

Indonesia

**Preparatory Survey on BOP Business
for
Audio-Visual Educational Materials
in Indonesia**

Final Report

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**Independent Administrative Institution
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NHK Educational Corporation

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1. Executive Summary

1 – 1. Outline of the Research and Consistency with the Development Issue

1) Overview of the Research

Indonesia, with the 4th largest population in the world with approx. 255 million, has a huge potential with its large proportion of young people. However, approx. 80% of the population are classified as BOP, and various surveys show that children’s education level is low compared globally. To solve this serious problem, a sustainable business model is required.

NHK Educational (“our company” in the following) aims to find sustainable business schemes to respond to such international needs by utilizing audio visual educational contents that has been produced and stocked over the years. With this research, we aim to find out a tangible method to solve educational issues in Indonesia by focusing on “high quality educational contents” and “quality of teachers” .

Item	Contents
Objectives	To solve the problem of “low quality teachers” and “lack of contents” , audio-visual educational materials for science based on programs used in NHK E-TV, also workshops for teachers using the materials will be re-constructed to meet the local educational curriculum in cooperation with the local education party (government, researchers, teachers, NPO, etc.). By searching a sale route of these materials mainly to elementary schools, we aim to improve “the quality of education” for children including BOP.
Period	March, 2017 to June, 2019
Activity Area	Jakarta City, Bandung City, Indonesia
Business Outline for Commercialization	<ul style="list-style-type: none">• Audio-visual educational materials for elementary school students to nurture thinking skills, also workshop for teachers to fully utilize the materials in classes will be co-developed with local educational/research organizations (Ministry of Education & Culture, University of Education, local government, NPO, etc.)• The developed audio-visual educational materials (short films by theme), together with teaching plans for classes, will be sold by license to elementary schools incl. BOP and local cram schools.• Supply teaching plans utilizing audio-visual materials to elementary schools incl. BOP outside Jakarta. This may not necessarily be on business base, but will be promoted in cooperation with universities and NPO.

Expected Development Effect and Beneficiary	<ul style="list-style-type: none"> • Improvement of quality of teachers by teaching plans utilizing audio-visual materials and workshops for the teaching method. (Teachers attending workshops, students and teachers at the University of Education) • Nurture thinking skills by classes utilizing audio-visual materials. (Elementary school students who attended the classes, children at cram schools where materials were supplied) • Job creation through the execution and operation of workshops for teachers (Employees at educational NPO) • Learning effect through supplementary materials using audio-visual and related books (Purchasers of supplementary materials and related books)
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2) Background for the Research

① Education (especially elementary/secondary) to BOP which accounts for 80% of the population is an issue

Indonesia, with the 4th largest population in the world, is under attention with its economic growth in recent years. Education is among the top priority for issues to be tackled by the country, but with children in the BOP class which accounts for approx. 80% of the population, it is suggested that only half or so graduate from secondary school due to economic problems or underachievement (World Bank, 2006). Elementary/secondary education for most children in the BOP class is of huge importance.

② Low “quality of education” - nurturing of thinking skills is of urgent need

With PISA (Program for International Student Assessment) conducted by OECD, Indonesia ranks 62nd among 70 countries and regions (for scientific literacy, 2015), and with TIMSS (Trends in International Mathematics and Science Study) conducted by IEA, its is 44th among 47 countries and regions (elementary school science, 2015), both ranking in the lowest group. These results show that “child-centric education” in line with the latest view on learning is still to be implemented in Indonesia. It is of urgent need to nurture skills that let children think and explore by themselves to solve problems.

③ Training for teachers and motivation improvement plans are necessary

In April, 2016, with the help of General Incorporated Association Kopernik which has 2 corporations in Indonesia, we conducted interviews to the Indonesian Ministry of Education & Culture, Muslim NPO “Muhammadiyah” which runs many educational organizations, and 1 each of BOP and MOP elementary schools in Jakarta. What was suggested by all was the low “quality of teachers” and importance of training for them to improve the issue.

④ Lack of contents for “proactive learning”

Another issue that came up with the interviews was lack of contents. Materials for the teachers to “teach” one-directionally do exist to a certain amount, but there are hardly any contents designed for the children to “learn” proactively. Also, some materials distributed were not used in reality when the teachers did not understand how to use them (photo right).



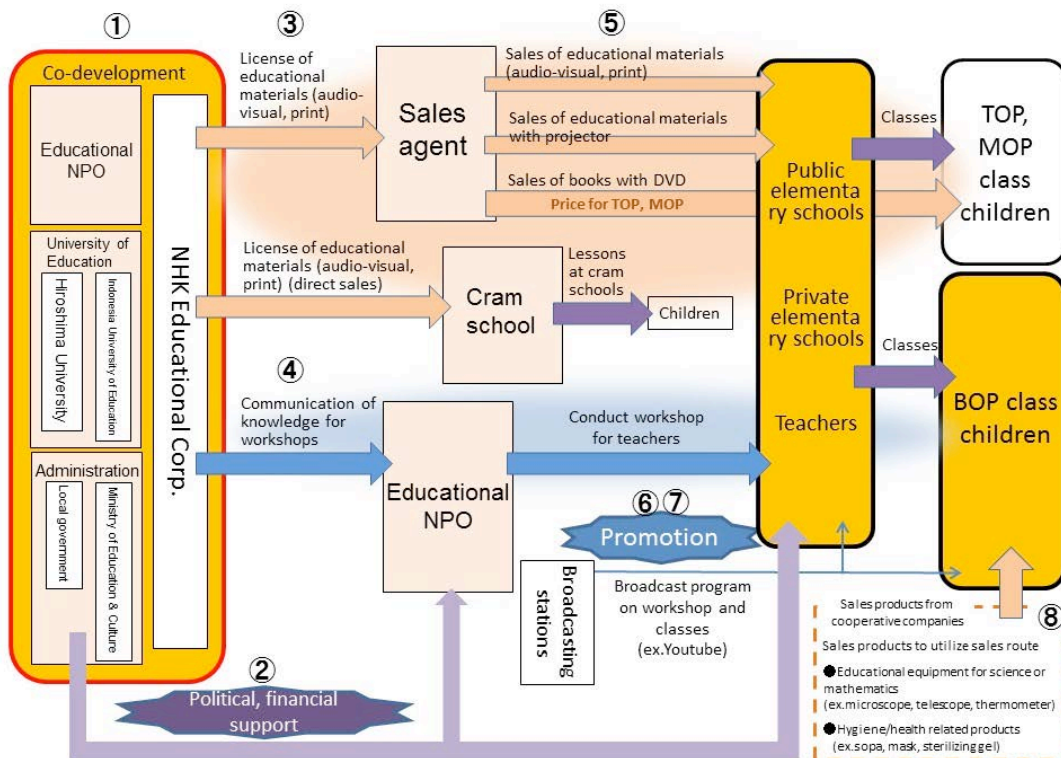
Materials stocked unused

3) Objectives of the Research

Utilizing our abundant experience and stock of high quality audio-visual materials, develop a business starting from science classes at elementary schools, with the following 2 cores:

- ① Co-development and sales of audio-visual educational materials customized for the local market
- ② Conduct workshops for teachers to introduce how to use the materials

4) Business Model Overview (as planned at the start of research)



<Explanation of the Business Model Overview>

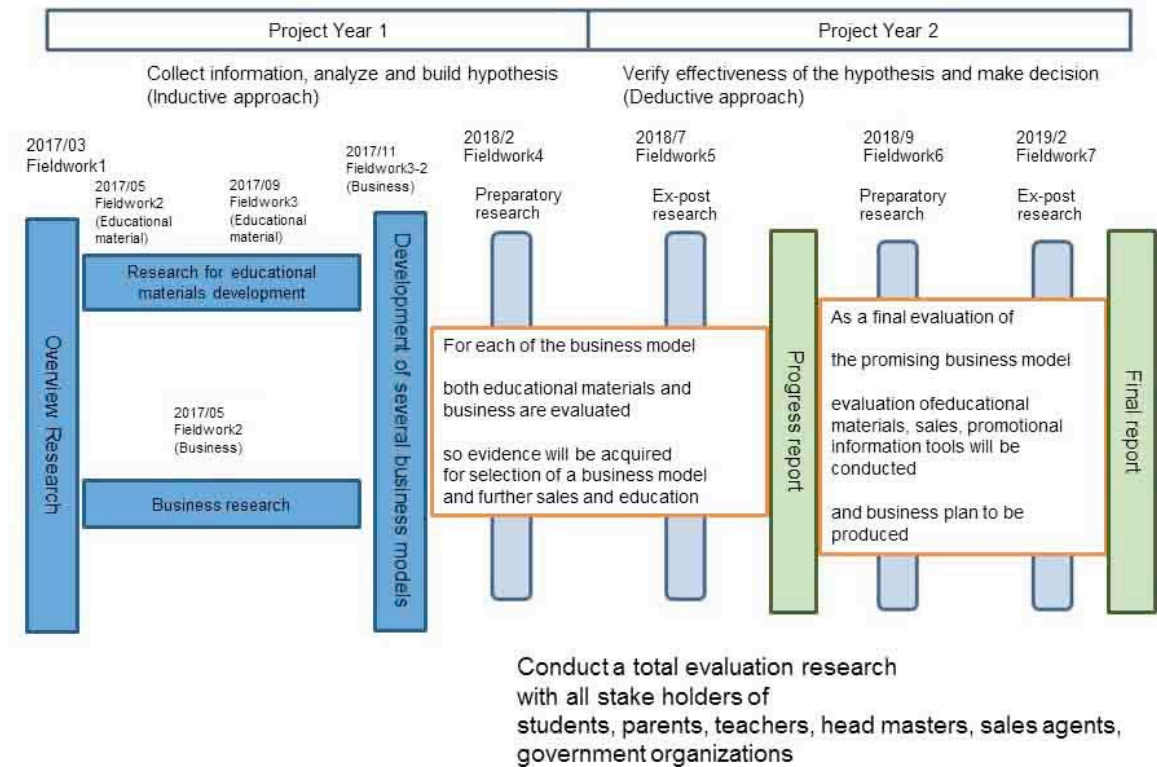
- ① Under cooperation with Ministry of Education & Culture, Indonesia, local governments, research institutes such as Indonesian University of Education and Hiroshima University, educational NPO, co-develop teaching plans in line with the local science class curriculum, effective audio-visuals, and workshops for teachers. While science programs produced by NHK will be utilized, new audio-visuals will also be produced to adjust to the local curriculum.
- ② By developing effective educational materials and workshops, secure support from the local governments, especially financial support for schools.
- ③ For the educational materials, originals will be produced in Japan and license will be granted to local sales agents. Book materials with DVD (USB) will be sold to publishers, and projectors with audio-visual materials installed will be sold to office equipment sales agents. Also, audio-visual educational materials will be sold directly under license to cram schools, so they can use the materials in their classes exclusively.
- ④ Conduct workshops for teachers (Waku-Waku Workshop, free of charge) so they can have classes utilizing audio-visual effectively. Local NPO with deep understanding of education, also high ability to be appointed. Co-sponsorship or co-use of the event venue with companies which hold seminars or events for schools, children or parents (such as life insurance companies, cram schools) to be considered. Part of the workshop cost will be covered by profits from the sales of educational materials.
- ⑤ Educational materials (audio-visual, prints) will be sold to public and private elementary schools all over Indonesia. Preparatory research clarified that 10% of the annual operation cost at elementary schools can be used for educational materials at the school's own decision, so sales price will be set accordingly.
- ⑥ Workshop for teachers and actual classes at elementary schools held by the participating teachers will be broadcast as a TV program. The program will contribute to the improvement of educational quality, and it will also promote audio-visual educational materials and the workshop. Cost will be covered by advertisements from Japanese companies having business in Indonesia.
- ⑦ The above program also to be accessible on the free Youtube channel, so it will work as a promotion through smartphones to individual teachers, parents and children.
- ⑧ As for individuals in the BOP class, sales of low cost educational equipment for science or mathematics, or products related to hygiene may be a possibility in the future.

5) Consistency with the Development Issue

This project aims to reach BOP children in school classes by selling locally co-developed educational materials to elementary schools through sales agents. Also, to secure continuity of the business, business to TOP/MOP will be promoted at the same time, based on the idea of “the whole pyramid approach”. To promote the business further, workshops for teachers to communicate the effective use of the educational materials will be developed.

1-2. Research Method

1) Overview of Research Plan



Research Item	
(1) Research for local investments/business/market environment	Economical/social situation related to the proposed business (research finished)
	Regulations, legal systems, licensing related to the proposed business
	General condition of elementary schools (needs, competing educational services)
(2) Research on the situation of BOP	Development issues
(3) Research concerning value chain construction	Development of educational materials through pilot classes /Research for classroom operating method development ①
	Development of educational materials through pilot classes /Research for classroom operating method development ②
	Business partner research
	Educational NPO research
	TV broadcasting stations research
(4) Implement pilot business	Decide pilot plan

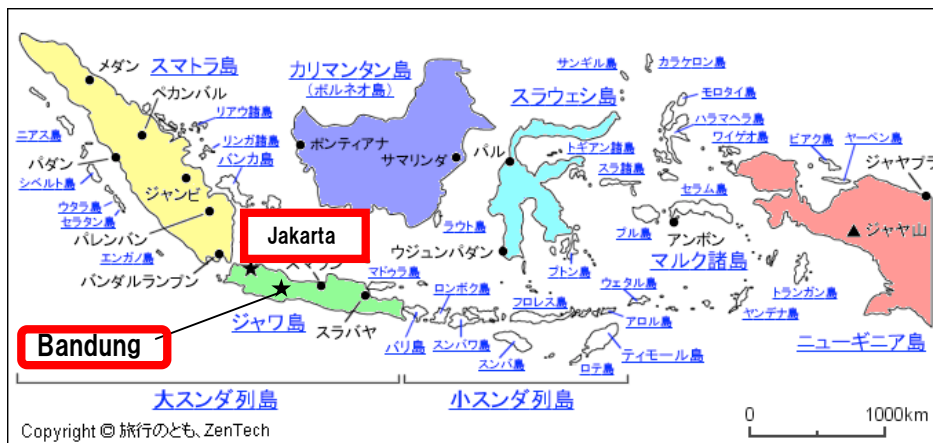
	Base line research
	Implement pilot business
	Research to verify effect of development
	Build business model
(5) Decide business plan	Equipment supply plan
	Sales plan
	Personnel plan/human resources development plan
	Financing plan
	Research for business risks
	Financial analysis
	Decide business execution schedule
(6) Study development effect expected from the business	Set bench mark for development effect and continuous monitoring method
	Verification of benefits for BOP
(7) Study feasibility of cooperation with JICA	Cooperation with JICA

2) Research Period

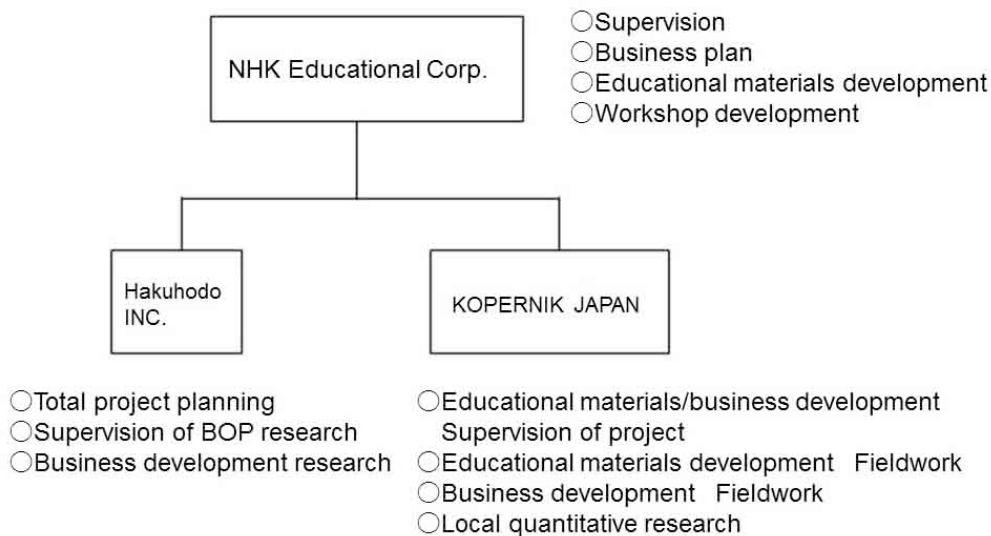
March, 2017 to June, 2019

3) Research Area

Jakarta city, Bandung city and surroundings



4) Research Structure and Role



5) Items to be Verified

- ① Clarify issues of elementary school education in Indonesia, also understand issues with teachers in conducting classes and find out the solution.
- ② For the audio-visual materials and class handling methods to be supplied to meet the Indonesian educational curriculum and needs of the field, clarify which part of the existing contents are usable, and what and how much contents and class methods needs to be revised or newly developed.
- ③ Develop and verify sales channels and workshop execution schemes so audio-visual educational materials and class handling methods to be supplied will be widely used in Indonesian elementary schools.
- ④ To publicize the audio-visual educational materials and class handling methods to be supplied and raise awareness socially, verify the possibility of building cooperative relationships with local ministries, local governments, educational organizations, also promotions through TV broadcasting or internet.
- ⑤ In cooperation with local research institutes, measure the effect of the audio-visual educational materials and class handling methods to be supplied in improving local education.

1-3. Verification Results

1) Go/No Go for Commercialization

Throughout the research period, we could see that there are obvious needs locally. We could also conduct test sales in several schools and NPO, and with a memorandum concluded with a government managed publisher (Pustaka) for a larger scale business, feasibility of commercialization is confirmed.

On the other hand, there are still remaining issues such as the cost (for translation, human resources, etc.) to produce a large amount of audio-visual educational contents vs. the appropriate sales price for the local market. We will keep on searching for a way to sustainable business while continue negotiations locally, with possibility of gaining funds from companies local and abroad or government organizations.

To start with, we will continue test sales conducted within the research period, also explore commercialization of the following business models:

- 1) Direct sales to TOP/MOP elementary schools and educational corporations with funds
- 2) Sales to local education NPO (operation with governmental funds)
- 3) Supply educational materials to elementary schools incl. BOP and conduct workshops for teachers in cooperation with universities and NPO (secure bearers of workshops and classes)
- 4) Supply to the BOP class in cooperation with publishers of school textbooks

2) Reason for Judgement/Verification Results

- 1) Direct sales to TOP/MOP elementary schools and educational corporations with funds

Sales in schools where demonstrations were conducted within the research period have been decided, also negotiations for concrete contracts are proceeding with other schools.

This is because evaluation of the audio-visual contents to be supplied, teaching plans and workshop for teachers as a whole set is high, and it matches the local needs to start developing “child centric” classes. Such sales mainly to private schools are expected to expand in the future.

Test sales contract concluded)

Salman Al Farisi (Elementary school, Bandung) DWI MATRA (Elementary school, Jakarta)



BINA NUSANTARA (” BINUS”) (Educational corporation, Jakarta)



2) Sales to local educational NPO

Aim for operation with funds from the state government, by having our contents included in projects to be proposed to the government by educational NPOs with strong connections with them. Supply to the educational NPO “PT.WACANA TATA AKADEMIA” (“WACANA”) in Jakarta has already been decided. With the test sales this time, under the one year contract starting from Oct. , 2018, contents supplied by us will be utilized in workshops for teachers. In Oct. , 2018, our contents were used in a workshop for science teachers at Universitas Kristan Artha Wacana, a Christian university in East Nusa Tenggara state. Total 25 teachers from 25 elementary schools in the surrounding area attended this workshop.

Further activities are planned, mainly in areas away from the cities. We consider this can contribute to the improvement of the quality of teachers widely, hence contribute to the improvement of quality of education to BOP children all over Indonesia.



Scenes from a workshop for secondary school teachers by WACANA in East Nusa Tenggara.

※ Attachment 1) Report for teachers workshop by WACANA in East Nusa Tenggara

3) Supply to BOP in cooperation with universities and NPO, and secure bearers

BINUS group (a private educational corporation with elementary school to university) mentioned in 1) also act as the executive office for “Teach for Indonesia” in which student volunteers are sent all over the country, and they are positive to conducting teachers’ workshops using audio-visual at rural elementary schools incl. BOP, also

having classes for children free of charge. They are considering to incorporating the activity in their training program for education dept. students, and they can be expected to be bearers to expand our contents.

In Feb., 2019, a demonstration class using audio-visual materials was conducted to teachers of BINUS group schools to promote our contents, also as a test run of workshop by local instructor. Total 52 teachers from 38 schools in Jakarta and its suburbs, Depok, Bekasi, attended the workshop. In the first half, participating teachers became grade 5 students, and in groups of 5 to 6, they attended a class on “blood circulation” given by a BINUS university teacher. They experienced a class using audio-visual themselves and learned how to execute. In the latter half of the workshop, one participant in each group became the teacher and conducted a demonstration class to the group. Then, each group had discussions as to how audio-visuals can be utilized in actual classes, and how they can improve the understanding of students.



BINUS group currently has an internal distribution platform for contents. ID and password are required to use the contents, thus defending illegal copying. With this workshop, as a test, audio-visual materials and teaching plans were uploaded on this platform for participants to share. It is expected that by utilizing such platform, our contents can be distributed efficiently, safely and widely.



Some of the feedback from the participating teachers: “By using audio-visual, students can easily visualize the make of the body, and it can promote understanding” , “It will raise interest to the classes, so it can be used as a proactive learning method for students” , “By learning new teaching methods, I can broaden my way of teaching” .

※ Attachment 2) Questionnaire to participants at the teachers' workshop at BINUS University (original)

※ Attachment 3) Ditto (Tabulation)

This workshop was covered by a reporter from a local media, Jakarta Post. A report by NHK World (radio program in Indonesian) is also scheduled (date TBD).

4) Supply to the BOP class in cooperation with publishers of school textbooks

School textbooks are considered valid as a way to distribute widely to BOP all over Indonesia. Therefore, we are in negotiation with several publishers of textbooks. Some publishers handle digital materials in addition to prints, so we decided to continue discussions on concluding a memorandum (NDA) to supply our contents.

EALANGGA GROUP (Textbook publisher, Jakarta)



EALANGGA GROUP mentioned a possibility of their taking on production of our contents for commercialization incl. translation into Indonesian. Also, as EALANGGA GROUP already has an e-learning platform, plans were suggested for broadcasting services of our contents. It is decided that we will continue negotiations for product plans, audio-visuals to be selected, how to supply prints and audio-visuals, sales price, business schemes, etc.

Balai Pustaka (Textbook publisher, Jakarta)



We exchanged ideas as to the plan of incorporating our contents into a learning tablet “edu-tabu” for children issued by Balai Pustaka. There are issues on sales price and production system of Indonesian version. A memorandum (NDA) was concluded between us on Feb., 2019. We will keep on negotiating for details.

At elementary schools, educational corporations and NPOs visited during the research period, we interviewed for issues and needs in the field and produced educational materials and workshops for teachers. This resulted in high evaluation, which led to the test sales. Based on the “whole pyramid approach” combining the above 4 businesses, we judged it will be most reliable to start from direct sales to TOP/MOP elementary schools and educational corporations with funds and with independence for decision on budget.

Also, during the above process, we felt ascertained that we can develop educational materials in line with the local curriculum and teacher’s needs, and contribute to the improvement of “quality of learning” by bringing them to BOP children. As our parent company is public broadcasting and our specialty is in education, we feel it is meaningful to be involved in such project, and as our objective is not necessarily a large scale sales, this led to our judgement for commercialization.

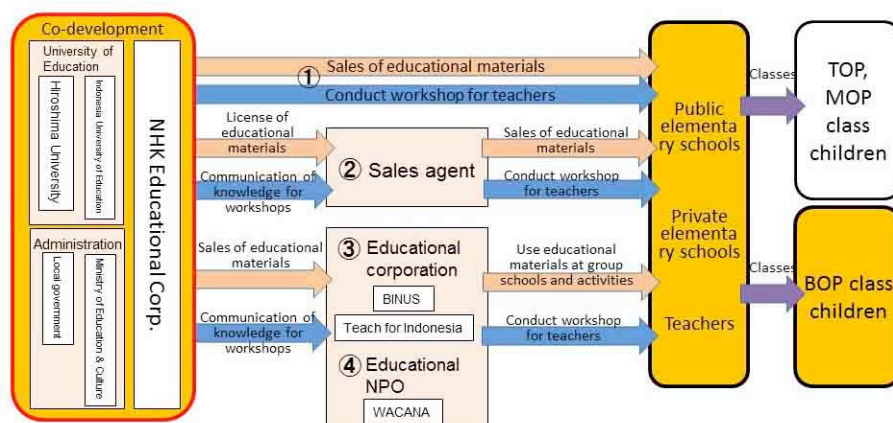
※ Attachment 4) Correspondence table for sample contents and Indonesian course of study

To search for further possibility of commercialization, we would cover cost of contents production and labor by continuing direct sales, while promoting further research and partnership development to build a scheme that will enable distribution of the contents to BOP children all over Indonesia. (1
–2. 5) Verification items ③&④)

3) Business Model for Commercialization

From research this far, we now think that “setting of appropriate sales price”, “expansion of contents” and “securing of local supply system” are necessary for full-scale commercialization. Therefore, we will conduct further research and scheme development towards full-scale commercialization while continuing the current test sales (Phase 1). Thereafter, on condition that requirements local and abroad are met, and local development system and sales routes are in place, we will make a judgement for full-scale commercialization (Phase 2).

Both Phase 1 and 2 will be based on the following business model.



- ① Educational materials (audio-visual, teaching plans, work sheets) to be sold directly to elementary schools. Especially in phase 1, we will start from TOP/MOP class schools to proceed with commercialization securely, and aim to expand into BOP class. To gain teachers deeper understanding, we may also conduct demonstration classes or workshops. We aim to utilize local production companies in localizing the educational materials.
- ② Sales to elementary schools through local sales agents, for wider distribution.
- ③ BINUS has a joint enterprise with “Teach for Indonesia” which sends student volunteers all over the country to teach. We aim for BINUS education dept. students to conduct workshops in remote communities all over Indonesia.
- ④ Educational NPO “WACANA” provides guidance for teachers all over Indonesia. As WACANA has strong relationships with national and local governments, we aim to acquire government budget through cooperation with them.

Especially ③ and ④ above will be studied carefully as effective means to reach BOP all over the country.

In addition, as methods other than direct sale, feasibility of the following will be studied for a wider sales system for full-scale commercialization.

- License sales of audio-visual educational materials to be used in cram schools. 塾
- Promotions in cooperation with local broadcasting stations and with SNS for awareness and appeal.
- Secure support from local governments.
- Aim to acquire financial support from CSR/advertising budget of Japanese companies advanced or intended to advance into Indonesia.

4) Remaining Issues and Countermeasures

Item	Remaining Issue	Countermeasure	Timing
Judgement for commercialization	Production cost of contents	Continue market research while continuing current test sales, build a local system for low cost production, and seek for the appropriate sales price.	Phase 1
Development of educational materials/WS	Development of educational materials/WS for other units or grades	Secure local system for continuous development (such as Indonesian University of Education). At the moment, subjects are for 7 units for grade 5 to grade 7 students. Want to expand to more units and grades.	Phase 2 or later
Sales of educational materials	Systematic and continuous sales locally	Secure local sales agents and publishers	Phase 2 or later
Promotion	Promotion method	Secure local partner Cooperation with mass media	Phase 2 or later

5) Plans for Commercialization

As Phase 1, continue direct sales (test sales) mainly to elementary schools, while placing efforts in expanding all over the country incl. BOP with BINUS and Teach for Indonesia, also to secure major local sales agents and publishers. At the same time, aim to acquire funds from local and foreign companies, government organizations.

We will also study remaining issues such as appropriate sales price considering production cost for a large amount of contents, securing of local production and sales system.

Judgement for full-scale commercialization will be made when all materials for judgement are in place.