



Kementerian PPN/
Bappenas



Building Indonesia Entrepreneurial Ecosystems with Global Connection

Presented at Tri Hita Karana Entrepreneur Dialogue & TiE Indonesia Launch

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Deputy Minister for Economic Affairs, at the Ministry of National Development Planning/Bappenas of the Republic of Indonesia

Sunday, 19th November, 2023



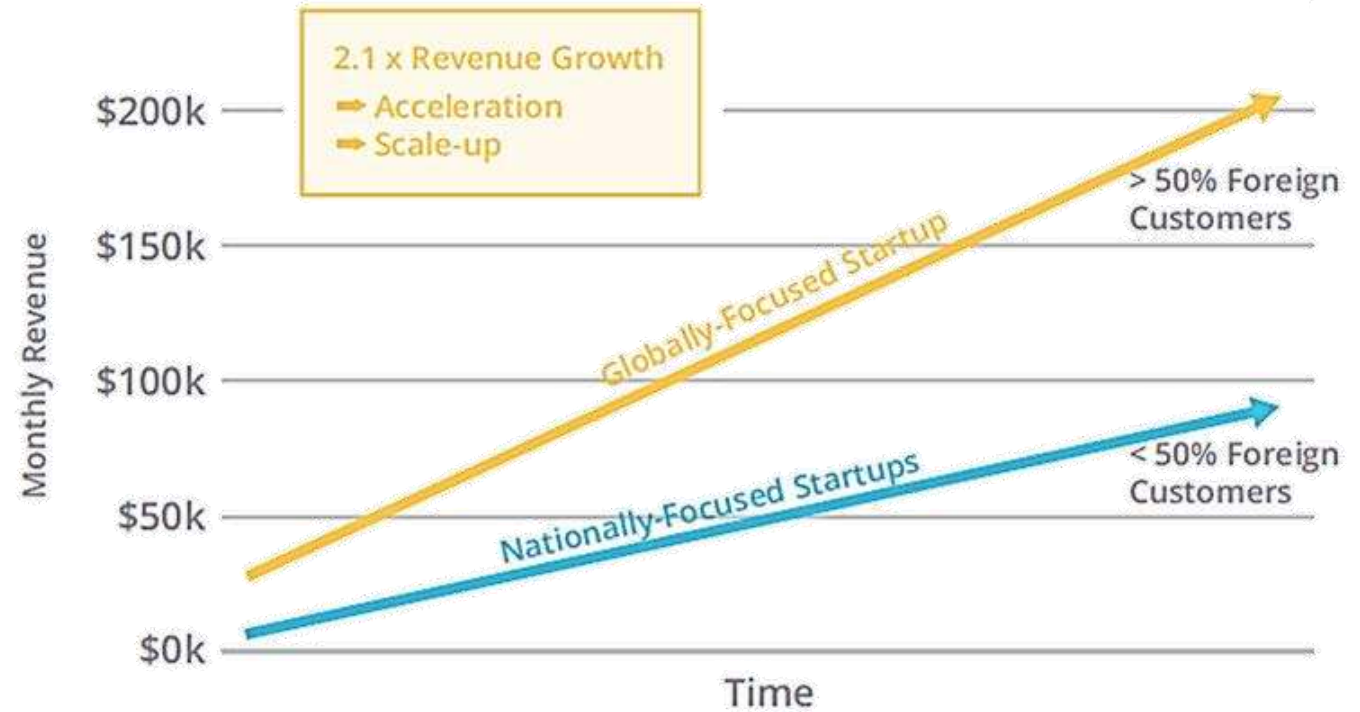
Connecting to the Global World is Critical for Boosting Start-Up Growth

- Global Connectedness
- Local Connectedness
- Global Market Reach

The new genome of scaleups and high-performance ecosystems.

Startups that focus on and penetrate global markets from their earliest stage are able to grow revenues twice as fast

Startup Revenue Growth vs. Global Market Reach



Global Connections:



Gives startups an ability to engage with global customers from their earliest stages



Allow founders, and the entire ecosystem, to tap into a global fabric of ideas, talent, capital, and know-how.



Helps startups become scaleups, driving regional economic growth and job creation.

Source: Startup Genome, 2023



Several Indonesian Startups that Have Entered the Global Market, but Most of Them are in Services Sectors

Sociolla

sociolla



Vietnam

Dailybox



Singapore

Go-jek



Vietnam



Malaysia



Singapore



Thailand



Philippines

HijUp



Malaysia



Singapore



Australia



Saudi Arabia



UEA



England



Traveloka



Vietnam



Malaysia



Singapore



Thailand



Philippines



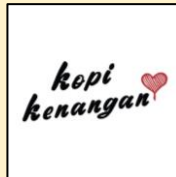
Australia

Jala Tech



Vietnam

Kopi Kenangan



Malaysia

Bridestory



Singapore



Philippines

Kredivo



Vietnam

PrivyID



Australia

Teguk



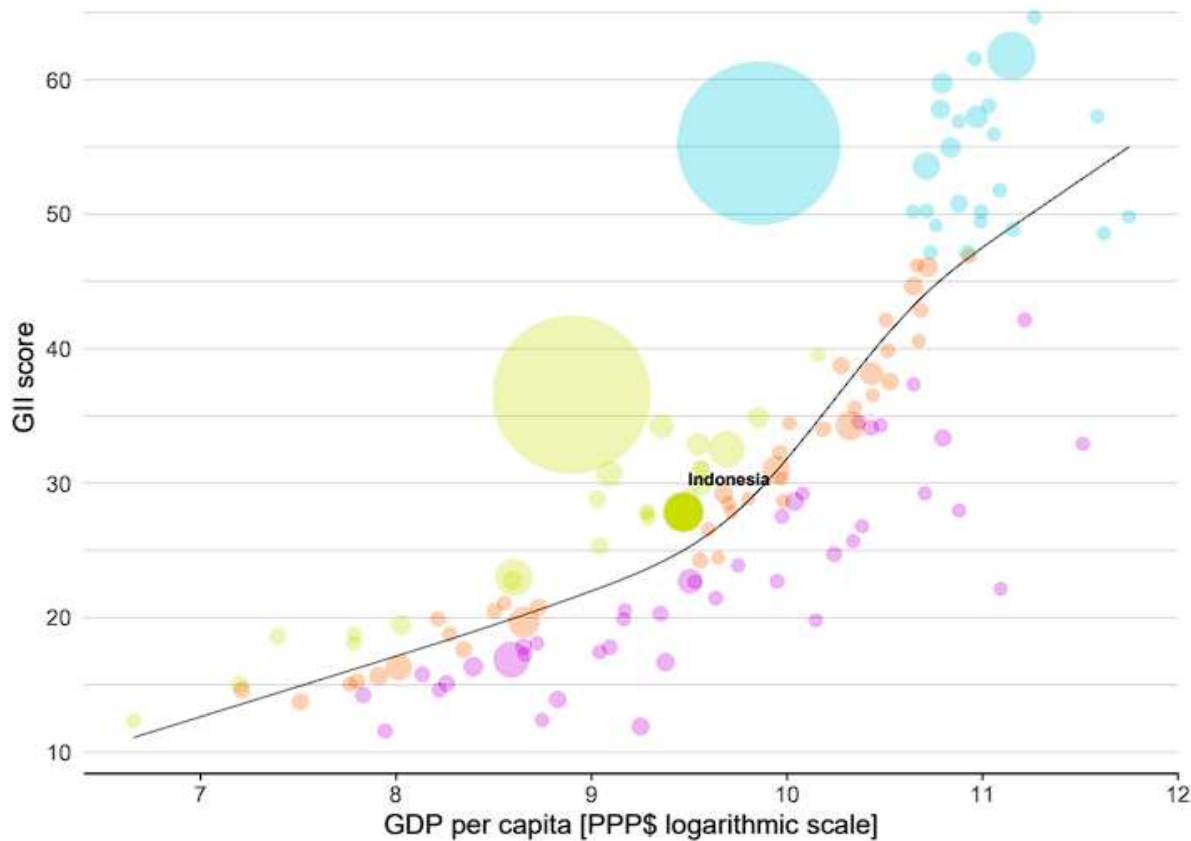
USA



Innovation is a key for improving economic productivity, but Indonesia's ranking is still relatively low

Indonesia is above the trend line, indicating Indonesia's innovation performance is better than expected

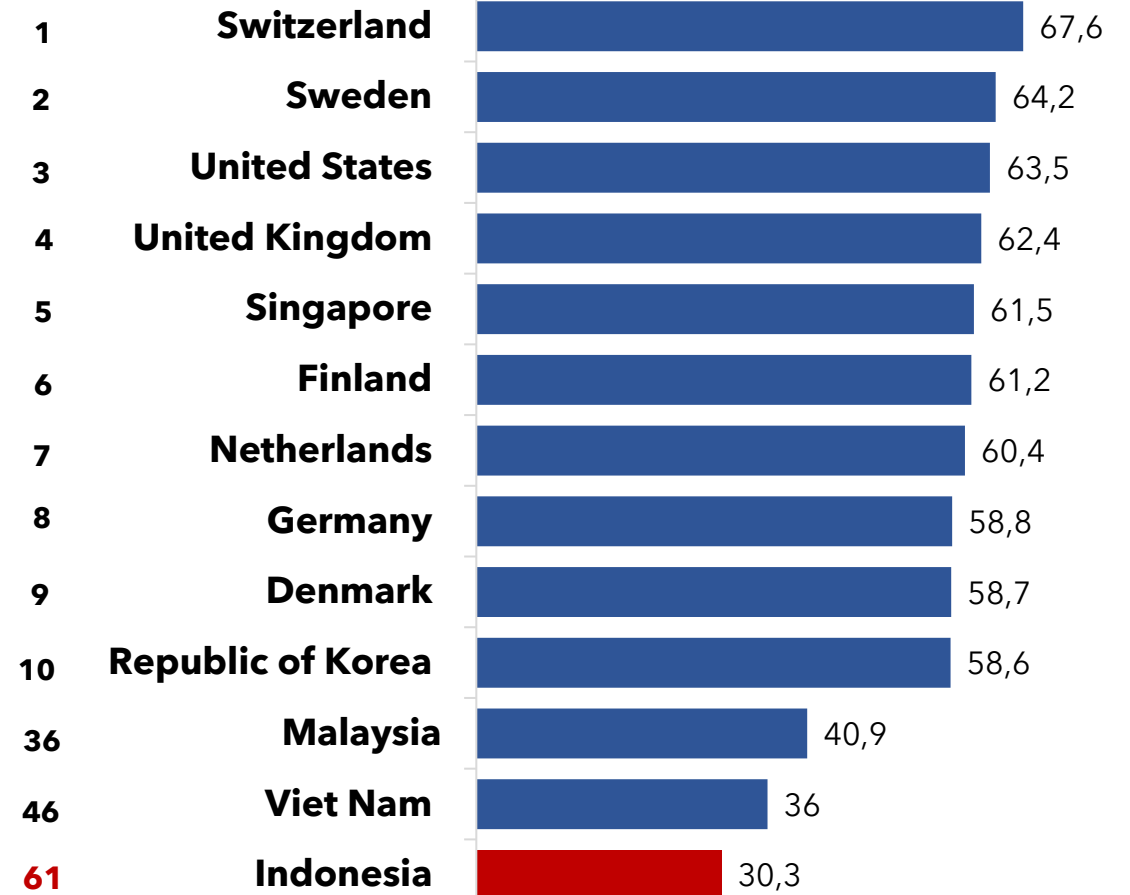
Innovation Has a Positive Relationship with GDP Per Capita



● Innovation leader
● Performing at expectations for level of development
● Performing above expectations for level of development
● Performing below expectations for level of development

Although Indonesia experienced a **significant improvement from 2022 (up 14 ranks)**, its position is still relatively left behind

Rank of Global Innovation Index (GII) 2023





Indonesia is Still Below Other 5 ASEAN Countries in ASEAN

Global Innovation Index for Indonesia and Southeast Asian Countries in 2023



HIGHLIGHT

Country (from 132)	Global Innovation Index	Per Pillar of the Global Innovation Index						
		Institutional	Human capital and research	Infrastru cture	Market Sophistic ation	Business Sophistic ation	Knowledg e and technology outputs	Creative outputs
Singapura	5	1	2	8	6	3	10	18
Malaysia	36	29	32	51	18	36	37	47
Thailand	43	85	74	49	22	43	42	44
Viet Nam	46	54	71	70	49	49	48	36
Philippines	56	79	88	86	55	38	46	60
Indonesia	61	70	85	69	37	77	61	68
Brunei Darussalam	87	20	57	54	105	80	126	127
Kamboja	101	87	101	108	59	125	93	103
Laos	110	95	115	109	65	102	97	124

- Indonesia is in **6th place out of 9** Southeast Asian countries in the 2023 Global Competitiveness Index
- The low level of research activity** and contribution in Indonesia has an impact on **the commercialization process** and the willingness of industry to adopt technology

Sumber: WIPO, 2023



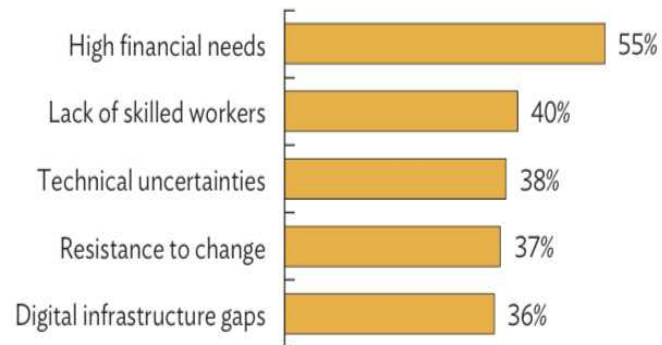
Technology is important to induce growth

Benefits



Firms reported the greatest benefits of technology adoption to be enhanced productivity and energy efficiency.

Barriers



Financial constraints and a lack of skilled workers are the main barriers to the adoption of new technologies.

GDP growth can be faster as much as:
0.55% points

National	
Baseline scenario, annual GDP growth	
2020–2030	5.20
2030–2040	5.20
2020–2040	5.20
With new technology adoption, annual GDP growth	
2020–2030	5.73
2030–2040	5.77
2020–2040	5.75

Source: Innovate Indonesia: Unlocking Growth Through Technological Transformation, ADB (2020)



Indonesia Vision 2045: A Sovereign, Advanced, and Sustainable Archipelago



Archipelagic Nation

An archipelagic nation that has political, economic, national security, and maritime culture/civilization toughness as the world's maritime axis



Sovereign

resilience, unity,
independence, security



Advanced

empowered, modern, tough,
innovative, fair



Sustainable

sustainable and balanced
between economic, social and
environmental development



8 DEVELOPMENT AGENDA OF TRANSFORMING INDONESIA

TRANSFORMATION OF

1. Social Transformation
2. Economic Transformation
3. Governance Transformation

TRANSFORMATION

3. Law Supremacy, Stability, and Indonesian Leadership
4. Social Culture and Ecological Resilience

Implementation Framework of

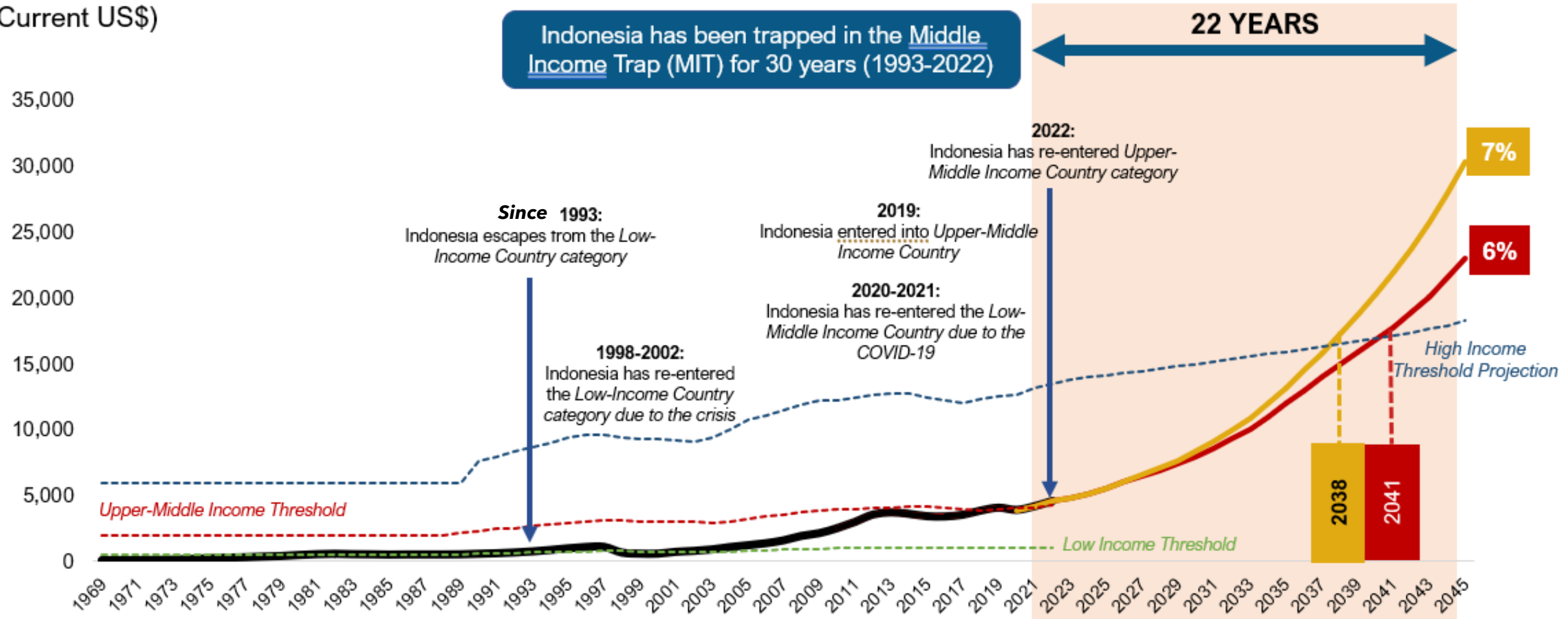
6. Regional Development with Equality and Justice
7. Quality and Sustainable Infrastructure Development
8. Development Continuity



Indonesia Needs Higher Growth to Escape from Middle Income Trap

An average economic growth of at least **6 percent per year** is needed for Indonesia to overcome the Middle-Income Trap, and become a high-income nation by 2041, in line with its **demographic dividend** momentum

GNI per Capita Scenario, Atlas Method (Current US\$)





MSMEs are an Important Part of Encouraging Productivity in the Economic Transformation Agenda

ECONOMIC TRANSFORMATION

IE 4

Science and Technology, Innovation and Economic Productivity

IE 5

Green Economy Implementation

IE 6

Digital Transformation

IE 7

Domestic and Global Economic Integration

IE 8

Urban Areas as Centers of Economic Growth



Productivity of Economic Sectors is boosted through:

1. Industrialization

2. Sharia Economic and Financial Strengthening
3. Modernization and Digitalization of Agriculture
4. Blue-Economy and Bio-Economy

5. Creative Economy and Tourism

6. BUMN productivity
7. MSMEs and Cooperatives
8. Labor Productivity

Science and Technology Development and Innovation:

- ✓ Establishment of a research and technology endowment fund
- ✓ Society with scientific character (scientific temper)



The Development Plan for SMEs in the National Medium-Term Development Plan 2025-2045: Economic Transformation through Increased Productivity

The value-added and productivity of SMEs are still low

The dominance of micro-enterprises, which tends to be informal, contributes to the overall structure of the national business players

Proportion of business actors (2019)



98,67%

Micro
Enterprises



1,32%

Small and Medium
Enterprises

Most entrepreneurs engage in businesses to meet their daily needs
(necessity driven)

Entrepreneurship Ratio:

(Proportion of the Labor Force Assisted by Permanent Workers)



3,27%
(2019)



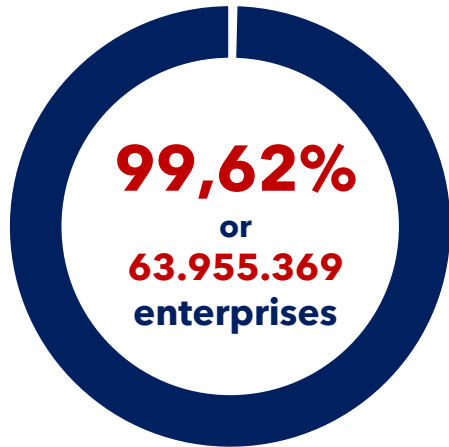
2,86%
(2022)

Transformative efforts are needed to encourage Small and Medium Enterprises to become a backbone of the economy with high productivity



MSMEs are dominant in Indonesia Economy

The Proportion of Micro-Enterprises to The Total Number of Companies



MSME Contribution to National GDP



60,51%



Total Employment
99,9%



Cooperation between
UMK and UMB
7%



Participation in Global Value
Chain
4,1%



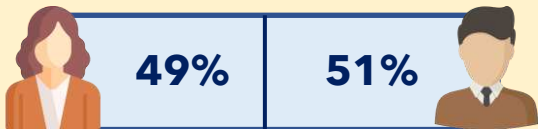
Total Workforce
96,9%



Entrepreneurship ratio
2,86%



Contribution to non-oil and
gas exports
15,6%

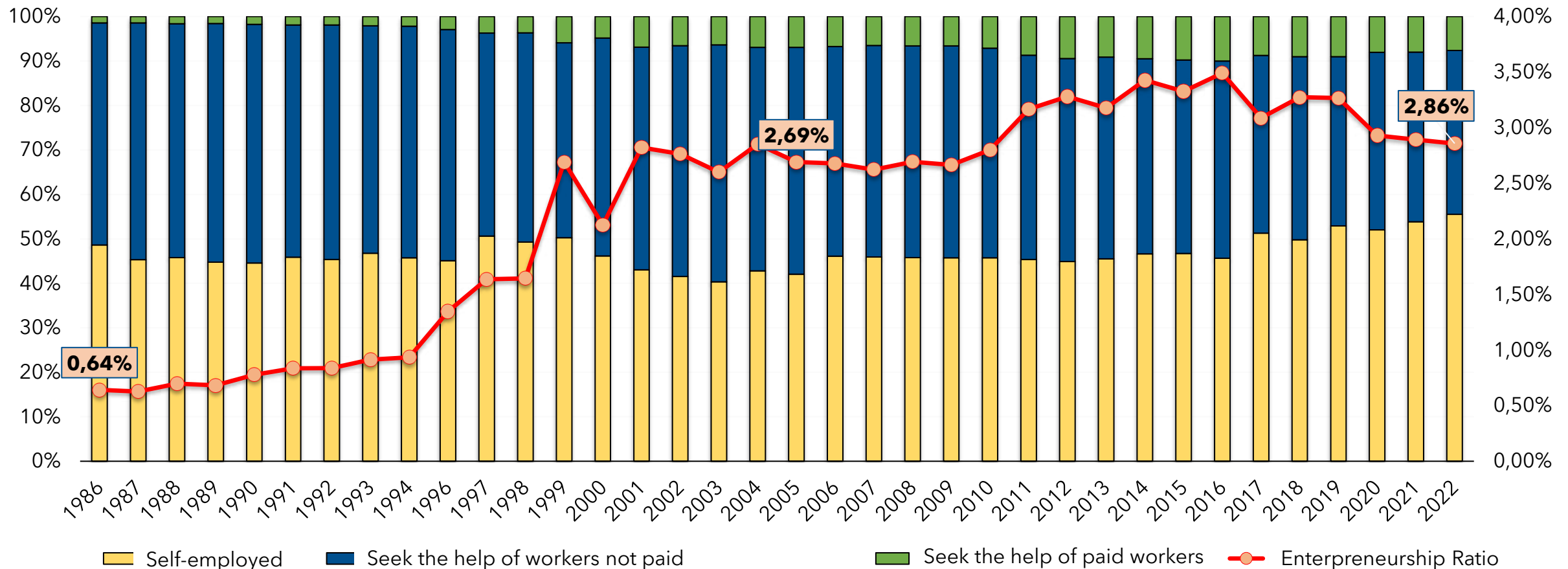


Total Investment
60%

Source: Kementerian Koperasi dan UKM, 2022

National Entrepreneurship Ratio Increases, but Not Significantly

As the proportion of the workforce who are **self-employed and who are assisted by permanent workers** increases during 1986-2022, the entrepreneurship ratio also increases. However, **the increase was only 2.22% in the last 36 years.**



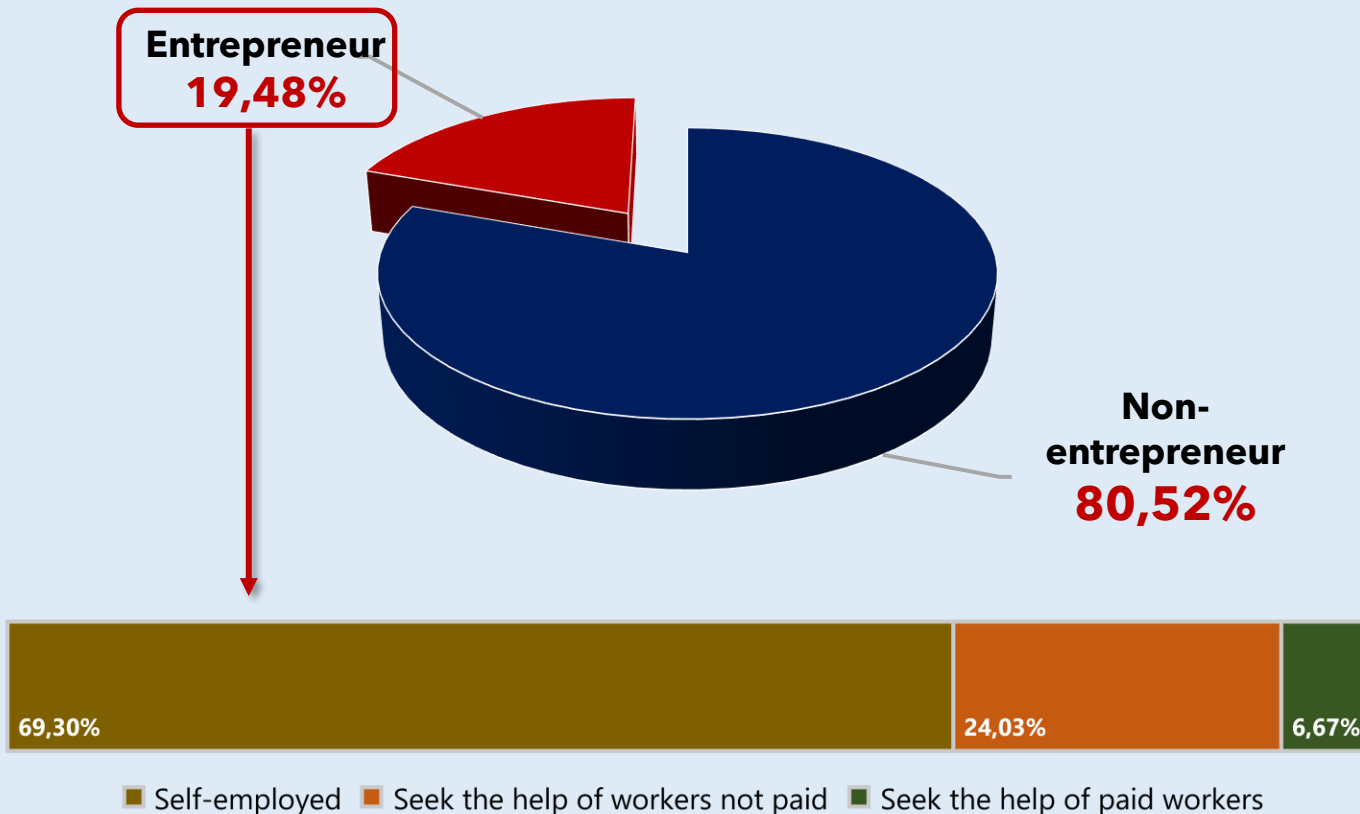
Source: Sakernas, 2022



Entrepreneurship is Still Dominated by Young Entrepreneur on a Small Scale

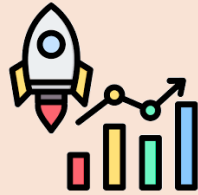
Youth entrepreneurship tends to be on a small scale, relying on their own labor or unpaid labor

Proportion of The Youth Doing Entrepreneurship



Sources: Sakernas (Agt 2022) and Statistik Pemuda Indonesia 2022

Startups in Indonesia are also Dominated by Micro Businesses



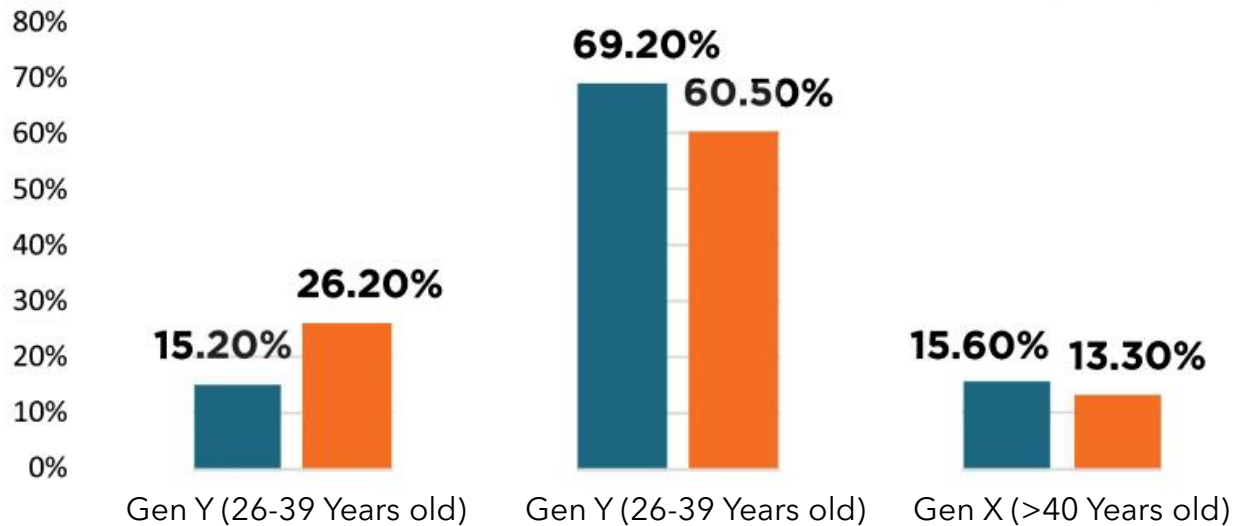
1.190

Startup Indonesia (2021)

The majority of startups are based in Jabodetabek (39.59%)

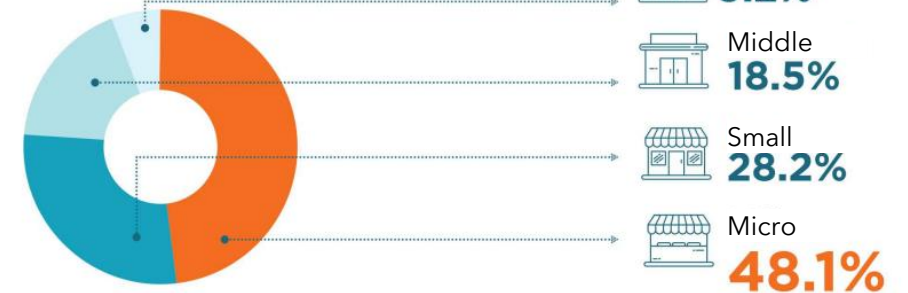
The age of founders is predominantly from Generation Y (26-39 years old)

Age of Founder



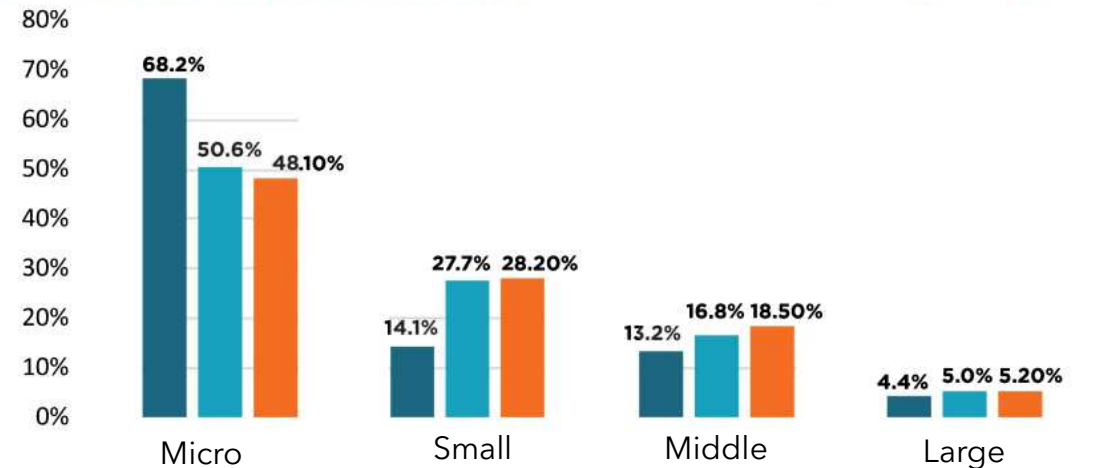
Source: Mapping & Database Startup Indonesia, 2021

The micro-scale business dominates the Indonesian startup (48.1%)



However, the micro-scale business tends to decline, while the small and medium-scale business tends to grow

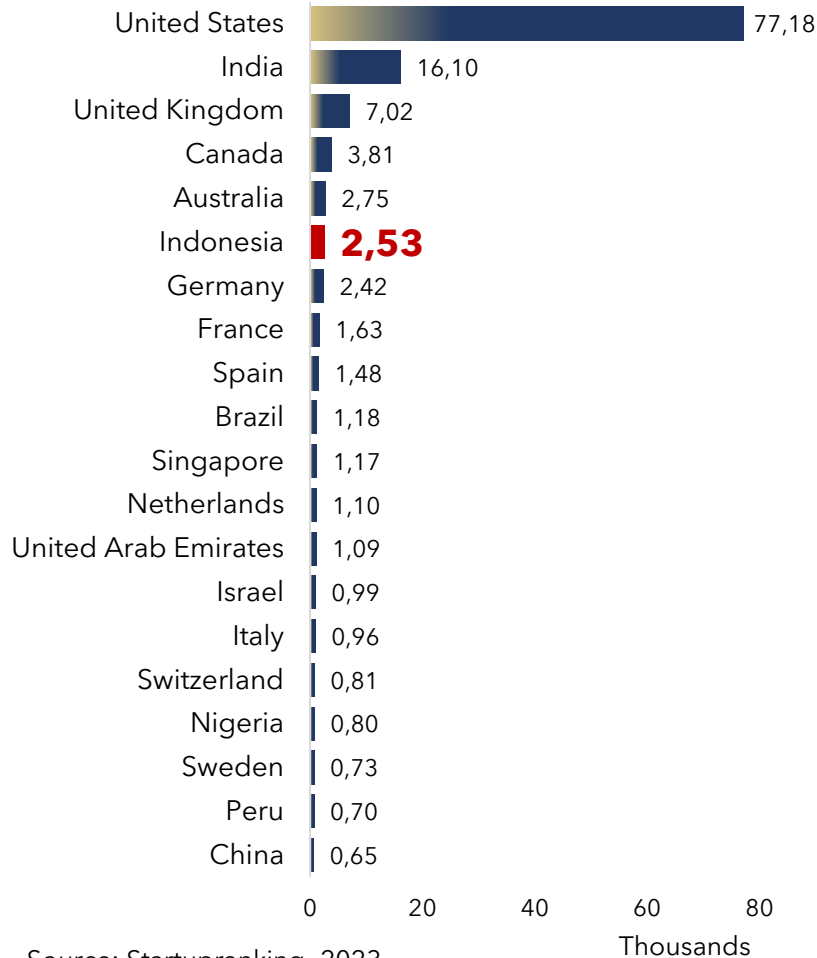
Development of Business Scale



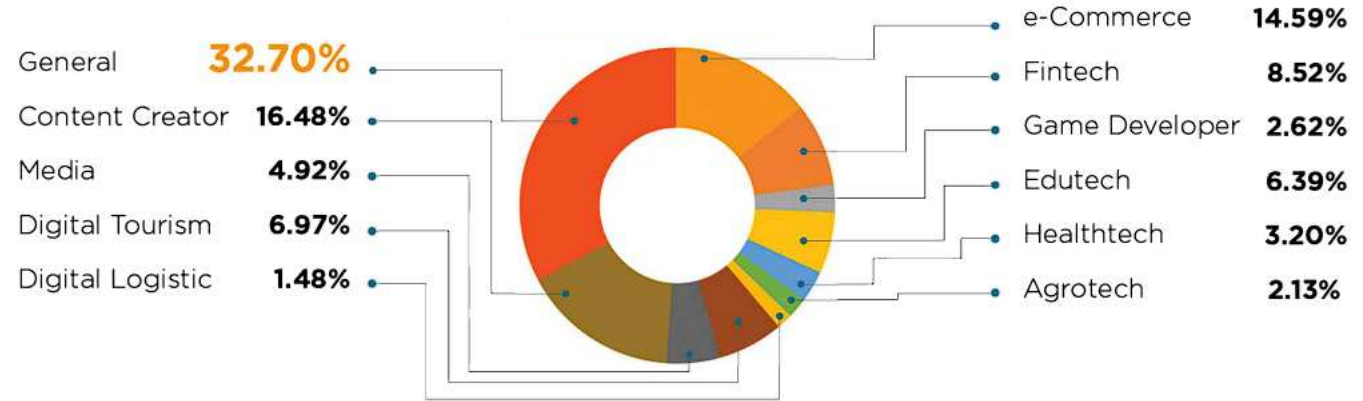
Not Only in the Service Sector, but Startups Also Need to Be Encouraged in the Production Sector

Startups in Indonesia are dominated by startups operating in the **service sector, such as e-commerce, content creators and fintech**

Number of Startups by Country (per November 2023)



Indonesian Startups by Category



Source: Mapping & Database Startup Indonesia, 2021

Emerging Ecosystems Ranking (1-30)

Emerging ecosystems are startup communities at earlier stages of growth.

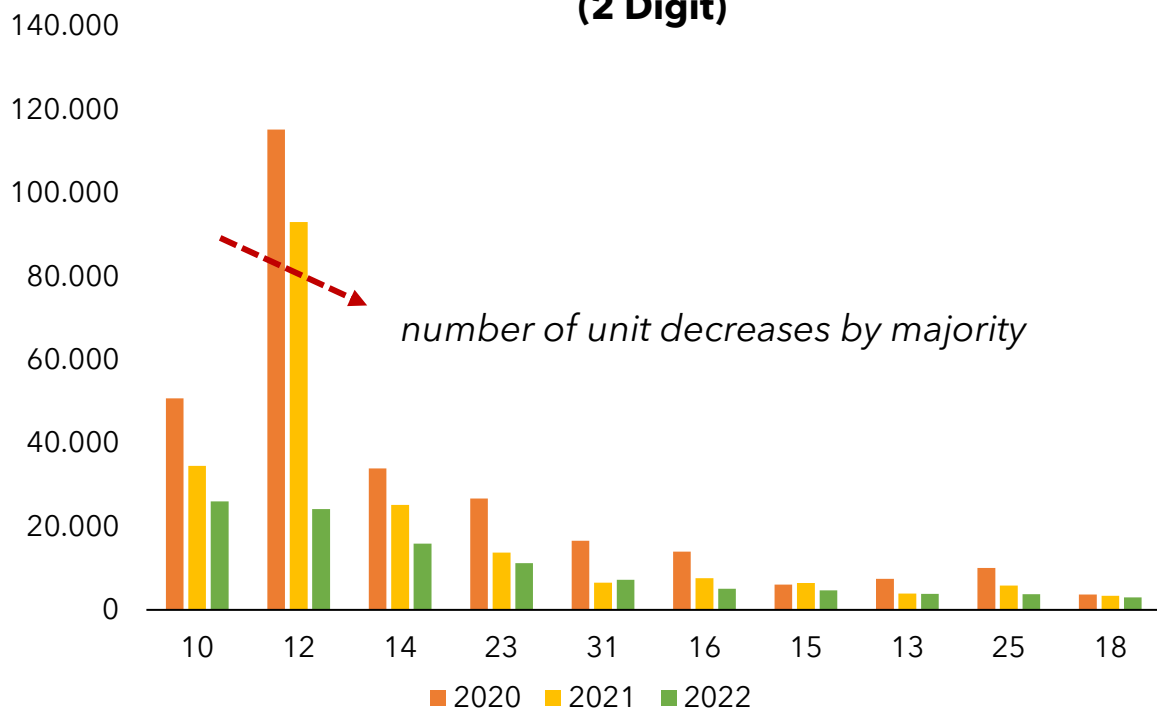
ECOSYSTEM	RANK	PERFORMANCE	FUNDING	CONNECTEDNESS	MARKET REACH	KNOWLEDGE	TALENT & EXPERIENCE
COPENHAGEN	1	10	10	9	10	4	10
HONG KONG	2	9	9	9	10	1	10
DETROIT	3	10	9	7	8	6	9
BARCELONA	4	9	10	10	6	3	10
DUBLIN, MI	5	9	8	10	9	7	10
MANCHESTER-LIVERPOOL	6	10	8	9	4	6	10
BRUSSELS	7	9	9	10	9	7	8
RESEARCH TRIANGLE, NC	8	9	8	9	9	9	9
MINNEAPOLIS, MN	9	10	9	8	6	6	9
ESTONIA	10	7	10	1	10	1	5
HOUSTON, TX	11	10	10	7	3	4	9
DUBAI	12	8	10	10	10	1	6
MADRID	13	7	10	10	4	4	10
GUANGZHOU	14	10	3	1	8	10	10
JAKARTA	15	10	10	8	1	1	7

Source: The Global Startup Ecosystem Report 2023

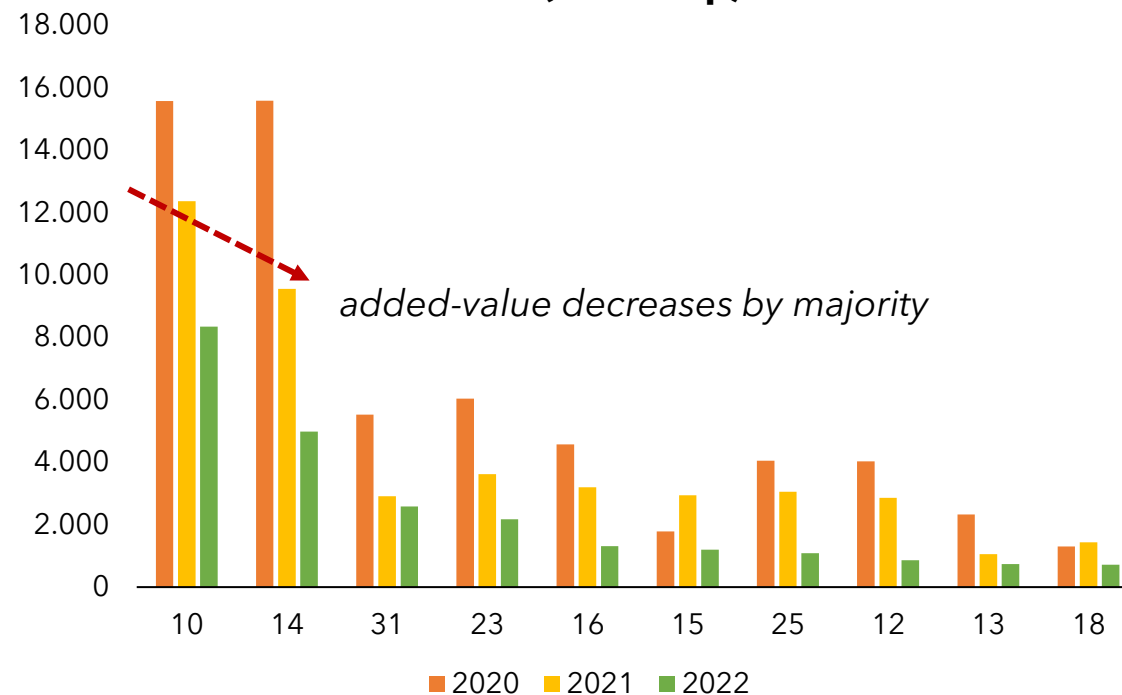


The Performance of the Small Industries Decreased

Number of Small Industries Based on KBLI (2 Digit)



Added Value of Small Industry Based on KBLI (Billion Rp)



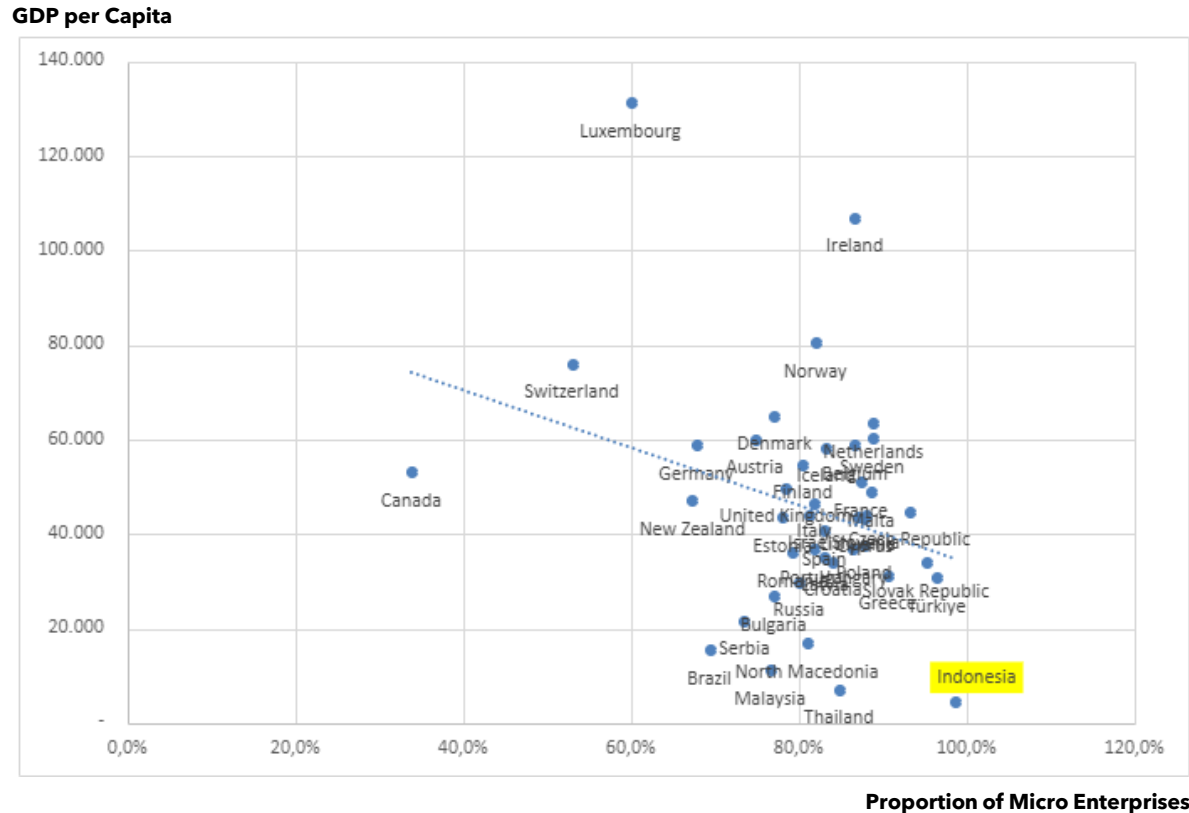
2 digit KBLI code

- 10 : Food
- 11 : Drinks
- 12 : Tobacco Processing
- 13 : Textiles
- 14 : Apparel
- 15 : Leather, Leather Goods and Footwear

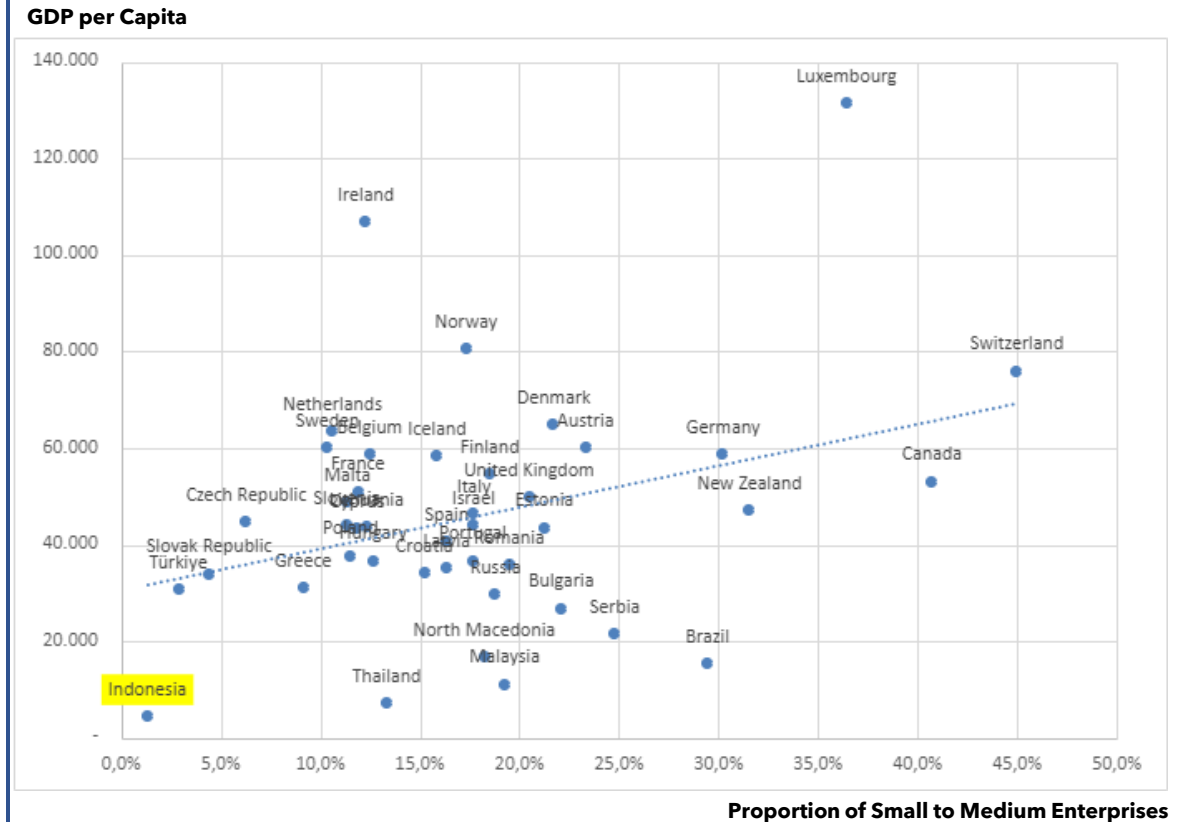
- 16 : Wood, goods made of wood and cork (excluding furniture) and woven goods made of bamboo, rattan and the like
- 18 : Printing and Reproduction of Recorded Media
- 23 : Non-Metal Excavated Items
- 25 : Metal Goods, Not Machinery and Equipment
- 31 : Furniture

To Increase National Income, The Proportion of Small Businesses should be Increased by Encouraging Micro Businesses to Move up to Small Scale

Micro-Enterprises X GDP per Capita



Small-to-Medium Enterprises x GDP per Capita



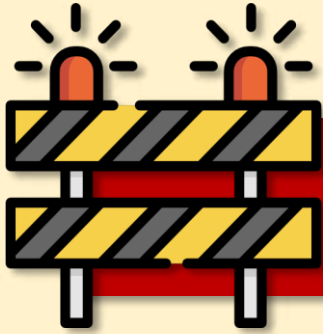
Countries with **higher per capita income tend to have a smaller proportion of micro-enterprises** and a larger proportion of small and medium-sized enterprises.

Source: OECD 2022

It is necessary for **encouraging micro businesses to upgrade to small businesses** while strengthening small and medium businesses so they can develop further.



Indonesian MSMEs also Encounter Other Obstacles and Weaknesses



Obstacles to MSMEs in Indonesia

51,09% access to financing and capital

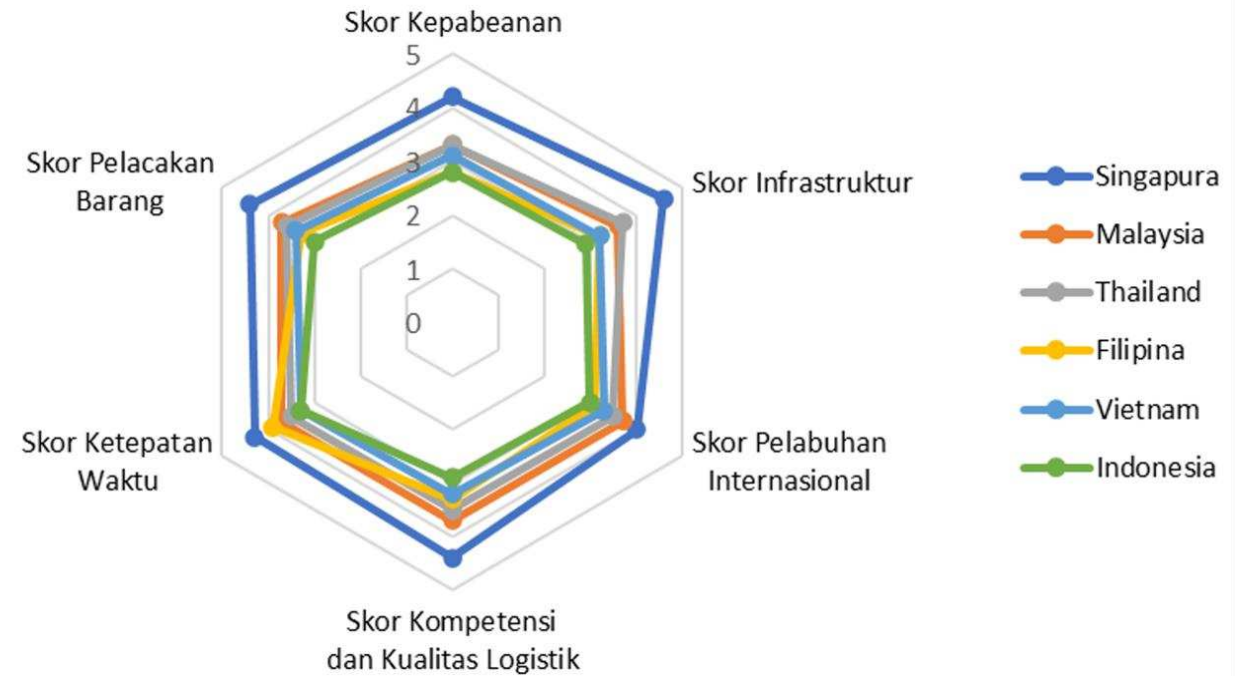
34,72% market access, marketing and promotion of MSME products

8,59% access to raw materials and production tools

5,24% other obstacles

Source: Kementerian Koperasi dan UKM, 2022

Indonesia's logistics performance is low compared to other ASEAN countries.



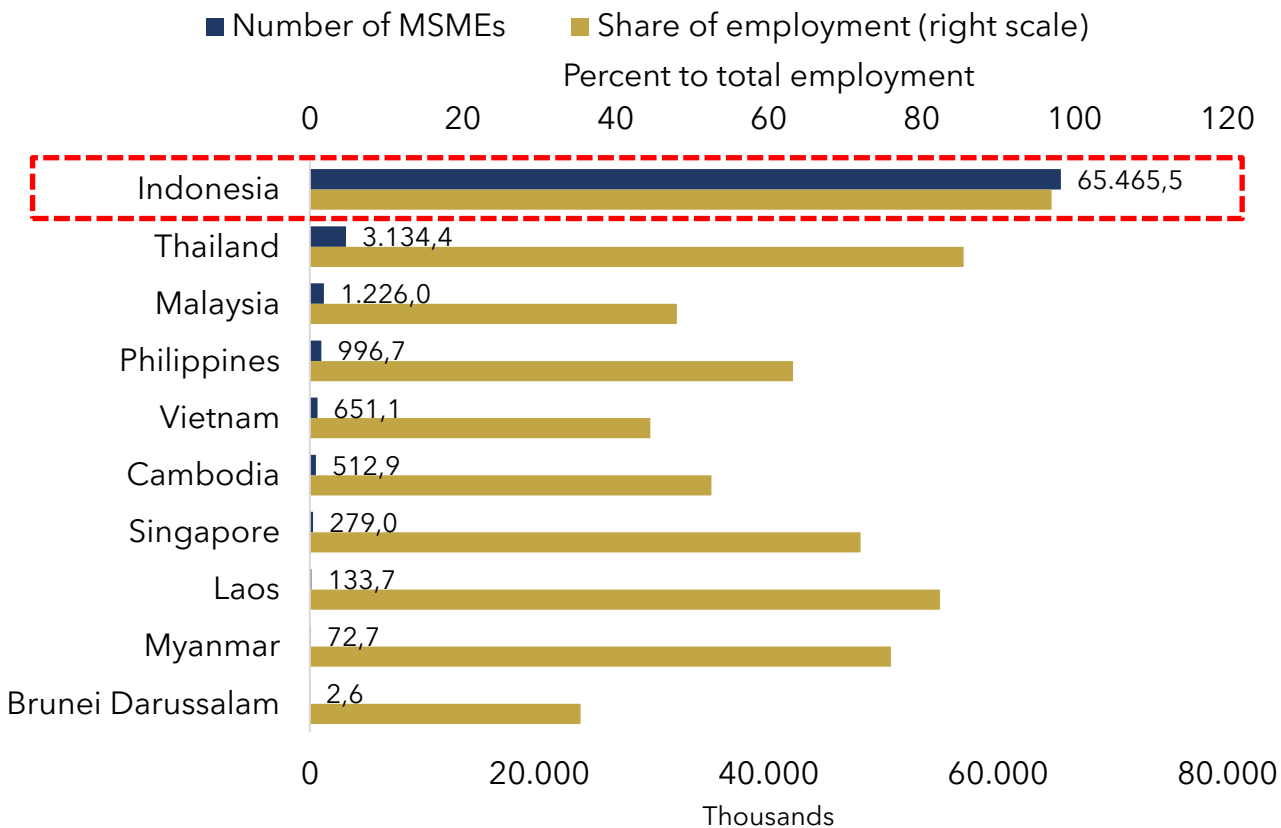
- ✓ **Weaknesses include** tracking systems, information accuracy, and slow data access.
- ✓ **The government needs to focus on** delivery times, document processing, delivery of goods, and adherence to schedules.



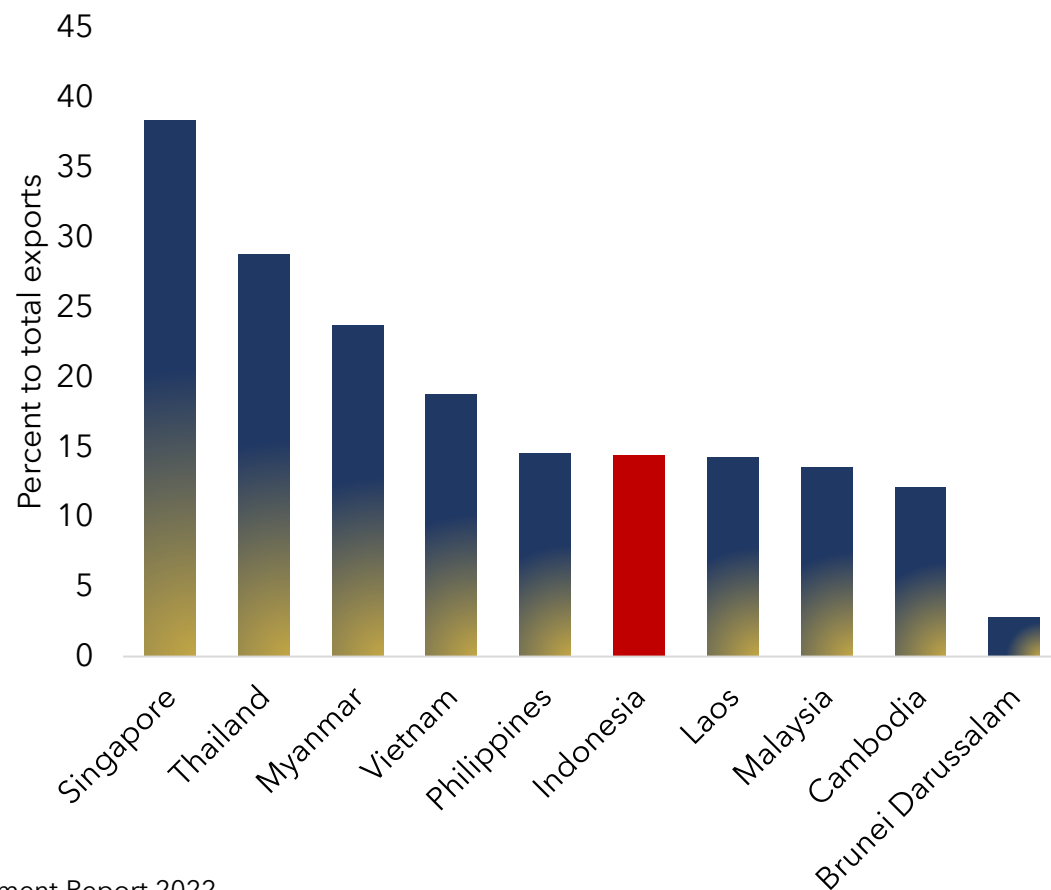
MSMEs Export Contribution is Still Relatively Low Compared to The Peers

The number and labor absorption of MSMEs in Indonesia is the highest in ASEAN, but most of these MSMEs are not yet connected to the global market.

Number of MSMEs and Share of Employment in ASEAN countries in 2021



Share of MSME exports from ASEAN countries



Source: ASEAN Investment Report 2022



Start-Ups should contribute to innovation in creating Value Chain

Downstream Strategic Commodities

- Indonesia is No. 1 Coconut Producer
- Average coconut production 18.04 million tons
- Downstream products: biofuel, cooking oil, coconut flour



- Average Sorghum production in Indonesia 4,000 - 6,000 tons
- A little-known benefit of sorghum is that it reduces inflammation and prevents cancer
- Downstream products: chips, flour, biscuits, medicine



- Indonesia is No. 4 Seaweed Producer
- Average seaweed production 231,829.7 tons
- Downstream products: carageenan flour, jelly, cosmetics, capsules



- Indonesia's biodiversity is ranked 2nd in the world.
- About 80% of the world's medicinal plant species come from Indonesia's ropis forests
- There are currently 24 types of phytopharmaceutical products
- Downstream products: perfume, essential oils, cosmetics



- Indonesia is No. 6 Gold Producer
- Average primary gold resources reach 15.05 billion tons
- Downstream product: jewelry



- Indonesia is the No. 1 fish producer
- Average production of 17.76 million tons
- Downstream products: processed flour, cakes, milk



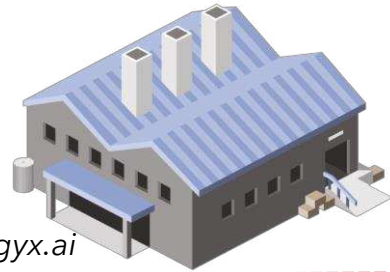
Source: BPS, Katadata, Kemenperin



Lesson Learn: Start Up in South Korea

ENERGYX

- ❑ The company has created a **platform to create ESG sustainable architecture and enable the construction of zero-energy buildings**
- ❑ Reduce the impact of **fossil fuel emissions on the climate**, with buildings being one of the biggest culprits.



Website: energyx.ai



42dot

- ❑ The company operates in the **technology market and provides autonomous mobility services through the development of UMOS** (Urban Mobility Operating System).
- ❑ This is achieved through a fleet of ground and air **vehicles that are driverless**.



Website: 42dot.ai

Imagoworks

- ❑ The company works in the **artificial intelligence market and creates cloud-based software for the provision of medical and dental services**.
- ❑ They are breaking new ground in the digital dentistry market.



Website: dentbird.com

N.THING

- ❑ The company aims to **create a sustainable ecosystem by combining agriculture with IoT technology**.
- ❑ It is on a mission to innovate the **farm-to-table food value chain** and provide fresh, high-quality crops to everyone.
- ❑ With a dedicated operating system, **environment control** is possible and farms can be managed by **anyone, anywhere**.



Website: nthing.net



Lesson Learn: Start Up in USA

SurveyAuto



One of the latest startups in the AI industry that **collects precise survey results** through geolocation, call records, hyperspectral imagery, and open street maps.

Eyeware tech



Eyeware Tech is **a revolutionary startup in the camera tracking and recognition industry**. The software is developed to cater to real-world issues such as security, buyer choice, human intentions, etc. It uses patent-pending computer vision algorithms, to increase human-machine engagement.

Meatable



- Meatable is an organic meat production company that **produces and sells lab-grown meat in the market**.
- Meatable may have found the answer to increased food security without compromising on taste, health, and of course the real meat.

InVideo



- InVideo is **an online software program that offers seamless inventive video creation services**.
- It helps marketers, entrepreneurs, agencies, other small businesses to make professional-looking videos with ease and to create videos in a simple and frictionless method.

Summary.....

The Indus Entrepreneurships should play a key role in achieving the 2045 Vision of Indonesia, embracing an advanced economy:



Shifting the startups from services to: manufacturing and creative economy, with the touch of innovation and technology



Opening the global access of Indonesian start-ups:

- (i) market access; and
- (ii) technology and innovation access



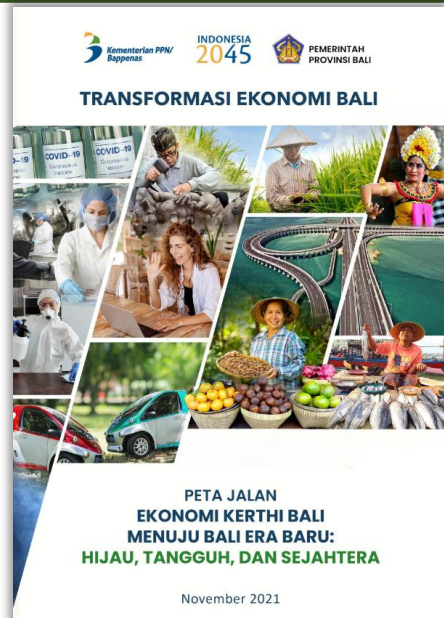
Ensuring partnership between start-ups and large-scale manufacturing industries



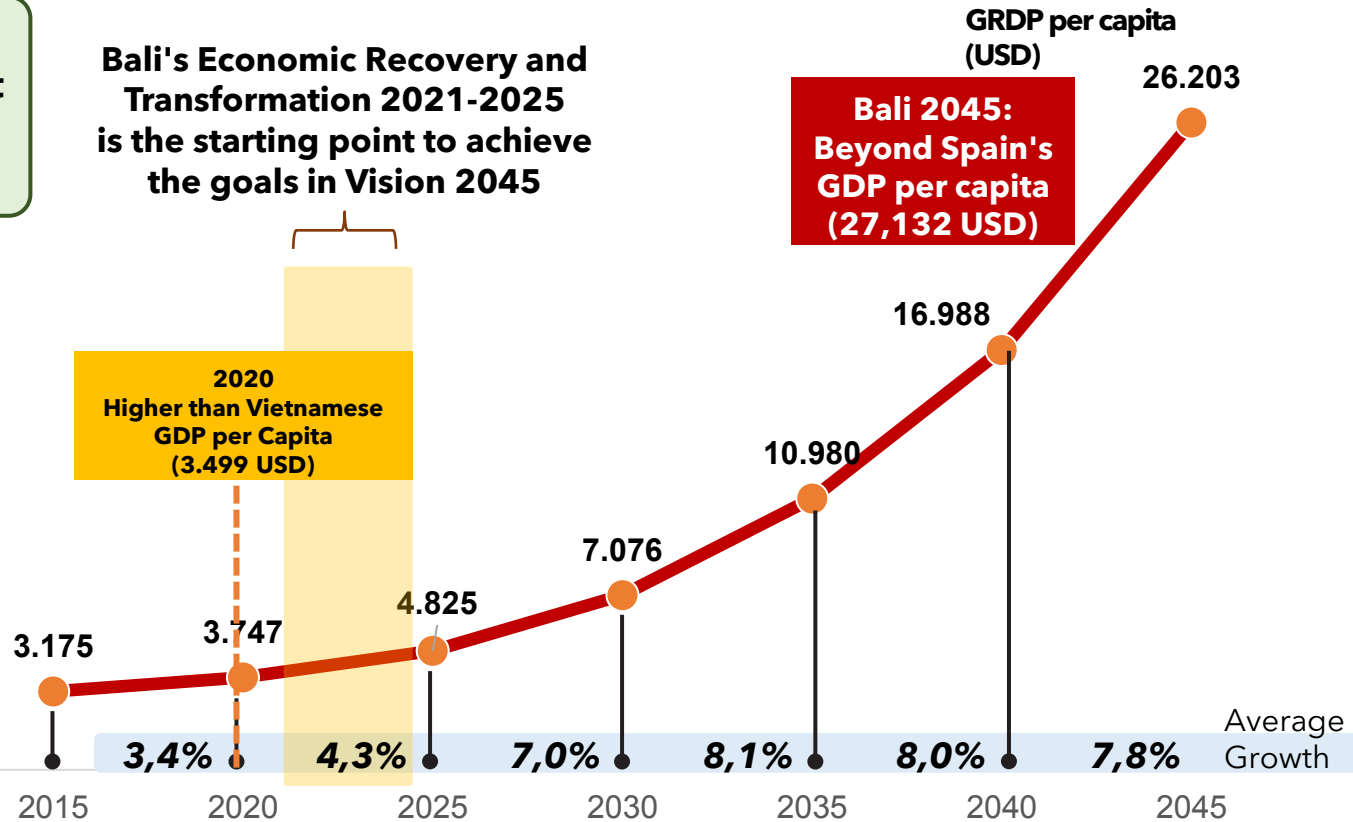
Creating a conducive ecosystem for start-up to grow faster

Bali Kerthi Economic Transformation

Roadmap of Bali "Kerthi" was **launched by President Republic of Indonesia** on 3 December 2021



Bali's Economic Recovery and Transformation 2021-2025 is the starting point to achieve the goals in Vision 2045



ECONOMIC RECOVERY AND TRANSFORMATION must be carried out immediately to strengthen Bali's economic structure towards a New Era of Bali : Green, Productive, and Prosperous

Bali Kerthi Development Fund

Creative and Innovative

Not relying on conventional financing

Not Relying on APBD or APBN (Govt Budget)

Special purpose vehicle (SPV) to channel and manage development financing that comes from non-government sources and is used specifically for development activities related to the Kerthi Bali Economic Transformation.

A platform to synergize and generate innovative financing

Financial hub in Bali that analyzes investment needs and economic impact of investments



**"Coming Together is a Beginning;
Keeping Together is Progress;
Working Together is success."
-Henry Ford-**





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2023

Thank You