



Internship Focuses on Canada's Support System for Women's Entrepreneurship and Recommendations for Indonesia

TPSA collaborated with the Angel Investment Network Indonesia (ANGIN), Indonesia's first and largest network of its kind, to learn from Canada's policies, regulations, and programs on women's entrepreneurship and to identify potential practices that may be applicable to Indonesia.

Background

Women entrepreneurs bring economic and social benefits not only to their families, but also to their communities. Several studies point to four common factors as the underlying reasons for this. First, women entrepreneurs tend to reinvest their income in the health, education, and welfare of their families and communities. Second, they often spark other women's interest in participating in the economy. Third, their success inspires other women to start their own businesses. Fourth, women entrepreneurs have a greater propensity to employ women compared with male entrepreneurs, thus leading to more job creation for women.

But despite the economic and social contributions of women entrepreneurs, women's participation in the Indonesian economy is still limited. One of the measures that has been taken to address this challenge is to encourage self-employment among women. However, the proportion of women-owned small- and medium-sized enterprises (SMEs) in Indonesia is still low (approximately 9.1 per cent of GDP).¹

To increase women's participation in entrepreneurship, existing measures may need to be fur-



Valencia Dea presents her research findings at The Conference Board of Canada on May 9, 2018.

ther improved and new ones developed to support women as they establish new businesses and grow their existing ones. To identify such measures, it is crucial to understand Indonesia's current support system (including policies, regulations, and programs) and the challenges facing women entrepreneurs.

As Indonesia's first and largest network of angel investors, the Angel Investment Network Indonesia





(ANGIN) has created a program dedicated to supporting women entrepreneurs. To assist in this effort, TPSA hosted a member of ANGIN's management team, Ms. Valencia Dea, for a nine-week internship at the offices of The Conference Board of Canada in Ottawa from March 19 to May 18, 2018. Ms. Dea is an investment associate at ANGIN who is experienced at facilitating angel investment deals.

During her internship, Ms. Dea undertook a study examining the state of women's entrepreneurship in Canada and Indonesia. Canada was chosen as a comparator due to its extensive existing programs that support and promote women's entrepreneurship. In the study, she sought to identify Canadian policies, regulations, and programs that support and promote women's entrepreneurship that could be applicable to Indonesia.

Internship Activities

The study combined desk research, a survey, and interviews with respondents from government institutions, the private sector, and academia. Sixty documents, including research reports, policy notes, journals, and online resources, were consulted for desk research. A total of 20 people were interviewed, either in person, via Skype, or by phone. In-person interviews were conducted in Ottawa, Montréal, and Toronto. Skype or phone interviews were used to speak with individuals based in other provinces. Fifteen people from across Canada were surveyed via e-mail, due to time constraints and geographical distance from Ottawa.

The first month of Ms. Dea's internship was dedicated to desk research and the collection of information on both Indonesian and Canadian policies, regulations, and programs supporting women's entrepreneurship. During that period, target institutions and potential interview subjects were identified, short-listed, and contacted to confirm interview schedules and surveys.

Interviews began in Montréal, where Ms. Dea spoke with representatives of institutions that provide support for entrepreneurs at various stages of their businesses, from initiation/start-up to additional/growth funding and networking. She met with École des Entrepreneurs du Québec, Fondation Montréal Inc., and FEM International to discuss the types of



Valencia Dea and representatives from the Embassy of the Republic of Indonesia in Ottawa. L-R: Ahmad Indra, economics group; Christophorus Barutu, Trade Attaché; Ms. Dea; Aurora Dwita Pangesu, Second Secretary for Economic Affairs.

support they offer for entrepreneurs whose businesses are still in the early stages.

École des Entrepreneurs du Québec offers syllabus-based training, workshops on specific topics, and other support services catering to men and women entrepreneurs who are starting a business, growing their current business, or acquiring new business. Most students attending this entrepreneurship school are referred by the SME department of the city of Montréal (PME MTL) which, in some cases, provides scholarships to these students and soft loans once they are determined to be ready to run a business. PME MTL also provides coaching and training for both men and women entrepreneurs.

Fondation Montréal Inc. offers grants and customized business services for young entrepreneurs in the early stages of their businesses, which are mostly in the digital technology field. FEM International provides support for women entrepreneurs interested in developing ethical-fashion businesses.

Ms. Dea also met with Femmessor and the Business Development Bank of Canada (BDC) to discuss programs that offer financial services for women entrepreneurs. Femmessor offers conventional or equity loans to Québec-based, women-owned businesses, while the Government of



Canada's loans provided through BDC programs are available nationwide to women-owned SMEs.

Interviews continued in Toronto and Ottawa. In Toronto, Ms. Dea interviewed a university-based business incubator, a provincial government organization, and two women's business associations. She visited the Digital Media Zone (DMZ) of Ryerson University to learn about the support it provides to women entrepreneurs. DMZ is Canada's leading business incubator for technology start-ups by both men and women entrepreneurs. However, it also offers a program dedicated exclusively to women entrepreneurs. The DMZ Women Founders Program is an accelerator program for tech start-ups that have at least one full-time woman founder or co-founder. The four-month program focuses on improving business expertise, customer development skills, networking, and pitching skills for funding.

Ms. Dea also met with the Ontario Centres of Excellence (OCE) to discuss provincial government programs that support women's entrepreneurship. The OCE established the Campus-Linked Accelerator (CLA) Program to deliver financial support to entrepreneurial programs developed by tertiary institutions. During her visit to Toronto, Ms. Dea also interviewed the local chapter of the Organization of Women in International Trade (OWIT) and the Women in Biz Network (WIBN). OWIT helps women entrepreneurs connect with other stakeholders, educates them about international trade, and assists women-owned businesses that want to enter the Canadian market. WIBN is a membership-based network focused on enhancing women's business skills through mentorship.

In Ottawa, interviews were conducted with IgniteAC at Algonquin College, the University of Ottawa, the International Development Research Centre (IDRC), InvestOttawa (run by the City of Ottawa), and L-SPARK, a business accelerator program for software development companies.

Institutions farther afield were interviewed via Skype or by phone. These included the Economic Development Regions of Canada for the Province of Québec, the Forum for Women Entrepreneurs (FWE), Women Entrepreneurs

Saskatchewan (WESK), the Prince Edward Island Business Women's Association (PEIBWA), and Communitech, a public-private partnership that supports tech companies at various stages of their business.

"Entrepreneurship is recognized as one of the major catalysts of Indonesia's economic development. We witness an increasing number of women striking out on their own and setting up new ventures. While women's rights, women's economic empowerment, and the recognition of their importance have notably progressed in Indonesia, a lot of work remains to be done. Countries like Canada have demonstrated a continuous commitment to women's entrepreneurship, and this research has been eye-opening in capturing the advanced ecosystem support provided to women entrepreneurs in Canada. The report produced by Valencia Dea during her internship is a unique piece of information that will advance the work of Indonesian organizations and government institutions seeking to empower women entrepreneurs."

DAVID SOUKHASING
 Managing Director, ANGIN
 (Angel Investment Network Indonesia)
 Managing Partner, ANGIN Women Fund

Presentation of Results

Ms. Dea presented her findings, conclusions, and recommendations for next steps to officials from the Embassy of the Republic of Indonesia in Ottawa and staff of the Conference Board. The presentation took place on May 9, 2018 at the Conference Board's offices.

Summary of Findings

Women entrepreneurs in Indonesia and Canada face similar barriers, but differ as to details and degree

Key barriers identified by women entrepreneurs in both countries included confidence issues and limited access to capital, networks, and skills-development programs. There were some differences as to the specific issues or degree of



Valencia Dea receives her certificate of internship completion from Paul Darby, TPSA Project Director.

significance of the issues identified by women entrepreneurs in Indonesia and in Canada.

Limited Access to Capital

The most-cited challenge by Indonesian women entrepreneurs was limited access to capital due to collateral demands from financial institutions. Canadian women entrepreneurs identified limited availability of growth capital as their main financial challenge.

Limited Access to Skills-Development Programs

While women entrepreneurs in both Indonesia and Canada recognize that barriers to skills-development programs exist in both countries, they have different perceptions of specific issues related to this barrier. For example, Indonesian women entrepreneurs perceived that programs are too male-oriented (that is, they do not meet women's needs) more than Canadian women entrepreneurs did. Indonesian women also noted that programs were often not available within their geographic area.

Socio-Cultural Norms and Confidence Gap

Women entrepreneurs in both Indonesia and Canada recognize that household responsibilities predominantly fall on women. This double burden was the most-cited issue in this category. However, the issue was perceived to be less significant by women in Indonesia compared to those in Canada because childcare is quite affordable in Indonesia,

while it is costly in Canada. Expensive childcare services as a constraint to women's mobility was recognized as a significant issue among women entrepreneurs in Canada.

The confidence gap was also identified as an issue by women entrepreneurs in both countries.

The Government of Canada's support for women entrepreneurship is holistic, while such support in Indonesia remains limited and private-sector driven

All three levels (federal, provincial, and municipal/city) of government in Canada proactively support women's entrepreneurship and address the challenges they face. Policies exist to address, among other issues, limited access to capital, socio-cultural norms, and challenges with exporting and procurement deals.

For example, to address limited access to capital, the federal government established a loan facility through BDC that is accessible by women-owned SMEs across Canada. Provincial governments also seek to address this issue by disbursing financial aid via women-focused organizations within their respective jurisdictions.

Another example is the policy of some provincial governments to address the high cost of childcare services as a constraint to women's mobility. This issue was identified as one of the most significant barriers facing Canadian women entrepreneurs. To alleviate the financial burden of childcare, the provincial governments of Ontario and Québec each provide subsidies for childcare services.

Indonesia takes a completely different approach to supporting women entrepreneurship. Support is mainly driven by the private sector, namely accelerator and incubator programs, business associations or networks, financial providers, and other forms of support (e.g., ad hoc workshops or summits). However, the private sector has limited resources and views lending to SMEs as a huge risk. In addition, as most of the private-sector players providing support for women entrepreneurs are headquartered in Jakarta, programs are highly centralized in Jakarta and its surrounding areas. This means that support programs have very limited reach.



Key Learnings From Canada

Governments play an important role as catalysts

Various levels of government in Canada have been instrumental in fuelling women's entrepreneurship. An example of support at the federal level is the loans made available by BDC via a nationwide program for women-owned SMEs. These loans are offered through women entrepreneurs' associations. For example, Femmessor receives a loan from BDC and an annual grant from the Government of Quebec to support its operations, and the Government of Ontario stimulated tertiary institutions to develop entrepreneurial programs that are then eligible for financial assistance from the government.

Local champions can be important change agents

Local champions (individuals and institutions) in Canada have the power to bring about change. For example, Vicki Saunders, the founder of SheEO, acts as a catalyst for change with her program of gathering groups of 500 women who each donate \$1,100 to a fund that makes zero-interest loans to five venture companies founded and run by women.

Working synergistically avoids duplication and overlap of programs

The government, private sector, and academic institutions in Canada work synergistically to support women's entrepreneurship. By doing so, they avoid unnecessary overlapping of roles and duplication of efforts. For example, the Government of Canada's Business Women in International Trade

(BWIT) is dedicated to helping women-owned SMEs who are ready to export. BWIT refers those that are not yet export-ready to women's entrepreneurship centres or associations to receive proper support services. Correspondingly, those centres or associations refer export-ready businesses to BWIT to receive guidance and assistance on how to export.

Recommendations for the Indonesian Government

Facilitate and/or support the development of women-friendly financial products and services

The Government of Indonesia should consider extending the reach of its current micro credit program (*Kredit Usaha Rakyat*) for SMEs, as well as the revolving-fund management agency for micro, small, and medium-sized enterprises (MSMEs).² Women's business associations or networks could play an instrumental role in this effort by combining business advisory services with the government's financial products.

Another recommendation is for the government to become a limited partner in a fund for women entrepreneurs to provide grants that financially support the operations of the above-mentioned financing organizations.

A third recommended action is a loan-matching scheme, where the government could provide matching funds to women entrepreneurs in the amount they manage to raise. These arrangements are similar to the one between the BDC and Femmessor, and between the Government of Quebec and Femmessor.

Support networking within women entrepreneurs' associations or networks

By providing financial assistance, the government could be instrumental in helping existing women entrepreneurs' associations and networks extend their reach nationwide. With the government's financial support, these associations or networks would also have additional resources to initiate more networking programs.



Information-sharing session at the Conference Board offices in Ottawa on May 9, 2018.



Staff from The Conference Board of Canada and representatives from the Embassy of the Republic of Indonesia in Ottawa celebrate a successful internship program.

Set up a one-stop portal where women entrepreneurs can find information and connect with relevant contacts

The government may wish to consider providing financial assistance to establish a one-stop online portal that offers a wide range of business services dedicated to women entrepreneurs. Such a portal would offer a solution for women entrepreneurs who face time and mobility constraints.

Support existing women-focused business development programs

Another area where the government could extend financial assistance is to women-focused business development programs. With the government's financial aid, organizations would have additional resources to sustain, improve, and scale up their operations. This would in turn allow such organizations to have a larger impact on women entrepreneurs.

Incorporate tailored services for women entrepreneurs at existing business development centres

The government could leverage its existing integrated services centres for cooperatives and micro, small, and medium-sized enterprises to develop gender-inclusive programs and integrate women-targeted services at the centres. A more gender-inclusive program could mean adjusting the program hours to provide opportunities for women entrepreneurs to participate, having a fair gender balance of mentors and facilitators, or facilitating women entrepreneurs' access to networks and financing opportunities.

About the TPSA Project

TPSA is a five-year C\$12-million project funded by the Government of Canada through Global Affairs Canada. The project is executed by The Conference Board of Canada, and the primary implementation partner is the Directorate General for National Export Development, Ministry of Trade.



TPSA is designed to provide training, research, and technical assistance to Indonesian government agencies, the private sector—particularly small and medium-sized enterprises (SMEs)—academics, and civil society organizations on trade-related information, trade policy analysis, regulatory reforms, and trade and investment promotion by Canadian, Indonesian, and other experts from public and private organizations.

The overall objective of TPSA is to support higher sustainable economic growth and reduce poverty in Indonesia through increased trade and trade-enabling investment between Indonesia and Canada. TPSA is intended to increase sustainable and gender-responsive trade and investment opportunities, particularly for Indonesian SMEs, and to increase the use of trade and investment analysis by Indonesian stakeholders for expanded trade and investment partnerships between Indonesia and Canada.

The expected immediate outcomes of TPSA are:

- improved trade and investment information flows between Indonesia and Canada, particularly for the private sector, SMEs, and women entrepreneurs, including trade-related environmental risks and opportunities;

- enhanced private sector business links between Indonesia and Canada, particularly for SMEs;
- strengthened analytical skills and knowledge of Indonesian stakeholders on how to increase trade and investment between Indonesia and Canada;
- improved understanding of regulatory rules and best practices for trade and investment.

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ENDNOTES

- ¹ See, for example, International Finance Committee (IFC), *Women-Owned SMEs in Indonesia: A Golden Opportunity for Financial Institutions* (Washington, D.C.: IFC, 2016).
- ² The *Kredit Usaha Rakyat* (People's Credit for Business) program offers credit to micro, small, and medium-sized enterprises at an interest rate below 10 per cent, compared with other lending institutions that charge as high as 13 to 23 per cent.