

---

**PT Permodalan Nasional Madani (PNM)**

---

**In This Document:**

- Brief History
- Country program
- Area of Operations
- Partners
- Poverty Focus
- Distinctive Features
- Funding
- Challenges and development plans

---

**Brief History**

---

PT Permodalan Nasional Madani (PNM) is a state-owned investment firm set up in 1998 after the financial crisis to take over the refinancing role of Bank Indonesia. According to the new Bank Indonesia Act, enacted in 1999, the central bank is barred to provide directly microfinance loans. This role was effectively transferred to PNM in 1999. As a wholesale fund, it is instrumental in serving more SMEs, by mobilizing domestic funding, including some of the idle funds kept by banks and funds coming from state-owned enterprises.

---

**Country program**

---

PNM supports linkages programs, between commercial banks and BPRs, and between commercial banks and non-bank microfinance providers. PNM provides loans to non-bank microfinance providers, through regional development banks (BPD), with for unique collateral the amount of savings mobilised by retail microfinance institutions.

It operates twelve lending schemes targeting microentrepreneurs, ten implemented through commercial banks, and two through BPRs.

Under a joint financing program with Bank Indonesia, it manages a linkage program between the commercial banks Bank Mandiri and BNI and BPRs.

---

**Area of Operations**

---

Nation-wide

---

**Partners**

---

PNM lends to commercial banks, BPRs, and cooperatives, with plans to extend its partnership to other non-bank financial institutions.

---

**Poverty Focus**

---

n/a

---

**Distinctive Features**

---

PNM provides support to the microfinance sector by intervening at different levels: linkages, funding, and capacity building of institutions and community-based groups.

---

**Funding**

---

PNM's equity of Rp.300 billion and lending resources are funded by the use of idle funds kept by commercial banks, estimated at Rp.300 trillion, and funds coming from state-owned enterprises: between 1 and 5% of their profits will be used to finance microentrepreneurs, with a target of Rp.1 trillion (US\$111 million) to be collected in 2005.

## **Challenges and Development Plans**

---

PNM plans to extend lending to cooperatives and financial institutions applying Islamic banking principles. It also plans to strengthen, formalise into cooperatives, and lend to 3,000 self-help groups formed by the family planning program, BKKBN. PNM also explores possibilities to finance NGOs specialised in microfinance, through an eventual collaboration with Gema-PKM. It also intends to be more active in providing or supporting training programs in microfinance.

## **Sources**

---

- Interview with PNM executives.
- PNM website [www.pnm.co.id](http://www.pnm.co.id)