



Recovery of Micro- and Small Enterprises in Earthquake-Affected Areas

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International Organization for Migration



Project overview

JRF Livelihood Theme	Theme 1: Micro- and small enterprises
Overall Objective	<i>To contribute to GoI initiatives to support the recovery of MSEs in Yogyakarta and Central Java and enable them to reach at least pre-earthquake capacity through improved access to finance and technical assistance.</i>
Proposed budget	US\$ 4,483,983
Project period	24 months
Targeted beneficiaries	Direct: 3,000 MSEs Indirect: circa 12,600 individuals



Expected outcomes

3,000 micro- and small enterprises have:

- restored their physical production premises and replaced livelihood equipment to resume activity;
- increased access to loans to use as working capital;
- recovered former buyers or attracted new ones;
- improved their skills in business management;
- increased capacity leading to additional employment opportunities.

Selection criteria

- Focus on the 26 % most affected out of the 100,000 affected MSEs (UNDP Business Survey);
- MSE impacted by the earthquake, directly or indirectly; (e.g. lost assets, market disruptions, supply chain issues)
- Sales have dropped considerably below pre-earthquake level;
- MSE is not targeted by same assistance;
- MSE is a previously viable enterprise based on market study and track record;
- MSE has potential for generating more employment opportunities;
- Priority to businesses that support disadvantaged groups;



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Component 1 : Assessment

- Village shortlist
- Livelihood needs & market potentials
- Environmental impact assessment

Component 2 : Replace assets

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- Kick-starting the most affected enterprises where new asset is a requirement to resume any activity and becomes viable for a loan;
- Asset of enterprise (processing machine, small workshop, etc.) or community (irrigation canal, warehousing, etc.).





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Component 3: Access to Finance

- Linking MSEs to small loans for working capital;
- Financial and technical assistance to selected MFIs;

Component 4: Market Access

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- Recover lost buyers and expand market access;
- Exhibitions, cross-visits between clusters, market research, development of marketing materials, linking with industry associations and exporters.



Component 5: Technical Assistance

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- Trainings in marketing, simple book-keeping, business plan development, etc.;
- Vocational/technical trainings;
- Introduction of new production processes and associated technology;
- Support group formation where relevant;

IOM micro-finance strategy

- IOM will not directly provide loans & avoid establishing new MFIs
- Provide financial and technical assistance to MFI cooperatives by partnering with PT. PNM
- MFIs subject to a technical appraisal (financial situation and & track record);
- MFIs must prove accreditation;
- Repayments ensured through collateral requirements (social or physical); loans coming from MFIs are less likely to be perceived as “free”;
- Loans will not always be the solution, therefore business concept important.

Local partnership strategy

- Partnerships for sustainability (communities, CSO, GoI)
- Communities will contribute with gotong royong
- Letter of Intent with Indonesian Chamber of Commerce (KADIN DIY)
- Partners will collaborate with IOM on various components throughout the project

Component	Partner contribution
Assessments	Environmental impact assessments, market studies
Access to finance	Providing loans, savings to IOM beneficiaries
Market access	Exhibitions, marketing events, business associations
Technical assistance	Trainings, vocational trainings



Monitoring and evaluation framework

Objective: Track progress, demonstrate results and take corrective actions;

Component	Example performance indicator
1. MSE targeting	Meets criteria
2. Asset utilization and impact on business	<ul style="list-style-type: none">•Utilization of asset•Resumption of livelihood activity
3. Technical assistance and impact on business	<ul style="list-style-type: none">•Score results•Existence of financial records•Existence of business plan
4. Micro-finance and impact on business	<ul style="list-style-type: none">•Number of loans issued•Utilization of loan•Increase in production output•Repayment rate
5. Overall recovery of MSEs	Track income, asset accumulation, perceived constraints and trends using the IOM livelihood database



Terima kasih atas perhatian anda!

