



A Rapid Assessment of Microcredit Schemes available to Smallholder Farmers and Fishermen

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“Helping Indonesia to Grow”

**A Rapid Assessment of Microcredit Schemes Available to Smallholder Farmers
and Fishermen**

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For the

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Executive Summary

AMARTA works with small producers and other value chain stakeholders, providing technical assistance, training, and financial assistance focusing on improved productivity and product quality. To be able to provide quality products that can successfully contend with imported products on the local market, as well as compete in the export market, farmers need to increase crop production and develop newer and better products. The levels of agricultural outputs are currently further pressured as a result of recent global food price increases and projected food shortages. To enhance their capabilities and yields, these farmers require access to financial resources.

To determine what microcredit schemes are available to Indonesian Smallholder Farmers and Fishermen in the areas of AMARTA activities, a rapid assessment of these schemes (including the terms and conditions attached) was conducted.

Sources of development credit from Government, commercial banks, and multilateral development organizations were assessed. Data were collected through questionnaires administered by fax and face-to-face interviews, various publications and web searches. The cooperation from Banks was limited, while other institutions were generally willing to meet the researchers and share information.

The findings show that microcredit schemes available to farmers and fishermen in Indonesia appear to be dominated by Gol programs and MFIs. NGOs and MDOs working in microfinance in the agricultural and fisheries sectors concentrated on technical assistance and access to finance schemes. Beyond channeling funds for Gol programs, Banks offer limited loan programs specifically aimed at farmers and fishermen. Although general credit schemes are available, these commonly have high collateral requirements.

Farmers and fishermen are commonly perceived as high risk lenders by all institutions. Hence, credit programs tend to target women who are seen as more reliable. The findings show that peer pressures of traditional groups play a major part in the performance of loans, explaining why the cooperative at village level currently plays such a significant part in credit schemes. Farmers and fishermen also prefer using MFIs due to the simpler application and repayment processes.

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List of Abbreviations and Acronyms

ADB	Asia Development Bank
AMARTA	Agribusiness Market and Support Activity
BPD	Bank Pembangunan Daerah (Regional Development Bank)
Gol	Government of Indonesia
IFC	International Finance Corporation
Ir.	Insinyur (Engineer – University degree obtained after 5 years)
Rp.	Indonesian Rupiah
JBIC	Japan Bank for International Cooperation
KKP	Kredit Ketahanan Pangan (Food Security Credit)
KKPA	Kredit Koperasi Primer pada Anggotanya (Primary Cooperatives Credit for Members of the cooperative)
KKP-E	Kredit Ketahanan Pangan dan Energi (Food Security and Energy Credit)
KPEN-RP	Kredit Pengembangan Energi Nabati dan Revitalisasi Perkebunan (Credit for Agricultural-based Energy Development and Estate Revitalization)
KPKM	Kredit Pegusaha Kecil Mikro (Micro and Small Business Credit)
KUR	Kredit Usaha Rakyat (People's Business Credit)
LKM-P	Lembaga Keuangan Mikro Perdesaan (Rural Micro Finance Institution)
MDO	Multilateral Development Organization
MFI	Micro Finance Institution
P3KUM	Program Pembiayaan Produktif Koperasi dan Usaha Mikro (Finance Program for Productive Cooperatives and Micro Enterprises)

PERKASSA	Program Perempuan Keluarga Sehat dan Sejahtera (Womean's Family Health and Welfare Program)
PEMP	Pemberdayaan Ekonomi Masyarakat Pesisir (Coastal Community Economy Empowerment Program)
PNM	Permodalan Nasional Madani (Madani National Capital)
PNPM-Mandiri	Program Nasional Pemberdayaan Masyarakat Mandiri (National Self-support Community Empowerment Program)
PT.	Perusahaan Terbatas (Limited Company)
PUAP	Pengembangan Usaha Agribisnis Perdesaan (Rural Agribusiness Development)
SP-3	Skim Pelayanan Pembiayaan Pertanian (Agricultural Financing Service Scheme)

I. Introduction

AMARTA works with small producers and other value chain stakeholders, providing technical assistance, training, and financial assistance to improve their productivity and enhance the creation and preservation of product quality. The geographic areas where AMARTA is providing assistance to commodity value chains are the provinces of Aceh, North Sumatera, Bangka, Bali, Sulawesi, West Java, and Flores. The focus of assistance is on ten different agribusiness commodity value chains: coffee, cocoa, rubber, livestock, aquaculture, spices, seaweed, high value horticulture, floriculture, and bio-fuels.

The quality and cost-effectiveness of crops influence their desirability in the market place. At issue is both the ability of Indonesian products to compete in export markets, as well as the ability of Indonesian agribusinesses to compete favorably with imported products in the domestic market. With the recent global increases in food prices and projected food shortage, farmers are affected in various ways. Not only are they facing increased living expenses and the possibility of not being able to have the level of access to food that they may be accustomed to, but they are also being pressured to heighten production levels.

To develop newer and better products, and to increase crop yield, farmers need to implement better agricultural and management practices and have access to better technology and markets. This requires access to financial resources. However, farmers and fishermen may not be aware of or informed about agricultural lending schemes that may be available for their use.

The overall objective of this report, based on a rapid assessment of the agriculture lending schemes, is to present an inventory of credit schemes that are available to and accessible by Indonesian Smallholder Farmers and Fishermen in the areas of AMARTA activities as set out above, and the terms and conditions attached to those loans.

2. Methodology

The assessment covered three different sources of development credit: government, commercial banks, and multilateral development organizations (Such as IFC, ADB, World Bank, etc.). Three researchers actively participated in the collection of data.

A comprehensive list of relevant questions was compiled to facilitate the collection of data. Data were collected through a combination of face-to-face interviews and email surveys with officials at institutions in the three areas of fund sources. Where possible a logical approach of “following the funds” was used. This entailed starting as close as possible to the source of the funds and following referrals from officials at those institutions to the field where the funds are disseminated through microcredit lending schemes. However, as this approach was not always possible, some organizations that are known to be involved in micro credit schemes (whether through technical assistance or through the actual disbursement of funds) were directly approached.

To facilitate the rapid collection of data, samples of institutions at lower level were selected to gain an aggregate view of the implementation of the credit schemes and, where possible, to gather due diligence information. This in particular applies to Regional Banks and institutions at district, sub-district, village and community levels. To reduce travel costs, two of the researchers performed field research in these areas.

Further data were gathered from publications and through web searches. Two of the researchers who have the necessary language capabilities performed translations of publications and data collected in Bahasa Indonesia. An independent translator was engaged by one of the researchers to do part of the translation.

A comprehensive list of all parties approached during this survey is available in Appendix A.

3. Research Findings

Microcredit schemes available to farmers and fishermen in Indonesia appear to be dominated by Gol programs and MFIs.

3.1. Government Programs:

Various Gol micro credit and assistance schemes have been made available through different ministries, with various success rates. The Government in conjunction with Bank Indonesia and other commercial and state-owned banks develop the SOPs associated with these schemes. These SOPs are then applied without variation by the various executing banks. This has led to respondents at banks indicating that bank branding did not necessarily influence whether customers used a particular bank or not when applying for Gol implemented schemes – this was more likely influenced by the accessibility to the bank, especially in remote areas. As due diligence statistics of Gol implemented programs need to be collected at local/group/cooperative level, limited information was gathered.

KKP/KKP-E

Channeling Ministries: Ministry of Agriculture

From January 2008, the KKP program is gradually being phased out and replaced by the KKP-E program. This program falls under the Center for Budgeting, Secretariat General Office of the Ministry of Agriculture. The main changes implemented by the KKP-E program as opposed to the KKP program are:

- Larger crop coverage
- higher credit limit (Rp 15 million for KKP vs. Rp 25 million for KKP-E)
- larger land area credit coverage (4Ha vs. 2Ha)
- longer credit period (3 years for KKP vs. 5 years for KKP-E)
- annual budget of Rp 10.863 trillion for KKP-E vs. Rp 2.038 trillion for KKP

This is an interest subsidy scheme, where Gol pays a portion of the interest rate. The level of subsidy is dependent on the crop (lower subsidy for sugarcane, higher subsidy for other crops). The interest rate as of October 1, 2007 was 13.25% for sugarcane and 14.25% for other crops. The loan is made by the participating bank to a farmer's group or cooperative, from where the funds are disbursed to the individual group/cooperative members.

The KKP-E program is divided into 5 divisions with budgets as follows:

- KKP-E Food Crops (Production): Rp 3.915 trillion
- KKP-E Food Crops (Purchasing): Rp 294.845 billion
- KKP-E Horticulture: Rp 1.477 trillion
- KKP-E Livestock: Rp 2.241 trillion
- KKP-E Sugarcane: Rp 2.933 trillion

Gol also funds this scheme through PNM for farmers and fishermen as KKPA Fishermen and KKPA Poultry.

KPEN-RP

Channeling Ministries: Ministry of Agriculture

This is an interest subsidized credit scheme program similar to KKP/KKP-E discussed above, but is aimed at the revitalization of estate crops and energy. The interest rate is currently 13.25%, of which the farmers pay a maximum of 10%, the remaining 3.25% being subsidized by Gol. The crops covered by this program are Palm Oil, Rubber and Cocoa.

KUR

Channeling Ministries: Ministry of Finance, Ministry of Agriculture, Ministry of Marine Affairs and Fisheries, Ministry of Forestry, Ministry of Cooperatives and SMEs.

This is the latest credit scheme to be implemented by the Gol, and is a follow-on of the SP-3 credit scheme (See below).

Essentially, KUR provides working capital and investment credit specifically aimed at productive business units through a guaranteed credit program, thereby allowing prospective loan recipients with sustainable businesses but no bankable collateral the opportunity of applying for loans. Individuals, groups and cooperatives are eligible to access this program with a maximum credit limit of Rp 500 million per recipient. The source of funds is the executing banks. No collateral/guarantee is required from the loan recipients. Gol provides guarantee up to 70% of the loan value through the government guarantee institutions listed below, and pays the 1.5% premium for this service, while the implementing bank assumes the remaining 30% risk. (This assumes a guarantee requirement of 100% of the loan value). The interest rate for these loans is the per annum effective market interest rate, with a ceiling rate of 16 %.

The objectives of the KUR Program are to:

- accelerate the development of primary sectors
- empower small-scale businesses
- improve accessibility to credit and financial institutions
- reduce poverty levels
- expand job opportunities

For agribusiness, the sectors eligible for these loans range from production inputs to the procurement of agricultural tools and machineries, on-farm activities, and processing and marketing of the agricultural products.

P3KUM AND PERKASSA

Channeling Ministries: Ministry of Cooperatives and SMEs

P3KUM and PERKASSA differ only in the fact that the latter is restricted to women recipients only, while the P3KUM scheme is open to both men and women. One of the objectives of these programs is to reduce poverty through providing working capital in micro-scale ventures in, amongst other, the agriculture, fisheries and livestock sectors. The program also aims to improve the institutional and working capital capacity of cooperatives.

A revolving fund to the value of Rp 100 million is set up through a loan from the Gol to the respective cooperative. The money is deposited into an account at one of the participating banks. The loan is repayable by the cooperative over a period of 10 years with an additional 16% management fee. The cooperative disburses the loans to its members, and collects payment.

PEMP

Channeling Ministries: Ministry of Marine Affairs and Fisheries

Started in 2001, this program is specifically aimed at coastal communities, supporting fishermen, fish farmers, supporting fish-related trading, processing and services, marine tourism and other supporting business in coastal areas and small islands. The aim of the program is to improve the welfare of coastal communities by promoting self-dependency, economic development, skills development and the promotion of partnerships between the coastal communities, private sectors and Gol.

PEMP lodges a lump sum in a current account of an executing bank which acts as collateral for a loan to the recipient group/community level MFI. From there, the funds are disbursed to the members of the MFI/group. This program is now in its third phase, and is scheduled to run through 2009.

PNPM-Mandiri

Channeling Ministries: Ministry of Finance, Ministry of Agriculture, Ministry of Marine Affairs and Fisheries, Ministry of Forestry, Ministry of Cooperatives and SMEs.

The former P2KP (Urban) [One source referred to it as UPP] and KDP (rural) programs have been combined under one umbrella, PNPM. The program is channeled through a number of ministries, each with their own PNPM-affiliated program, and the objective of the fund is to empower communities through job creation and poverty alleviation. ADB, World Bank, JBIC and Gol are sources of funds for this program. Under the Ministry of Agriculture, this program is called PUAP (see section below).

PUAP

Channeling Ministries: Ministry of Agriculture

As noted, this is a part of PNPM-Mandiri as set out above, implemented by the Ministry of Agriculture. The aim of the program is to reach 10,000 Gapoktans (federation of farmer groups) in poor villages across Indonesia, developing small-scale agribusiness activities that have daily, weekly and seasonal cycles. This includes both on-farm activities (food, horticulture and estate crops; livestock) and off-farm activities (agriculture-based businesses, including micro marketing activities).

The program objective is to reduce the poverty and unemployment levels in rural areas by increasing product quality, productivity levels and stimulating the expansion of agribusiness activities. Furthermore, it aims to improve the performance of Gapoktans as economic institutions established and managed by farmers.

Indicators suggest that the program has resulted in the increased availability of capital to land owners or small-scale farmers, the improved technical capabilities of Gapoktans, and increased profitability for agribusiness activities.

SP-3

Channeling Ministries: Ministry of Agriculture

This scheme is the precursor to the KUR scheme discussed earlier in this section. It is an agriculture sector revitalization-financing plan providing a guarantee service for loans to farmers or farmer groups in horticulture, animal husbandry and plantation sectors. Micro scale farmers (UM1 and UM2 rating) do not need to provide collateral/guarantee. Financing is to both individuals (larger scale) and to village level MFIs. Category UM1 allows credit up to Rp 10 million and UM2 allows credit from Rp 10 million to Rp 50 million. Small business credit has a limit of Rp 500 million.

3.2. Multilateral Development Organizations and NGOs:

The research conducted indicated that most NGOs and MDOs working in micro finance in the agricultural and fisheries sectors concentrated on technical assistance, rather than direct financial input. The exception to this, though, is the World Bank and ADB, which are two of the sources of funds for the PNPM program. Most MDOs and NGOs tended to have links with MFIs operating at community level.

Generally, NGOs and MDOs provide technical assistance in terms of staff training for MFIs and Banks, and negotiating access to finance programs between lending institutions and potential loan recipients/recipient groups. Technical assistance is often also provided in proposal preparation and setting up of informal group cooperatives. Occasionally, partial seed funding would be provided for the cooperative, which would then be combined with other funds (such as funds raised through forced savings) to make up the revolving fund.

The role played by the NGO/MDO in the procurement and management of loans through access to finance schemes has created a more reliable loan recipient structure. Even though loans affiliated with access to finance schemes may be offered through banks, these loans have localized coverage, and take a number of seasons/loan cycles to build up the trust between the credit institution and recipient community. Any defaults by loan recipients in the repayment of the loans can potentially lead to the discontinuation of the loan program. There is also no guarantee that the program will continue once the mediating organization withdraws or discontinues operations.

3.3. Banks:

Other than Gol funded programs channeled through the banks as set out in the Government section above, limited loan programs were identified that banks specifically aim at farmers and fishermen. The fact that so few schemes were identified may also be associated with the lack of response to frequent meeting requests with the banks, and the general impression that officials did not want to meet and share information with the research team. However, the team did manage to arrange meetings with Bank Bukopin, Bank Danamon, and Bank Indonesia. Other data gathered are from websites and bank leaflets.

There are various general micro finance schemes available through banks; however, these are mostly for trade-related loans, where the products/traded goods are considered reliably bankable and where lenders have the required collateral in the form of property/vehicle ownership. Although the agriculture and fishing sectors are not precluded legally from applying for loans under the general micro credit schemes, the requirements set by the lending institutions are such that these sectors would more often than not have extreme difficulty meeting the qualifying requirements.

Furthermore, banks perceive farmers and fishermen to be high risk lenders, some reasons for this being:

- The small size of smallholder farms makes it difficult to sustain a family fully. This may mean that:
 - farmers may not be using loans for purely one purpose (e.g. purchasing crop-related goods (seeds, fertilizer, implements)), and therefore cannot qualify for a loan based on farming activities
 - if farmers are using the loans for purely farming activities, the ability of the farmers to repay the loans may be limited
- The success of agriculture crops are unpredictable at the start of the season, when the loan is needed.
- Generally, repayment schedules for farmers are dependent on a successful harvest; therefore repayment is normally done as a single sum at the end of the harvest. This is neither as reliable nor as profitable as weekly or monthly repayments.
- Fish catches are unpredictable, seasonal and weather dependent.

- Crops (whether agriculture or aquaculture) are influenced by the weather, and can fall prey to unforeseen disease and/or pests.

On the other hand, farmers and fishermen may be reluctant to approach banks for various reasons:

- Banking process obstacles:
 - Absence of required collateral, guarantees or other documentation
 - Lengthy forms to be completed
 - Lengthy bureaucratic approval processes
- Limited literacy capacity, and therefore not able to complete required forms. This may lead to the farmer/fisherman losing his/her sense of dignity.
- The perception that banks are intimidating institutions.
- Physical access to banks.
- They may have access to a family member who can lend the money at no interest.

Bank BRI

Despite various attempts to meet with relevant parties at Bank BRI in Jakarta, the researchers were not able to successfully set up a meeting with any officials or obtain information from the institution.

Bank Bukopin

Bank Bukopin is associated with the Swamitra Cooperatives and MFIs. However, each Swamitra agency is not an outlet of Bukopin, but is a separate economic unit that is owned by each cooperative.

Bank Danamon

Bank Danamon offers various credit schemes, but all these schemes are currently assessed and based on Trading Activities (i.e. recipient must have a trading business).

These schemes are:

- DanaPinjam 50
- DanaPinjam 200
- DanaTalangan
- DanaSiaga

The market research team did indicate that they were exploring the Agriculture and Fishermen sectors as prospective loan targets. However, they were not in a position to make any commitments regarding implementation of such schemes and/or a possible implantation time frame.

Bank Mandiri

Again, despite various attempts to meet with relevant parties at Bank Mandiri in Jakarta, the researchers were not able to successfully set up a meeting with any officials or obtain information from the institution.

Bank Mandiri website lists the following programs available:

- Mandiri Hortikultura Loan
- Micro Loan Project
- Mina Mandiri Loan
- Multiguna Koperasi Mandiri Loan
- Non-Collateral Loan for Micro Business (KUM-LTA)

3.4. Micro Finance Institutions/Self Help Groups:

Although this segment is officially beyond the scope of this report, numerous credit schemes offered by MFIs were identified.

Generally, MFIs are group/cooperative based and operate at community level throughout Indonesia. Interest rates vary, and groups are often formed as Syariah-based lending institutions, where dues are in the form of dividends or service/facilitation payments. Government, Banks and MDOs all use community level MFIs to various degrees as vehicles for loan disbursement.

These units are considered reliable channeling media as:

- They have close ties with the traditional groups in the areas
- Group pressure plays a very important role in recipients repaying loans
- These institutions are less intimidating to recipients than banks:
 - Processes are simpler
 - Peers are part of the groups
 - Often training is part of the loan process, so communities are empowered beyond purely financial means
- At group level, more people know each other, so:
 - recipients are easier to physically keep track of
 - non-performing former recipients are easier to identify

The research found that women form a large target market of these institutions. Various reasons were given for this:

- Women are more reliable to meet repayment requirements.
- Women tend to be more responsible users of funds.
- Women are less mobile, therefore easier to physically keep track of.
- As women are concerned with the good of their children/families:
 - it is important for them to keep the family name positive, so they are less likely to default

- they are more likely to spend additional income on the welfare of their families

4. Inventory of Credit Schemes

4.1. Government of Indonesia credit schemes

Government Implemented Scheme Name	KKP/KKP-E
Implementing Ministries	Ministry of Agriculture
Implementing Banks/Institutions	BRI, Bank Mandiri, BNI, Bukopin, Bank Agroniaga, Bank Niaga, Bank BII, Bank BCA, Bank Danamon; BPDs Sumatera Utara, Barat & Selatan; BPDs Jawa Barat, Timur & Tengah; BPD DI Yogyakarta; BPD Bali; BPD Kalimantan Selatan, BPD Sulawesi Selatan; BPD Papua. Credit disbursed through farmers' groups/cooperatives
Area of operations	All Indonesia
General background information of credit scheme	This is an interest subsidy scheme, where the government pays a portion of the interest rate. The level of subsidy is dependent on the crop (lower subsidy for sugarcane, higher subsidy for other crops). The loan is made by the bank to either an individual or a farmer's group or cooperative, from where the funds are disbursed to the individual group/cooperative members. Source of loan funds is the executing bank.
Part 1: Availability of Credit Schemes:	
Target Market	Crop and Livestock Farmers – see maximum loan amount information below
Type of Credit Scheme	Subsidized Credit Scheme
Total amount allocated for scheme	As per 2007 manual from Ministry: Food Crops: Rp 3.915 trillion Horticulture: Rp 1.477 trillion Sugarcane: Rp 2.933 trillion Livestock: Rp 2.241 trillion Purchase of food: Rp 294.845 billion Total: Rp 10.863 trillion For budget allocations per province, refer to Appendix B
Maximum Loan amount (Per hectare for each crop, unless otherwise noted):	Banana: Rp 16.41 mil Cassava: Rp 3.02 mil Chilli: Rp 20.34 mil Corn: Rp 3.6 mil Ginger: Rp 25 mil Hybrid Paddy: Rp 5.695 mil Paddy: Rp 4.985 mil Peanut: Rp 3.7 mil Red Onion: Rp 18.75 mil Soybean: Rp 2.55 mil Sugarcane: Rp 12.5 mil Sweet Potato: Rp 4.073 mil Cattle: Rp 25 mil/breeder Poultry: Rp 25 mil/breeder Quail: Rp 15 mil/breeder Manual states: Maximum total per farmer: Rp 25 mil Credit for a maximum of 4 ha of land
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Must have collateral as required by the implementing bank Farmer Group: Group can act independently or in conjunction with business partner. If the latter, present proof of a formal written agreement between the parties Registered at local technical board Must be an active organization with leader, secretary and

KKP/KKPE continued	<p>accountant Members must engage in business activities that can be financed by KKP-E Must have group by-laws</p> <p>Cooperative: Must have corporate body with active management Members must be farmers Must fulfill technical banking requirements Business must be in Agriculture sector</p> <p>Farmer: Farmer minimum age is 21 years or married Must have legal identity document Must be actively working on own land or land owned by third party If not the owner of the land, must have letter from Village head Must be member of farmer group Must be willing to follow instructions from Technical Advisor or Technical Board Must be willing to abide by rules and regulations of KKP-E program</p>
Interest Rates	Sugar-cane: 13.25%; GOI subsidizes 5.25%, 8% paid by recipient. Other: 14.25%; GOI subsidizes 7.25%, 7% paid by recipient. Interest rates reviewed 1 April and 1 October every year
Length of Loans	Maximum 5 year cycle
Loan Grace Period before repayment starts	Varies according the implementing bank, as it is the bank that assumes the risks
Repayment schedule	Monthly/Seasonal – as set out by implementing bank
Incentives/Penalties for early repayment of loans	None
Penalties for late payments	Persuasive approach first
Part 2: Due Diligence over the previous 24 months: Limited data available – outstanding data needs to be collected at implementing bank level	
Total amount allocated for loans for KKP from 2001 – 2007	2001 - 2007: Rp 2,082.24 bil per year
Total value of Loans Issued for KKP from 2001 – 2007 ; Percentile value is ratio of issued loan amount: allocated loan amount	2001: Rp 468.669 bil (22.50%) 2002: Rp 467.662 bil (21.98%) 2003: Rp 709.680 bil (34.08%) 2004: Rp 790.634 bil (37.97%) 2005: Rp 900.756 bil (43.25%) 2006: Rp 963.252 bil (46.26%) 2007: Rp 735.767 bil (35.33%)
Performance: 1. Loans repaid (%) 2. NPL (%)	1. KKP: 20% (Nurmanaf, 2007) 2. -
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Local government approaches the farmers (Gapoktans) and sets up a meeting to acquaint the farmers with the program; Also mass media
Associated Pilot Projects	NA
Other comments	For 2001 – 2007 the actual total amount of loans disbursed versus the allocated budget was always below 50%. Yet in 2008 the annual budget was increased from Rp 2.082 trillion to Rp 10.863 trillion. Figures for January 2008 show that the amount of funds disbursed in 2008 has dramatically increased: Allocated annual budget: 10.863 trillion Disbursed funds: 5.143 trillion

Government Implemented Scheme Name	KPEN-RP
Implementing Ministries	Ministry of Agriculture
Implementing Banks/Institutions	Bank BRI; Bank Mandiri; Bank Bukopin, Bank BNI, Bank Agro, Bank Sumut, Bank Nagari (Bank Sumbar), Bank Sumsel, and Bank Papua
Area of operations	All Indonesia
General background information of credit scheme	This is an interest subsidy credit scheme, where the government pays a portion of the interest rate. The loan is made by the bank to a farmer's group or cooperative, from where the funds are disbursed to the individual group/cooperative members.
Part 1: Availability of Credit Schemes:	
Target Market	Energy Development and Estate Crops Revitalization: Palm Oil, Rubber, Cocoa
Type of Credit Scheme	Normal credit but special for palm oil, rubber and cocoa commodities.
Total amount allocated for scheme	Rp 449 billion for 2008
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Set by the implementing banks 2. Set by the implementing bank
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Collateral required Credit for a maximum of 4 ha of land per family Must be member of farmer group
Interest Rates	The interest rate covered by the farmers is 10% and the remainder is paid by the government. The average rate of interest is 15% per annum.
Length of Loans	Palm Oil and Cocoa: 5 Years Rubber: 7 Years
Loan Grace Period before repayment starts	Set by the implementing banks
Repayment schedule	Set by the implementing banks
Incentives/Penalties for early repayment of loans	No incentives
Penalties for late payments	No penalty reported so far.
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Until 2010, Rp 31.772 trillion consists of: BRI (Rp 12 t), Bank Mandiri (Rp 11.082 t), Bank BNI (Rp 5.0 t), Bukopin (Rp 1.0 t), BPD Nagari/West Sumatera (Rp 966 b), BPD Sumsel/ South Sumatera (Rp 651 b), BPD Sumut/North Sumatera (Rp 500 b), Bank Agro (Rp 300 b), BPD Papua (Rp 250 b)
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. NA 2. Total loan allocation is decided by the Minister of Agriculture
Performance: 3. Percentage of Loans repaid 4. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Socialized through local government officials and also via media. No cost applied (no bank provision) to anyone who accesses the program.
Associated Pilot Projects	
Other comments	This program is specifically provided to accelerate the development of certain estate crops. Unused interest subsidy in 2007 was Rp 146 billion while the subsidy allocated in 2008 is Rp 449 billion.

Government Implemented Scheme Name	P3KUM
Implementing Ministries	Ministry of Cooperatives and Small and Medium Enterprises
Implementing Banks/Institutions	PT. Bank Aceh (Aceh), PT. Bank Sumut (Medan), PT. Bank Nagari (Padang), PT Bank Riau (Pekan Baru), PT. Bank Sumsel (Palembang), BPD Jambi (Telanapura Jambi), BPD Bengkulu (Bengkulu), PT. Bank Lampung (Lampung), PT. Bank DKI (Jakarta Pusat), PT. Bank Jabar (Bandung), PT. Bank Jateng (Semarang), BPD DIY (Yogyakarta), PT. Bank Jatim, PT. Bank Kalbar (Pontianak), BPD Kalsel (Banjamasin), PT. Bank Kaltim (Samarinda), PT. Bank Kalteng (Palangkaraya), PT. Bank Sulsel (Makassar), BPD Sultra (Kendari), PT. Bank Sulteng (Palu), PT. Bankk Sulut (Sulut), PT. Bank Bali (Denpasar), PT. Bank NTB (Mataram), PT. Bank NTT (Kupang), PT. Bank Maluku (Ambon), PT. Bank Papua (Jayapura).
Area of operations	All Indonesia
General background information of credit scheme	Working Capital Microcredit scheme. P3KUM and PERKASSA differ only in the fact that the latter is restricted to women recipients only, while the P3KUM scheme is open to both men and women. One of the objectives of these programs is to reduce poverty through the providing working capital in micro-scale ventures in, amongst other, the agriculture, fisheries and livestock sectors. The program also aims to improve the institutional and working capital capacity of cooperatives. Funds are disbursed by the cooperatives
Part 1: Availability of Credit Schemes:	
Target Market	Agriculture, Fisheries, Livestock, Trade and Handicraft. Started in February 2007
Type of Credit Scheme	Group scheme;Revolving funds; Working Capital
Total amount allocated for scheme	2008: Rp 150 bil to 1,500 cooperatives 2009: Rp 56.3 bil to 563 cooperatives
Maximum Loan amount: 1. Per Group 2. Per Member	1. Rp 100 mil 2. Rp 4 mil
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Group: Must meet following requirements from Ministry: Must provide documented proof that Cooperative is registered Loan business activities must be managed separately from other possible business activities Must have minimum 15 (Powerpoint document)/25 members (Manual) Listed Annual member meeting in most recent report Must not previously had a loan from the Ministry Must present business proposal and financial report Recipients: Must be group member Must have a productive business Must not have a loan outstanding to the cooperative Must submit proposal for loan Cooperative approves loan to member
Interest Rates	Member: 2% per month effective rate Group: 16% total (10% to Ministry; 4 % to Bank; 2% to Group)
Length of Loans	To Group: 10 years; Each member: 1 year
Loan Grace Period before repayment starts	Group: 3 months Member: NA
Repayment schedule	Group: monthly or quarterly Member: up to group to decide – weekly/monthly/seasonal
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	NA

P3KUM continued	
Part 2: Due Diligence over the previous 24 months: Limited data available – outstanding data needs to be collected at group/ cooperative level	
Total amount allocated for loans	2005: Rp 100 bil; 2006: Rp 140 bil; 2007: Rp 200 bil
Total Loans Issued: Number of Loans - Total Value of Loans	2005: 440 cooperatives - Rp 100 bil 2006: 1,600 cooperatives - Rp 140 bil 2007: 2,000 cooperatives - Rp 200 bil
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Through the central and local cooperative management.
Associated Pilot Projects	NA
Other comments	Obtaining performance data (specifically NPL rate) has proved difficult for two reasons: Confidentiality and consolidation of information from branches (many banks and many branches) Official data could theoretically be obtained through official correspondence through the various layers of bureaucracy (as experienced with Bank Mandiri and BRI). Consolidated data may be available from the Ministry of Finance although each implementing bank should have such consolidated data.

Government Implemented Scheme Name	KUR
Implementing Ministries	Agriculture; Fisheries; Cooperatives & SMEs; Industry; Forestry; Finance
Implementing Banks/Institutions	BRI; BNI; Mandiri; Syaria Mandiri; Bukopin; BTN Guarantee isntitutions: Perum SPU, PT Askrindo
Area of operations	All Indonesia
General background information of credit scheme	This program was formerly named SP-3. This is a credit guarantee scheme in which the GOI accepts 70% of risk and the implementing bank 30%, through guarantee agencies. Through this program, SMEs have the opportunity to gain access to credit without having to provide collateral.
Part 1: Availability of Credit Schemes:	
Target Market	SME's
Type of Credit Scheme	Loan guarantee scheme
Total amount allocated for scheme	No money for loans as guarantee scheme only. GOI 70%; Implementing Banks 30%
Maximum Loan amount:	No money for loans as guarantee scheme only. Maximum loan amount set by implementing bank
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	No collateral, as GOI covers 70% of risk and Implementing Bank covers 30% Terms and conditions are applied without deviation by the banks
Interest Rates	Commercial rate with a maximum of 16%
Length of Loans	Set by the implementing banks
Loan Grace Period before repayment starts	Set by the implementing banks
Repayment schedule	Set by the implementing banks
Incentives/Penalties for early repayment of loans	No incentives
Penalties for late payments	NA
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	
Total Loans Issued:	(See comments column below)
1. Number of Loans	1. NA
2. Total Value of Loans	2. NA
Performance:	
1. Percentage of Loans repaid	1. NA
2. Percentage of Non Performing Loans	2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	This is the most popular credit scheme at the moment, so any media (including the banks, government offices, private sectors, NGOs) are very active.
Associated Pilot Projects	NA
Other comments	Obtaining performance data (specifically NPL rate) has proved difficult for two reasons: Confidentiality and consolidation of information from branches (many banks and many branches) Official data could theoretically be obtained through official correspondence through the various layers of bureaucracy (as experienced with Bank Mandiri and BRI). Consolidated data may be available from the Ministry of Finance although each implementing bank should have such consolidated data.

Credit Scheme Name	PEMP						
Implementing Organization	GOI Ministry of Marine Affairs and Fisheries						
Implementing Banks/Institutions	Bank Bukopin; BRI; Bank Pembangunan Daerah Papua; Bank Pembangunan Daerah Maluku; Bank Syariah Mandiri						
Area of operations	All Coastal Areas						
General background information of credit scheme	PEMP was introduced in 2001 and consists of 3 phases: Phase 1: 2001 – 2003: initiation, involving community awareness and encouragement of participation. 197 MFI's were established. Phase 2: 2004 – 2006: institutionalization, focusing on development of cooperatives as MFI's, SPDF's* and Coastal Kiosks Phase 3: 2007 – 2009: Business Diversification, with further development of cooperatives						
Part 1: Availability of Credit Schemes:							
Target Market	Informal Microfinance institutions in the form of community groups at subdistrict level						
Type of Credit Scheme	Community Group; revolving credit at Community Group level						
Total amount allocated for loans	Rp 434.571 billion for 2007 – 2009 Target 594,450 loans for 2007 - 2009						
Maximum Loan amount:	1. Varies per group 2. Varies per group						
1. Per Loan							
2. Per Year							
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Must be group member Must be part of coastal community: Fisherman; Fish farmer; Fish product trader; Fishery product processor; Fishery service entrepreneur; Marine tourism provider; Other supporting business						
Interest Rates	Cooperative pays maximum 6% interest to executing bank MFI charges member 16 – 20% flat rate interest						
Length of Loans	Adjusted to suit needs of member						
Loan Grace Period before repayment starts	Adjusted to suit needs of member						
Repayment schedule	Adjusted to suit needs of member						
Incentives/Penalties for early repayment of loans	NA						
Penalties for late payments	NA						
Part 2: Due Diligence over the previous 24 months:							
Total amount allocated for loans (In Rp Billions)		2001	2002	2003	2004	2005	2006
	MFI	77.29	69.6	98.633	95.44	106.831	70.799
	Coastal Kiosks					14.025	10.2
	SPDF						21.375
	Infrastructure Aid						1.6
Totals (Rp Billions)		77.29	69.6	98.633	95.44	120.856	103.974
Total Loans Issued:	1. 843,860 persons from 2001 – 2006 2. See breakdown above						
1. Number of Loans							
2. Total Value of Loans							
Performance:	1. NA 2. NA						
1. Percentage of Loans repaid							
2. Percentage of Non Performing Loans							
Part 3: Additional Information:							
How is the credit scheme socialized to target market	NA						
Associated Pilot Projects	NA						
Other comments	The average income per person in the target group increased from Rp 365,312 per month at the start of the program to Rp 860,158 at the end of 2006.						

Government Implemented Scheme Name	PERKASSA
Implementing Ministries	Ministry of Cooperatives and Small and Medium Enterprises
Implementing Banks/Institutions	PT. Bank Aceh (Aceh), PT. Bank Sumut (Medan), PT. Bank Nagari (Padang), PT Bank Riau (Pekan Baru), PT. Bank Sumsel (Palembang), BPD Jambi (Telanapura Jambi), BPD Bengkulu (Bengkulu), PT. Bank Lampung (Lampung), PT. Bank DKI (Jakarta Pusat), PT. Bank Jabar (Bandung), PT. Bank Jateng (Semarang), BPD DIY (Yogyakarta), PT. Bank Jatim, PT. Bank Kalbar (Pontianak), BPD Kalsel (Banjamasin), PT. Bank Kaltim (Samarinda), PT. Bank Kalteng (Palangkaraya), PT. Bank Sulsel (Makassar), BPD Sultra (Kendari), PT. Bank Sulteng (Palu), PT. Bankk Sulut (Sulut), PT. Bank Bali (Denpasar), PT. Bank NTB (Mataram), PT. Bank NTT (Kupang), PT. Bank Maluku (Ambon), PT. Bank Papua (Jayapura).
Area of operations	All Indonesia
General background information of credit scheme	Working Capital Microcredit scheme. P3KUM and PERKASSA differ only in the fact that the latter is restricted to women recipients only, while the P3KUM scheme is open to both men and women. One of the objectives of these programs is to reduce poverty through the providing working capital in micro-scale ventures in, amongst other, the agriculture, fisheries and livestock sectors. The program also aims to improve the institutional and working capital capacity of cooperatives. Funds are disbursed by the cooperatives
Part 1: Availability of Credit Schemes:	
Target Market	Women only; Agriculture, Fisheries, Livestock, Trade and Handicraft. Started in February 2007
Type of Credit Scheme	Group scheme;Revolving funds; Working Capital
Total amount allocated for scheme	2008: Rp 150 bil to target 1500 cooperatives 2009: Rp 105 bil to target 1050 cooperatives
Maximum Loan amount: 1. Per Cooperative/Group 2. Per Member	1. Rp 100 million 2. Rp 4 million
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Group must meet following requirements from Ministry: Must provide documented proof that Cooperative is registered Loan business activities must be managed separately from other possible business activities Must have minimum 15 (Powerpoint document)/25 members (Manual) Listed Annual member meeting in most recent report Must not previously had a loan from the Ministry Must present business proposal and financial report Recipients: Must be group member Must have a productive business Must not have a loan outstanding to the cooperative Must submit proposal for loan Cooperative approves loan to member
Interest Rates	Member: 2% per month effective rate Group: 16% total (10% to Ministry; 4 % to Bank; 2% to Group)
Length of Loans	To Group: 10 years; Each member: 1 year
Loan Grace Period before repayment starts	Group: 3 months Member:

PERKASSA continued	
Repayment schedule	Group: monthly or quarterly Member: up to group to decide – weekly/monthly/seasonal
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	NA
Part 2: Due Diligence over the previous 24 months: Limited data available – outstanding data needs to be collected at group/ cooperative level	
Total amount allocated for loans	Rp 25 billion in 2007 Rp 20 billion in 2006
Total Loans Issued: 1. Number of Loans - Total Value of Loans	2007: 250 cooperatives - Rp 25 billion 2006: 200 cooperatives - Rp 20 billion
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Through cooperative operated in the fields/regions
Associated Pilot Projects	NA
Other comments	NA

Government Implemented Scheme Name	PUAP under umbrella of PNPM Mandiri
Implementing Ministries	Ministry of Agriculture
Implementing Banks/Institutions	Bank BRI, Bank BTN, Bank Mandiri, Bank BNI, Bank Bukopin, Bank Syariah Mandiri. Funds disbursed through GAPOKTAN or POKTAN (farmers groups) to farmers
Area of operations	All Indonesia
General background information of credit scheme	Launched in 2008, this is a poverty reduction program aimed at the agriculture sector in rural areas.
Part 1: Availability of Credit Schemes:	
Target Market	Both on-farm activities (food, horticulture and estate crops; livestock) and off-farm activities (agriculture-based businesses, including micro marketing activities)
Type of Credit Scheme	
Total amount allocated for scheme	Rp 1 trillion
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Rp 100 million/village x 10,000 villages 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Gapoktan criteria: Must operate in a PUAP designated village Must have adequate HR to manage agribusiness sector Must be a legal organization with an active Board, and managed by the farmers. If no Gapoktan in village, a Poktan can receive the funding
Interest Rates	Set by the implementing banks
Length of Loans	NA
Loan Grace Period before repayment starts	NA
Repayment schedule	Daily, weekly and seasonal cycles
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	NA
Part 2: Due Diligence over the previous 24 months: New program – no due diligence information available	
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	NA
Other comments	This is the newest credit scheme under the Ministry of Agriculture (officially issued in February 2008). However, PUAP is currently less popular than the KUR program, as the latter is repeatedly and constantly endorsed by high government officials, including the President and the Vice President.

Government Implemented Scheme Name	SP-3
Implementing Ministries	Ministry of Agriculture
Implementing Banks/Institutions	Bank Mandiri; Bank Syariah Mandiri; Bank Bukopin; BPD Jawa Timur; BPD Nusa Tenggara Barat Credit disbursed through farmers' groups/cooperatives
Area of operations	All Indonesia
General background information of credit scheme	This is an interest subsidy credit scheme, where the government pays a portion of the interest rate. The credit decision rests with the implementing bank while the loan funds are distributed via village level LKM. Source of loan funds is the executing bank.
Part 1: Availability of Credit Schemes:	
Target Market	Horticulture, Animal husbandry and Crops
Type of Credit Scheme	Subsidized Credit Scheme
Total amount allocated for scheme	Rp255 billion for 2007
Maximum Loan amount	Dependent upon credit category: UM1 (Micro1): Max. Rp 10 million UM2 (Micro2): Rp 10 million to Rp 50 million UK1 (Small1): Rp 50 million to Rp 250 million UK2 (Small2): Rp 250 million to Rp 500 million
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	<p>Gol pays max 1.65% value of loan as guarantee, up to: 90% for UM1 40% for UM2 30% for UK1 10% for UK2 Remainder covered by recipient</p> <p>Must have collateral as required by the implementing bank Farmer, Farmer Group or Cooperative need to submit proposal to nearest implementing bank Bank makes the decision to grant or not</p> <p>Farmer Group: Members must engage in business activities that can be financed by SP-3 Group must be in existence for at least 2 years Commodity must have a market Group must have business potential No bad credit history</p> <p>Cooperative: Must have corporate body with active management Members must be farmers Must fulfill technical banking requirements Business must be in Agriculture sector</p> <p>Farmer: Farmers must engage in business activities that can be financed by SP-3 Farming business must be in existence for at least 2 years Commodity must have a market Farm must have business potential No bad credit history Must be actively working on own land or land owned by third party If not the owner of the land, must have letter from Village head</p>
Interest Rates	UM1: maximum of 12% per annum UM2, UK1, UK2: average 2-3% below commercial interest rate Syariah: dividend equivalent of 15% per annum

SP-3 continued	
Length of Loans	Minimum 1 business cycle Support businesses: minimum 1 year
Loan Grace Period before repayment starts	Depending on repayment schedule
Repayment schedule	Monthly/Seasonal – as set out by implementing bank
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	Generally additional interest payable
Part 2: Due Diligence over the previous 24 months: Limited data available – outstanding data needs to be collected at implementing bank level	
Total amount allocated for loans AS AT March 2007	Rp 255 billion
Total value of Loans Issued	Rp 32.3 billion issued Rp 201.99 billion pipeline
Performance:	
1. Loans repaid (%)	1. NA
2. NPL (%)	2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	NA
Other comments	NA

4.2. Sample Banks implementing Government of Indonesia credit schemes

Implementing Organization	BPD – Bank Pembangunan Daerah Tingkat II Ubud
Credit Scheme Name	KKP – Kredit Ketahanan Pangan
Area of operations	Gianyar
General background information of credit scheme	Lending to Credit Unions and Animal Husbandry Farmer Groups
Part 1: Availability of Credit Schemes:	
Target Market	Credit Unions and Farmer Groups
Type of Credit Scheme	Institutional Lending – Group Lending
Total amount allocated for loans	Rp 500 Million Total
Maximum Loan amount: 1. Per Loan 2. Per Year	To Credit Unions: Depends on demand. To Farmer Groups: Rp 15 million / ten people
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Credit Unions submit request to BPD. Farmer Groups prepare proposal which is approved by the Dinas Peternakan then submitted to BPD.
Interest Rates	7% per year
Length of Loans	Animal raising period – less than 1 year.
Loan Grace Period before repayment starts	Until after the animals are sold.
Repayment schedule	One-time repayment
Incentives/Penalties for early repayment of loans	No early repayment
Penalties for late payments	No further loans to the group
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Rp 500-800 million
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. 10 groups per season. 2. Rp 500 million
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 90-95% 2. 10-15%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Socialized via Dinas Peternakan.
Associated Pilot Projects	NA
Other comments	Each District has one or two BPD offices. Head office for Bali is in Renon, Jl. Raya Puputan near Renon Field.

Implementing Organization	BRI – Bank Rakyat Indonesia – Gianyar Branch
Credit Scheme Name	KKP
Area of operations	Gianyar District, Bali
General background information of credit scheme	NA
Part 1: Availability of Credit Schemes:	
Target Market	Farming and Animal Husbandry (Cattle)
Type of Credit Scheme	Group Lending
Total amount allocated for loans	800 million Rupiah
Maximum Loan amount: 1. Per Loan 2. Per Year	Cattle: 25 million per person, 10-12 people per group Farming 4 million per person – 10-12 people per group
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Recommendation from Dinas Peternakan Proposal from Group
Interest Rates	7%
Length of Loans	Seasonal – maximum 3 years
Loan Grace Period before repayment starts	End of Season
Repayment schedule	After harvest or sale of cattle.
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	50% of the owed interest.
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	None last year
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. None last year 2.
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	PPL – Field Workers with Dinas Peternakan.
Associated Pilot Projects	NA
Other comments	NA

4.3. Non-government-related Credit schemes offered by Banking Institutions

Implementing Organization	BPR Berfasi Raharja, Bogor, West Java
Credit Scheme Name	Pinjaman Tunai (Cash Lending as Small Credit)
Area of operations	Regency of Bogor
General background information of credit scheme	Lending to individuals who have (growing) small business
Part 1: Availability of Credit Schemes:	
Target Market	Individuals running small businesses (small companies)
Type of Credit Scheme	Institutional Lending – Individual lending
Total amount allocated for loans	Rp 250 Million for 2008
Maximum Loan amount:	
1. Per Loan	Rp 500 million / recipient
2. Per Year	
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Complete the forms and submit along with <ul style="list-style-type: none"> • land certificate or four-wheels vehicle's documents • evidence of income
Interest Rates	2.25% per month
Length of Loans	Varies according to need, normally 1 to 3 years
Loan Grace Period before repayment starts	No grace period
Repayment schedule	Monthly
Incentives/Penalties for early repayment of loans	No incentives
Penalties for late payments	Fine up to 10% of the outstanding principal amount
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Rp 1,978,800,000 total
Total Loans Issued:	
1. Number of Loans	1. 846 proposals (individuals)
Total Value of Loans	2. Rp12,052,729,700 total
Performance:	
1. Percentage of Loans repaid	1. 85%
Percentage of Non Performing Loans	2. 15%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	BPR Marketing personnel, brochures, etc.
Associated Pilot Projects	NA
Other comments	This BPR was operating as a personal business but recently has become a private financial company subject to BI rules

Implementing Organization	BPR Arta Mitra, Bogor, West Java
Credit Scheme Name	Pinjaman Tunai (Cash Lending as Small Credit)
Area of operations	Regency of Bogor
General background information of credit scheme	Lending to individuals who have (growing) small business
Part 1: Availability of Credit Schemes:	
Target Market	Individuals running small businesses (small companies)
Type of Credit Scheme	Institutional Lending – Individual lending
Total amount allocated for loans	Rp 300 Million for 2008
Maximum Loan amount:	
1. Per Loan	Rp 300 million / recipient
2. Per Year	NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Complete the forms and submit along with land certificate or four-wheels vehicle's documents or gold and evidence of income
Interest Rates	Market interest rate between 14 to 18% per annum or fixed rate at 3% per month depend on the agreement by both sides
Length of Loans	1 to 3 years
Loan Grace Period before repayment starts	30 days
Repayment schedule	Monthly
Incentives/Penalties for early repayment of loans	Discount on applied interest rate
Penalties for late payments	Fine as much as 0.4% per day out of the remaining installment loan
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	3 billion rupiah total
Total Loans Issued:	
1. Number of Loans	1. 1300 proposals (individuals) total
2. Total Value of Loans	2. 10.5 billion rupiah total
Performance:	
1. Percentage of Loans repaid	1. 75%
2. Percentage of Non Performing Loans	2. 25%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Marketing personnel of the BPR, brochures, advertisement on newspapers, etc.
Associated Pilot Projects	NA
Other comments	This BPR recently adopted BI stipulated modern financial management principles.

Implementing Organization	Bank Mandiri, Micro Loan Project
Credit Scheme Name	Micro Loan Project (PKM)
Area of operations	Indonesia
General background information of credit scheme	Specifically designed for BPRs as additional investment or working capital loans
Part 1: Availability of Credit Schemes:	
Target Market	Aimed at BPRs and Individuals/business entities
Type of Credit Scheme	BPR: Executing scheme with Aflopend Plafond Individual: Aflopend Plafond
Total amount allocated for loans	NA
Maximum Loan amount: 1. Per Loan 2. Per Year	1. BPR: Maximum twice value of capital issued and paid up / Individual: Rp 5 million 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	No additional collateral in terms of fixed assets BPR: Performance level indicator: "Quite Sound" for past 3 months Minimum CAR (Capital Adequacy Ratio) of 8% Minimum Credit recovery ratio of 80% Documentation: Tax number; Business Permit Certificate; Official Business Registration Individual: Aged 21 – 60 years Complies with criteria of micro business owner, including individual, or member of a traditional business group Documentation: Identity Card; Official Family Card; Marriage Certificate; Salary Slip
Interest Rates	Subject to change, but below commercial interest rate
Length of Loans	NA
Loan Grace Period before repayment starts	NA
Repayment schedule	NA
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	NA
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	NA
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. NA 2. NA
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	NA
Other comments	NA

Implementing Organization	Bank Mandiri “Mandiri Hortikultura” Loan
Credit Scheme Name	“Mandiri Hortikultura” Loan
Area of operations	Indonesia
General background information of credit scheme	Loan scheme specifically designed for Agribusiness and Horticulture segments, through providing loans for Core company and Plasma farmers, and Agribusiness Collective Business Groups.
Part 1: Availability of Credit Schemes:	
Target Market	Agribusiness and Horticulture segments: Core company and Plasma farmers Agribusiness Collective Business Groups
Type of Credit Scheme	NA
Total amount allocated for loans	NA
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Core Company: as per proven business needs Agribusiness Collective Group: Rp 100 million Plasma Farmer: Rp 50 million 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Documents: Identity document; Business Licenses Authorization by Agriculture Institution or recommended by Ministry of Agriculture Business minimum in existence for 1 year Minimum self-financing of project to value of 20% Main collateral is the project itself. Additional Collateral required: 25% of loan limit for investment 50% of loan limit for working capital
Interest Rates	Commercial interest rates
Length of Loans	Maximum 36 months
Loan Grace Period before repayment starts	NA
Repayment schedule	NA
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	NA
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	NA
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. NA 2. NA
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	NA
Other comments	NA

Implementing Organization	Bank Mandiri, Multiguna Koperasi Mandiri Loan
Credit Scheme Name	Multiguna Koperasi Mandiri Loan
Area of operations	Indonesia
General background information of credit scheme	Designed for Cooperatives and cooperative members
Part 1: Availability of Credit Schemes:	
Target Market	Cooperatives and cooperative members
Type of Credit Scheme	NA
Total amount allocated for loans	NA
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Maximum loan amount of Rp 10 billion 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Cooperative: Comply with criteria for Small Business Business as a legal entity in existence for at least 2 years Performance indicator level "A" Recommended by related company/institution Documents: Tax Number; Business Permit Certificate; Work Premise Permit Certificate; Official business Registration Cooperative Member: Cooperative member for at least 2 years Aged between 21 and 65 years Recommended by Cooperative Proposed by Cooperative to get loan
Interest Rates	NA
Length of Loans	Cooperative: Maximum 3 years for Working Capital Maximum 1 year for Investment Capital Cooperative Member: Maximum 3 years
Loan Grace Period before repayment starts	NA
Repayment schedule	NA
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	NA
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	NA
Total Loans Issued: 3. Number of Loans 4. Total Value of Loans	1. NA 2. NA
Performance: 3. Percentage of Loans repaid 4. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	NA
Other comments	NA

Implementing Organization	Bank Mandiri, Mina Mandiri Loan
Credit Scheme Name	Mina Mandiri Loan
Area of operations	Indonesia
General background information of credit scheme	Aimed to develop sustainable business activities in fishery and other related industries; Cooperative loans issued through "Multiguna Koperasi Mandiri" Loan scheme
Part 1: Availability of Credit Schemes:	
Target Market	Aimed at Fishermen and Maritime related business
Type of Credit Scheme	Garmplasm (core company acts as guarantor; supplier is plasma)
Total amount allocated for loans	NA
Maximum Loan amount: 3. Per Loan 4. Per Year	1. Cooperative: Rp 1 billion / Individual: Rp 100 million 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Business in existence for at least one year Recipient not included in Bank Mandiri Black list of debtors Identity and business legal documents Complete relevant loan application forms
Interest Rates	NA
Length of Loans	Maximum 10 years
Loan Grace Period before repayment starts	NA
Repayment schedule	Based on the projected cash flow
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	NA
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	NA
Total Loans Issued: 5. Number of Loans 6. Total Value of Loans	1. NA 2. NA
Performance: 5. Percentage of Loans repaid 6. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	NA
Other comments	NA

Implementing Organization	Bank Mandiri, Non-Collateral Loan for Micro Business (KUM-LTA)
Credit Scheme Name	Non-Collateral Loan for Micro Business (KUM-LTA)
Area of operations	Indonesia
General background information of credit scheme	A loan scheme for Micro Business owners (farmer, breeder, fishermen, merchant) and traditional business groups
Part 1: Availability of Credit Schemes:	
Target Market	Aimed at Micro Business, specifically listing farmers, breeders and fishermen; traditional business groups
Type of Credit Scheme	Aflopend Plafond
Total amount allocated for loans	NA
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Maximum loan amount of Rp 5 million 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	No collateral Completion of KUM-LTA application form Business in existence for a minimum of 1 year No previous loans received OR good loan repayment record Documents: Identity Card Official Family Card Marriage Certificate
Interest Rates	Subject to change; No Admin Fee
Length of Loans	Maximum 2 years
Loan Grace Period before repayment starts	NA
Repayment schedule	NA
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	NA
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	NA
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. NA 2. NA
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. NA 2. NA
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	NA
Other comments	Source of Funds is Bank Mandiri

4.4. Credit schemes related to Multilateral Development Organizations and NGOs

Implementing Organization	The Asia Foundation
Credit Scheme Name	PEKKA
Area of operations	Aceh: Aceh Besar, Pidie, Aceh Selatan and Brieun Districts
General background information of credit scheme	Group scheme set up by Asia Foundation as part of a women's empowerment project. Structure: one main group in one subdistrict only of each district. Each group comprised of 1 group each from 10 villages. Generally 15 – 25 members per group, with a maximum of 35 members allowed per group at village level. At the end of the project all resources from each village group will be pooled to create one MF group covering all 10 villages. Originally started in all 7 districts of Aceh, but only above 4 districts successful. Discontinued in the other 3 districts.
Part 1: Availability of Credit Schemes:	
Target Market	Women who are group members
Type of Credit Scheme	Group revolving credit scheme
Total amount allocated for loans	Forced savings + RP12 million per group
Maximum Loan amount: 3. Per Loan 4. Per Year	1. Rp 1 million 2. If more than once per year, generally 2 loans in 18 months
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Women only Must be group member Forced savings required
Interest Rates/Service Fees	6% per year Service Fee
Length of Loans	Varies; normally seasonal (6 – 9 months) for agriculture
Loan Grace Period before repayment starts	Standard is 1 month; For Agriculture, generally one payment at end of harvest
Repayment schedule	Standard is monthly payment; For Agriculture, generally one payment at end of harvest
Incentives/Penalties for early repayment of loans	Up to village group to decide; generally no penalties or incentives.
Penalties for late payments	Up to village group to decide; generally no penalties or incentives. Honor plays an important part in loans being repaid on time.
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Forced savings + RP12 million per group
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1.NA 2. Generally, all funds are out as loans at any one time
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 95% 2. 5% - often due to unforeseen emergency, e.g. family medical bills
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Women's empowerment group, so specifically for women. Not only aimed at farmers and fishermen.
Associated Pilot Projects	
Other comments	Funds are often used for multiple purposes. In some cases funds have been used in family medical emergencies, and repayment period is then longer.

Asia Foundation

ADB

Funding source for Gol implemented PNPM–Mandiri scheme – see PUAP in section on Credit Schemes implemented by Gol.

World Bank

Funding source for Gol implemented PNPM–Mandiri scheme – see PUAP in section on Credit Schemes implemented by Gol.

IFC

Implementing Organization	BRI (Bank Rakyat Indonesia)
MDO name and role	IFC – access to finance assistance
Credit Scheme Name	KUR model (Kredit Usaha Rakyat) Hybrid scheme
Area of operations	South Sulawesi
Part 1: Availability of Credit Schemes:	
Target Market	Trading, Agriculture – Maize; Cocoa proposed for coming season in one district
Type of Credit Scheme	KUR hybrid scheme – bulk of guarantee provided by farmers
Total amount allocated for loans	Approximately Rp 974 million, combined with Bank Syariah Mandiri scheme below
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Rp Average 2 Million 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Recipient must provide collateral Certificates (Land titles/vehicle titles) Approximately 100-110% of loan value; If higher, remainder guarantee required from government
Interest Rates	16 – 18% effective per year
Length of Loans	6 months – 1 year
Loan Grace Period before repayment starts	6 months – 1 year
Repayment schedule	At end of Credit period (Principle & Interest)
Incentives/Penalties for early repayment of loans	None
Penalties for late payments	Yes; Interest rate
Part 2: Due Diligence over the previous 24 months: Started in November 2005	
Total amount allocated for loans	Rp. 2.5 billion combined with Bank Syariah Mandiri scheme as set out below
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	Combined with Bank Syariah Mandiri scheme as set out below: 1. Approximately 1,600 – 1,800 farmers 2. Rp. 2.5 billion
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 100% 2. 0%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	South Sulawesi
Other comments	NA

Implementing Organization	Bank Syariah Mandiri
MDO name and role	IFC – access to finance assistance
Credit Scheme Name	Murabahah
Area of operations	South Sulawesi; Bantaeng district
General background information of credit scheme	Started in Nov 2005. A Syariah based financing facility using a transaction system. The bank will buy any legal goods or products according to the recipient needs, and the recipient repays the bank in installments. This credit can be used for business (financial capital and investment: purchasing product, machinery, tools equipment, etc) or personal needs (vehicle and car credit).
Part 1: Availability of Credit Schemes:	
Target Market	Individuals, groups, firms: Maize Farmers
Type of Credit Scheme	Trading; cooperatives;
Total amount allocated for loans	Approximately Rp 974 million, combined with Bank Agro Scheme above
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Rp Average 2 Million 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Recipient must provide collateral Certificates (Land titles/vehicle titles) Approximately 100-110% of loan value; If higher, remainder guarantee required from government
Interest Rates	16 – 19% equivalent
Length of Loans	6 months; facility for 1 year
Loan Grace Period before repayment starts	One payment at end of 6 months
Repayment schedule	One payment at end of 6 months
Incentives/Penalties for early repayment of loans	None
Penalties for late payments	Interest rate equivalent
Part 2: Due Diligence over the previous 24 months: Started in November 2005	
Total amount allocated for loans	Rp. 2.5 billion combined with BRI scheme as set out above
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	Combined with BRI scheme as set out above: 1. Approximately 1,600 – 1,800 farmers 2. Rp. 2.5 billion
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 100% 2. 0%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	South Sulawesi; Bantaeng district
Other comments	NA

Implementing Organization	Bank Agro
MDO name and role	IFC – access to finance assistance
Credit Scheme Name	KUM (Kredit Usaha Mikro)
Area of operations	Luwu – South Sulawesi
General background information of credit scheme	January 2008 started. First season; Rigid selection of farmer groups to avoid failure
Part 1: Availability of Credit Schemes:	
Target Market	Cocoa Farmers; Maize proposed in next season
Type of Credit Scheme	Farmer Groups
Total amount allocated for loans	IRr 98 million for 2 groups; more scheduled in next season
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Average 2.5 million/farmer/hectare 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Certificates – land titles BPKB – vehicle ownership 130% value of loan (officially): Bank Agro has no branch in Makassar, so no precedents)
Interest Rates	15% effective per year
Length of Loans	6 months – 1 year
Loan Grace Period before repayment starts	6 months – 1 year
Repayment schedule	Interest monthly; Principle start at month 4; 3 months principle installment; total 6 months
Incentives/Penalties for early repayment of loans	None
Penalties for late payments	Yes; interest paid on overdue amounts
Part 2: Due Diligence over the previous 24 months: new scheme – no historical data available	
Total amount allocated for loans	
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. 2.
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 2.
Part 3: Additional Information:	
How is the credit scheme socialized to target market	
Associated Pilot Projects	Luwu – South Sulawesi
Other comments	

4.5. Credit schemes related to Micro Finance Institutions, Self Help Groups and other Organizations

Implementing Organization	Perkumpulan Batu Ampar (a self help group)
Credit Scheme Name	-
Area of operations	Desa Pejarakan, Kecamatan Gerokgak
General background information of credit scheme	Origination of funding for credit scheme is from savings, profit from operation and loan (from Dinari).
Part 1: Availability of Credit Schemes:	
Target Market	Members and non members
Type of Credit Scheme	General Purpose
Total amount allocated for loans	Rp. 60 million
Maximum Loan amount:	
1. Per Loan	1. Rp. 5million
2. Per Year	2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Recommendation and Personal Guarantee from two (2) other members
Interest Rates	1% per week (member), 1.5% per week (non-member)
Length of Loans	10 to 20 weeks
Loan Grace Period before repayment starts	NA
Repayment schedule	Weekly
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	0.5% per week
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Rp. 47million
Total Loans Issued:	
1. Number of Loans	1. 196 loans
2. Total Value of Loans	2. Rp. 46.05 million
Performance:	
1. Percentage of Loans repaid	1. 100%
2. Percentage of Non Performing Loans	2. 0%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Through verbal communication
Associated Pilot Projects	NA
Other comments	NA

Implementing Organization	KSU Laksmi Prasanthi
Credit Scheme Name	Pinjaman
Area of operations	Desa Tembok, Kecamatan Tejakula
General background information of credit scheme	Origination of funding for credit scheme is from savings, profit from operation, and investment (from Tunas Mekar Sari fishers group).
Part 1: Availability of Credit Schemes:	
Target Market	Members and non members
Type of Credit Scheme	General purposes
Total amount allocated for loans	Rp. 130 million
Maximum Loan amount:	
1. Per Loan	1. Rp. 5 million
2. Per Year	2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Collateral, forced saving
Interest Rates	2.5% per month
Length of Loans	10 to 20 months
Loan Grace Period before repayment starts	NA
Repayment schedule	Monthly
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	Rp. 5,000,- per month
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Rp. 127.86 million
Total Loans Issued:	
1. Number of Loans	1. 110 loan
2. Total Value of Loans	2. Rp. 127.86 million
Performance:	
1. Percentage of Loans repaid	1. 100%
2. Percentage of Non Performing Loans	2. 0
Part 3: Additional Information:	
How is the credit scheme socialized to target market	NA
Associated Pilot Projects	NA
Other comments	NA

Implementing Organization	Perkumpulan Mandiri (a self help group)
Credit Scheme Name	NA
Area of operations	Desa Pejarakan, Kecamatan Gerokgak
General background information of credit scheme	Origination of funding for credit scheme is from savings and profit from operation
Part 1: Availability of Credit Schemes:	
Target Market	Members and non members
Type of Credit Scheme	General Purpose
Total amount allocated for loans	Rp. 10 million
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Rp. 1 million 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Recommendation and Personal Guarantee from two (2) other members
Interest Rates	3% per month
Length of Loans	10 months
Loan Grace Period before repayment starts	NA
Repayment schedule	Monthly
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	1% per month
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Rp. 6 million
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. 24 loans 2. Rp. 5.65 million
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 100% 2. 0%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Through verbal communication
Associated Pilot Projects	NA
Other comments	NA

Implementing Organization	Kelompok Sumber Paoh (a self help group)
Credit Scheme Name	NA
Area of operations	Desa Sumberkima, Kecamatan Gerokgak
General background information of credit scheme	Origination of funding for credit scheme is from savings, and profit from operation
Part 1: Availability of Credit Schemes:	
Target Market	Members and non members
Type of Credit Scheme	General Purpose
Total amount allocated for loans	Rp. 10 million
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Rp. 1 million 2. n/a
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Recommendation and Personal Guarantee from two (2) other members, forced savings
Interest Rates	1% per week
Length of Loans	10 weeks
Loan Grace Period before repayment starts	NA
Repayment schedule	Weekly
Incentives/Penalties for early repayment of loans	NA
Penalties for late payments	0.5% per week
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Rp. 5 million
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. 15 loans 2. Rp. 3.95 million
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 100% 2. 0%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Through verbal communication
Associated Pilot Projects	NA
Other comments	NA

Implementing Organization	Swamitra – associated with Bukopin Bank (BB)
Credit Scheme Name	Swamitra Mina (Working Capital Loan for Fishermen)
Area of operations	Currently there are 550 Swamitra in Indonesia
General background information of credit scheme	Set up in 1997. Each Swamitra branch is set up as a separate legal entity, and is not a part of BB, although BB provides both technical assistance and funds to each Swamitra. As a Micro-finance institution, Swamitras fall under the legislation of Cooperatives, and Savings and Loan Businesses.
Part 1: Availability of Credit Schemes:	
Target Market	Micro and Small Businesses
Type of Credit Scheme	Cooperative; Revolving credit funds
Total amount allocated for loans	Rp 300 billion
Maximum Loan amount: 1. Per Loan 2. Per Year	1. Rp 100 million per cooperative 2. NA
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	Swamitra Cooperative member Collateral as set out by each Swamitr-
1Interest Rates	Set by the Cooperative under the coordination of Bukopin
2Length of Loans	Set by the Cooperative under the coordination of Bukopin
Loan Grace Period before repayment starts	Set by the Cooperative under the coordination of Bukopin
3Repayment schedule	Set by the Cooperative under the coordination of Bukopin
Incentives/Penalties for early repayment of loans	No incentives
4Penalties for late payments	Set by the cooperative and Bukopin
Part 2: Due Diligence over the previous 24 months:	
Total amount allocated for loans	Rp 300 billion per year
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. NA 2. NA
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 97%+ 2. Less than 3%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Through Cooperative operated in rural/coastal areas
Associated Pilot Projects	NA
Other comments	Source of funds both government and member savings; Swamitra systems connected to Bank Bukopin online. Swamitra Mina program has 4 schemes: savings (unlimited period), periodical saving, daily lending, and repeat lending; cooperative at which Bukopin establishes partnership would manage the program

Implementing Organization	Cooperative Mitra Dhuafa (YAMIDA)
Credit Scheme Name	-
Area of operations	Aceh, West Java
General background information of credit scheme	Yayasan Mitra Dhuafa was established in 2004, and operated as a Yayasan until the end of 2007. From January 2008, the organization has been registered as a Cooperative so that money can be disbursed.
Part 1: Availability of Credit Schemes:	
Target Market	Farmers and fishermen and fishing related trading activities. The "poorest of the poor", only women
Type of Credit Scheme	Revolving credit. Group credit but loan to individual
Total amount allocated for loans	Rp 9.81 billion
Maximum Loan amount: 1. Per Loan 2. Per Year	1. First Loan: max 2 million; Second loan: max twice value of First loan; Third loan: max twice value of second loan (depending on savings) 2. New branch: Maximum Rp 2 million; Branch of two years and older: Maximum Rp 4 million
Requirements for Loan Application (Eligible Recipients / Collateral / Surety / Forced Savings / Group Membership, etc)	No collateral; Must be group member; Must be woman Must complete 5 days of training, and at the same time save Rp1,000 per day. Thereafter need to attend a weekly meeting and save Rp1,000 per week. For second loans onwards: savings needs to be minimum 5% of loan value.
Interest Rates	Aceh Besar, Banda Aceh, Sigli: 18% flat rate Bogor and Jogjakarta: Syariah system 25% equivalent
Length of Loans	50 weeks
Loan Grace Period before repayment starts	1 week
Repayment schedule	Weekly
Incentives/Penalties for early repayment of loans	Pay less interest
Penalties for late payments	No Penalty
Part 2: Due Diligence: from 2004 – end 2007	
Total amount allocated for loans	Rp 9.81 billion
Total Loans Issued: 1. Number of Loans 2. Total Value of Loans	1. 6,442 borrowers 2. Rp 9.81 billion
Performance: 1. Percentage of Loans repaid 2. Percentage of Non Performing Loans	1. 99.26% 2. 0.74%
Part 3: Additional Information:	
How is the credit scheme socialized to target market	Through traditional village group meetings
Associated Pilot Projects	Aceh, Bogor, Yogyakarta
Other comments	The group acts as a strong pressure medium for members to repay the loans. Based on the Grameen Bank System

5. Conclusion and recommendations

5.1. Summary of Findings

The research conducted showed that there are limited credit schemes for small-scale farmers and fishermen offered and financed by banks in Indonesia. Generally, this is because of the perception that these sectors do not have reliable, bankable collateral. General credit schemes offered have high collateral requirements, and evaluation criteria are often based on trading activities. This limits the ability of smallholder farmers and fishermen to apply for these schemes. Physical access to banks and required paperwork and documentation are also a determining factor in prospective recipients applying for loans.

Gol offers various credit programs for Farmers and Fishermen through various Ministries. These ministries are:

- Ministry of Agriculture
- Ministry of Marine Affairs and Fishermen
- Ministry of Cooperatives and SMEs

The credit schemes offered by Gol are channeled through banks at various levels either directly to individuals or to cooperatives or farmer groups from where the funds are disbursed to the individuals.

MDOs are generally associated with implementing village or community level programs through cooperatives or groups. The World Bank, ADB and JBIC are some of the sources of funds for the general PNPM program, of which the Ministry of Agriculture implements the PUAP program. MDOs also tend to focus on access to finance schemes, providing technical assistance and acting as intermediaries between different parties.

MFIs, Cooperatives and Self-help groups appear to be the institutions offering most credit schemes or involved with channeling most of the funds available for smallholder farmers and fishermen. This group of funding, though, is beyond the scope of this work. However, some data were collected and are represented in this report.

The research highlighted the importance of peer pressure from group members in the performance of loan repayment. This is often the determining factor in the successful repayment of loans. Another interesting observation was the role of gender in perceived loan security: female loan recipients are perceived as being more reliable in terms of loan repayment and spending of funds received.

5.2. Recommendations

This study suggests that the wide range of the Gol credit scheme programs implemented by the various agencies or institutions may not be achieving the objectives of the programs effectively:

- The limited (or lack of) coordination between institutions inevitably leads to overlapping programs
- The farmers and fishermen's lack of knowledge of these programs, as well as the reluctance to use such programs, mean that funds deposited at banks for these programs may go unused or may not be used for their intended purposes
- Funds allocated for credit schemes may become counterproductive for the intended target market if the schemes are not properly and timely implemented
- In turn, this affects the growth of the agricultural and fisheries sectors at both local and national levels.

Recommendation I: Promoting cooperation and coordination between the various ministries and institutions involved in aiming to provide credit schemes to farmers and fishermen is strongly recommended to enhance the productive use of Gol funds.

Implementation of recommendation I:

To gain a better understanding of the way in which the Gol funds are currently being dispersed, an in-depth case study is proposed to track the funds of one Gol project from Gol level down to smallholder farmer level in one of the areas of AMARTA operations outside of Java. The aim of this study would be to identify strong points and hurdles in the current process of disseminating the funds, and measure the level of funding reaching the farmers. This is a priority recommendation in terms of immediate follow up activities.

Furthermore, a pilot project in the form of an AMARTA intervention for credit schemes working in association with the Gol Ministry of Agriculture is proposed. This proposed scheme would cover access to finance for farmers producing food crops that are part of the AMARTA focus. The aims of the project would be to strengthen the channels of funding from Gol to the farmers, promote a healthy and trusting relationship between the farmers and the lending institutions, and ensure that the funds are effectively channeled to the target market. By strengthening the Ministry of Agriculture's vision of and capacity in managing microcredit schemes, they will have a clearer view of where the Ministry fits in relation to funding dispersed from other Ministries. This will allow for better coordination of funding programs between the various Ministries.

An important issue at stake is the perception that farmers and fishermen have of banks and lending institutions. For various reasons noted, there appears to be a reluctance to

approach institutions for loans. Conversely, the lending institutions view farmers and fishermen as high risk lenders.

Recommendation 2: It is recommended that anti-stigma programs be investigated that will educate farmers and fishermen as to the advantages of accessing credit through the various institutions, the loan application process, and the required performance on loans to ensure continued access to credit. Simultaneously, lending institutions should be encouraged to work with farmers and fishermen to reduce the perceived credit risk that these sectors pose. This will benefit both the lending institutions (increase in clientele) and the recipients (access to credit). However, this will be a lengthy process with all the associated change management challenges.

Implementation of Recommendation 2:

Currently IFC is working with access to finance programs in Sulawesi for, amongst other, cocoa farmers. It is recommended that DAI work with IFC to expand this program in terms of reach to both farmers and lending institutions. As this program has already started, DAI can benefit from the knowledge already gained by IFC in dealing with the lending institutions and farmers, and IFC and the farmers can benefit from increased expertise and support.

Furthermore, Bank Danamon Marketing Department indicated an interest in pursuing the agricultural sector as a target market for loan programs. By working with Bank Danamon in promoting better relationships between farmers and the bank, the market research and implementation processes can be accelerated. Lessons learnt from the program with IFC suggested above could be shared to reduce risk in the implementation phase. Additionally, teaming up with an institution such as Bank Danamon provides access to an existing infrastructure with a wide reach.

Currently, the semi-formal arena of MFIs, Cooperatives and Groups appears to be the most widely used and effective vehicle for the disbursement of credit to farmers and fishermen. These groups appear to be well dispersed throughout Indonesia, and more accessible to farmers and fishermen.

Recommendation 3: It is recommended that the available MFIs, and, where these are lacking, the available suitable community groups (whether farmers, fishermen or tribal/traditional groups) in the areas of AMARTA operations are further investigated as potential channels for microcredit funds. This will, however, have to be done in the field and will mean extensive travel and time commitments. It will also require fluent Bahasa speaking researchers. (The Ministry of Marine Affairs and Fisheries has published a list of cooperatives and groups that are registered in coastal areas. This may be of great use for such a proposed in-depth study. However, other ministries have not compiled similar publications.)

Implementation of Recommendation 3:

This will form part of the in depth case study referred to in the proposed implementation of Recommendation 1, and may well be followed through in the implementation of Recommendation 2.

An additional avenue to explore for channeling microfinance may be Bank Bukopin, which is affiliated with the network of Swamitra microfinance institutions. However, the experiences of researchers with individual Swamitras have been disappointing in terms of providing information.

The importance of sharing information should be emphasized to the various institutions that were associated with the data collection for this rapid assessment. In this spirit, the final recommendation is that a workshop is held to socialize the findings of the assessment to those parties involved with or approached during the collection of data.

5.3. Concluding remarks

In prioritizing the recommended actions, emphasis should be placed on activities that would strengthen the knowledge that DAI has of current microfinance trends and what the associated strengths and challenges are. Therefore, the in depth case study of the Gol funded project is a priority.

Furthermore, DAI needs to strengthen relationships with other institutions involved with microfinance in Indonesia. An effective strategy needs to be developed which would concentrate on building trust between all key players, building farmers trust in lending institutions and strengthening these potential loan recipients in terms of risk. This would allow for the forging of more solid relationships between the recipients and the lending institutions. In this way, trust and reliability can be built in stages from the loan recipient level up the chain of funding. At the same time, by promoting coordination between sources of funding, the direction of allocated funds can be better managed and controlled.

The strengthening of relationships and strategy development processes can be started with the socializing workshop recommended above, followed by DAI approaching the institutions noted to determine which parties would be interested in seriously working with DAI on microfinance issues. Once these parties have been brought on board, all involved parties need to partake in the strategy development to ensure ownership, consensus and clarity of roles.

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7. Appendices

Appendix A: List of contacts

Appendix B: KKP-E Provincial Budgets

Appendix C: Survey Questionnaire in English

Appendix D: Survey Questionnaire in Bahasa Indonesia

7.1. *Appendix A: List of contacts*

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- **Other Government Institutions:**

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Puskopdit - Pusat Koperasi Kredit
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- **Regional Banks:**

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- **PT BPR Berfasi Rajarja**

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TLM Tanaoba Lais Manekat

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7.3. Appendix C: Survey Questionnaire in English

Credit schemes: smallholder farmers and fisheries

The overall objective of this assignment will be to conduct a Rapid Assessment of the Agriculture Lending Schemes for Indonesian Smallholder Farmers and Fishermen in the provinces of Aceh, N. Sumatera, Bangka, Bali, Sulawesi, W. Java, and Flores, where AMARTA is providing assistance to commodity value chains. At least three (3) different sources of development credit will be identified and assessed: government, commercial banks, and multilateral development organizations such as IFC, ADB, World Bank, etc.

Tasks (Performance Requirements)

Task One: Identify, thru visits to banks, development organizations, and credit institutions, the availability of lending schemes for smallholder farmers and fishermen and prepare an inventory of same.

Task Two: Investigate and report on the terms and conditions for access to these lending schemes.

Part I: Availability of Credit Schemes:

1. Institution/Organization
 - a. Name:

2. Credit scheme:
 - a. Name:
 - b. Total budget available for credit scheme during current FY:

3. Origination of funding for credit scheme:
 - a. Government
 - b. Commercial
 - c. Donor Agency
 - d. Other
 - e. For joint ventures, indicate % of each applicable source

4. Approval Process:
 - a. Centralized/Village Branch OR HQ/Field office
 - b. Length of approval process

5. Target markets of Credit Scheme:
 - a. Specific to Smallholder Farmers

- b. Specific to Small scale Fisherman
 - c. Specific to Agriculture
 - d. Specific to Fisheries
 - e. Specific to MSME's
 - f. General credit scheme
6. Eligible recipients of Credit scheme:
- a. Individual
 - b. Group
7. Type of Credit scheme:
- a. As an organizational element, is it a revolving credit scheme (Y/N)
 - b. For eligible recipients, is it a revolving line of credit (Y/N)
8. Maximum loan amount:
- a. per applicant:
 - i. per loan
 - ii. per year
 - b. per group:
 - i. per loan
 - ii. per year
9. Requirements for loan application:
- a. Documentation required
 - b. Proof of income
 - c. Collateral
 - i. What form
 - 1. land title
 - 2. vehicle title
 - 3. cash
 - 4. projected crop
 - 5. other
 - d. Third Party surety
 - e. Bank account at lending bank?
 - f. Other
10. Length of loans:
- a. Seasonal
 - b. Monthly
 - c. Quarterly
 - d. 6 months
 - e. 1 year

- f. 2 years
- g. More than 2 years

11. Loan Grace Period before repayment starts

(What time period before loan repayments need to start being made?)

12. Repayment schedule

- a. Weekly
- b. Bi-weekly
- c. Monthly
- d. 2 repayments
- e. Single repayment
- f. Other

13. Early repayment of loans:

- a. Penalties
 - i. How calculated?
- b. Incentives
 - i. How calculated?

14. Late Payments:

- a. Penalties
 - i. How calculated?

15. Interest rates

- a. Fixed rate @ % per month/year
- b. Variable rate @ % per month/year

16. Default of payments

- a. What constitutes default?
- b. Action taken if loan defaulted?

Part 2: Due diligence – during past 24 months:

1. Loan volume/allocation of funds for loans
2. Total loans allocated
3. Total Value of current loans (Loan amount, excl. interest)
4. Number of loans issued
5. Percentage of loans repaid in full as per contract
6. Percentage of loans not fully repaid by due date as per contract
7. Repayment rate of loans
8. How/by what means is the credit scheme 'socialized' to target market

9. Pilot projects for the schemes to assist qualified borrowers to access the program
10. Pilot projects for the schemes to provide loans in volume to farmer groups

7.4. Appendix D: Survey Questionnaire in Bahasa Indonesia

KUESIONER

KAJIAN SKIM EDIT UNTUK PETANI DAN NELAYAN KECIL DI INDONESIA

Mitra Kerja Yth. DAI/AMARTA adalah lembaga yang disponsori oleh USAID dan saat ini sedang melakukan kajian tentang kredit mikro untuk petani dan nelayan. Tujuan umum kegiatan ini adalah untuk melaksanakan Rapid Assessment (Penilaian Cepat) terhadap Skim Pinjaman Pertanian oleh Petani dan Nelayan Kecil di Provinsi Aceh, Sumatera Utara, Bangka, Bali, Sulawesi, Jawa Barat, dan Flores, dimana AMARTA memberikan bantuan teknik atas rantai nilai komoditasnya. Paling tidak ada 3 (tiga) sumber kredit pembangunan yang berbeda yang akan diidentifikasi dan dinilai, yakni: pemerintah, bank komersial, dan organisasi pembangunan multilateral. Melalui pengisian kuesioner ini, masukan dari BPR sangat diharapkan dan dinilai sangat informatif menunjang kegiatan ini.

Harap mengembalikan kuesioner yang telah diisi segera ke alamat berikut: DAI/AMARTA Gedung BRI II Lantai 28, Jalan Sudirman, Jakarta. Tel. 021-5713546; Fax: 021-5711388. Jika ada kesulitan pengisian harap menghubungi Dr. Sahat Pasaribu, Tel. 08121113063. Terimakasih.

Bagian 1: Ketersediaan Skim Kredit

(Isikan menurut keperluan atau lingkari pilihan yang sesuai; boleh lebih dari satu pilihan)

1. Nama lembaga/organisasi: _____

2. Skim kredit (salah satu yang terutama/diandalkan)
 - a. Nama: _____
 - b. Total dana yang tersedia untuk skim kredit pada tahun berjalan (2008): Rp. _____

3. Sumber pendanaan untuk skim kredit
 - a. Pemerintah
 - b. Bank/Lembaga Keuangan Komersil/Swasta
 - c. Lembaga Donor
 - d. Lainnya, sebutkan: _____
 - e. Untuk sumber patungan, sebutkan persentase setiap sumbernya

4. Proses persetujuan
 - a. Terpusat/Cabang di Desa
 - b. Kantor Pusat/Kantor Cabang
 - c. Lamanya proses persetujuan: _____ hari

5. Target pasar untuk skim kredit
 - a. Khusus untuk petani kecil
 - b. Khusus untuk nelayan kecil
 - c. Khusus untuk pertanian
 - d. Khusus untuk perikanan
 - e. Khusus untuk usaha mikro, kecil dan menengah
 - f. Skim kredit untuk usaha umum

6. Yang dapat menerima skim kredit
 - a. Individu/pribadi
 - b. Kelompok/organisasi

7. Jenis skim kredit
 - a. Sebagai elemen organisasi, apakah pinjaman bergulir? _____ (ya/tidak)?
 - b. Untuk penerima yang layak, apakah menerima pinjaman bergulir? _____ (ya/tidak)

8. Jumlah pinjaman maksimum
 - a. Per pemohon:
 - i. per pinjaman:Rp. _____
 - ii. per tahun: Rp. _____

 - b. Per kelompok:
 - iii. per pinjaman: Rp. _____
 - iv. per tahun: Rp. _____

9. Persyaratan permohonan pinjaman
 - a. Melengkapi dokumen persyaratan yang dibutuhkan
 - b. Bukti nilai pendapatan/penerimaan
 - c. Jaminan dalam bentuk:
 1. sertifikat tanah
 2. STNK kendaraan bermotor
 3. tunai
 4. perkiraan hasil panen
 5. lainnya, sebutkan: _____
 - d. Jaminan pihak ketiga
 - e. Rekening bank pada bank pemberi pinjaman
 - f. Lainnya, sebutkan: _____

10. Lama pinjaman
 - a. Musiman
 - b. Bulanan
 - c. Per triwulan
 - d. Per semester (enam bulan)
 - e. Setahun
 - f. Dua tahun

- g. Lebih dari dua tahun
- h. Lainnya, sebutkan: _____

11. Tenggang waktu pinjaman sebelum memulai cicilan pembayaran

Berapa lama waktu yang disyaratkan sebelum pembayaran cicilan dilakukan?
_____ hari atau bulan

12. Jadwal pembayaran cicilan

- a. Mingguan
- b. Dwi-mingguan
- c. Bulanan
- d. Dua kali pembayaran
- e. Satu kali pembayaran
- f. Lainnya, sebutkan: _____

13. Pembayaran cicilan sebelum waktunya

a. Denda; bagaimana menghitungnya? _____

b. Insentif; bagaimana menghitungnya? _____

14. Pembayaran cicilan yang terlambat dilakukan; bagaimana menghitungnya?

15. Tingkat suku bunga

- a. Suku bunga tetap _____ % per bulan/tahun
- b. Bunga bervariasi _____ % per bulan/tahun

16. Menunggak pinjaman

a. Apa alasan/dasar kegagalan pembayaran? _____

b. Tindakan apa yang dilakukan jika menunggak pinjaman? _____

Bagian 2: Keragaan Pembayaran – selama 24 bulan

(Isikan sesuai dengan data/fakta sebagaimana adanya)

1. Jumlah pinjaman/alokasi dana untuk pinjaman: Rp. _____

2. Total pinjaman yang dapat dialokasikan: Rp. _____
3. Total nilai pinjaman saat ini (jumlah dana yang dipinjamkan, tidak termasuk bunga): Rp. _____
4. Banyaknya persetujuan pinjaman (permohonan yang disetujui): _____
5. Persentase pinjaman yang dibayar penuh sesuai dengan kontrak yang disepakati: _____%
6. Persentase pinjaman yang tidak dibayar penuh sesuai dengan kontrak yang disepakati: _____%
7. Tingkat pembayaran kembali atas pinjaman (*repayment rate of loans*): _____%
8. Bagaimana atau dengan cara apa skim kredit disosialisasikan (disebarluaskan) kepada sasaran (calon peminjam)? _____

9. Kegiatan khusus apa yang dilakukan (*pilot project*) untuk membantu calon peminjam mengakses program skim kredit? _____

10. Kegiatan khusus apa yang dilakukan (*pilot project*) untuk menyediakan pinjaman dalam jumlah tertentu bagi kelompok-kelompok tani? _____

Terimakasih, anda sudah ikut membantu memperbaiki pengembangan skim kredit mikro bagi petani dan nelayan Indonesia.