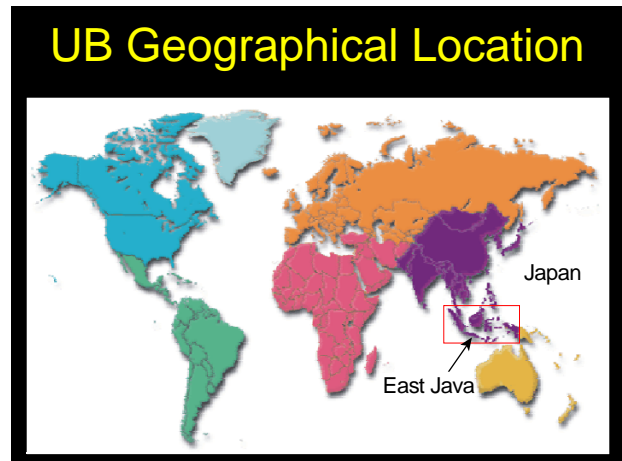


## Soft Loan Scheme for Local Industry by Academic Sector: Brawijaya University Experience

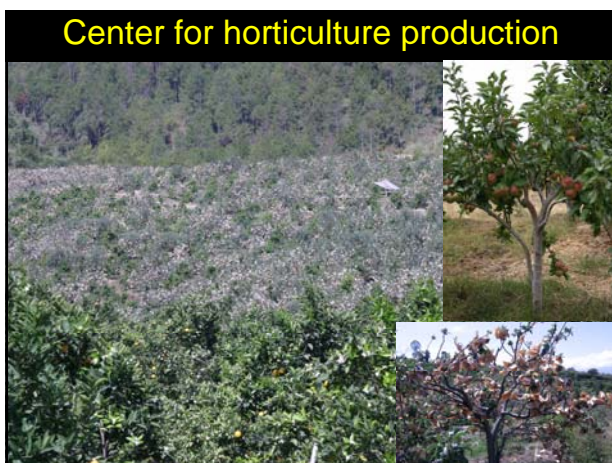
L. Setyobudi, Ph.D.  
Professor and Head of UBPEC  
ubpec@brawijaya.ac.id




## UB Geographical Location



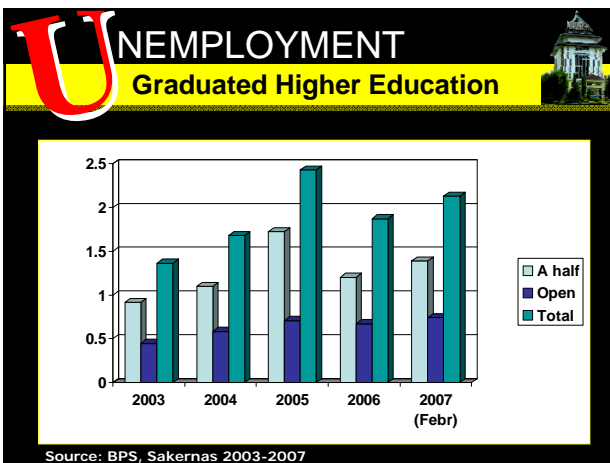

## Center for horticulture production



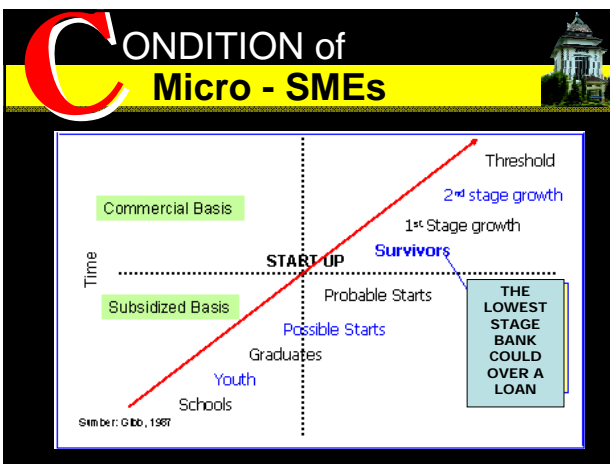
## BACK GROUND



- Numbers of University Graduate Unemployment
- Entrepreneurship Education since 1998, however most graduate is job seeker instead of job creator
- UB as Public University is expected must be response to the regional economic development for poverty alleviation
- To improve soft skill of students

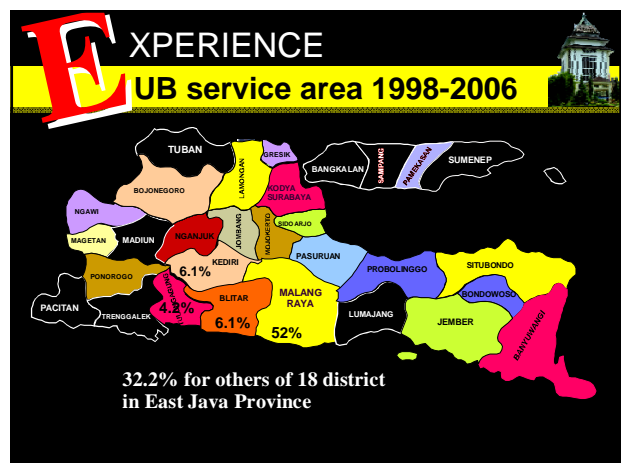


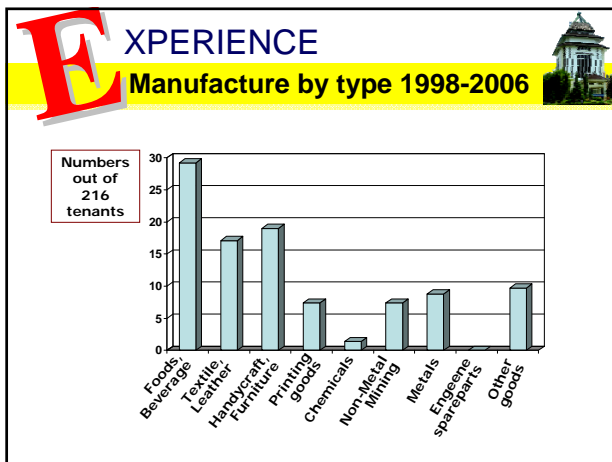
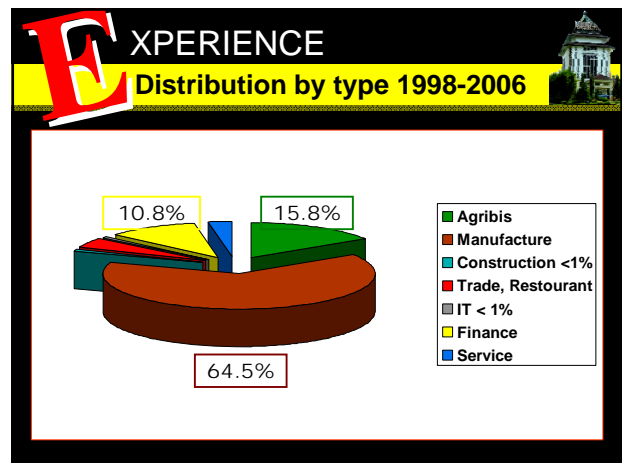
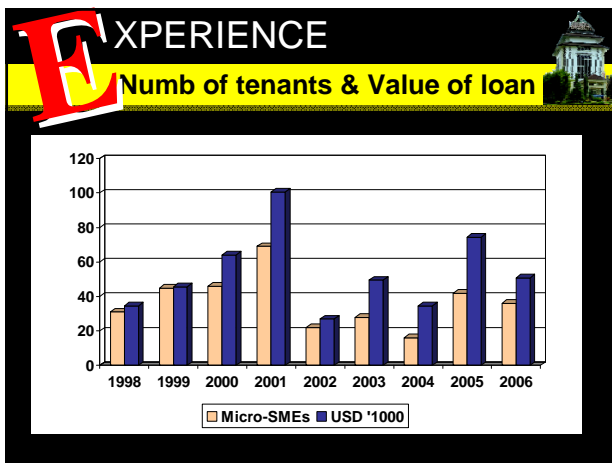
- ## Profile Micro-SMEs BI 2005
- Most does not officially registered.
  - Most does not willing to get loan from commercial bank because of many reasons:
    - SMEs did not like such bureaucratically procedure of commercial bank
    - Too high loan interest for micro-SMEs
  - Lack of business management & **not bankable**
  - Production technique in efficient & no standardize



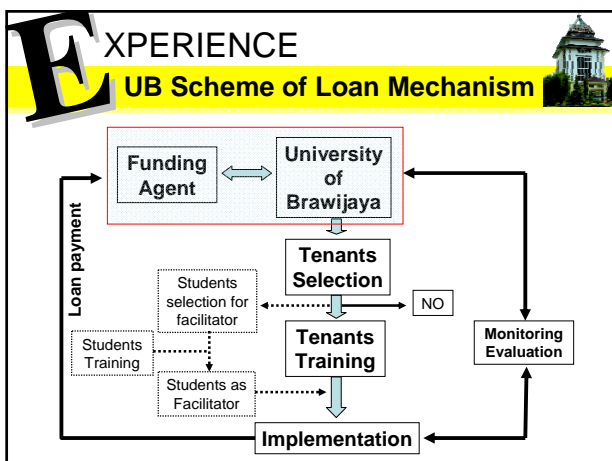
- ## EXPERIENCE UB Business Incubator
- Started in 1998, in collaboration with Government Primer Investment Bank PT Danareksa (**1-3% profit for corporate social responsibility**) – retooling project
  - Selection Mechanism Process ( $\pm$  10% selected)
  - Training for the tenants by UB
  - Soft loan 3-6% interest/year (bank >12-16%) for 24 months period

- ## EXPERIENCE UB service type 1998-2006
- **BUSINESS MANAGEMENT SERVICES**
    - Training and Education on organization, entrepreneurship, finance, communication, etc.
    - Research and Consultant on marketing, market information etc.
    - Business Networking
  - **TECHNOLOGICAL SERVICES**
    - Technology improvement, innovation of product
  - **FINANCIAL AND CAPITAL DEVELOPMENT**
    - Financial access/assistance/soft loan, monitoring & analysis, investment, accounting, etc.





- ### EXPERIENCE
- #### UB Scheme of Loan
- Source of loan is coming from Corporate Social Responsibility (CSR) Funds of GOI enterprises (1-3% of profit)
  - Loan interest is 3-6% depending on the value of loan.
  - 4 month grace period – Fifth month start paying (Loan+Interest)/20
  - Rp 242-905 million/\$ 26,000-100,000 per year or Rp 5-50 million per tenant (Rp 9,000.- = \$ 1)
  - 46-47 average of tenants per year
  - 2 times training per year for different groups 20 students participating as multiplying effect
  - Monitoring once per year site visit and twice per month phone call



- ### EXPERIENCE
- #### UB Benefit during 1998-2006
- UB got benefit based on the agreement with the funding agent
  - UB got 70% from rate of loan interest for operational management or UB got 10% of the total value of loan per periodic (usually every Rp 400 M, but the particular bank will receive the total loan interest (3-6%))
  - **Networking** (PT Danareksa, Damandiri Foundation, Bukopin Bank, BNI 46, Dept of Agriculture), Telkom, NGOs
  - **50% rate of success**, Success Women SMEs > Men SMEs (± 30% under performing loan; ± 19% non performing loan)
  - Effective way to improve **students soft skill**

## EXPERIENCE

### GOI enterprise benefit

- Type of CSR activities:
  - Partnership program & Environmental responsibility (mainly for SMEs development)
  - Technical guidance to enhance partner's skill
  - Managerial aspects
  - Product technology quality control
  - Standarization
- GOI enterprises might do their job more efficient and University might train their students soft skill more effective

## EXPERIENCE

### Improvement 2006-2007

- Methods for facilitating using COBLAS that the effectivity already validated during pilot study in collaboration UB with Waseda University, AsiaSEED, and sponsored by JBIC
- Improvement of curriculum, give one chapter success story of applied entrepreneurship in every possible courses in UB
- June 2, 2007 UB has declared toward Entrepreneurial university
- Strengthening the role of UB since 2005 as center for Business Incubator among 22 universities networking member of University Business Incubators

## EXPERIENCE

### University of Brawijaya Business Incubator and Public Services

**UBBIPS**

GM Marketing      Secretary

**UBEEC**  
Entrepreneurship Education Center

**UBBIC**  
Business Incubation Center

**UBBC**  
Business Center

## EXPERIENCE

### Some picture of activities

PENDOKIRAN DAN PELATIHAN MANAJEMEN USHAHA  
SINERGI PENGUSAHA REKOL DAN KOPERASI DI JAWA TIMUR  
HUKUM PERJANJIAN  
06/06/2002

## EXPERIENCE

### Some picture of activities

REKAMBI CENDERA MATA

## EXPERIENCE

### Some picture of activities

