

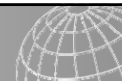
GTZ for the Java Reconstruction Fund:

Livelihood Recovery for D.I. Yogyakarta and Central Java

Gerrit Plum, Programme Manager GTZ



Project's Objectives



Overall objectives

- MSMEs have upgraded their overall competitiveness through access to a combination of financial and technical assistance
- Financial institutions in the earthquake-affected areas are strengthened as a basis for sustainable economic development.

Theme 1

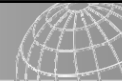
- Assisted micro enterprises are rehabilitated to pre-earthquake levels through enhancing their access to finance linked with technical assistance

Theme 2

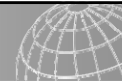
- Supported SMEs with defaulting loans are revitalized on the basis of mutually beneficial work-out strategies between banks and entrepreneurs for existing non-performing loans

Theme 3

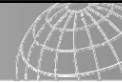
- Assisted medium size enterprises have rebuilt their premises and replaced equipment



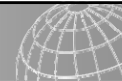
Target Group	Financial Assistance	Technical Assistance
<p>Survivalists MSEs affected by earthquake 11.500</p> <p>Viable enterprises MSEs affected by earthquake 1.500</p>	<ul style="list-style-type: none"> • Micro credits and small loans via BPR and cooperatives: <p>IDR 500.000 - 25 million (majority below 2 million)</p>	<ul style="list-style-type: none"> • Basic & comprehensive entrepreneur skills training • Product skills training • Establishing of producer groups / community development • Marketing, access to markets, exhibitions
<p>Up to 8 Co-operatives</p> <p>Up to 40 BPRs</p>	<ul style="list-style-type: none"> • FA to Co-operatives and BPRs 	<ul style="list-style-type: none"> • Capacity building for co-operatives how to run revolving credit schemes • Training for loan officers/field workers how to assess viability, business plan, monitor loans



Target Group	Financial Assistance	Technical Assistance
<p>500 viable SMEs affected by earthquake with defaulting loans</p>	<p>Fresh financing as optional part of work out strategies (average loan IDR 5mio – 35mio)</p>	<ul style="list-style-type: none"> • Installation of a debtor's helpdesk or debt counseling facility • Business mentors trained to assess rehabilitation potential, broker and mediate work-out strategies
<p>40 BPRs</p>	<p>Financial assistance via retailer BPRs</p>	<ul style="list-style-type: none"> • SOP for BPRs to provide fresh financing as part of work out strategies • Training for loan officers on identification of viable businesses, business plan analysis and formulation of work-out strategies



Target Group	Financial Assistance	Technical Assistance
<p>50 medium enterprises Affected by earthquake, viable, and their suppliers</p>	<ul style="list-style-type: none"> • Micro credits via BPRs: Average IDR 200mio – 500mio to replace business premises and/or equipment 	<ul style="list-style-type: none"> • Earthquake safe reconstruction of premises & equipment replacement • Product skills training • Comprehensive entrepreneur skills training • Promotion of export opportunities to revitalize overseas orders • Business mentoring
<p>Banks</p>	<ul style="list-style-type: none"> • Channeling financial assistance to BPR 	<ul style="list-style-type: none"> • SOP for BPR to establish loan mechanism for damaged medium size enterprises • Training for loan officers/mentors on identification of viable businesses & appraisal of loan applications

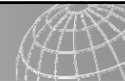


	Number of micro & small enterprises	Number of small enterprises	Number of medium size enterprises	Employees/suppliers reached
Theme 1	FA via MFIs: 10.000 TA (product skills): 1300 TA (comprehensive enterprise skills): 70	FA via BPRs: 1200 (approx. 5-15 employees) TA product skills: 50 TA enterprise skills: 150	--	6.000 – 18.000
Theme 2	TA and FA: 500 entrepreneurs with defaulted loans via BPRs			2.500 – 8.500
Theme 3	--	--	FA & TA: 45 (approx. 50-75 employees) TA: additional 45 & referral to banks	2.275 – 3.375 2.275 – 3.375

**Sustainability:**

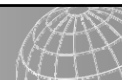
Concept based on exit strategy from the beginning:

- ✓ Establish revolving funds which stay in the region for further economic stimulation beyond project
- ✓ Build capacity for intermediaries to create sustainable access to FA & TA for bankable and non-bankable entrepreneurs beyond project
- ✓ Compile good practices & disseminate know-how to key stakeholders.

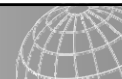


Thank you very much for your attention!

Terima kasih!



	Theme 1	Theme 2	Theme 3
FA: as revolving funds within regulated MFI system	<ul style="list-style-type: none"> ▪ to accredited co-operatives ▪ Retailer BPRs 	<ul style="list-style-type: none"> ▪ Retailer BPRs 	<ul style="list-style-type: none"> ▪ Retailer Banks
TA: Capacity Building for Intermediaries	<ul style="list-style-type: none"> ▪ loan officers, Co-operatives ▪ loan officers, BPRs 	<ul style="list-style-type: none"> ▪ loan officers of BPRs 	<ul style="list-style-type: none"> ▪ loan officers of banks
TA: Business mentoring for enterprises	<ul style="list-style-type: none"> ▪ BDS 	<ul style="list-style-type: none"> ▪ BDS 	<ul style="list-style-type: none"> ▪ BDS
TA: Enterprise/ Product skills training for entrepreneurs	Basic	Comprehensive	Comprehensive

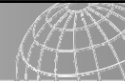


Rehabilitation Strategy

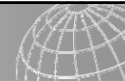
- Bappenas Action Plan for Rehabilitation & Reconstruction
- Action Guidelines for non-housing Rehabilitation and Reconstruction of the Earthquake Affected Communities in Yogyakarta and Central Java

Development Plans

- BAPPENAS – Mid-term Development Plan, Regional Economic Development Strategy
- Bappeda – Livelihood Round Table
- Ministry of Industry – Cluster Promotion
- Ministry of Cooperatives – Cooperatives and Entrepreneurship Promotion Strategy
- Ministry of Trade – Export Promotion
- BI – Research & Funding for Business Start-up, BPR Sector Strategy



- GTZ's ongoing programmes and networks:
 - ✓ Promotion of Small Financial Institutions Programme - BI (Provincial & National)
 - ✓ Regional Economic Development Programme - Bappenas/Bappeda
- QUICK impact centre at BI
- Formation of working group comprising Local Economic Development Department Bappeda, Dinas Perindustria, Dinas Kooperasi BI, Business Associations, Chambers
 - ✓ Identify & discuss best practices
 - ✓ Develop dissemination channels
 - ✓ Write handbook on products, TA and FA tools
- Dissemination seminars across 3 themes with government, NGOs and other key stakeholders

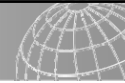


Ongoing cooperation up to now:

- Integration into coordination committees – eg livelihood shelter cluster, government livelihood meeting, TTN meetings
- Bilateral exchange of approach, methods & best practice

Future cooperation:

- Coordination to cover all earthquake affected areas, particularly remote ones
- Coordination with implementing partners such as NGOs/Co-operatives, but joint selection process, eg tender for micro credit schemes
- Use of same standards for micro credit schemes
- Joint working group for dissemination consisting of local government, business associations, chambers, BDS, NGOs
- Joint dissemination strategy of best practices

**Sustainability**

- Revolving funds – money stays in the region for further economic stimulation beyond project
- Long-term outreach to beneficiaries – not only initial beneficiaries
- Reduces dependency of community because community takes responsibility
- NGOs, Cooperatives, BPRs cover operational costs by income from interest rates

Monitoring & Evaluation**Internal: ongoing M&E expert** who will

- Build capacity for intermediaries how to monitor and supervise loans
- Standardize financial reporting from micro credit institutions
- Measure impact of TA and FA
- Compile financial reporting from Co-operatives & BPRs for beneficiaries

External: Evaluation of financial and technical assistance

- Mid-term review
- Final evaluation

Involvement of Local Government & key stakeholders in planning and implementation of M&E