990s, seeks to promote an entrepreneurial spirit and entrepreneurship knowledge among in-school youth. KAB has proved efficient and so far has been implemented in 30 countries in its pilot phase. Eighteen countries have decided to mainstream it, including Indonesia; this was done through MoEC and MoMT, following the high impact of the GoI/ILO KAB pilot project conducted in 2005–06 in general and vocational senior high schools, that is, SMA and SMK (Ferland and Gunawan 2011). A study carried out in 2010 indicated that, of the 45 percent of KAB graduates who had tried to start their own business, nearly half (48 percent) had a successful business. All of them mentioned KAB as the influencing factor for opening their own enterprises, instead of becoming employees (Ferland and Gunawan 2011: 17). 'SMKs that implement KAB today have improved the practical component of the entrepreneurship course that is part of the regular curriculum, [while] KAB partners [Vocational Education Development Centres (*Pusat Pengembangan dan Pemberdayaan Pendidik dan Tenaga Kependidikan*) at Malang and Bandung] used their own budgets to disseminate the methodology to another 600 schools outside the six project provinces' (Ferland and Gunawan 2011: 18).

Other youth entrepreneurship training models have been successfully replicated globally. The Youth Business Ukraine programme—a branch of Youth Business International—encourages young people to start their own business by embedding them into established networking systems and providing mentoring and coaching, thus giving another good example of successful entrepreneurship promotion. Youth Business Ukraine gives young people access to loans, microfinance, and assistance at all stages of business start-up and development<sup>19</sup>. This programme exists today in 20 other countries around the world. The European Commission for its part has also endeavoured to address the persistent problem of youth access to the regular banking system and commercial loans and assets by establishing a social

<sup>18</sup> For more information, see [www.ilo.org/public/english/region/eurpro/moscow/areas/kab.htm](http://www.ilo.org/public/english/region/eurpro/moscow/areas/kab.htm).

<sup>19</sup> More information on Youth Business Ukraine available at [www.youthbusiness.org/where-we-work/ukraine](http://www.youthbusiness.org/where-we-work/ukraine).

fund that promotes entrepreneurship through financial and material support. In sum, international good practices have revealed that a combination of technical assistance and financial aid (in cash, such as through microfinance and soft loans, or in kind, through start-up kits and work assets) is the best guarantee of success for youth entrepreneurship programmes.

### *Supporting Access to and Services by the LMIS in Formal and Informal Economies*

An LMIS is a key feature of a functional labour market and should fully support youth livelihoods, mainly by facilitating the school-to-work transition. Different strategies have been set up around the world according to country characteristics. In a developed formal economy, employment service centres (ESCs) are expected to offer comprehensive career counselling, job search assistance, and other services such as those provided, for instance, by The New Deal for Young People in the United Kingdom<sup>20</sup>. This active labour market policy, set up by the British government in 1998, permitted 339,000 young people to enter the labour market, decreasing unemployment by 40 percent during the early years of this policy's implementation (McIlroy 2000). Yet, an LMIS does not have to be restricted only to the formal economy (Cunningham, Sanchez-Puerta, and Wuermler 2010) or exclude the most vulnerable and disadvantaged groups in less developed economies, even if, so far, its impact on youth employment outcomes has proved uneven in informal economies (ILO 2012b). In countries with an important informal economic sector or where employers mainly use personal networks to recruit new people, employers and job seekers must actually have an incentive in advertising and registering through ESCs. In addition, the weight of the administrative burden can constrain registration in such centres (Brewer 2013) and limit efficiency. However, innovation to allow the extension of employment services into informal economies is flourishing. The SoukTel initiative, for instance, is worth considering: although no impact study has yet been conducted on it, the system is growing and appears self-sustainable<sup>21</sup>. Based on evidence that job seekers are much more likely to have a cell phone than Internet access, this technology-based information-sharing programme provides job seekers and employers in the Occupied Palestinian Territory and Somalia with updates on labour demand and supply on the market via their mobile phones. Every time a job offer is posted by a nongovernmental organisation (NGO), local government, and/or an enterprise, youth who have subscribed to the service receive notification and, if interested in the vacancy, log in on the nearest computer to apply.

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<sup>20</sup> For more information, see 'New Deal for Young People', available at [http://webarchive.nationalarchives.gov.uk/+/www.direct.gov.uk/en/Employment/Jobseekers/programmesandservices/DG\\_173757](http://webarchive.nationalarchives.gov.uk/+/www.direct.gov.uk/en/Employment/Jobseekers/programmesandservices/DG_173757).

<sup>21</sup> See more details on the SoukTel home page, available at [www.souktel.org](http://www.souktel.org).



## Short-to Medium-Term Strategies for Reducing School Dropout

This section explores how to create a renewed taste for learning and enhance school re-entry to prevent youth unemployment at the root.

### *Quickest Way to Mitigate School Dropout: Career Counselling and Life Skills*

Traditionally, it has been common for Indonesian schools to emphasise academic subjects that are key to national examinations, rather than to teach noncore subjects, such as career counselling and life skills. These noncore subjects are, in brief, about ‘knowing your options, knowing you can, and knowing how’. Nowadays, change is on the way and the 2013 general academic curriculum is endeavouring to rectify this orientation.

Due also to funding limitations, few school authorities have allocated money and time for teachers to be trained in these subjects and very few schools have employed dedicated life skills and career counselling teachers...Many young people, therefore, receive little assistance outside the classroom during their school years. They receive little or no guidance in making career choices or how to plan for after school life. (ILO 2011c: 59)

This, in turn, contributes to

a lack of understanding about the world of work and how to appropriately enter the workforce (e.g. whether to continue to SMA or SMK for SMP students, what colleges/universities to enter for SMA and SMK students, and what kind of professions are appropriate for their interests and aptitudes). (ILO 2011c: 62).

In isolated rural areas, SMP student graduates sometimes travel very long distances to attend the nearest SMA/SMK school, where they receive little guidance on which classes to take that reflect their specific interests or needs (ILO 2011c). This, in addition to the tendency of some non-life skills/career teachers to adopt a punitive approach in the case of nonperforming or negligent pupils, accounts for the high occurrence of school dropouts among youth between two school levels, for example, from elementary to junior secondary, junior secondary to upper secondary, etc. (ILO 2011c).

On the one hand, the career counselling process is crucially important as its final output is ideally ‘an employment project for each participant that is coherent with capacities, personal constraints and assets, realistic local employment and income generating opportunities, as well as locally available support services’ (ILO 2013b: 25). Appendix 1 summarises six steps that are key to career guidance and counselling.

On the other hand, per the ILO, life skills ‘are generic skills that are important for an individual’s employability, but also for social integration’ (2013b: 38). Life skills training ‘aims at developing personal skills and behaviour that are essential in life’ and stresses development of such behaviours as:

- **Social behaviour** within family and community (rights and responsibilities, conflict resolution, gender issues, reproductive health including HIV prevention, money management, sports, and culture)
- **Professional behaviour** as expected by employers, customers, and producers (interview skills, rights at work, money management, and work discipline). (2013b: 38)

The following sections explore in more detail good practices in career counselling and in life skills training in Indonesia.

### Career Counselling and Vocational Guidance Good Practices in Indonesia

Efforts are underway in some regions of Indonesia to promote career counselling and vocational guidance approaches. ABKIN, based at the University of Makassar, South Sulawesi, now instructs teachers currently teaching in SMP and SMA/SMK how to combine career counselling and life skills in their vocational teaching methods. With support from the ILO, ABKIN has so far begun integrating career counselling with life skills in 10 schools, observing significant changes in the mind sets of beneficiary students. According to the association, more schools—especially in remote areas—have also chosen to implement an online guide developed by ABKIN for career counselling and life skills teachers (*bimbingan karir* or BK) without even having attended ABKIN’s training: a clear indication that the approach has been largely recognised as useful<sup>22</sup>. The implementation of the new 2013 academic curriculum, which emphasises integration of soft and hard skills, could be used as another opportunity to revitalise BK teaching in the school system. Ministerial decree no 81A/2013 on the implementation of the new curriculum clearly states that, for each class, there should be at least two hours allocated weekly to BK teachers—an aspect of the legislation that is at the core of ABKIN’s advocacy efforts.

In 2008–11, district governments with support from ILO-EAST undertook local initiatives in both South Sulawesi and Papua to sensitise schools to the importance of so-called noncore topics. In South Sulawesi (Makale City, Tana Toraja District, and Rantepao City, North Toraja District), local governments conducted recruitment, training, and placement of career counsellors. In Papua (SMP Negeri 5 Arso, Keerom District, and SMK Negeri 3 Jayapura, Jayapura Municipality), similar efforts enabled students to make ‘informed decisions regarding their future education and/or career plans after receiving Job and Education Counselling services’ (ILO 2011c: 62). Ultimately, a number of conditions have been achieved in these locations to maintain pupils at school, thereby reducing the risk of dropout: students feel a sense of confidence at school, empowered with knowledge and self-trust, in a healthy climate of mutual understanding; they are listened to, advised according to their needs and possibilities, and approached in the most professionally relevant way to be sensitised to training and career options accessible to them.

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<sup>22</sup> Information derived from the authors’ meeting with ABKIN at the University of Makassar, 12 November 2013.

### SPECIFIC PROGRAMME RECOMMENDATIONS

MoEC's future directives for reducing dropout could try to accomplish the following:

- Encourage the central and district levels, as well as school administrators, to prioritise including financially noncore subjects (ILO 2011c: 61) such as career counselling: in the short term, several schools could share at least one vocational counsellor (e.g., recruited from the country's existing network of ILO-trained career counselling professionals) to cater to their pupils' needs on a rotational basis. In the medium term, vocational counsellors could receive training or benefit from competency upgrades (e.g., through master trainers to avoid weighing heavily on budgets), and additional specialty teachers, such as job and education guidance instructors, may be hired by the districts to achieve rapid results in school retention.
- Support specialised professional associations (such as ABKIN) in conducting high-visibility advocacy efforts and sustaining the momentum around career counselling and vocational guidance. Indeed, for proper expansion or replication of similar initiatives, headmasters and their staff must be 'convinced of the benefits of BK counselling' (ILO 2011c: 67): awareness-raising efforts targeting the district level, school headmasters, parents, etc., are therefore crucial.

### Child-Centred Learning Methodology and Life Skills Training Good Practices in Indonesia

An integrated education approach that, whenever required, provides opportunities for literacy and numeracy training and life skills training along with other forms of training, has globally been the most recommended approach (ILO 2013b).

To encourage children already out of school or those vulnerable to dropout to respectively reintegrate or remain at school in specific locations in Maluku, South Sulawesi, and East Nusa Tenggara, major local efforts were carried out to consolidate the quality and capacity of equivalency education providers (delivering packages A, B, and C, designed for people who left the mainstream education path<sup>23</sup>), community learning centres, and children centres (*Anak Kreatif*) for providing child-centred and life skills education in flexible settings. The approach consisted of training educators and instructors in child-centred learning approaches, that is, the Experiential Learning Cycle based on participation and interaction, with a focus on inclusive education, child labour, and life skills. The combination of these tools developed by the ILO empowered professors to increase children's understanding of the value of schooling, as well as their motivation to participate.

Although conducted sporadically with punctual results, these initiatives seem to have yielded positive behavioural changes, including children's retention at school and understanding of the value of peer and formal education, students' transition from the nonformal to formal school systems, and increased community awareness on the risks of child labour and importance of sustained education (ILO 2011c). Even if actual quantitative information is missing for proper evaluation, these local GPs somewhat prove that child-centred learning approaches integrating life skills 'play a critical role in reducing incidences of child labour and in motivating children to stay in or return to school' (ILO 2011c: 24). They also suggest that, introduced at an early stage, life skills may well be the most crucial assets for

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<sup>23</sup> Information collected by the authors on equivalency education impact was limited, inconsistent, and not verifiable; for this reason, this paper deliberately avoids comments on equivalency packages A, B, and C.

marginal, less-educated, out-of-school, or at-risk of dropout youth: their impact when mainstreamed within formal and, even more so, in nonformal and informal education programmes is potentially high.

Yet, the improvement noted in school retention is not only due to children's renewed enthusiasm for education but the motivation and commitment of empowered teachers themselves (ILO 2011c), which is key to combating teachers' absenteeism and possible venal or corrupt behaviours—other probable reasons behind the failure of many school reinsertion projects—and ultimately increasing educational quality. Thus, the impact of child-centred teaching methodologies and life skills will be felt all the more as concomitant training and upgrading of teachers in these subjects in schools and education centres is made a priority of provincial and district governments.

### **SPECIFIC PROGRAMME RECOMMENDATIONS**

MoEC's future directives for reducing dropout (and improving skills) could look at the following:

- Upgrade tutor competencies in general and equivalency education centres relying on allocated block grants (ILO 2011c: 22). It may do so using master trainers to train trainers in the Experiential Learning Cycle and life skills (possibly from the ILO-EAST project, as EAST master trainers are available in all provinces) to implement child-centred learning methodologies anchored in interactive, life skills-based engagement, such as in the case of Active, Creative, and Fun Learning (*Pembelajaran Aktif Kreatif dan Menyenangkan*), nowadays used for training of trainers by the Education Quality Assurance Agency (*Lembaga Penjaminan Mutu Pendidikan* or LPMP) in South Sulawesi, and recently scaled up<sup>1</sup>. Such an approach could be a quick, cost-efficient way to improve both academic and soft skills and increase school retention among pupils, as 'expenses would be limited to the direct cost of the master trainer, that is, training fees and board and lodging of trainees during the course' (ILO 2011c: 29).

<sup>1</sup> Information derived from authors' meeting with LPMP, South Sulawesi, November 2013.

### ***Indian Example of Specificity and Flexibility in Successful Second-Chance Education***

The Education for All Movement (*Sarva Shiksha Abhiyan*) has been the Government of India's flagship initiative for achieving universal elementary education. Launched in 2001, this initiative was intended to 'extend useful and quality elementary education to all children in the age group of 5–14 years before the end of 2010' (Hati and Majumder 2009: 2), with special attention to preprimary education and education of girls, children with disabilities, school dropouts, and displaced children. Implemented under India's Alternative and Innovative Educational Programmes, which plan for 'schooling facilities that are more contextual, location specific, and flexible' (Hati and Majumder 2009: 3), India's Bridge Course Centres (BCCs) were one scheme designed to provide 'a short refresher course to children of older age' (p. 3). It particularly focused on those children who had never enrolled at school or were dropouts, and sought to 'mainstream them back to formal schools' (p. 3).

The BCCs have achieved particularly satisfying results in several states in increasing retention and transition of out-of-school children, according to an evaluation conducted by the University of Burdwan in 2008–09 in Bardhaman District. The university monitored 10 percent (75, both primary and upper

primary) of the BCCs as samples and at least 10 percent of children enrolled in each BCC; the total number of enrolled pupils in the 75 surveyed was 1,732 learners (or an average of about 23 per BCC), the majority of whom were school dropouts or children who had never attended school (Hati and Majumder 2009). ‘Of the total 1,732 learners in the 75 centres, 680 children [40 percent] were mainstreamed in the academic year 2008–09 of which 375 were from Primary BCCs and 305 from Upper Primary BCCs’ (Hati and Majumder 2009: 7). BCCs’ mainstreaming success rates in other states went even higher: from 47 and 57 percent respectively in Tamil Nadu and Assam states to 70–74 percent of enrolled students integrating formal education in the states of, respectively, Andhra Pradesh and Karnataka (Hati and Majumder 2009: 8).

According to project lessons learnt, the moderate to high success of the BCC good practice has depended on the existence or implementation of additional elements influencing the outcomes. Such factors—organised below by project design and institutional arrangements—provide a better understanding of what makes second-chance education work for dropouts, in addition to its child-centred and life skills orientation.

### **Project design:**

- **Class flexibility.** Although it might seem obvious that second-chance schools need to take place at hours convenient for dropout children, who may work, this is usually not the case. Girls, for example, who are likely to have domestic responsibilities, are often not able to participate in full-time education. Schooling hours therefore need to be flexible and may have to be provided on a part-time basis. Similarly, the venue for a BCC-type remedial course needs to be chosen based on the constraints of the target group: if possible, class should take place near the homes of the children (ILO 2013b).
- **Good timing.** Ideally, the cycle of remedial classes should be designed to end in time for the new school academic session to ‘enable a smooth transition of the students from the BCCs to formal schools’ (Hati and Majumder 2009: 17).
- **Adapted language of teaching and learning.** It is especially important that teachers and pupils share the same mother dialect, when several coexist within a community.
- **Rapid supply** of all teaching-learning materials and books and blackboards should take place within 15 days before classes begin (Hati and Majumder 2009).
- **Provision of a midday meal** for pupils should address their nutritional needs and act as an incentive (Hati and Majumder 2009).
- **Distance of the BCCs from formal schools** should be reduced as much as possible to make it easier for children to eventually pursue formal education (Hati and Majumder 2009).
- **Awareness raising.** Awareness raising can include home visits to families by a monitoring team, official and informal discussions with parents, forums, etc. Advocacy is all the more important as, according to authors’ field findings and experts interviewed, free education and targeted scholarships are not enough to prevent school dropout. Family and cultural dynamics—including the tendency to immerse children in the world of work or even marriage early on—need to be properly tackled through awareness-raising initiatives on schooling and remedial services<sup>24</sup>. For example, some parents may send children to BCCs as long as these remain flexible and short-term

<sup>24</sup> Findings derived from authors’ meeting with LPMP in Makassar on 13 November 2013 as well as exchanges with a former ILO consultant in charge of an impact assessment survey on EAST school dropout projects.

schemes allowing children to complete family chores (Hati and Majumder 2009). Thus, unless parents are sensitised to the long-term benefits of advanced education, it is unlikely that children from less-educated households (especially girls) will pursue their studies in formal education<sup>25</sup>. Parents' level of literacy often determines their interest in seeing their children continue their studies from remedial to formal education; this fact was also singled out as an important factor behind children's school enrolment, which could be addressed through information and awareness-raising sessions (UNICEF 2013). Furthermore, community confidence in school—built through advocacy—could lead to voluntary contributions of land, computers, etc. in addition to moral support (UNICEF 2013).

### **Institutional arrangements:**

- **Financial support to child education.** Some households cannot afford even the indirect costs of remedial education (although transportation and material are provided under the BCC scheme) or its opportunity cost (i.e., the loss of supplemental family income by children removed from work—and sometimes the worst forms of child labour). Such family circumstances may push governments to opt, as in India, for conditional scholarship or voucher-funded mechanisms to support participation and attendance of the poorest children.<sup>26</sup> Indonesia already has significant experience with this strategy, both for out-of-school and in-school youth: 'a large share of social assistance spending goes to scholarship programmes, including the [BSM government assistance programme for poor students]' (World Bank 2013: 13). Any conditional cash transfer system nevertheless needs to be carefully designed to cover a significant enough portion of the family's/children's opportunity cost of going to school, while paying attention to possible deadweight-loss effects. In 2008–09, it was estimated that an annual budget of 30 million Indian rupees (US dollar [USD] 490,000) would cover scholarships for all out-of-school children in the district of Bardhaman, India (about 14,000 learners were enrolled at that time in the BCCs across the district, representing an average of USD 35 per scholarship/child/year) (Hati and Majumder 2009: 19). In Indonesia, 'the ideal [scholarship] scenario would cover 100 percent of the fees'. This would ensure that 'cost is not a reason for dropping out' (World Bank 2013: 14).
- **Coordination.** Coordination is necessary between the nonformal and formal schools where BCC learners are subsequently placed to ensure these students will not be rejected on the grounds of being over aged, lacking proper accreditation, or other reasons (Hati and Majumder, 2009: 18). A condition for success is therefore that communication between nonformal and formal schools is maintained and the role of formal schools in supporting the transition from informal to formal education promoted. Advocacy should ultimately result in more flexibility in the formal school system to give student dropouts another chance at education by accepting them back into their respective schools.

<sup>25</sup> Findings further confirmed in the case of Indonesia by exchanges with a former ILO consultant in charge of an impact assessment survey on EAST school dropout projects.

<sup>26</sup>



## SPECIFIC PROGRAMME RECOMMENDATIONS

MoEC's future directives for reducing dropout could be to design, with support from the relevant organisation (e.g., ILO, TNP2K, etc.), a second-chance education pilot project at the district or subdistrict level inspired by the BCC best practice in India, which could include the following GP elements:

- The project would involve one or several Indonesian equivalency and other remedial education providers such as community learning centres, learning activity centres (*sanggar kegiatan belajar* or SKBs), children centres, etc.
- Due consideration would be given to the crucial parameter of distance from both the children's houses and formal schools to improve the enrolment impact of the pilot.
- Remedial education classes would be delivered on a part-time basis (after consulting with parents and children on preferred part-time options, that is, morning, afternoon, evening, or weekend).
- In consultation with relevant formal schools, (1) the role of formal schools in supporting the transition from informal to formal education would be supported; (2) MoUs would be drafted and signed before the start of equivalency education classes to guarantee reintegration of successful dropout children in the formal schooling system and to clarify/agree on the transition process steps (testing and assessment, etc.); and (3) the cycle of remedial classes would end at the time of the new school academic session to facilitate immediate transition.
- In consultation with the relevant district or subdistrict level, awareness-raising efforts about second-chance education benefits would be increased by organizing fora where school headmasters, teachers, informal training providers, and families could meet.

MoEC in cooperation with the Ministry of Finance could also develop a mechanism for conditional cash-for-school transfers as better-designed vouchers or scholarships for targeted dropout children. For example, it may be possible to reform (expand and improve) the Scholarships for the Poor programme (*Bantuan Siswa Miskin* or BSM) by extending coverage to out-of-school children and possibly providing 'an incentive transition bonus when children make the leap to the next level of schooling' (World Bank 2013: 25). Other financing options include the use of the Skill Development Fund (currently under design) or Ministry of Finance's Institute for Educational Fund Management funds, but any financial assistance should go hand in hand with information sessions on its specific use and awareness raising on the benefits for families of long-term education.

MoMT's future directives for combating child labour and keeping children at school could also endeavour to use some of the BCC GP elements to significantly enhance its current 'shelter programme'; that is, the Child Labour Reduction Programme–Family Hope Programme intended to rechannel dropout children involved in child labour towards formal or nonformal schools following a month-long, motivation-oriented and child-centred training in so-called 'shelters'.

## Alternative Pathways to Generation of LMI at the District Level

This section describes some local labour market information–based quick-win tools to reduce skills mismatch and improve youth employment outcomes.

A full-fledged LMIS operating nationally and in an integrated way across Indonesian provinces might require a long timeframe to implement and systematise. This is why the following subsections present a few initiatives that could be taken at the local level to start moving in that direction and contribute to alternative generation of solid LMI. The consolidation of such LMI locally can usefully inform development of market-driven skills development schemes, thereby contributing to the reduction nationwide of the skills mismatch and ultimately enhancing youth employment outcomes. The tools and methodologies proposed below derive from existing local and international good practices that have proved successful in improving the situation of unemployed youth in the areas where they were implemented.

### *Using Enterprise Surveys and Value Chain Analysis*

*The enterprise survey instrument*, used separately or as part of broader market surveys or community employment assessments, identifies potential youth employment opportunities and related training needs ‘when the owner/manager of a business agrees to expand production and create more jobs’ (ILO 2011f: 11)<sup>27</sup>. Whenever several businesses deal in similar products or services, ‘they will be surveyed together as a sector and the results will be collected and analysed in order to produce one or two relevant skills training courses’ (ILO 2011f: 11), training opportunities such as on-the-job schemes and apprenticeships, and current or upcoming work vacancies for youth job seekers (see appendix 2).

The model survey suggested in appendix 2, by providing insight into specific job specialisations needed by the enterprise, in turn allows for ‘additional clustering of the future training’s skills focus’ (ILO 2011f: 13), effectively reducing the likelihood of skills mismatch. This can be the first step towards more comprehensive **value chain analyses**, ‘a simple analysis that identifies the various stages from production to the consumer and the added value for each of these steps’ (ILO 2011f: 14). Value chain analysis–related questions raised can help determine specific (and often missing) vocational competencies to be acquired in market-demand training for youth and refine the vocational skills emphasis of the training provider (ILO 2011f). It is also important that the survey or value chain analysis assesses ‘which occupations or trades are acquired through informal apprenticeship...and what potential these occupations have’ (ILO 2013b: 13) (see next section entitled ‘Enhancing Quality of Apprenticeship at the Local Level’). Once competencies have been identified and prioritised in this way, the selected skills training can open up sound pathways towards immediate employment for the youth concerned and reduction of skills mismatch. The impact of such an approach is enhanced if, whenever traditional

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<sup>27</sup> According to the ILO, enterprise surveys should be dynamic research processes: indeed, given the changing economic patterns even at the micro level, surveys should be repeated frequently, thus requiring constant engagement by local stakeholders. To the extent possible, such surveys should also be broadened to the sector and/or region where they take place in order to indicate properly skills needs and planning/anticipation. Isolated and one-time surveys can only provide an image of the skills needed by companies at a certain point in time and anticipate skills demand within a horizon of three months at best (information collected in Geneva meetings and email exchanges).



courses or apprenticeships are offered, these can be upgraded and modernised (ILO 2013b). ‘Programme designers need to ensure that trainees in one geographical area are trained on different skills to avoid competition’ (ILO 2013b: 45).

Often, the LMI gathered through surveys can also be invested in the design of relevant vocational skills training curricula or informal apprenticeship schemes for future entrepreneurs in one or several identified viable business markets (as a preliminary step preceding their business training). This approach is especially relevant in rural areas where wage-employment opportunities may be limited and ‘rural women and men often lack access to updated market information’ (ILO 2009: 58) to be able to choose appropriate technical training and sustain the related business. ‘The process of identifying market opportunities [through enterprise surveys or broader community employment assessments] should assist them in making informed [vocational skills training or apprenticeship] choices and selecting new and viable market opportunities’ (p. 58) that will enable them to prosper on alternative, viable self-employment pathways. ‘The objective of conducting feasibility studies is to assess the viability and sustainability of the economic activities that have been identified and pre-selected so as to avoid investing in training that will not yield the expected outcomes’ (ILO 2009: 62), especially in terms of bridging the skills gaps and generating sustainable youth livelihoods. In particular:

One of the most critical problems of livelihood enterprises and micro enterprises is the high rate of imitation in the sector. Low levels of education and training make small producers copycat the business activities they see around them...As a result, competition among the small producers is fierce and the incomes generated remain low. (ILO 2002: 94).

All identified job, apprenticeship, and market opportunities can be further ‘validated in focus group discussions with local residents, who will share their opinion on the ideas proposed (ILO 2011f: 11)’; select priority activities among those identified, for example, the ones that hold the ‘greatest potential for providing successful sustainable job opportunities in the community’ and contributing to ‘local socioeconomic development goals’ (ILO 2009: 60); and ‘recommend the type of skills training suitable for the community’ (ILO 2011f: 11). That way, ‘potential problems can also be identified by local residents before any further studies/actions are carried out’, while ‘involvement of the partners and beneficiaries increases their interest and commitment’ (ILO 2009: 60). In addition, such consultations prove useful in mainstreaming the specific needs of other vulnerable or socially excluded groups such as unemployed women and people with disabilities in the local area concerned by the assessment (p. 60).

### ***ILO’s Training for Rural Economic Empowerment***

**Training for Rural Economic Empowerment** embodies the transition from community assessments to rural entrepreneurial livelihoods. TREE is an ILO-developed community-based approach for skills development of and enterprise creation by the rural poor—specifically women, disenfranchised youth, and persons with disabilities; it builds on community-based training principles on employment and income generation in remote geographic areas that have no jobs, receive no foreign investment, and whose government capacity to reduce poverty is limited (ILO 2007). Since the early 1990s, with a good measure of success, the TREE methodology has been implemented on several occasions to tackle (youth) unemployment in neighbouring Philippines, through its Technical Education and Skills Development Authority, and therefore on a large scale.

As in Indonesia, some widely known basic issues in the Philippines related to training in rural areas include ‘the low level of educational preparation of poor rural groups, [which in turn leads to their] inability to qualify for higher levels of skills training and technical education’ (ILO 2007). The solution for the Philippines was to find ways to ‘develop and deliver short-term product- or service-oriented nonformal training programmes suited to the rural poor’s needs and capacities (rather than industry-based standard training courses)’ (ILO 2007). TREE, given its intrinsic concept, objectives, methodology, and approach, appeared well suited to address some of these concerns. Its originality lies in an ‘unconventional methodology, which differs from classic vocational training programmes in [various] ways’; this includes by ‘identifying potential income-generating activities and related [vocational and entrepreneurship] training needs’ through LMI obtained ‘before designing the content and duration of specific training programmes’ and by ‘involving the local community and social partners directly in each phase’ of the identification, design, and delivery processes (ILO 2007).

In concrete terms, TREE-Philippines—carried out in 2002–05—‘tested a new economic opportunities and needs survey tool called Rapid Community Assessment, [which] catalyses the maximum use of peoples’ practical experiences on local economic opportunities and their concomitant problems’ (ILO 2007). As in the case of enterprise surveys and community employment assessments described above, the Rapid Community Assessment technique was found useful in generating alternative LMI and practically assessing the potential for employment or self-employment as well as related training needs. It includes a ‘business incubation approach known as Transition Enterprise Projects as part of the broader community-based training intervention to complement skills provision with on-the-job business development training’ (ILO 2007). This approach was introduced to reinforce the idea in communities that entrepreneurship is a viable livelihood strategy and effectively to allow the identification of market opportunities that could support profitable businesses for marginalised, poor, and under-educated target groups (ILO 2007). Concomitant community meetings are then organised in line with the objective of producing collective proposals for those training options identified through the Rapid Community Assessment to implement Transition Enterprise Projects priority ideas (ILO 2007). ‘TREE’s structured meeting strategy makes limited time extremely productive and group discussions very democratic and output oriented’, while ‘[working] within the community’s consensual nature’<sup>28</sup> (ILO 2007). Subsequent design of the training syllabi is based on the submitted training proposals inclusive of the enterprise project idea (ILO 2007)

Overall, TREE-Philippines trained 2,280 beneficiaries (of which 60 percent were women trained in traditional skills), 93 percent of whom successfully passed their competency assessment (ILO-USDOL 2007<sup>29</sup>). One week after completing their training, 1,145 beneficiaries were engaged in enterprises and 95 SMEs had been created (ILO-USDOL 2007). Ninety-five percent of the 586 beneficiaries tracked afterwards had secured some form of employment within three to five months after the training (ILO-USDOL 2007). Differences in pre- and post-training monthly incomes were remarkable: from Philippine peso (PHP) 2,627 or USD 60, to PHP 5,390 or USD 124 (ILO-USDOL 2007). In addition, 23 of the 41 corporate community groups created had benefited from an experimental profit and loss sharing framework, the co-fund system<sup>30</sup>, which granted capital to 1,313 trainees while remaining respectful of Islamic principles.

<sup>28</sup> Meetings can be held in any convenient place in the community, for a maximum of three hours.

<sup>29</sup> ILO-USDOL. 2007. ‘TREE-Project Final Evaluation Report’. Manila: ILO.

<sup>30</sup> ‘A co-fund system is a common fund among all members of the cooperative or community enterprise, whose funds derive from member contributions or private donations and are used to support enterprise development. It is compatible with Islamic tenets that prohibit the earning of interest’ (ILO-USDOL 2007).

The benefits to the target groups are increased self-esteem, hope for the future, and the ability to contribute to family welfare. As a result of training, beneficiaries—both women and men—are empowered with skills and have the confidence to set up small businesses in their communities. These community enterprises can be expected to have an increasingly greater impact as enterprises mature and support local economic development. (ILO 2005: 2),

At the same time, these enterprises can be expected to reduce the likelihood of disadvantaged groups joining crime groups. By the end of the project, the Technical Education and Skills Development Authority / Autonomous Region in Muslim Mindanao had embraced the TREE approach and institutionalised it through the Skills Training for Rural Enterprise (STREAM-Philippines) in this region, while the Technical Education and Skills Development Authority / Region XII was expected to pursue TREE activities through more annual budget funds. The local government of Davao City was progressing towards similar initiatives (ILO-USDOL 2007).

‘TREE projects usually maintain files of often-repeated training courses and develop sample syllabi that can be used by trainers’ (ILO 2007). In Indonesia too, the ILO Country Office for Indonesia and Timor-Leste (referred to as CO-Jakarta), in the context of earlier implemented migration initiatives, has introduced, after adaptation, some of the TREE modules—designed for returned migrant workers and youth—into the MoMT’s national training centres. Today, TREE training of trainers is implemented by two of them—BBPP in Lembang and the Productivity Improvement Centre (*Balai Besar Pengembangan Produktivitas*) in Bekasi—through their annual programmes and budgets.<sup>31</sup> Trainers were sent to support communities in implementing TREE in different sectors, such as farming, fishery, and tourism, through Rapid Community Assessments or market information generation and analysis, vocational and management training delivery to accompany enterprise project development, business support, follow-up coaching, etc. Beneficiaries included persons aged 18–35 years old in Lembang, Nusa Tenggara Timur (NTT), South Sulawesi, and Yogyakarta through the BBPPK, and a wider age range of beneficiaries in Bekasi, Central Kalimantan, and Subang (through the Productivity Improvement Centre).<sup>32</sup> Unfortunately, no impact assessment had been made available to the authors at the time this paper was written.

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<sup>31</sup> Information collected in email exchanges with a specialist from the ILO Country Office for Indonesia and Timor-Leste.

<sup>32</sup> Information collected in email exchanges with initiators of TREE in the BBPP and the Productivity Improvement Centre.

### SPECIFIC PROGRAMME RECOMMENDATIONS

In light of the above discussion, the GoI's future directives for leveraging LMI in poor rural areas in favour of youth employment could do the following:

- Call on the BBPPK in Lembang, which focused on a young range of beneficiaries, to organise a rapid assessment of TREE's actual status and impact so far on youth communities.
- Call for support from relevant organisations (such as TNP2K, ILO, etc.) to explore the extent to which the GoI can capitalise on available TREE human resources, materials, and past experience to scale it up and mainstream it in other youth skills development curricula and national plans (tackling skills training, rural development, poverty reduction, community empowerment, etc.) in order to stimulate the generation of LMI and creation of new, demand-based enterprises among the rural poor. One example of a national programme that could easily lend itself to the pilot testing of a 'TREE upgrade' is the GoI's block grant-funded, community empowerment PNPM scheme—for instance, PNPM Mandiri Rural and PNPM Support for the Poor and Disadvantaged Areas. The pro-poor, community development orientation of the PNPM (whose activities extend to local capacity building through skills and business training and good governance practices) could be expected to largely benefit from the very compatible approach and objectives of TREE to increase its impact on youth economic empowerment specifically.

### *Complementing LMI with Sectoral Information*

LMI can be taken further through analysis of sectoral information leading to sounder, long-term job needs and skills forecasts and increased understanding of youth employment opportunities. Findings of community employment assessments indeed usually allow youth employment stakeholders to uncover and hence prioritise sectors of youth livelihoods. At the district and subdistrict levels, in order to fine-tune the forecast of skills demand and depending on the size of the operating area and availability of data, additional research and analysis of sectors should explore the following (ILO 2011f: 13):

- Size of recruiting sectors (in terms of numbers of businesses and contribution to income and youth employment)
- Enterprise size (number of large, medium, and small enterprises)
- Sector trends (growth/decline in the past few years)
- Parts of the value chain available locally (e.g., farming, processing, packaging, etc.)
- Income levels, labour conditions, motivation of stakeholders, etc.
- Small business associations and other forms of local business organisations
- Existing support structures (business development services, etc.)
- Existing subcontracting linkages between main formal companies and the informal economy.

Possible sources of sectoral information in Indonesia include Statistics Indonesia (*Badan Pusat Statistik* or BPS), regional development planning agencies (*Badan Perencanaan dan Pembangunan Daerah*), newspaper job ads, etc.

## Multiplying Sound Youth Entrepreneurship Opportunities

Opportunities for youth entrepreneurship may be consolidated through refined programme targeting, after-training support, and gender mainstreaming, which all increase the likelihood of youth business success.

### *Targeting Committed and Capable Beneficiaries*

Not every youth is cut out for entrepreneurship. The success of any entrepreneurial programme—as a youth employment strategy—depends on a number of factors, some of which could provide useful add-ons to current entrepreneurship training targeting youth in Indonesia. Properly targeting the beneficiaries of future entrepreneurship curricula is an essential condition for achieving high success rates and sustainability of youth-driven start-ups. Thus, assessment of candidates for entrepreneurship training should ideally also be designed to cover their ‘(1) motivational and confidence-building skills and other core work skills; (2) technical skills for specific trades/occupations [Author’s note: entrepreneurship works better in combination with the possession/acquisition of vocational skills]; and (3) entrepreneurial skills’ (ILO 2009: 63).

This was demonstrated by local Indonesian GPs, such as the joint youth entrepreneurship project carried out by Riwani Globe BDS and Bank Indonesia (see appendix 3), in which the selection of the beneficiaries of the training was not on a ‘first-come, first-served’ basis, but rather the completion by applicants of a preliminary selection questionnaire designed to assess the following:<sup>33</sup>

- Personal information (gender, age, marital status, etc.)
- Educational level attained and work experience acquired
- Familiarity with the theory and practice of entrepreneurship (past or present involvement in a business)
- Motivation behind applying for the entrepreneurship training: reason/interest, existence of a business idea, and initial steps taken towards it
- Commitment to the entrepreneurship venture: risk taking (e.g., for financing start-ups), readiness to afford the potential price (fees and/or opportunity cost) of the training, willingness to invest own resources, etc.<sup>34</sup>

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<sup>33</sup> Elements of good practice of this project included (i) being part of a national programme run by Bank Indonesia (BI) tested in Semarang and Yogyakarta, Indonesia, (ii) targeting university students from a partner university, (iii) having a detailed screening process of university student applicants, (iv) delivery by Riwani Globe BDS of a five- to six-day course based on ILO’s Start and Improve Your Business training modules and delivery of a joint BI/Riwani Globe certificate to trainees, (v) rewarding successful student business plans with a BI grant of seed capital, (vi) disbursing seed money progressively according to the business/cash flow plan and through a joint BI/Riwani Globe bank account supervised by the BDS, and (vii) providing ATS through follow-up consultation meetings between Riwani Globe and graduates, regular business meetings through the Riwani Globe Business Community (made of alumni and supportive professionals), and continuous tracking of problems by BI in the year following graduation. This tracking is soon to be extended to 2 years (information derived from TNP2K consultants’ meetings with Riwani Globe and BI staff in September 2013). For details on the project impact and conditions of replication, see TNP2K Working Paper 19b.

<sup>34</sup> Contributions from the graduates themselves, including in the form of needed inputs, help minimise the need for credit/loans; ‘it is always better to start with a small loan, pay back promptly, and apply for a larger repeat loan’ (ILO 2009: 167).

The reasons behind this approach are self-explanatory: someone with literacy and numeracy difficulties due to early school dropout or who is totally unfamiliar with the trade or service (production, skill sets, etc.) s/he plans to start providing will find it challenging to operate as an entrepreneur without preliminary foundational and vocational skills training. In addition, a young woman may feel constrained in her business venture due to sociocultural norms related to marriage and childbearing; thus, she may need to find a solution to improve her work-life balance before she can fully commit to becoming an entrepreneur (this is also the logic behind a number of state-provided integrated social services packages worldwide). Similarly, risk-averse applicants or those unwilling to commit any assets of their own in an entrepreneurial project may be less qualified for becoming successful entrepreneurs given the level of personal, material, and financial engagement reasonably expected in self-employment initiatives.

That said, the above-mentioned criteria for beneficiaries of the entrepreneurship training should remain flexible and able to adjust ‘to the type of target group selected. For example, if the main target group for the training programme is out-of-school young women, they are unlikely to have many resources to put into the business or experience in the proposed business’. In this case, the determining elements for selection should not be experience and resources but rather motivation and understanding as well as ability to make themselves available for the training and business with additional support where possible (ILO 2009: 128). To further refine the selection of applicants for entrepreneurship training, screening should be followed or complemented by an in-depth training needs assessment, as in the case of the TREE methodology successfully implemented in the Philippines and other countries.

When the focus of the youth entrepreneurship programme is on empowering particularly vulnerable communities, beginning to collaborate with self-help groups called community self-reliance agencies (*Badan Keswadayaan Masyarakat* or BKMs) in Indonesia may be useful before written and oral applicant assessment (ILO 2011c).

The BKMs are grassroots organisations managed by community leaders who organise various activities aimed at improving the welfare of their communities. They are particularly concerned with assisting youth in getting an education, starting a business, and providing other assistance that young entrepreneurs may need to sustain themselves (ILO 2011c: 104).

Due to their very nature, BKMs may ensure, through proper community identification, that applicants for the entrepreneurship programme indeed come from the poorest households—thereby guaranteeing that the poverty-reduction effect of future SMEs created will primarily benefit those most in need. This approach—which is free, as most BKMs are willing to ‘provide such services without fees’ (ILO 2011c: 105)—is adaptable at the district level where community linkages are strong, and can be used as a preliminary step to assessing youth applicants for the business training.



### SPECIFIC PROGRAMME RECOMMENDATIONS

- MoEC's future directives for increasing youth entrepreneurship opportunities could aim to introduce within the Community Entrepreneurship Education (*Pendidikan Kewirausahaan Masyarakat* or PKM) programme an initial screening system for applicants, similar to the one suggested above, before disbursement of the lump sum of Indonesian rupiah 2,400,000 currently allocated to each selected trainee to finance his/her entrepreneurship training and start-up of a business. Directives could also benchmark PKM's needs assessment process against the training needs assessment good practice detailed above.
- Similarly, the future directives of the Ministry of Cooperative and Small Medium Enterprise (*Kementerian Koperasi dan Usaha Kecil dan Menengah*) for increasing youth entrepreneurship opportunities could introduce an applicant screening system in its National Entrepreneurship Movement (*Gerakan Kewirausahaan Nasional* or GKN) programme. Currently, owners of selected business plans, following a two-day business training, are automatically granted USD 2,300 each. As most businesses do not seem to survive in the medium term, a major key for visible and rapid improvement of project impact may lie in a more systematised, rigorous selection of applicants upfront.
- Future directives of both MoEC and the Ministry of Cooperative and Small Medium Enterprise could also seek to standardise the trainee selection questionnaire and/or training needs assessment following their adoption, in order for the screening tools to remain efficient and practical to use; the latter could also provide possible future monitoring and evaluation instruments. Other ministries may find these recommendations of equal interest to their own entrepreneurship training programmes.

### *Technical and Financial After-Training Support with Multistakeholder Partners*

Beyond initial training, how can the role of various stakeholders in the viability and survival of young enterprises be further enhanced in order to improve youth self-employment outcomes? The answer is through after-training-support (ATS). Local GPs explored in Indonesia have indeed demonstrated that youth enterprises have a higher success rate when business training is followed immediately by timely, orchestrated, professionally delivered post-training support to the beginner entrepreneur. During the 2008–11 EAST project, the start-up business rate for ILO's Start Your Business (SYB) entrepreneurship training package (previously introduced in BLK in the form of a 40-hour course) 'rose from 33.1 percent to 40.2 percent with ATS' (59 percent of successful trainees were women) (Ferland and Gunawan 2011: 16). 'The best start-up rates' were registered in Aceh and NTT provinces, which had both focused '[as much as possible on SYB alumni's coaching by trainers]' (Ferland and Gunawan 2011: 16). Later on, convinced by the success of this initiative, the Provincial Cooperative and SME Office of the NTT provincial government made SYB a 'mandatory entrepreneurship tool' and invested in 'additional SYB training of trainers' using its own budget to strengthen post-training support delivery to young businessmen and women (Ferland and Gunawan 2011: 16).

International GPs have also very much emphasised the importance of ATS in the overall success of youth entrepreneurship programmes and the necessity that this type of support include mentoring and coaching by a full range of experienced professionals on overcoming initial difficulties and challenges, in addition to other forms of technical accompaniment and financial advising. For example, the TREE methodology seeks to provide the 'necessary post-training support services including design and facilitation of appropriate credit mechanisms; assistance in formation of rural corporate organisations; and guidance in use of production technologies to ensure that individuals or groups can initiate and

sustain the income-generating activity and also raise productivity in trade areas for which training was provided' (ILO 2007). TREE's basic principle in this regard is straightforward: 'to reduce poverty, income generation must not only come from skills development but also be supported by capital, social organisation, and an economic system that works in the communities' (ILO 2007).

In reality, however, especially in the poorest remote or rural areas, conditions for a full range of post-training support (existence of competent organisations, ability to provide services in an effective and coordinated way, and ability of clients to easily access and afford those services) are rarely met. Post-training support is thus mainly part and parcel of the mobilisation of local partners and the promotion of a culture of cooperation and networking. This is why the first step in planning ATS—establishing effective linkages with a range of potential partners or 'local champions'—is so important (ILO 2009: 164).

#### **SPECIFIC PROGRAMME RECOMMENDATIONS**

'Although the Start Your Business package had previously been introduced to the vocational and technical secondary and tertiary school systems (SMK and BLK, respectively), trainers and monitoring and evaluation specialists found that SYB was not yet being introduced in the SMKs as the coherent package originally intended by the GoI and ILO. Instead, SYB training materials were being used ad hoc and most young women and men needed more skills and ATS support to be able to start a business. Thus, the likelihood of students having the right set of management skills to initiate and sustain their own start-up after graduating was severely affected' (Ferland and Gunawan 2011: 17).

- Future directives from MoEC (for SMKs) and MoMT (for BLK) for increasing youth entrepreneurship opportunities and improving related skills could aim to propose and implement improvements in an integrated way in the current delivery of the SYB programme in training institutions, with an emphasis on ATS to rapidly increase the success of enterprises started by trained youth. One possible GoI partner in that endeavour is the Indonesia Start and Improve Your Business Association, established as an exit strategy under EAST. This association may be considered a reliable implementing partner by government actors for the following reasons: '(1) the number of certified SYB trainers in Indonesia greatly increased as a result of EAST; (2) trainers' capacity including in ATS was strengthened; and (3) entrepreneur training resources, undergoing continual development, are systematically developed and updated...This association thus plays an important role today in sustaining, promoting, marketing, and implementing a structured Indonesian version of the SYB training package' (Ferland and Gunawan 2011: 9, 15–16), although the cost of its intervention is not evaluated here.

Overall, there still remains room, justification, and potential for improvement in the design and delivery of joint as well as gender-specific ATS to young entrepreneurs at the national level. 'Where poor rural women are concerned, this is even more important as they normally have very limited access to facilities and support services' (ILO 2009: 163). As suggested above, different types of stakeholders may participate in various aspects of technical and financial ATS for youth, along the lines of their added value and interest. Some of these aspects are further developed in the subsections below.



## Support to Credit Access: Importance of the ‘Right’ Partner in Reliable Youth SME Financing

The main concern to be addressed relates to the ‘limited access and availability of appropriate credit programmes by commercial banks for disadvantaged groups in general’ (ILO 2007). According to Juniawaty (2012) in a TNP2K review of micro, small, and medium enterprise (MSME) profiles in Indonesia, ‘four of five entrepreneurs use their own funding’ as a source of capital and more than ‘90 percent of micro and small industries have never received any kind of cash assistance or training’ support (Juniawaty 2012: 4–5). A 2010 Micro and Small Industry Survey by Statistics Indonesia found that ‘34.6 percent of micro and small industries considered access to finance their biggest constraint... [and that] more than 50 percent of industries surveyed which had stated they did not have any expansion plan said that lack of access to credit was the reason for it’ (Juniawaty 2012: 24). With financial capital scarce—especially for youth—in a context where the next best option for the rural poor remains to promote self-employment through enterprise and livelihood development programmes<sup>35</sup> (in the absence of wage employment opportunities and growth of large businesses and social investments), seeking new forms of credit access for SME creation becomes crucial.

‘Access to finance is usually governed by policies and procedures that may be challenging to the poor’ (ILO 2007). Therefore, protecting vulnerable beneficiaries of entrepreneurship programmes such as youth and empowering them during the post-training phase requires that training institutions<sup>36</sup> consider measures such as the following:

- Mapping financial institutions in the zone of intervention to indicate appropriate partner institutions and careful consideration of their history, qualifications, and commitment to beneficiaries’ (ILO 2007).
- Adopting strict criteria for appraisal of partner financial institutions, including ‘[experience in savings and credit programmes for rural poor and youth and in small saving schemes; interest and willingness to participate in promotion of self-employment schemes; flexibility in credit policies and loan procedures; reasonable interest rates; etc.]’ (ILO 2009: 168). For example, in Rembang, the Indonesian NGO Komida, through its Microfinance Initiative for Poor Women, financially supports young businesswomen by borrowing from commercial banks at a 16 percent interest rate and lending at a 25 percent interest rate including savings and insurance products: 1 percent pension, 1 percent health insurance, and 3 percent savings.<sup>37</sup>
- ‘Signing an agreement or MoU with the chosen financial institution partner that clearly defines the terms and conditions of the partnership and forms the basis on which loans are extended to participants. [In doing so, it is important to ensure that participants get access to loans on reasonable terms and conditions, and that graduates clearly understand these terms and conditions and how to manage the loan]’ (ILO 2009: 168). It is interesting to note that in the case of Riwani Globe’s joint youth entrepreneurship project with Bank Indonesia in Semarang, a similar agreement allowed for the only progressive disbursement

<sup>35</sup> According to a TNP2K review on MSME profiles in Indonesia (Juniawaty, 2012:4), most own-account businesses are “[‘necessity driven’, as demonstrated by such characteristics as the lower educational background of the self-employed, their establishment in rural areas, and the higher proportion of self-employed among the poor]”.

<sup>36</sup> Ministry TVET institutions at the central or provincial level, community centres/BDSs/NGOs at the district level, etc.

<sup>37</sup> Information derived from authors’ meeting with Komida staff in September 2013. For details on the project impact and conditions for replication, see Moubayed, L., and R. M. Purnagunawan. 2014. ‘Youth Employment in Indonesia: Compendium of Best Practices and Recommendations for Indonesia’. TNP2K Working Paper 19b-2014. Jakarta: Tim Nasional Percepatan Penanggulangan Kemiskinan (TNP2K).

of Bank Indonesia's seed money to entrepreneurship training graduates according to their initial business/cash-flow plan, through a common Bank Indonesia/Riwani Globe bank account monitored by the BDS. This approach, judging from the success of the project, imposed a healthy development pace and time for reflection on young entrepreneurs-to-be (thereby minimising potential errors). In the future, to replicate and expand this type of training provider/financial institution partnership for youth employment in a financially sustainable way and perhaps encourage other reliable banks to get involved, it may be useful to consider moving from a grant to a soft loan scheme<sup>38</sup>, regulated by a full-fledged TREE-type MoU specifying the disbursement arrangements of the loan (cash or directly to supplier of equipment).

The above-mentioned approaches can be considered to be relatively quick win improvements to youth entrepreneurship initiatives in the area of ATS.

### SPECIFIC PROGRAMME RECOMMENDATIONS

- In light of the points highlighted above, the Gol's future directives for increasing youth entrepreneurship opportunities could seek to encourage the cooperation of local district and community entrepreneurship programmes with:
  - **Financial institution partners addressing strict appraisal criteria, such as banks participating in the government MSME credit programme KUR<sup>1</sup>.** These banks could be invited to sign a new or amended MoU and the Gol could give them incentives to target promising young entrepreneurs aged 17–29 years old and to develop financial products addressing youth-specific needs, such as insurance or savings products. One example of an incentive could be the government guaranteeing up to 85–90 percent of a 'KUR youth credit' (compared with the usual 80 percent envisaged under the current scheme) in primary sectors where the poorest youth are concentrated.
  - **Savings and credit cooperatives in rural areas with fewer banks or infrastructure and high youth unemployment/underemployment<sup>2</sup>.** The development of these cooperatives is recommended to be supported to allow for increased credit access and business expansion (e.g., building on Komida's savings and credit cooperative model).
- The Gol may also consider designing and implementing (e.g., through TNP2K) a quick-win pilot for a chosen poor area combining youth vocational training and entrepreneurial learning with ATS (e.g., ILO's proven SYB model). For selected candidates, the entrepreneurship training would be complemented by start-up capital from a KUR bank willing to pilot a youth-targeted initiative locally, and credit guarantees by the Gol as well as relevant international partners (such as the World Bank).

<sup>1</sup> According to a TNP2K review on MSMEs profiles in Indonesia (Juniwaty 2012: 4 and 28), KUR recipients are 'better off' than non-KUR borrowers, and access to KUR by the poor is a 'good sign' that the poor are not left out from the programme.

<sup>2</sup> Most villages in East Indonesia do not have banks or cooperatives. As for banks, they only offer KUR in areas with good infrastructure (Juniwaty 2012: 5).

<sup>38</sup> This idea, suggested by an ILO Start and Improve Your Business master trainer, should also help to 'responsibilise' trainees and get them used to 'real life conditions'.

## Support of Formalisation of Youth SMEs as a Way towards Business Expansion

Another area of importance in multistakeholder post-training support is business formalisation and youth's awareness of legal and regulatory requirements to that end. Indeed, one significant business environment constraint for young Indonesian entrepreneurs is the informal status of their start-ups; too often, business licensing is a complicated, time-consuming process (ILO 2011a). One concrete example was offered to TNP2K's consultants during their visit to Riwani Globe's graduates in Semarang. A young, successful owner of a small dairy product café employing 12 part- and full-time youth employees, evoked the strict government stipulations for production, marketing, and distribution of dairy products (milk, yogurt and other cream-based desserts), which require mandatory certification from a standards and testing institution. As he pointed out, his lack of information about working mechanisms for enforcing formalisation and obtaining such certificates was a clear impediment to the immediate expansion of his business.

### SPECIFIC PROGRAMME RECOMMENDATIONS

While keeping in mind that a large proportion of the Indonesian economy today remains informal, the GoI's future directives for increasing youth entrepreneurship opportunities could incentivise BDS to do the following:

- Develop service offers adapted to young entrepreneurs' needs in terms of access, affordability, type of support, etc.
- Build relations with district authorities and the regional chamber of commerce in order to consult with them on (1) 'recognition and legitimacy' of businesses, issuance of the trade licences, and related fees and (2) preliminary identification of product launch requirements and issuance of appropriate certificates (ILO 2009: 172).
- Integrate sessions in business training and ATS (through the above-mentioned actors) on (1) legal and regulatory requirements in setting up a business, from trade licences to other regulations such as fundamental principles and rights at work and the necessity of obtaining the trade licence well ahead of starting a business and (2) requirements for launching a product and the necessity of obtaining the appropriate certificate from the standards and testing institution through early application (ILO 2009: 172).

## Continuous Mentoring: Follow-Up Monitoring for Long-Term Adaptation of Youth Enterprises

'New competitors, fall of product demand, inadequacy in business operation and management may pose threats. However, new opportunities for products may also arise which need to be explored... Follow-up visits and on-the-job counselling should continue for at least six months after business operations have begun, ideally with decreasing [frequency of] visits as clients gain confidence in running their businesses' (ILO 2009: 172).

### SPECIFIC PROGRAMME RECOMMENDATION

MoEC's future directives to increase youth entrepreneurship opportunities could allocate funding to extend the PKM programme's business mentoring period of trainees (including many youth) from three to six months for an immediate impact on the start-up failure rate and betterment of start-up operations. The same may apply to other ministries running entrepreneurship programmes in which young persons are involved (MoMT, MoYS, Ministry of Cooperative and Small Medium Enterprise, etc.).

**Coaches’ search, selection and matching with young entrepreneurs.** To cover as much of the follow-up monitoring needs as possible of young entrepreneurs-to-be, the NGO Plan Indonesia came up with an original solution to serve its entrepreneurship trainees: assignment of dedicated ‘foster parents’, that is, coaches experienced in a specific industry or trade. Yet, Plan Indonesia key informants highlighted the difficulty of finding such mentors and keeping them in the long term (especially if volunteer mentors) to track trainees’ progress.<sup>39</sup> Enhancing coaches’ motivation and commitment through proper selection and training in youth coaching is therefore essential.

The free online ‘E-Coaching’ programme of the Youth Employment Network<sup>40</sup>—a partnership of the United Nations, ILO, and World Bank created in 2001 to ‘mobilise action on the commitment of the Millennium Summit to decent and productive work for young people’—recognised the challenges of finding and retaining business coaches for young entrepreneurs. It therefore has proposed an original solution to identifying and selecting coaches for young entrepreneurs aged 16–35 years old around the world. Its approach is to match ‘e-coaches’ with young entrepreneurs, ‘based on the entrepreneur’s requested areas of expertise, type of industry, location, language, and time availability’. The online coaching programme is designed to be ‘task oriented and focused on achieving specific objectives or finding solutions to particular problems related to starting up a business’. Using ‘either YEN Marketplace communication tools or personal communication channels’ (email, Skype, etc.), e-coaches ‘provide guidance, advice, knowledge, and expertise in a specific trade to young entrepreneurs and accompany them through the whole business development process, thereby delivering substantial support to entrepreneurs to supplement their institutional and financial resources’.<sup>41</sup>

#### **SPECIFIC PROGRAMME RECOMMENDATIONS**

- Considering that the YEN E-Coaching Programme may provide an answer to youth entrepreneurship training programmes suffering from the unavailability of committed coaches, ministries’ future directives for increasing youth entrepreneurship opportunities could aim to assess the technical feasibility and encourage the adoption of the E-Coaching Programme in ministerial TVET centres delivering business management curricula. The initiative requires a regular Internet connection to register and interact on the YEN Marketplace; being in touch with the e-coach through email, Skype, etc.; as well as a basic level of English, Spanish, or French. Therefore, the E-Coaching Programme implies a pre-selection of young entrepreneurs who enjoy such assets (most likely, Indonesian students with a secondary and tertiary education with regular computer access, including outside school). Yet, for these students, it remains a promising approach to sustaining their businesses better.
- Alternatively, ministries might wish to consider approaching Kadin and Apindo to discuss the feasibility of replicating the Marketplace’s E-Coaching platform at the national level, using private corporate social responsibility funding to cover the cost of platform management and Indonesian business mentors to support online students of ministerial training centres. Although the platform still requires young entrepreneurs to access a computer and the Internet to register on the Web, its national replication engaging local coaches would mitigate constraints linked with language

<sup>39</sup> Information derived from authors’ meetings with Plan Indonesia’s staff and its training partners in September 2013. Plan Indonesia’s programme is fully discussed in the conclusion of this paper.

<sup>40</sup> For a brief overview, visit: [www.ilo.org/public/english/employment/yen/downloads/marketplace/flyer.pdf](http://www.ilo.org/public/english/employment/yen/downloads/marketplace/flyer.pdf).

<sup>41</sup> This section compiles and reproduces content previously available at [https://prezi.com/hhmqndpw\\_osh/yen-marketplace-e-coaching-caaye/](https://prezi.com/hhmqndpw_osh/yen-marketplace-e-coaching-caaye/) (accessed October 2013) with the collaboration and validation of ILO’s Youth Employment Network (YEN).

(all exchanges would be carried out in Bahasa) and regular communication requirements (weekly follow-up could happen by phone, as use of mobile phones is widespread and relatively cheap in Indonesia in contrast to email and Skype, which involves continuous Internet access; the latter can be challenging for poorer or more marginal trainees and small businesses run in remote areas). Ministries, based on their respective alliances with the private sector may also design incentives for employer representatives to appoint mentors within business associations ‘who can troubleshoot and provide practical business insights’ to youth trainees and to ‘make appropriate arrangements with them (ILO 2009: 172), including assessing their commitment, matching them through the platform with young entrepreneurs in training centres, carrying out monitoring, etc. Ministries can expect that such an initiative, if appropriately incentivised, would lead to enhanced and more equitable access of young Indonesians to an adapted entrepreneurship counselling system, ultimately resulting in a rapid improvement of the youth start-ups survival rate.

**Exhaustive coach training in monitoring for a checklist follow-up.** Youth entrepreneurship mentors—from foster parents to e-coaches and others—will all need to be trained in organising (physically or virtually) comprehensive follow-up visits to programme beneficiaries to be able to identify and correct problems, with an emphasis on the following areas (ILO 2009: 172):

- Application of technical skills to operation of microenterprises, identifying problems, providing counselling, and reinforcing the skills taught.
- Developing entrepreneurial competencies, providing business advice, and ensuring that the young trainee keeps accurate business records, including a simple cashbook with records of transactions, inventory list of products manufactured, etc.
- Providing advice on occupational safety and health, appropriate technology, employee working conditions, etc.

To achieve the following and ensure sound follow-up monitoring that builds on lessons learnt, coaches should be trained in relevant data and information gathering, using for example post-training support and monitoring forms to record issues and progress during follow-up visits (ILO 2009). This allows the mentor to understand and review ‘the status of the trainee’s business in start-up, production, marketing, finance, and compliance with rules and regulations’ (ILO 2009: 172). Beyond the review of individual businesses’ progress, if the mentor has strong links with the training provider, such forms can also contribute to ‘changes or adjustments both in the contents of training programmes and in the way training and follow-up extension services are being provided. For instance, it may be necessary to organize refresher training to upgrade skills [for example] to improve quality of products or services, or reinforce bookkeeping skills, or better manage production schedules to meet customer needs’ (ILO 2009: 173). The e-coach usually completes the forms hand-in-hand with the trainee and supports the elaboration of a practical plan of action for improvement (ILO 2009). TREE has developed a simple post-training monitoring and visit form model that could be easily adapted for a number of Indonesian youth employment programmes.

## *Count Them in for More Businesses: Women in Youth Entrepreneurship Projects*

It should be recognised that only gender-mainstreamed entrepreneurship training will allow for proper inclusion of women in business ventures, including poor and semiliterate women in Indonesian rural areas. By mainstreaming gender in entrepreneurship training for higher impact on women, women enterprises become ‘business as usual’.

The ILO’s *GET Ahead for Women in Enterprise Training Package and Resource Kit* (Bauer et al. 2004) specifically promotes enterprise development among low-income and low-literate women and their families involved in a small-scale individual, family, or group business. The training package (a set of modules with practical learning-by-doing exercises) ‘differs from conventional business training materials by highlighting essential entrepreneurial skills from a gender perspective’ (2004: 1) that is, combining gender equality and business management elements useful for women’s economic empowerment. The training methods used are also participatory and refer to real-life experiences of participants (ILO 2013b).

In 2006 GET-Ahead was implemented in post-conflict and tsunami Aceh, ‘using a training package especially adapted for the Indonesian and Acehnese context’ (ILO 2008: 13) under the Women’s Entrepreneurship Development project (ended in May 2008). In this initiative, beneficiaries were not only mostly women (92 percent) but also predominantly young; two-thirds of them (66 percent) were under 35 years old and 48 percent under 30. The largely promising results of the GET-Ahead training impact assessment in turn demonstrated that GET-Ahead benefits women and youth, as both participating trainers and entrepreneurs (ILO 2008). Positive effects on youth businesses and women’s empowerment were highlighted in a number of areas. According to ILO (2008: 7), 62 percent (137) of women said they had greater confidence to start or develop their business; 84 percent (186) of participants in the entrepreneurial training found their business planning improved following the training and 69 percent (152) believed that the training improved their financial management skills; 85 percent (188) participants surveyed had a business at the end of the project and more than half said their business constituted their main source of their income; furthermore, nearly half (107) of respondents noted that their income had improved after the entrepreneurial training and they used most of it to further develop their business.

Another local GP from Papua shows a recipe for success among poor women entrepreneurs. As part of a United Nations joint programme, the ILO also conducted the Entrepreneurship Skills Development Project in this province in 2009–10. In Papua—a very economically poor region showing some of the lowest levels of participation in formal education and women’s empowerment—women’s ability to start or improve their business remains strongly hindered (ILO 2010b). The project nevertheless was intended to facilitate activities to develop entrepreneurship skills among Papuan communities, primarily among indigenous women with limited education in the three regencies of Jayawijaya, Lani Jaya, and Yahukimo (ILO 2010b). Elements of this GP show that, once the entrepreneurship project design and implementation have been properly gender mainstreamed, ingredients for successful businesses among women in no way differ from those spelled out so far in the section above entitled ‘Multiplying Sound Youth Entrepreneurship Opportunities’.



Applying those ingredients for entrepreneurial success, the Entrepreneurship Skills Development Project had a significant impact, considering persistent challenges and gender inequality in the central highlands: ‘a total of 21 training events for entrepreneurs were conducted, with as many as 625 entrepreneurs [437 women or 70 percent of beneficiaries] trained in basic entrepreneurship skills, exceeding the original target of 250 entrepreneurs’ (ILO 2012a: 8).

Based on interviews carried out with participants of the ToE [Training for Entrepreneurs] workshops, a generally positive impact had been achieved and beneficial knowledge imparted. The main learning point identified by the majority of women interviewed was in the area of separation of private money from business money. Additionally, more experienced businesswomen commented that they had been able to significantly improve their administration and finance management... Women were also very receptive to information on banking, especially on access to credit, which clarified the process involved. According to ILO progress reports, approximately 18 training participants of the ILO-ESD course have had their credit applications approved by Bank Papua Wamena Branch (ILO 2010b: 9).

#### **SPECIFIC PROGRAMME RECOMMENDATIONS**

MoEC’s future directives for increasing youth entrepreneurship opportunities and improving related skills, especially for girls, could do the following:

- Gender-mainstream the PKM programme by recruiting trainers (e.g., from the GET-Ahead network) to introduce gender concerns in the training (possibly using the Bahasa-translated GET-Ahead package) and deliver the improved programme in a more gender-sensitive way to attract and retain young women and rapidly enhance their chance of starting a successful business, especially in lower-income, disadvantaged areas where the PKM is delivered.
- Encourage poorer and remote districts not benefitting from the PKM to recruit community trainers to impart entrepreneurship skills to marginal and less-educated girls in a gender-sensitive manner.

The same approach could be suggested for other ministry entrepreneurship programmes, such as for MoCSME’s National Entrepreneurship Movement and MoYS’s Youth Entrepreneurship Program (*Program Kewirausahaan Pemuda*).

## Enhancing Quality of Apprenticeship at the Local Level

This section explores a range of means towards better skills and protection for all youth to foster immediate productivity and employability in apprenticeships.

### *Alternative Accreditation: Building Quality Assurance in Local Apprenticeships*

Informal apprenticeships remain a natural pathway to employment and a scheme that has proved successful in easing the school-to-work transition around the world, also providing a market outcome to many first-time job seekers in Indonesia (from SMA/SMK to BLK graduates). The problem is that employers in Indonesia's informal sector, which employs the majority of less-educated, poor, and disadvantaged youth, apparently do not undertake any kind of skills assessment or certification after an apprentice finishes the training period (Ferland 2011). In fact, few trainees from informal and nonformal training providers and apprenticeship schemes will get a job with defined competencies in the formal sector (Ferland 2011). Besides, because National Profession Certification Agency certification is not compulsory and rarely implemented due to high certification costs and a general lack of knowledge on national standards, in general, no means exist to assess whether apprentices attain qualification-level competencies through apprenticeships (Ferland 2011).

Yet, 'for those who will either be employed within a small business or start a business themselves, there is still a need to define competency standards, although they will have a more limited scope than those standards recognized at the national level or by a reputable company' (ILO 2011f: 27). In some countries, small business associations have introduced skills tests upon completion of an informal apprenticeship to improve quality within a trade by ensuring that a certain skill level is met at the end of the training period. 'In Benin, provincial governments have concluded agreements with local business associations to organize joint practical end-of-apprenticeship assessments twice a year' (ILO 2011b: 4). This approach has resulted in an ultimately stronger structure for the training/apprenticeship scheme (with elements of competencies added and others excluded) as a result of the following:

- Participatory process in competency definition and testing
- Issuance of certificates by the associations (in turn providing local or regional recognition of the apprentices' skills, that is, an indication of qualification for employment)
- Facilitation of future graduates' first steps into the world of work, demonstrating that increasing industry involvement in apprenticeship can improve the school-to-work transition for young people (ILO 2011b)

Globally, however, most successful apprenticeships integrate national competency-based basic skills or vocational training. For example, the Training-Enterprise Integrated Project, an initiative launched in 2006 by the Employment and Vocational Training Fund in Timor Leste, promoted a training/enterprise articulation providing concrete, on-the-job experience to training institution students. By supporting the rotation of trainees among training centres (classroom teaching) and enterprises (on-the-job training), this project gave training providers a chance to improve the labour market relevancy and quality of their courses and trainers, and allowed employers to shape training to match their needs and select the future workers who best suited the enterprise's needs.<sup>42</sup>

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<sup>42</sup> Adapted from 'TREE mini-case studies' developed for ILO East & Southeast Asia Office's 'Regional Technical Meeting on Implementing TREE', Bangkok, Thailand, August 2010, and from unpublished internal ILO notes.



## SPECIFIC PROGRAMME RECOMMENDATIONS

**The Ministry of Manpower and Transmigration**, in future directives for improving apprenticeship quality and related skills at the provincial level, could seek to do the following in order to influence current regulations on and practices of local apprenticeship schemes (currently following local regulations based on time rather than competency and generally not concerned with skills training and certification<sup>1</sup>):

- Encourage the district level to identify skills in demand (e.g., through a training needs assessment or a skills gap analysis) (ILO 2011f)
- Encourage Dinas offices to establish linkages with the local office of the regional chamber of commerce, other professional associations, or individual companies for which productivity in the identified field matters, and discuss and define the competencies on which the apprenticeship scheme should focus (ILO 2011f)
- When possible, reactivate and better finance local chapters of the MoMT-sponsored Apprenticeship Forum, involving executives from blue chip companies, SMEs, and other stakeholders of the state apprenticeship programme) for it to support the gradual use and improvement of the National Profession Certification Agency / Indonesian National Competency Standards accreditation system in provinces under its coverage (11 in 2010). East Java, where the local forum is particularly active, could serve as an example.<sup>2</sup>

This way, apprenticeship schemes would be revised and upgraded to become more grounded in outcomes, while additional apprenticeship schemes could be developed on a newly defined and agreed understanding in order to enhance the quality assurance and skills recognition mechanism for youth. This would make apprentices more marketable and employable, above all in the eyes of those who will have participated in designing and assessing the competency-based training.

**MoMT, MoCSME, MoYS, etc.** could be encouraged to benchmark their own apprenticeship programmes in light of Timor Leste's good practice. MoMT's promising three-year apprenticeship pilot project, which combined accredited BLK classroom vocational teaching with on-the-job training<sup>3</sup>, could be reviewed to assess its potential for adaptation and replication in other formal and informal apprenticeship schemes and for improving the technical competency-based component (thus also recognition) of further informal schemes.<sup>4</sup>

<sup>1</sup> Adapted from 'TREE mini-case studies' developed for ILO East & Southeast Asia Office's 'Regional Technical Meeting on Implementing TREE', Bangkok, Thailand, August 2010, and from unpublished internal ILO notes.

<sup>2</sup> Information derived from exchanges with the ILO CO-Jakarta.

<sup>3</sup> Based on the Minutes of the Meeting on 'Effective Apprenticeship Program to Improve Employability of Young People' between the ILO Jakarta Office and the Ministry of Manpower and Transmigration on February 18, 2013.

<sup>4</sup> According to the Minutes of the MoMT-ILO Meeting on 'Effective Apprenticeship Program to Improve Employability of Young People' (February 2013), apprenticeships in general in Indonesia are rarely combined with institutional training due to the lack of vocational institutions which can handle the theoretical part of the training. This is why most of the time traineeship schemes do not lead to official, recognized qualifications.

**The Government of Indonesia**, in future directives for improving apprenticeship quality, could seek to revive previously successful informal apprenticeship models in Indonesia (such as the World Bank/MoEC's Education for Youth Employment enterprise-based apprenticeship<sup>5</sup>), while further enhancing the scheme with an added, accredited training course on entrepreneurship skills and guidance on how to get financing to set up a business. Given that informal apprenticeships are widespread in Indonesia and also a common path for graduates towards self-employment or cooperatives formation (ILO 2013b), this would immediately increase the quality of informal training for youth by equipping trainees with complementary entrepreneurial skills, thus empowering them with a second self-employment option, potentially turning them into successful business men and women.

<sup>5</sup> Under the World Bank's Education for Youth Employment project (pilot tested model no. 3) in 2004–06, a training voucher mechanism was put in place and tested in six different Indonesian provinces by MoEC's director general of nonformal education in collaboration with Indonesia's three levels of governance. Targeted at the poor and unemployed, out-of-school, non- or under-educated youth aged 16–24 years old, the project granted educational vouchers (later renamed 'Scholarships for Vocational Skills' by MoEC) to selected beneficiaries for them to benefit from informal vocational training. The methodology, qualified as a 'modification of the learning-teaching process' by the project evaluator, involved the channelling of youth pre-trained by business practitioners towards on-the-job training or enterprise-based apprenticeship provided by the trainers' network (information derived from an unpublished World Bank Education for Youth Employment evaluation report). For details on the project impact and conditions of replication, see Moubayed, L., and R. M. Purnagunawan. 2014. 'Youth Employment in Indonesia: Compendium of Best Practices and Recommendations for Indonesia'. TNP2K Working Paper 19b-2014. Jakarta: Tim Nasional Percepatan Penanggulangan Kemiskinan (TNP2K).

### *Protecting Formal and Informal Sector Trainees*

Labour protection is another essential determinant of the quality of apprenticeship schemes and the necessary 'plus' to go beyond apprenticeship towards decent quality work. Protection is all the more important as good apprenticeship schemes that are mindful of workers' rights (and subsequent productivity) help perpetuate and consolidate socially healthy and innovative micro and small enterprises in formal as much as informal environments (ILO 2011d). Improving the quality of apprenticeship—a clear objective of Bappenas—should therefore entail the protection of all apprentices' labour rights and betterment of their working conditions towards decent employment in which they feel productive.

That said, in Indonesia, apprenticeships primarily take place in unregistered and informal enterprises, as the informal economy absorbs most new entrants in the Indonesian labour market (even though according to Government Regulation No. 31/2006, only companies that are registered with the Directorate of Apprenticeship at the MoMT can hire apprentices). 'Young Indonesian people are recruited and trained in the informal sector to become long-term and/or lifelong employees of the micro or small enterprise conducting the apprenticeship...Once basic (or whichever level) skills are attained, the young person ceases to be an apprentice and becomes an employee' (Ferland 2011: 10). The challenge is that, despite the ratification by Indonesia of the main International Labour Standards applying to both the formal and informal work spheres, informal apprenticeship in particular remains largely unaddressed by labour protection and inspection, that is, rights at work including respect for occupational safety and health. In the same vein, while laws and regulations, for example training acts, normally regulate formal apprenticeships, local GP practitioners interviewed by the authors recognised that, quite often, young graduates of training and apprenticeship programmes ended up placed in substandard working

conditions even in the formal sector. Furthermore, ‘young Indonesians themselves do not seem to know the rules, contractual entitlements and obligations governing the working conditions of their first jobs’ (ILO 2011e: vii). Thus, ‘If not properly monitored, the apprenticeships have the potential to degenerate into exploitation and child labour’ (ILO 2013b: 54).

### Grassroots-Initiated MoUs to Preserve Youth Rights at Work in Traineeships

One encouraging aspect is that concerns about young workers’ protection in apprenticeship settings have already been addressed in some local efforts. Indonesia can therefore build on a number of GP elements developed internally and adopted abroad to increase at least at the micro level the quality of apprenticeship for all trainees. For example, recognising the importance of not only finding ways to put unemployed youth to work but also at decent, protective work, Plan Indonesia resorts to strict selection criteria and monitored MoUs in relationships with future placement companies of its training graduates to ensure quality working conditions, including a minimum level of protection (for details of the programme, see figure 1 in the conclusion). Such an MoU between training and work providers, provided it is associated with an effective monitoring system, could partly offset the consequences of poor implementation or awareness of state apprenticeship contract models and national and international labour laws by sharing responsibility for youth’s well-being at work among several apprenticeship stakeholders, thereby laying the foundation at the micro level for quality, rights-based work experiences. In brief, MoUs can be seen as interesting alternatives in which the protection of young workers is monitored through healthy peer pressure among apprenticeship actors to preserve a safe working environment for youth and relies on a grassroots, multistakeholder-owned initiative in contexts where contractually binding frameworks are less susceptible to being fully applied.

That said, if the model MoU developed by Plan Indonesia is to be used as an example and basis for the extension of such rights-based ‘quality agreements’ in further traineeship and job placement programmes locally, this model shall also be strengthened as much as possible. For instance, an MoU can be improved by mainstreaming more of the existing Indonesian youth rights frameworks, such as the recently developed Youth Rights @ Work Guide (ILO 2011f) designed for young workers (including apprentices) aged 15–29 years old from both the formal and informal sectors by Indonesian trade unions<sup>43</sup> and based on Indonesian regulations and International Labour Standards. Building on such a tool for the betterment of MoUs signed between training providers and job providers at the local level, while backing agreements with effective monitoring arrangements possibly coordinated by the relevant trade unions<sup>44</sup> or social workers, can yield many positive effects on work and apprenticeship quality; these include the following:

- Promoting understanding and dissemination of the rights of youth (including trainees) at work in Indonesia among employers, in particular, reminding and clarifying the rights and responsibilities of apprentices, trainees, and interns under Indonesian regulations—which differ from those of other workers, as ‘the scope of these forms of work is learning and training for a job’ (ILO 2011e: 37)

<sup>43</sup> All Indonesian Workers Union Confederation (*Konfederasi Serikat Pekerja seluruh Indonesia*), Pasar Minggu and KSPSI Kalibata, Indonesian Trade Union Confederation (*Konfederasi Serikat Pekerja Indonesia*), and Indonesian Prosperity Trade Union Confederation (*Konfederasi Serikat Buruh Sejahtera Indonesia*)

<sup>44</sup> Many companies in Indonesia have their own affiliated unions.

- Consolidating ‘rights ownership’ by trade unions and youth trainees/workers in line with International Labour Standards ratified by the GoI, ultimately providing locally effective and monitorable protection to youth at the workplace and enabling them to move progressively towards decent work.

For example, as noted in the Youth Rights @ Work Guide<sup>45</sup>, apprentices ‘work primarily to gain knowledge and acquire skills’ and are usually ‘entitled to have a mentor/instructor from whom they learn’ as well as (at a minimum) a transportation allowance (ILO, 2011e: 37). When contracted by the placement company under a traineeship framework, apprentices are ‘not allowed to use any equipment or machinery they have not yet been trained to use, nor to carry out certain tasks without supervision’ (ILO, 2011e:37).<sup>46</sup> Also, apprentices and trainees whose training includes classroom-based lessons are entitled to ‘special provisions on balancing school and work time by minimizing working hours during school days’ (ILO 2011e: 37). Alternatively, if the youth is directly hired by the partner company under a non-fixed-term employment contract framework (e.g., following the end of his/her training period at a vocational centre, that is, with no planned apprenticeship phase), ‘employment regulations including [district or provincial] minimum wages apply from the start of the contract (not from the end of the trial period)’ (ILO 2011e: 36). Thus, under no circumstances should a potential trial period (up to three months) be mistaken for an apprenticeship.

All of these rights could potentially be stipulated in MoUs drafted and monitored locally through multistakeholder arrangements involving the training institution and placement company as well as a local trade union where possible. It is worth noting that such MoUs with their enforcement mechanisms may be relevant to partnerships with formal as much as informal companies because the International Labour Standards ratified by the GoI cover all workers in the formal and informal economy (ILO 2011e), theoretically leading to the provision of minimum guarantees for all youth apprentices wherever they work at the micro level.

### Democratizing OSH: Making Safety at Work a Reality for Apprentices

Another particularly important component of the broader protective framework for apprentices stressed by the Youth Rights @ Work Guide (ILO 2011e) is that trainees must also be provided with OSH for their work experience to be a quality, fully rights-based one.<sup>47</sup> Thus, ideally, initial MoUs signed among training providers, placement companies, and workers’ representatives should further acknowledge the fact that employers ‘have the responsibility to provide a healthy workplace [by informing and training] workers on how to deal with unsafe conditions’ (ILO 2011e: 62). This is all the more necessary to stipulate in an MoU, for the following reasons:

Young workers are especially prone to occupational injuries. This may occur because they are trying too hard and/or working too fast to make a good impression. Often they are not aware of the dangers originating from the equipment they are working with and are not familiar with the workplace. An eagerness to show they are able to do the job may increase the probability of injuries.

<sup>45</sup> Art. 5, Paragraph 2c of MoMT Regulation No. PER.22/MEN/IX/2009, extracted from ILO (2011e).

<sup>46</sup> Art.15, Paragraph 1b of MoMT Regulation No. PER.22/MEN/IX/2009.

<sup>47</sup> Art. 8d of MoMT Regulation No. PER.22/MEN/IX/2009.

As new recruits, they do not want to cause trouble and are reluctant to report unsafe working conditions. Additionally, young workers not fully aware of their rights and not yet confident in the tasks they perform may follow instructions from their supervisors, even when they have doubts that they are able to carry out the tasks assigned. (ILO 2011e: 62).

Familiarising the youth with the MoU of concern to him/her helps make the trainee conscious of the importance of developing a healthy work environment, thus improving the quality of his/her apprenticeship experience.

One tool reflecting the utmost importance of rights-based working conditions integrating OSH for apprenticeship and work quality in general is ILO's participatory WISE training programme. According to Kawakami (2007), WISE has been 'increasingly applied in Asia [Thailand, Cambodia, Vietnam, etc.] for supporting grassroots initiatives in informal economy workplaces to improve safety, health, and working conditions' (p. 1), ultimately resulting in greater productivity. Kawakami continues:

These participatory programmes are easy to apply and action-oriented, and focus on immediate improvement needs of informal economy workplaces. Workers in informal economy workplaces have identified and implemented practical safety and health improvements with the support from the participatory training programmes... These improvements were carried out by using low-cost, locally available materials... The easy-to-apply training tools such as illustrated checklists and extensive use of photographs showing local good examples have assisted workers in informal economy workplaces in identifying workable, low-cost solutions (p. 1)

These solutions contribute to sustainability.

Given that, in Indonesia, most apprentices secure on-the-job training experiences in informal SMEs and in view of SMEs' importance in Indonesia's socioeconomic fabric, it makes sense that small companies actively participate in work quality enhancement by improving OSH and other working conditions for all. It would likely generate a healthier environment for youth to acquire a productive first-hand experience and develop employability skills in apprenticeships. A pilot training course for WISE trainers was conducted in June 2011 in Yogyakarta, as a joint effort between the ILO and Apindo (ILO 2012c). 'Targeted to Apindo's staff and selected SMEs, the [training of trainers] was attended by 28 participants (15 females and 13 males) from five districts in Yogyakarta: Bantul, Kulon Progo, Sleman, Kota Yogya and Gunung Kidul. The participants represented various sectors of industry such as construction, health, ceramic, hotel, apparel and services' (ILO 2012c: 29). As a follow up in December 2011, the MoMT carried out another participatory action-oriented training of trainers on WISE in Sentul, West Java. 'The training consisted of training sessions and factory visits where the participants interactively learned simple techniques on how to improve the physical environment, employment conditions and productivity of the SMEs' (ILO 2012c: 17).

### SPECIFIC PROGRAMME RECOMMENDATIONS

**The Government of Indonesia**, in future directives for improving apprenticeship quality, could endeavour to do the following:

- Encourage multistakeholder grassroots initiatives supporting young apprentices' protection, such as the design and use of model, enforceable MoUs or quality apprenticeship agreements at the local level between training providers and apprenticeship placement companies, reflecting strict selection criteria for placement companies of trainees, youth rights at work in Indonesia, and an effective monitoring system.
- Mobilise the WISE network, consisting of trainers from government, employers' and workers' organisations, to conduct WISE workshops nationally and actively promote rights-based working conditions integrating OSH in formal and informal SMEs, as an easy quick win to improve the quality and productivity of apprenticeships and jobs at many levels.

**The MoMT and Ministry of Social Affairs** may further propose that WISE, given the nature of its approach, is used to facilitate insertion of youth with disabilities in apprenticeship schemes (and in the workplace in general) in participating SMEs and others.

### *Equality of Access and Diversity Advocacy for a Youth-Inclusive Experience*

The ultimate quality of apprenticeship depends on an 'equivalent emphasis on equality and diversity within apprenticeships as for all other major educational and vocational pathways, such as schools, colleges, and universities' (Dolphin and Lanning 2011: 79). Among a number of issues, women (including young women) 'tend to be disadvantaged by the preponderance of male-dominated trades among those offering informal apprenticeship. Other disadvantaged groups, such as young people from migrant backgrounds or with disabilities, also face difficulties in being accepted as apprentices' (ILO 2011b: 5).

One GP, developed in NTT in skills training of young persons with disabilities (PWDs) and including internships, may easily provide elements for the integration of PWDs in apprenticeship schemes in general. In three villages 'with an estimated 36,000 people with various forms and severity of disabilities' (ILO 2011c: 79), the EAST project, Provincial Office of Social Affairs (*Dinas Sosial Propinsi*), and the Indonesian Association of Disabled Persons (*Persatuan Penyandang Cacat Indonesia* or PPCI) 'agreed to arrange a three-month sewing course for PWDs [at a nearby vocational training centre]' based on the Indonesian National Competence Standards for sewing...[and] followed by a one-month internship with a local company, PT Citra Busana' (ILO 2011c: 80). Fifteen PWDs—mostly young women—who already had basic sewing skills were identified as participants for the initial training programme in Kupang. The course, based on the application of elements from ILO's chart of impairments and implications, was intended to 'upgrade their skills to help them broaden their customer base and earn more income with their limited skills...After the [vocational] skills training, participants also attended the [Start and Improve Your Business] training conducted by LAPENKO (Cooperatives of Education Institutions), an ILO-EAST implementing agent...Today, all graduates are in business, according to the latest information from [the Provincial Office of Social Affairs]. The businesses bring in monthly net profits of about IDR [Indonesian rupiah] 500,000 to IDR 1 million (USD 60 to 120)' (ILO 2011c: 80).



### **SPECIFIC PROGRAMME RECOMMENDATIONS**

**The MoMT and Ministry of Social Affairs**, in future directives for improving apprenticeship quality, could jointly support efforts to ‘establish fair and equal access to apprenticeship’ (ILO 2011b: 5) and specifically:

- Design and implement (with relevant support) a quick awareness-raising campaign addressing ‘stereotypes of both male and female master craftspersons...so that recruitment practices are based on talent, behaviour, and competence and not on the gender’ (ILO 2011b: 5) or other irrelevant characteristic of the applicant. In this campaign, publicising positive images of young women and persons with disabilities in apprenticeships in industry and trade (Dolphin and T. Lanning 2011: 80)—for example, using the encouraging results obtained by NTT’s GP project described above—may help erode discrimination (ILO 2011b).
- Incentivise the district level, the Provincial Office of Social Affairs and the Indonesian Association of Disabled Persons to replicate NTT’s GP (with potential assistance from the ILO) and to ‘stimulate demand for apprenticeships among young women and members of other disadvantaged groups by involving community groups’ to encourage their young, vulnerable members to ‘approach master craftspersons for training’ and by calling on women entrepreneurs to accept apprentices (ILO 2011b: 5).

## Promoting Solid and Flexible Employment Services Schemes

The promotion of solid, flexible employment services schemes could support youth access to market information and assist in their transition from school to work. For example, to consolidate the development of an LMIS in Indonesia, a GIZ study conducted in Solo in 2010 recommended looking at the advertising of vacancies through official channels, that is, the use of official channels by applicants and registration via official forms establishing skills profiling, and the systematic generation of information on available on-the-job training, apprenticeship, and employment opportunities as well as future vacancies by business associations and chambers. This would imply that active labour market policies, in particular employment services, are in place to operationalise, disseminate, and give life to the LMIS. This is all the more necessary as not every youth completing education or training will easily end up in an apprenticeship, job, or entrepreneurial scheme to support him/her in securing employment. It is also becoming increasingly difficult for young much less any unemployed or laid-off worker in labour-intensive industries to return to work after losing their job.

For all these reasons, complementary, proactive strategies are therefore needed, even though active labour market policies remain to be considered within certain limitations (Betcherman, Olivas, and Dar 2004).

### *Employment Services Centres: a Nascent, Long-Term Prospect*

In the Philippines, the 2009–13 MDG-F Youth, Employment, and Migration Joint Programme (entitled Alternatives to Migration: Decent Jobs for Filipino Youth) had a particularly relevant component intended to develop, operationalise, strengthen, and institutionalise ESCs across the country in order for them to become ‘a critical mechanism at the local government level in providing labour market information and facilitating the matching of jobs with available skills’ (Carravilla 2013: 14). Underlying this programme component was the acknowledgement per ILO (2012a) that ‘locally operated, government-run’ (p. 2) employment services had turned into ‘relevant multi-service agencies, which can reach out to the working poor, out-of-school youth and the informal economy, among others’ (p. 1) and ‘ensure—through their network and mandate—universal access for all workers to relevant support services and the promise of increased employability not only locally but beyond the local labour market’ (p. 2).

To this end, the project developed a Public Employment Service Office (PESO) institutionalisation guide called MDG-F PESO Starter Kit: a 10-step roadmap on how to convince a local authority to institutionalise an ESC, set up a committee to study its feasibility, lobby for adoption of an appropriate resolution, and set up an office and a system, train its personnel, and evaluate the ESC, etc. (ILO 2012a). The roadmap’s ultimate objective is to ‘establish or transform their existing employment service facilities into viable and efficient service providers [that] can effectively contribute to higher employability of the workforce and more effective labour market performance.’ (ILO 2012a:2). Among others, the PESO programme incorporated, as explained in the MDG-F Monitoring Report Template available online, a ‘mechanism for coordinating and networking among employment service [officers, employers, and private sectors] to aid poor youth in identifying and tracking job opportunities in the labour market, and for ensuring interconnectivity among PESOs in target areas and surrounding growth



areas'. The programme also included LMI in job counselling materials and manuals for PESO staff. 'Of the four pilot-provinces, one, namely *Agusan Del Sur*, has an institutionalized [PESO] and three, namely Antique, Masbate, and Maguindanao have fully operational PESOs' (Carravilla 2013: 20).

In Indonesia too, ESCs were established in East Java under ILO's Job Opportunities for Youth project in 2007–10. Creation of the ESCs was motivated by discussions with Apindo, which faced obstacles in finding suitable workers, and with youth (mostly unemployed senior high school graduates) who did not know where to look for jobs. Follow-up discussions with MoMT provincial offices led to provision of equipment (e.g., computers) for setting up a nascent LMI system to be operated at the district level, while an agreement with the career centre of Surabaya University permitted the mapping of labour demand and supply, assessment of ESC management and operational needs, and training of MoMT district staff in employment services delivery. This pilot project was supposed to serve as a reference for future extension of ESCs in other areas. The end result included enhanced trust of students and private sector employers in government employment services, better linkages of job seekers to the ESCs' network and LMI, support to the BLK in defining the types of skills training needed, and multiplication of ESCs in several districts of East Java.<sup>48</sup>

### ***Empowered TVET for Improved Job Search Assistance to Unemployed Graduates***

It is worth pointing out that Indonesia—whose economy remains mainly informal—has not yet invested in a culture of widespread institutionalised ESCs, which could operate in a network across a broad range of functions (from the collection of LMI to career counselling and labour market training). Rather, the functions traditionally attributed to ESCs are usually scattered and shared among different institutions at various governance levels. For example, MoMT TVET institutions, the BLK '3-in-1 Kiosks', are successfully delivering training, certification, and job placement services.<sup>49</sup> A more rapid alternative would be to strengthen the hands of these various institutions in their respective 'employment services' responsibilities—especially those dealing with youth—by building on elements of GPs found at home and abroad.

At the same time, however, the building of a wider LMIS that involves strengthened, integrated ESCs should not be undermined. The challenge, therefore, is to ensure the right 'duty balance' and level of cooperation among present and future ESCs and other employment service stakeholders that have already proved successful. Currently offering intermediary services to link young workers with potential employers, BLK kiosks could indeed benefit from important enhancements that would increase employer and job-seeker incentives to advertise and register through TVET centres and ultimately enhance dissemination of essential transition support services to youth, while also preserving, enabling, or facilitating linkages with ESCs (e.g., in training and job referrals and career fairs). The following subsections, inspired by international success stories with proven impact, provide an overview of this kind of additional service delivery or enhanced services, which BLK kiosks could expand relatively smoothly in order to reinforce—rather than substitute—the work of ESCs.

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<sup>48</sup> Information provided by a former ILO Job Opportunities for Youth project staff member, October 2013.

<sup>49</sup> See Kios 3 in 1 home page available at [www.kios3in1.net/0menu\\_public/home.php](http://www.kios3in1.net/0menu_public/home.php). The authors inferred this result based on available data and regular information updates from BLKs and the number of collaborating firms (by November 2013).

## Training Sessions on Job Search Skills to Boost Chances for Unemployed Youth

‘Work readiness’ modules are still not commonly delivered by manpower district offices in Indonesia. Yet, the latter would certainly benefit from registering better-prepared job seekers. Job search and interview skills could be quite easily introduced into the curricula of BLK. Lessons learnt through EAST across several Indonesian provinces suggest the following GPs (ILO 2011f) for guaranteeing successful implementation of job search skills training in BLK kiosks:

- Ensure that job seekers ‘have screened their personal contacts and elicited support from all the relevant ones, including family members, neighbours and college friends, or through online social networking’ (ILO 2011f: 58).
- Have each graduate ‘establish and maintain a matrix of businesses and companies they want to target’ (p. 58), allowing him or her to ‘establish systematic follow-up’ (p. 58).
- Facilitate ‘research on targeted companies through KADIN...professional associations, or whenever applicable’ (p. 58), through information and communications technology (e.g., in Semarang, Indonesia, text messages directly convey enterprises’ job offers to job seekers). Applicants ‘should know as much as they can about the companies they contact [and their types of vacancies], especially about their (a) activities, (b) the competencies they require, and (c) business culture and dress code, so that [they] are able to prove that they fit the companies’ needs’ (p. 58).
- Facilitate ‘CV [curriculum vitae] drafting based on commonly agreed models...and explain how they can be tailored to the expressed needs of businesses. Ensure [graduates] develop lists of accomplishments to support their application for each post they will apply for’ (p. 58)
- ‘Simulate interviews in groups [and] organize workshops on interview skills with professionals from the private sector to put the youth in a ‘real-life’ situation. The professional should give individual feedback at the end, based on recognized criteria that [focus] on competencies and the appearance/behaviour of the candidate’ (p. 58).
- Create ‘a job board that contains updated job contacts and employer/career information’ (ILO 2011f: 59).

## Job Fairs to Identify Employment Prospects, Align Career Choices, and Facilitate Matching

Career fairs are still not an instrument that many ESCs have the capacity to leverage on a regular basis. Thus, joining efforts with BLK in the organisation of such events could quickly become a win-win situation for district labour offices. ‘Job fairs are only an efficient after-training tool if there are enough job opportunities in the area and if you have been able to convince employers that it is a useful tool to incorporate into their recruitment strategies’ (ILO 2011f: 63). Lessons learnt derived from EAST across several Indonesian provinces suggest the following GP elements (ILO 2011f) for attracting both employers and young prospects and ensuring successful conduct of career fairs by BLK kiosks hand in hand with ESCs:

- Negotiating companies’ participation and identifying their specific interest in the event. ‘The participating companies should represent a wide variety of sectors in order to provide the trainees with exposure to various jobs’ (ILO 2011f: 63). It is even possible to work upfront with the companies by setting up a stakeholders committee ahead of the job fair to take part in the design and conduct of the fair, in which employers, for example, would draft occupational profile descriptions to serve as an advocacy and marketing tool for their skill and employee needs. ILO

implemented the approach, designed to increase employers' incentive to record and disseminate their job ads, with a good measure of success in such countries as Egypt.<sup>50</sup>

- Preparing 'the students to make the most out of the job fair day' (p. 63).
- Assuring that the venue—preferably the BLK if not the ESC itself—is 'easily accessible and [provides] companies with enough space to exhibit their activities' (p. 63).
- Arranging, if possible, for the dates of the job fair to 'correspond with the recruitment process of participating companies' (p. 63).
- Scheduling an opening 'speech by a local official' (p. 63) could prove beneficial to demonstrate district engagement.

Job fairs identified as best practices in the MDG-F PESO Starter Kit—organised by the Isulan Municipality's and Tagum City's ESCs in the Philippines—can provide useful additional models for further research (Carravilla 2013). Job fairs can also be replaced with more targeted special recruitment strategies, which directly assist recruiting companies by facilitating recruitment activities and interviewing job seekers (ILO 2012a).

In the end, by using the above-mentioned GPs in close cooperation with existing ESCs, well-organised BLK kiosks could help reinforce the offer of employment services, such as in life skills training, career guidance counselling, and job matching support for youth, resulting in immediate impact on youth employment.

#### **SPECIFIC PROGRAMME RECOMMENDATIONS**

The Ministry of Manpower and Transmigration, in its future directives for improving access to the LMIS and employment services, could work toward the following:

- Follow-up or resume work on successful manpower district offices and ESCs (e.g., Job Opportunities for Youth ESCs in East Java) and consolidate the latter by training ESC staff as follows:
  - LMI management: vacancies collection and dissemination, forecasts, skills mapping, and interpretation for the purpose of career counselling
  - Networking with training institutions such as BLK for the placement/referral of job seekers and organisation of career fairs
- Design and conduct a pilot project (e.g., with TNP2K and/or ILO support) that adapts and uses the PESO Starter Kit in an Indonesian province, district, or subdistrict. Given that, according to the PESO Starter Kit, the entire 10-step process of ESC institutionalisation could be implemented in less than nine months for an overall cost of PHP 167,000 (USD 3,825), impact on youth employment should be quickly visible.
- Where possible, further develop BLK 3-in-1 Kiosks to strengthen linkages with existing ESCs (e.g., for training/job referrals and career fairs) and integrate CV writing and job search skills training into BLK curricula.
- Promote partnerships with telecom companies to extend the practice of short message service (SMS) information delivery, as in the case of Semarang (and the SoukTel GP in the section above entitled 'Short Review of Good Practices Literature'). By calling for information technology companies' strategies to address—possibly through corporate social responsibility—the LMI gap, the MoMT could, in record time, massively improve outreach of market information and employment services by communicating to rural and isolated youth details about available training and vacancies, upcoming job search skills training, career fairs, etc.

<sup>50</sup> Information collected during a meeting with the ILO, Geneva, October 2013.

## Conclusion: Towards a Youth Employment Model That Beats Them All?

During their visit to East and Central Java in September 2013, the authors studied the Youth Economic Empowerment Programme of Plan Indonesia in Rembang, whose impact on youth employment has been demonstrated at many levels. Box 1 presents an ‘ID card’ of the YEE programme established by the authors during their field trip.

### **Box 1: Plan Indonesia’s Youth Economic Empowerment Programme’s ID Card (2013–15)**

#### **MAIN PROGRAMME CHARACTERISTICS OF YEE**

- Piloted in September 2010 in Grobogan in Central Java
- Extended to Surabaya and Rembang in 2013
- Targets 4,400 unemployed persons aged 18–24 years old (80:20 women to men) until 2015, including 500 entrepreneurs (targets a 70 percent success rate for trainees, 50 percent for entrepreneurs)
- Basic training in pre-employment phase, including life skills training plus gender and reproductive health, plus financial education and literacy, plus an ‘introduction to work’
- Followed by (1) either vocational skills development at partner training centre and/or an apprenticeship at partner company (depending on the youth’s readiness, direct job placements may also be envisaged) or (2) entrepreneurship training through the Micro Enterprise Development programme
- Selection of placement companies include the following:
  - Rapid labour market assessment to determine companies’ job needs / available vacancies and related skills training opportunities (‘job order’ forms) in Jakarta, Rembang, Surabaya, etc.
  - Visits and screening of potential placement companies
  - Signing of MoU with Plan Indonesia / TVET Centre to guarantee minimum conditions of decent work for trainees (including allowances and health insurance)
- A strong human/community-based component reflected in the following:
  - Advice/counselling provided at every step and stage of the one-month training period; a second chance provided at the end of the training through further training or other placement.
  - Strong parental link fully integrated in the programme through regular consultations and provision of consent.
  - For young entrepreneurs-to-be, close coaching/mentoring by professionals already working in the selected business market: ‘foster parents’. This ‘family dimension’ mainstreamed throughout can be interpreted as a sign of ‘cultural adaptation’ of the project.
- Since the start of the project in May 2013, 256 (37 percent) of 694 trained youth successfully placed in jobs in Rembang and 806 (78 percent) of 1,036 in Surabaya. The cost of the TVET programme was Indonesian rupiah 2.7 million per trainee (USD 240), including monitoring (can be reduced through enterprise-based vocational skills training).
- Replication and scaling up already happening:
  - Started in January 2014, Rembang District is replicating the YEE approach for older youth aged 25–29 years old: Plan Indonesia will provide capacity building to BLK in the form of ‘learning by doing’.
  - The same was started in Grobogan in October 2013.

*Source: Authors’ field mission notes and intermediary report presentation, September 2013.*

Bappenas had already identified Plan Indonesia's YEE Programme as a reliable foundation in the fight against youth unemployment for building solid links with local and central authorities. So far, indeed, YEE has proved successful in 'leveraging local opportunities and synergies in favour of youth; translating them into action through formal partnership agreements and MoUs with governments, the private sector, and civil society; and creating an alliance of organisations and institutions working together to address the employment issue' (Beauclerk and McLaughlin 2012: 2).

Yet, YEE could potentially benefit from a number of GP enhancements ('quick wins') spelled out in the present paper in order to rapidly increase its impact on youth employment. In light of Plan Indonesia's current cooperation with the MoMT's BLK in Grobogan and Rembang to replicate the YEE scheme, local authorities and Plan Indonesia, for example, could be encouraged to collaborate in (1) developing systematic enterprise surveys and community employment assessments, (2) conducting value chain analyses, and (3) collecting sectoral information to inform the design of future TVET curricula for youth and subsequent job placements, per the advice of the section above entitled 'Alternative Pathways to Generation of LMI at the District Level'. To start with, the job order form currently used by Plan Indonesia in its partnership with local employers and placement companies could serve as a basis for development of a more comprehensive enterprise survey / job order inventory and be revamped in order to collect data on present and future vacancies organised by skill type, sector, and region, thereby feeding into the work of potential ESCs. Such an initiative would serve to better anticipate, at least for short-term interventions, job specialisations and skills in need across various sectors, plan training policy accordingly at the BLK level (if not district), and broaden the scope of training curricula design and implementation as well as subsequent job placements of youth in identified sectors of growth (see appendix 4). It is worth pointing out that the main conditions for replication and scaling up (i.e., concordance of priorities of local stakeholders, willingness of training providers to realign their training systems and offers with labour market needs, and existence of youth-friendly entrepreneurship support services, for example, Micro Enterprise Development), have been successfully secured by Plan Indonesia in its two areas of operation in Central Java.

But the LMI component is only one of the many quick-impact solutions that could improve YEE. A finely tuned targeting mechanism for youth applicants to the BLK's YEE entrepreneurship stream, using the screening tools mentioned in the section on 'Multiplying Sound Youth Entrepreneurship Opportunities' could be introduced when choosing between vocational training and business management paths. GET-Ahead as well as OSH / worker rights modules could be mainstreamed into the entrepreneurship package to ensure the relevance of the business training for young women (see section above entitled 'Multiplying Sound Youth Entrepreneurship Opportunities') and the transfer of knowledge and competencies on productivity and protection at the workplace to all programme youth trainees (see section above entitled 'Enhancing Quality of Apprenticeship at the Local Level'). Links with existing microcredit/finance initiatives appraised a priori (KUR or savings and credit cooperatives) could be developed to increase access of young entrepreneurs to safe funding, and long-term coaching could be provided by the YEN E-Coaching Programme through Web linkages between the YEN Marketplace and BLK supported by Plan Indonesia. Monitoring by BLK instructors, foster parents, and/or the E-Coaching Programme could feed into subsequent improvements of the entrepreneurship curriculum. Where possible, relationships with trade unions could be initiated to draft (and monitor) apprenticeship quality agreements that are

respectful of trainee labour rights. In parallel and where feasible, links with small business associations could be established to work hand in hand with BLK to upgrade apprenticeship quality through better-defined competency standards and methods of assessment and certification that feed into the vocational training programme design, as well as to provide committed mentoring and advice on formalisation processes to aspiring entrepreneurs. Apprentice graduates who do not wish to work as employees or are not offered a wage job at the end of their training period would be given the option of reintegrating into the entrepreneurship stream of the BLK's YEE to acquire those business management skills they need to start their own enterprise following the traineeship period. Furthermore, where doable, job fairs could be organised jointly with ESCs at the time of the work readiness training of youth and/or just before job placement of vocational stream graduates (Section on Promoting Solid and Flexible Employment Services Schemes). Appendix 5 summarises and highlights these tentative GP enhancements together with other suggested GP linkages inspired by the main sections of this working paper.



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## Appendices

### Appendix 1: The Career Orientation Process

Life skills and career guidance advisors play a key role in orienting and assisting students in identifying their aptitudes and goals and in informing youth about educational and professional choices.

The career orientation process is illustrated below (adapted from ILO 2013a: 25):



By examining whether a youth's capacities (education, skills, and vocational training), evaluated under step 2, correspond to his/her project, taking into account available skills training and support services and assessing the compatibility of the youth's project with personal constraints (especially for girls), vocational guidance may ultimately result in changing the youth's initial project idea; discussing inconsistencies, possible alternatives and adaptations; and making him/her understand that the final training and employment project will require compatibility of all five dimensions of the matrix (adapted from ILO 2013a: 27–28).

*Source: ILO 2013a.*

## Appendix 2: Market Opportunities Survey Form, ILO TREE

### II. Potential for expanding/improving production

#### A. Willingness to expand/improve production

Do you intend to expand or improve your production

☐ No (Go to Section III)

☐ Yes (Go to B)

#### B. Percentage increase if production is expanded/improved

If you do expand/improve your production, by what percentage would you increase the module of your product per day/week/month/cycle?

.....% increase in production per .....

#### C. Percentage increase if production is expanded/improved

If you go ahead with expansion/improvement of your production, what actions will you take to be successful?

- |         |         |
|---------|---------|
| 1. .... | 4. .... |
| 2. .... | 5. .... |
| 3. .... | 6. .... |

(Refer back to Section I-C, and review if actions to be taken match the reasons given for inability to supply demand, if no actions are given for one or more of the problems mentioned in Section I-C, ask respondent what they will do about these problems and add the answers to the list above.)

#### D. Need for workers in case of expansion/improvement

If you go on and expand/improve your production will you need:

☐ additional workers?

☐ to train your current workers

☐ no additional workers or training of current workers? (go to section III)

If you hire additional workers, how many and what type of workers do you think you will need?

Number	Type of worker	Number	Type of worker
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

If your current workers need training, what kind of skills do they need to learn and how many of them will be trained?

Number	Type of worker	Number	Type of worker
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

Source: ILO (2009).

Note: This page was excerpted from the complete form.

### Appendix 3: Entrepreneurship Training Applicant Selection Form, Riwani Globe BDS, Semarang

---

#### Entrepreneurship Background

7. Have you ever got involved in a business? ☐ Yes ☐ No
8. Do you currently own a business? ☐ Yes ☐ No
9. Are you starting a business?

.....

---

#### Business Ideas

10. Do you have business idea at the moment?

☐ No

☐ Yes, please mention/explain your business idea:

.....  
.....  
.....

11. Have you already taken steps to start your business?

☐ No

☐ Yes

If yes, what are they?

.....  
.....  
.....

---

#### Financial Resources

12. Where do you plan to get the funds from for your business?

☐ Family

☐ Creditor

☐ Friends

☐ Bank

☐ Other

Explain: .....  
.....

---

#### Commitment to Participate

13. Are you willing to pay for this training?

☐ Yes

☐ No

14. When do you plan to start your business?

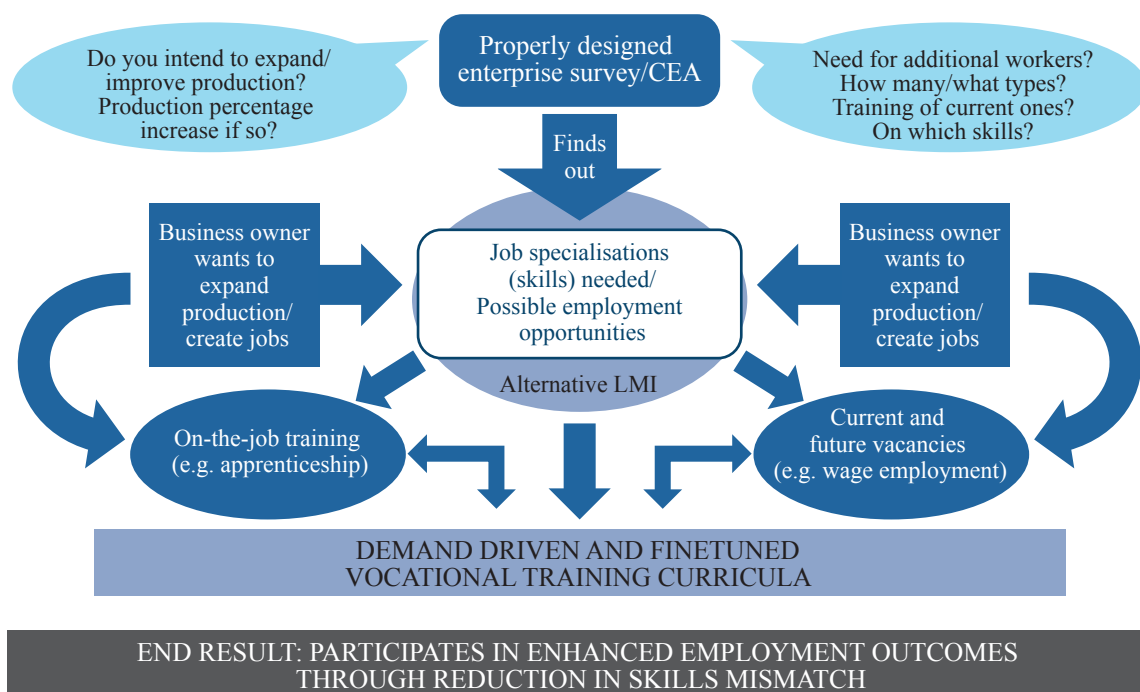
.....

---

Source: Riwani Globe BDS, Semarang (adapted from ILO's Start and Improve Your Business tool).

Note: Extracted and translated from Bahasa.

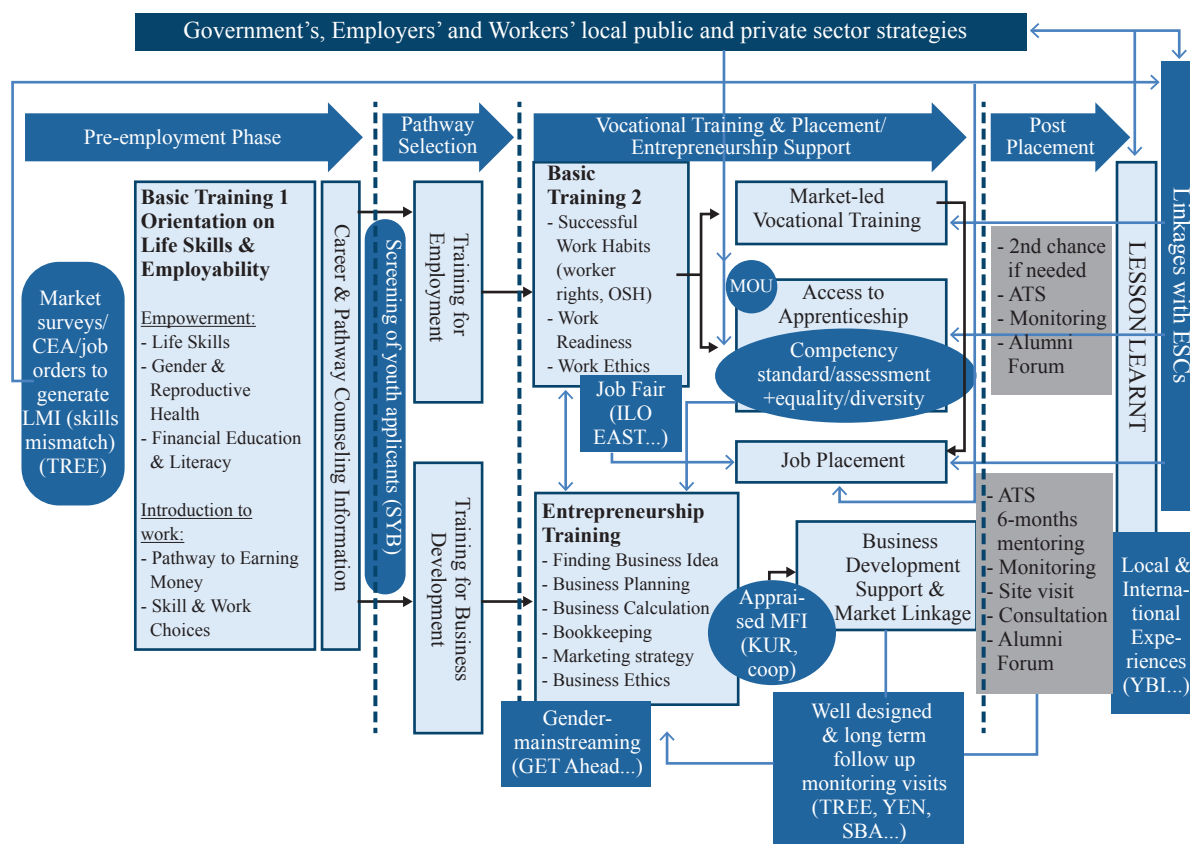
#### Appendix 4: The Basics of the Enterprise Survey (or Community Employment Assessment)



Source: Authors' intermediary report presentation, November 2013.

## Appendix 5: Plan Indonesia's Improved Youth Economic Empowerment Model

### Plan International's Pathway to Youth Economic Empowerment (YEE)



Source: Authors' final report presentation, March 2014.

## ***Appendix 6: List of Key Informants***

The following is a list of key informants by category and then alphabetical order by last name.

### ***Ministries***

Ms Maria Anityasari, PhD, Consultant, MoEC  
Mr Abdul Wahab Bangkona, Secretary General, MoMT  
Mr Deibel Effendi, Expert, MoYS  
Ms Nora Ekaliana, Director, Instructor and Training Personnel Development, MoMT  
Ms Rahma Iryanti, Deputy Minister for Poverty Alleviation, Employment Creation and SME, Bappenas  
Mr Esa Sukmawijaya, Sub-Division Head, Development, MoYS  
Mr Surya Lukita Warman, Head, International Cooperation, MoMT  
Dr Wartanto, Director, Courses and Training Development, MoEC

### ***TNP2K***

Mr Latif Adam, SME Specialist  
Ms Meby Damayanti, KUR Evaluation Project Officer  
Mr Ari Perdana, Head of Cluster 3 Working Group  
Mr Theo Van Der Loop, Employment and SME Senior Advisor  
Mr Peter Van Diermen, (the then) Technical Advisor for Cluster 3  
Ms Walia, Technical Assistant  
Ms Diah Widarti, Engagement Expert

### ***International Labour Organisation (regional and country offices)***

#### ***ILO Country Office for Indonesia and Timor-Leste (Country Office-Jakarta)***

Ms Gillian Dowie, International Consultant on Youth Employment  
Ms Janti Gunawan, former Job Opportunities for Youth Project Coordinator  
Mr Tendy Gunawan, former National Programme Coordinator for Youth Employment, Financial Inclusion and Entrepreneurship Development (now Senior Trade Officer, Switzerland Global Enterprise)  
Ms Nurvitria M. Křištofiková, Youth Employment Consultant  
Mr Lucky Ferdinand Lumingkewas, National Project Officer for Livelihood and Skill Development  
Mr Tauvik Muhamad, Programme Officer  
Mr Irham Ali Saifuddin, Capacity Building Specialist  
Mr Gorm Skjaerlund, Senior TVET Consultant  
Ms Dede Sudono, IPEC Education Officer  
Mr Peter Van Rooij, Director

#### ***ILO Geneva***

Mr Michael Axmann, Senior Skills Development Systems Specialist  
Ms Valentina Barucci, Programme Officer (Youth Employment Unit)  
Ms Laura Brewer, Skills for Youth Employment Specialist  
Ms Maaret Canedo-Lohikoski, Associate Expert (Youth Employment Unit)  
Ms Séverine Deboos-David, Technical Officer (Social Finance Programme) Ms Donna Koeltz, Senior Employment Services Specialist (Employment and Labour Market Policies Branch) Ms Virginia Rose Losada, Technical Officer (Small Enterprises Unit)  
Ms Maria Prieto, Youth Employment Specialist  
Mr Gianni Rosas, Youth Employment Unit Chief  
Ms Olga Strietska-Ilina, Specialist in Skills Policies and Systems (Skills and Employability Branch)  
Mr James Windell, Senior Specialist, The Youth Employment Network



### ***ILO Regional Office for Asia and the Pacific (Bangkok)***

Mr Matthieu Cognac, Youth Employment Specialist

Ms Carmela Torres, Senior Skills and Employability Specialist

### ***ILO Regional Office for the Arab States (Beirut)***

Mr Patrick Daru, Senior Skills and Employability Specialist

### ***UNICEF Indonesia***

Ms Severine Leonardi, Youth and HIV/AIDS Specialist

### ***World Bank***

Mr Pedro Cerdan-Infantes, Education Economist

Mr Cristobal Ridao-Cano, Lead Economist and Head of Human Development Department

### ***Local Institutions and Independent Experts***

Ms Cicilia Melly Andita, Team Manager for Statistics, Surveys, and Liaison, Bank Indonesia (Region V)

Mr Aly Anwar, Director, Sentra Pendidikan Bisnis (ILO-EAST implementing agent for entrepreneurship programme)

Ms Faridah Ariyani, former ILO-EAST implementing agent

Mr Muhammad Fahrudin, S.Pd., M.Pd, Head, UPTD SKB Ujung Pandang

Mr Edwar Fitri, Director, Bina Mitra Usaha Nusantara

Mr Suyono Hadi, Director, Magistra Utama

Ms Rini Wahyu Hariyani, Start and Improve Your Business Master Trainer and Director, Riwani Globe

Mr Bahrul Ulul Ilham, Start and Improve Your Business Master Trainer and Director, Makassarpreneur

Ms Jopi Jumiasih, Monitoring and Evaluation Officer, Plan Indonesia

Mr Abdul Manaf, Programme Officer for East Java and West Java, Komida

Ms Mega Nazaretha, Division Manager for Financial Access, MSME and Communication, Bank Indonesia (Region V)

Mr Lukas Kristian Windya Nugraha, Project Manager, Plan Indonesia

Mr Abdullah Pandang, Head of Sulawesi Regional Board, ABKIN

Ms Clémence Quint, independent consultant

Mr Iman Riswandi, Instructor, BBPPK Lembang, MoMT

Mr Rusdi, Head, Education Quality Facilitation, LPMP Provinsi Sulawesi Selatan

Ms Hesti Candra Sari, Assistant Division Manager for Financial Access, MSME and Communication, Bank Indonesia (Region V)

Mr Steven Schmidt, former ILO-EAST consultant, Team Leader of the Employment Facilitation for Inclusive Growth Project, Austraining International

Mr Nelson Soemanda, Start and Improve Your Business Master Trainer and Director, Nelson Consulting and Associate

Ms Untari, Project Team Leader, Plan Indonesia

## *Appendix 7: Selected Good Practices Websites*

The following are a list of websites and Web pages addressing good practices in youth employment.

Abdul Latif Jameel Poverty Action Lab: ‘Vouchers for Private Schooling in Colombia’  
[www.povertyactionlab.org/evaluation/vouchers-private-schooling-colombia](http://www.povertyactionlab.org/evaluation/vouchers-private-schooling-colombia)

Au Service de l’Emploi et des Compétences (ANPE) Benin (website)  
[www.anpe-bj.org](http://www.anpe-bj.org)

Centre for Development and Population Activities (CEDPA)  
[www.cedpa.org/content/publication/detail/2585.html](http://www.cedpa.org/content/publication/detail/2585.html)

Commonwealth Asia Alliance of Young Entrepreneurs (English) (website)  
[www.caaye.com](http://www.caaye.com)

Eironline: ‘How Is the New Deal for Young People Working?’  
[www.eurofound.europa.eu/eiro/2000/02/feature/uk0002155f.htm](http://www.eurofound.europa.eu/eiro/2000/02/feature/uk0002155f.htm)

ILO: ‘Know About Business’  
<http://www.ilo.org/public/english/region/eurpro/moscow/areas/kab.htm>

ILO: ‘The YEN Marketplace’  
[www.ilo.org/public/english/employment/yen/downloads/marketplace/flyer.pdf](http://www.ilo.org/public/english/employment/yen/downloads/marketplace/flyer.pdf)

Grameen Credit Agricole: ‘South and South-East Asia/INDONESIA, Komida’  
[www.grameen-credit-agricole.org/en/content/komida-0](http://www.grameen-credit-agricole.org/en/content/komida-0)

SoukTel (website)  
[www.souktel.org](http://www.souktel.org)

The National Archives (United Kingdom): ‘New Deal for Young People’  
[http://webarchive.nationalarchives.gov.uk/+/www.direct.gov.uk/en/Employment/Jobseekers/programmesandservices/DG\\_173757](http://webarchive.nationalarchives.gov.uk/+/www.direct.gov.uk/en/Employment/Jobseekers/programmesandservices/DG_173757)

The Prince’s Youth Business International (Ukraine): ‘Youth Business Ukraine’  
[www.youthbusiness.org/where-we-work/ukraine](http://www.youthbusiness.org/where-we-work/ukraine)

UNEVOC: ‘Republic of Korea’ (TVET)  
[www.unevoc.unesco.org/worldtvtdatabase1.php?ct=KOR](http://www.unevoc.unesco.org/worldtvtdatabase1.php?ct=KOR)

Youth Employment Inventory (Bulgaria): ‘Clearing the Path to Employment for Youths’  
[www.youth-employment-inventory.org/inventory/view/45](http://www.youth-employment-inventory.org/inventory/view/45)

## TNP2K Working Paper Series

	Title	Author(s)	Date Published	Keywords
Working Paper 1	<a href="#">Finding the Best Indicators to Identify the Poor</a>	Adama Bah	September 2013	Proxy-Means Testing, Variable/ Model Selection, Targeting, Poverty, Social Protection
Working Paper 2	<a href="#">Estimating Vulnerability to Poverty using Panel Data: Evidence from Indonesia</a>	Adama Bah	October 2013	Poverty, Vulnerability, Household consumption
Working Paper 3	<a href="#">Education Transfer, Expenditures and Child Labour Supply in Indonesia: An Evaluation of Impacts and Flypaper Effects</a>	Sudarno Sumarto, Indunil De Silva	December 2013	Cash transfers, child labour, education expenditure, flypaper effect
Working Paper 4	<a href="#">Poverty-Growth-Inequality Triangle: The Case of Indonesia</a>	Sudarno Sumarto, Indunil De Silva	December 2013	Growth, poverty, inequality, pro-poor, decomposition
Working Paper 5	<p>English version:  <a href="#">Social Assistance for the Elderly in Indonesia: An Empirical Assessment of the <i>Asistensi Sosial Lanjut Usia Terlantar</i> Programme*</a></p> <p>Bahasa Indonesia version:  <a href="#">Asistensi Sosial untuk Usia Lanjut di Indonesia: Kajian Empiris Program Asistensi Sosial Lanjut Usia Terlantar*</a></p>	Sri Moertiningsih Adioetomo, Fiona Howell, Andrea McPherson, Jan Priebe	March 2013	ASLUT Programme, Elderly, Social Pensions, Lanjut Usia, Social Assistance, Social Security, Indonesia
			<i>*This Working Paper has been republished in 2014</i>	
Working Paper 6	<a href="#">An Evaluation of the Use of the Unified Database for Social Protection Programmes by Local Governments in Indonesia</a>	Adama Bah, Fransiska E. Mardianingsih, Laura Wijaya	March 2014	Unified Database, UDB, Basis Data Terpadu, BDT, Local Governments Institution
Working Paper 7	<a href="#">Old-Age Poverty in Indonesia: Empirical Evidence and Policy Options - A Role for Social Pensions</a>	Jan Priebe, Fiona Howell	March 2014	Social Pensions, Old-Age, Poverty, Elderly, ASLUT Programme, Indonesia

	Title	Author(s)	Date Published	Keywords
Working Paper 8	<a href="#">The Life of People with Disabilities: An Introduction to the Survey on the Need for Social Assistance Programmes for People with Disabilities</a>	Jan Priebe, Fiona Howell	May 2014	Disability, survey, Indonesia
Working Paper 9	<a href="#">Being Healthy, Wealthy, and Wise: Dynamics of Indonesian Subnational Growth and Poverty</a>	Sudarno Sumarto, Indunil De Silva	July 2014	Neoclassical growth, poverty, human capital, health, education, dynamic panel
Working Paper 10	<a href="#">Studi Kelompok Masyarakat PNPM</a>  <a href="#">Lampiran Studi Kelompok Masyarakat PNPM</a>	Leni Dharmawan, Indriana Nugraheni, Ratih Dewayanti, Siti Ruhanawati, Nelti Anggraini	July 2014	PNPM Mandiri, penulisan prinsip PNPM
Working Paper 11a	<a href="#">An introduction to the Indonesia Family Life Survey IFLS east 2012: Sampling Questionnaires Maps and Socioeconomic Background Characteristics</a>	Elan Satriawan, Jan Priebe, Fiona Howell, Rizal Adi Prima	June 2014	IFLS, survey, panel, Indonesia
Working Paper 11b	<a href="#">Determinants of Access to Social Assistance Programmes in Indonesia Empirical Evidence from the Indonesian Family Life Survey East 2012</a>	Jan Priebe, Fiona Howell, Paulina Pankowska	June 2014	Social assistance, Indonesia, poverty, targeting, welfare, IFLS East
Working Paper 11c	<a href="#">Availability and Quality of Public Health Facilities in Eastern Indonesia: Results from the Indonesia Family Life Survey East 2012</a>	Jan Priebe, Fiona Howell, Maria Carmela Lo Bue	June 2014	IFLS East, survey, panel, Indonesia, Health, Public Health Facilities
Working Paper 11d	<a href="#">Examining the Role of Modernisation and Healthcare Demand in Shaping Optimal Breastfeeding Practices: Evidence on Exclusive Breastfeeding from Eastern Indonesia</a>	Jan Priebe, Fiona Howell, Maria Carmela Lo Bue	June 2014	Exclusive breastfeeding, modernisation, health-care supply, health-care demand, Indonesia, IFLS East
Working Paper 12	<a href="#">Penyusunan Prototipe Indeks Pemberdayaan Masyarakat untuk PNPM Inti (Program Nasional Pemberdayaan Masyarakat)</a>	Wahyono Kuntohadi, Bagoes Joetarto, Silvira Ayu Rosalia, Syarifudin Prawiro Nagoro	July 2014	PNPM Inti, pemberdayaan masyarakat, analisis faktor, dashboard
Working Paper 13	<a href="#">A Guide to Disability Rights Laws in Indonesia</a>	Jan Priebe, Fiona Howell	July 2014	Disability, rights, law, constitution, Indonesia

	Title	Author(s)	Date Published	Keywords
Working Paper 14	<a href="#">Social Assistance for the Elderly: The Role of the <i>Asistensi Sosial Lanjut Usia Terlantar</i> Programme in Fighting Old Age Poverty</a>	Sri Moertiningsih Adioetomo, Fiona Howell, Andrea Mcpherson, Jan Priebe	August 2014	ASLUT Programme, Social Assistance, Elderly, Poverty, Indonesia
Working Paper 15	<a href="#">Productivity Measures for Health and Education Sectors in Indonesia</a>	Menno Pradhan, Robert Sparrow	September 2014	Health, Education, Productivity Measures, Spending, Expenditure, Indonesia
Working Paper 16	<a href="#">Demand for Mobile Money and Branchless Banking among Micro and Small Enterprises in Indonesia</a>	Guy Stuart, Michael Joyce, Jeffrey Bahar	September 2014	Micro and small enterprises, MSEs, Mobile Money, Branchless Banking, Financial Services, Indonesia
Working Paper 17	<a href="#">Poverty and the Labour Market in Indonesia: Employment Trends Across the Wealth Distribution</a>	Jan Priebe, Fiona Howell, Virgi Agita Sari	October 2014	Labour, Employment, Working Poor, Poverty, Wealth Distribution, Indonesia
Working Paper 18	<a href="#">PNPM Rural Income Inequality and Growth Impact Simulation</a>	Jon R. Jellema	October 2014	PNPM Rural, Income, Income Inequality, Infrastructure









TNP2K's mission is to coordinate poverty alleviation policies in Indonesia. As part of its tasks, TNP2K conducts and commissions research reports and studies with the objective of facilitating and informing evidence-based policy planning. TNP2K has undertaken several research activities and policy initiatives related to employment in Indonesia. This working paper, 'Youth Employment in Indonesia: International and National Good Practices for Policy and Programme Improvement', specifically concentrates on the analysis of youth unemployment and possible answers for Indonesia from the perspective of local and international best practices. The paper, after setting the research context and methodology, presents a short literature review of programme lessons learnt worldwide; Indonesia's main challenges in a number of youth employment-related areas; country case studies as plausible responses to such issues; and evidence-based policy and programme recommendations applicable to Indonesia.

This paper is accompanied by a compendium of best practices in youth employment from across Indonesia and the world. See TNP2K Working Paper 19b - Youth Employment in Indonesia: Compendium of Best Practices and Recommendations for Indonesia.

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