

INNOVATION AND BEST PRACTICES IN MICROFINANCE

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**NATIONAL FAMILY PLANNING COORDINATING BODY
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INTRODUCTION

- a. One of family planning program is empowerment of the family through various economic activities i.e. cheap, quick, and easy credit facility.
- b. UPPKS groups is means for developing entrepreneurship mentality and skills, organizing productive economic activities, and delivering credit services from various sources: revolving fund from state owned enterprises, commercial banks and development projects
- c. Strategy of groups development gives economic leverage for the social groups
- d. Development of UPPKS groups is adjusted to local autonomy era

PROGRAM DEVELOPMENT

A. UPPKA Group Model

In 1980 – 1994 BKKBN conducted “The Family Planning – Income Generating Activities”, covering :

- a. World Bank Assisted Project 300 IND
- b. ASEAN on Women in Development (WID) Project
- c. Family nutrition project (USAID)
- d. WID project (UNFPA)
- e. The Netherlands assisted project
- f. National budget
- g. state owned enterprise project

B. Poverty alleviation through economic empowerment of pre welfare and welfare I families through UPPKS group model based on 1994 family data

1. Takesra (People Welfare Saving)

- | | |
|----------------|-------------------------|
| - depositors | = 13.115.524 |
| - total amount | = Rp. 207.233.507.009,- |

2. Kukesra (People Welfare Credit) 2002 Data

- Groups = 557.942
- Members = 10.272.310
- Disbursed fund = Rp. 753.982.220.000,-
- Outstanding = Rp. 1.794.518.440.000,- (2004 Data)
- Developed and self reliant groups = 392.066

3. KPKU

- Groups = 12.634
- Disbursed fund = Rp. 197.098.753.000,-

4. KPTTG Taskin

- Groups = 6.396
- Disbursed fund = Rp. 90.492.312.000,-

5. Kukesra Mandiri

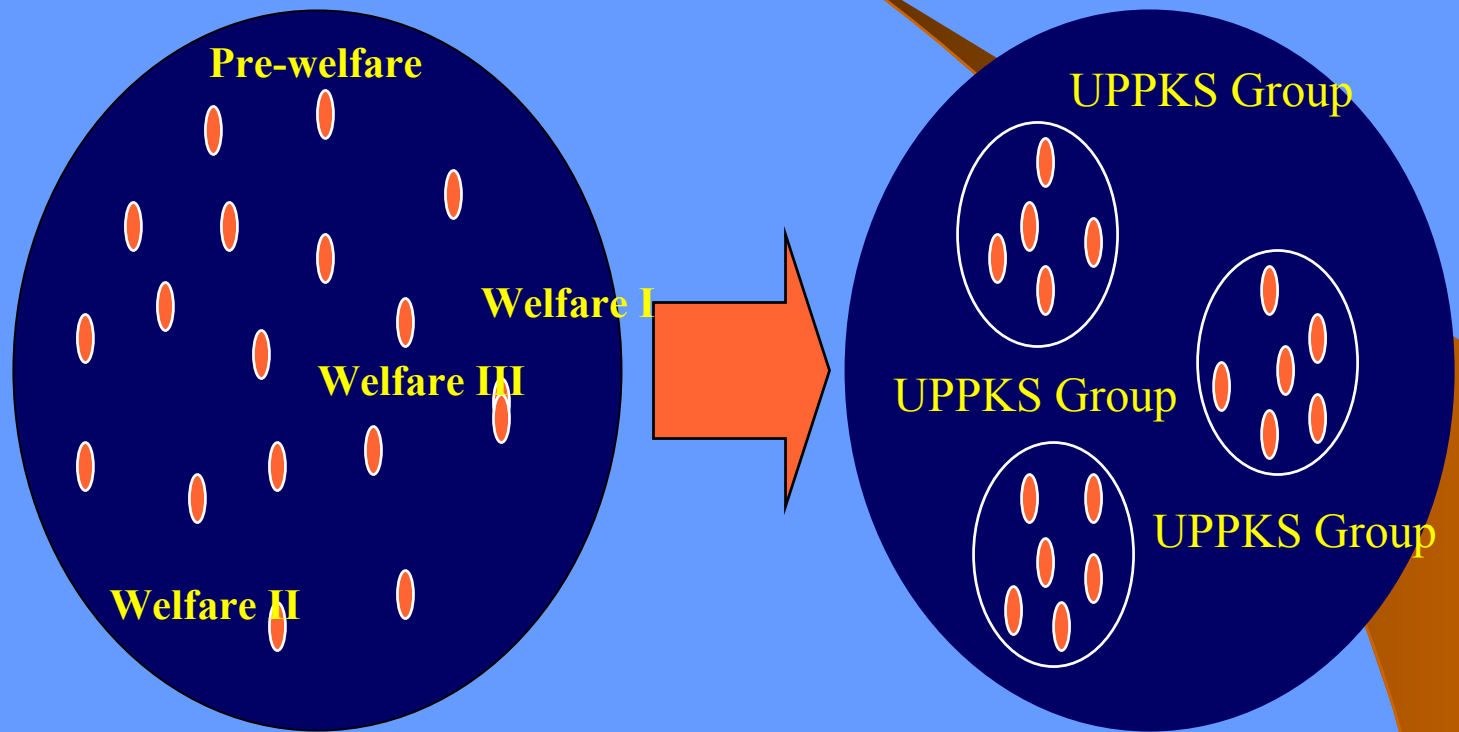
- Groups = 5.697
- Members = 33.167
- Disbursed fund = Rp. 23.978.090.000,-

C. Number of pre-welfare and welfare families I	
- pre-welfare families	= 10.791.263
- welfare families I	= 13.420.311
- total	= 47.229.452

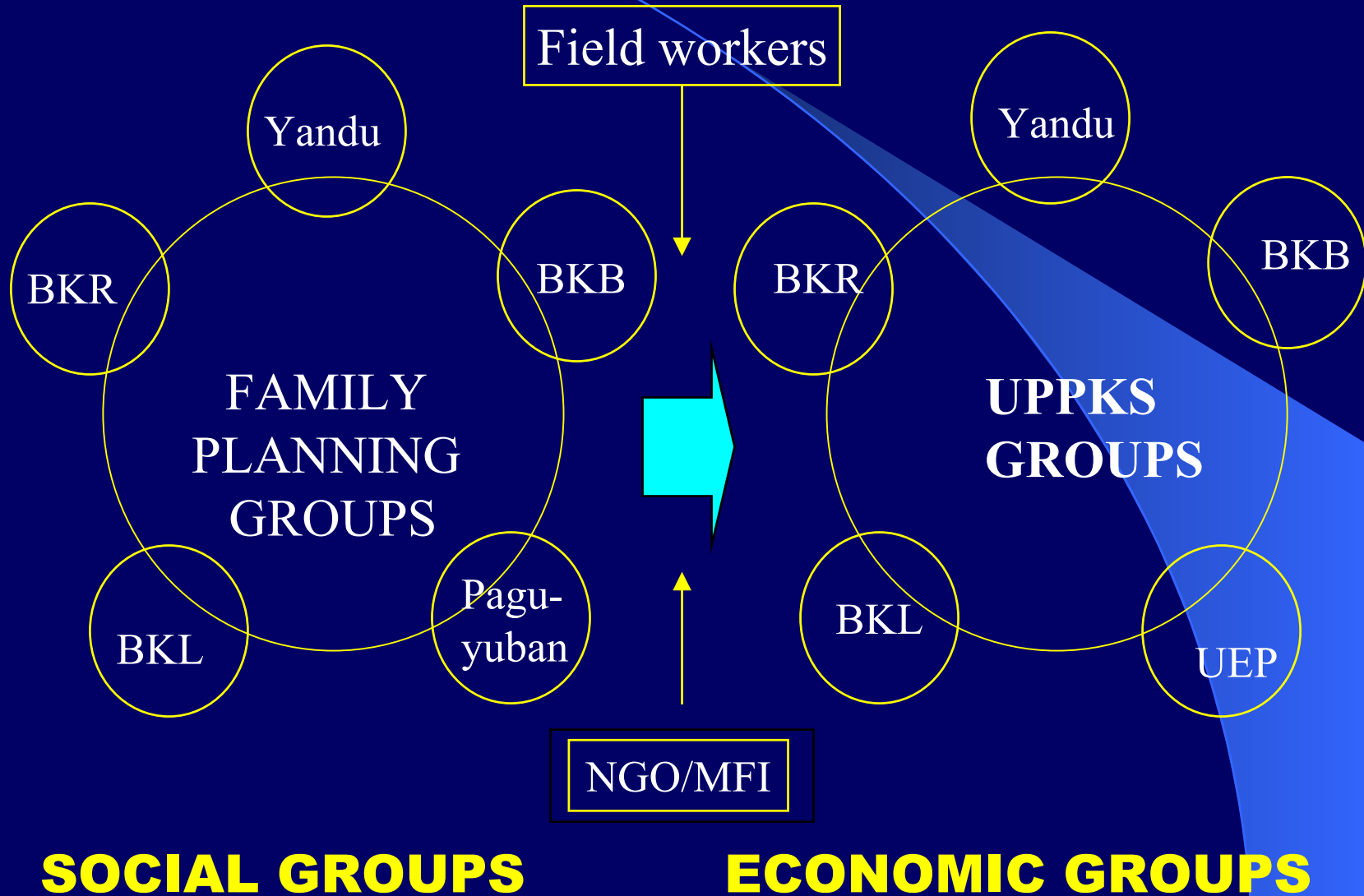
PRINCIPLES OF UPPKS GROUPS

1. Income generating orientation
2. Open
3. Democratic and participative

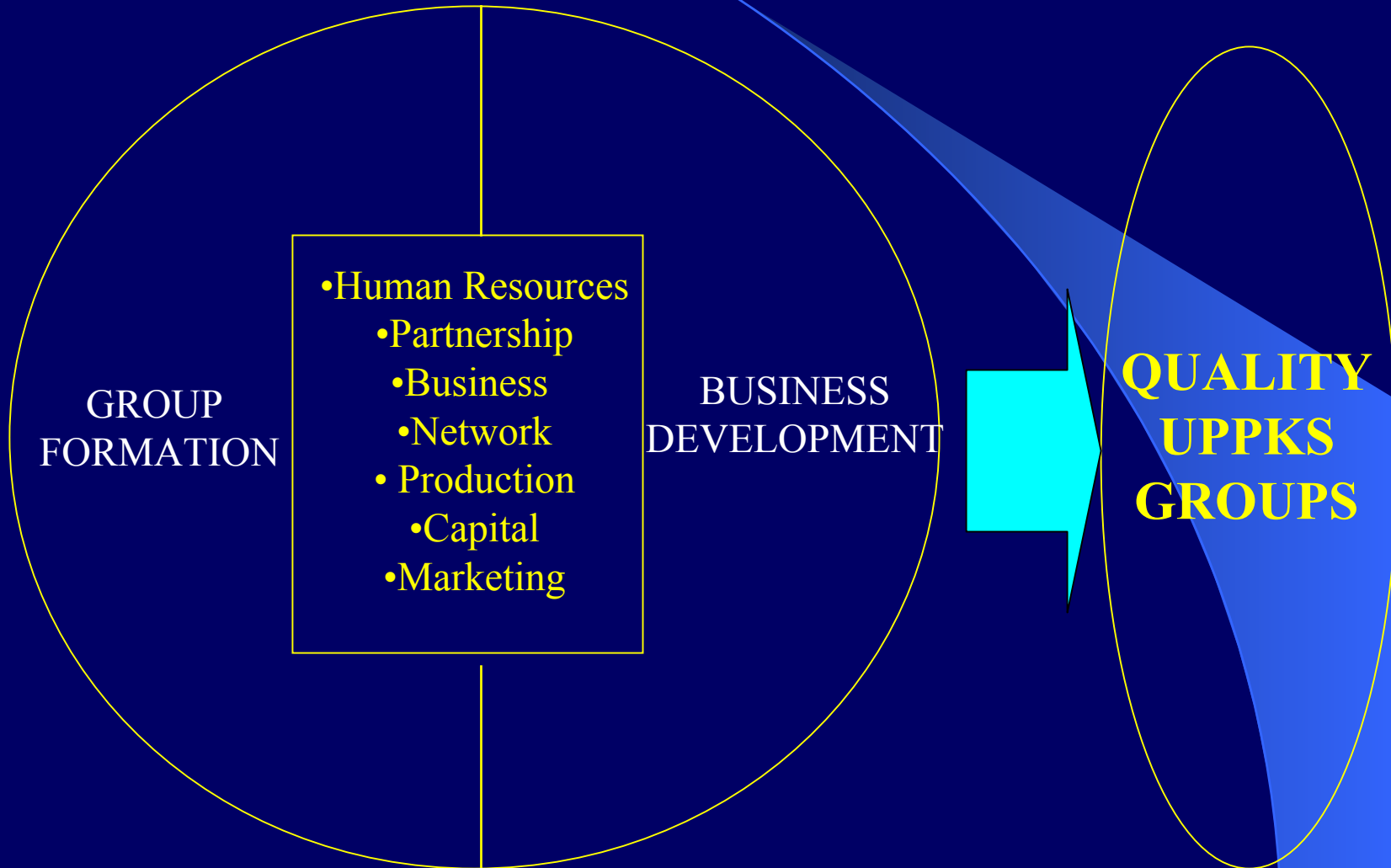
GROUPS FORMATION



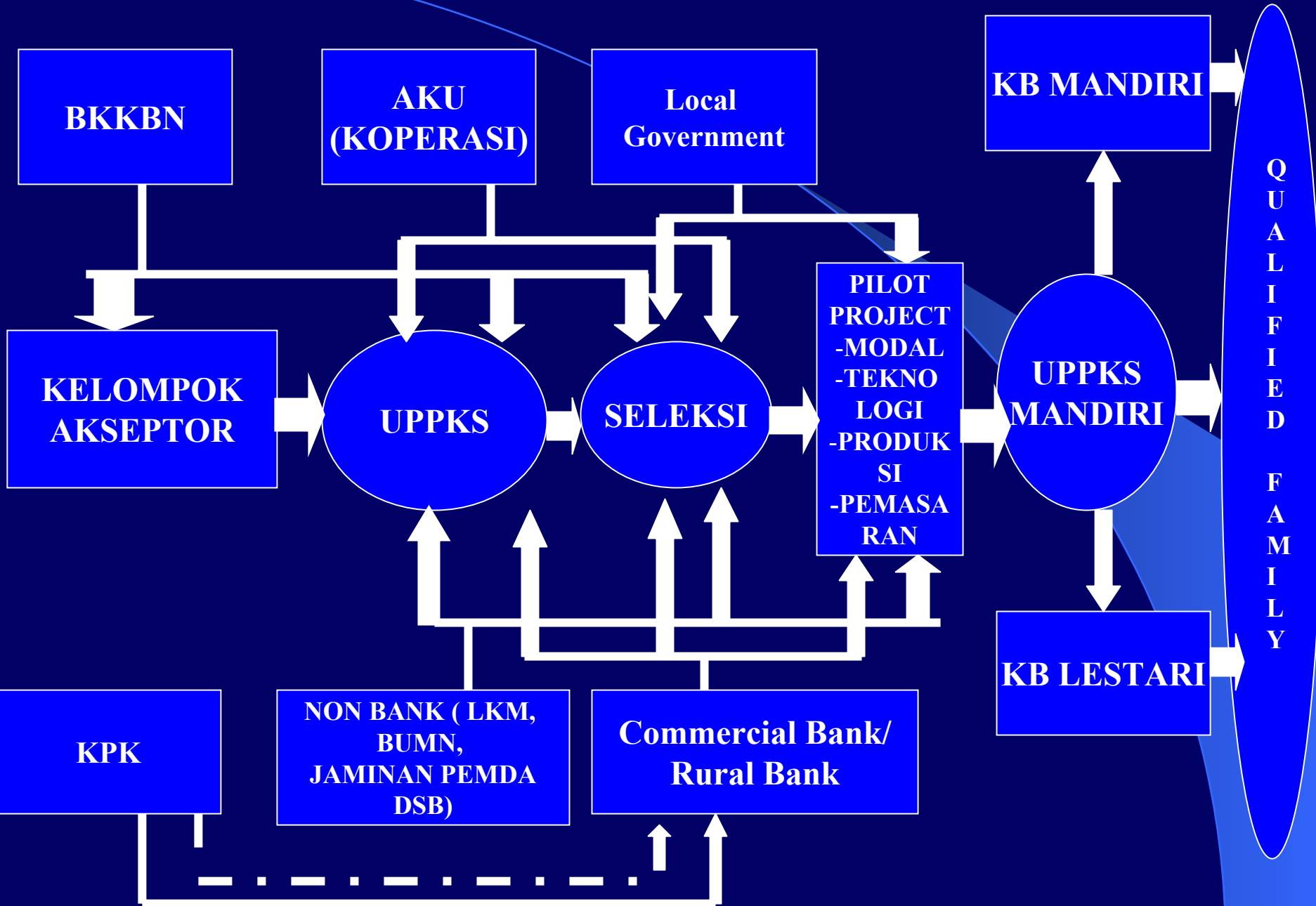
PROGRAM INTEGRATION FAMILY ECONOMY EMPOWERMENT



QUALITY IMPROVEMENT UPPKS GROUPS



KONSEP PEMBERDAYAAN UPPKS



PROGRAM INNOVATION

1. Partnership : - KPK (Poverty Alleviation Committee)
 - Banks/state-owned enterprises.
 - Local Government
 - NGO/MFI
 - Related sectors
 - Business partners

2. Institution : - Group quality improvement
 - strengthen group association
 - strengthen MFI
 - expanding business network

3. Microcredit system development :

- credit scheme modification
- financial system development
- simplify book-keeping administration

4. Human Resource Capacity Improvement :

- Orientation
- Training
- Comparative Study/on job training
- Bazaar

5. Facilitation System :

- Facilitation of MFI
- fieldworker became CO

THE ROLE OF BKKBN IN MICRO BUSINESS

1. Promoting microfinance as economic leverage for family welfare.
2. Developing policies, rules and guidance for microfinance services.
3. Strengthening MFIs.
4. Enhancing competence, capacity and innovation to reduce costs and interest rate.
5. Supporting cooperation to various parties.

THE ROLE OF LOCAL GOVERNMENT

- a. Providing guarantee for micro business risks, and fund mobilization by local regulation/arrangement.
- b. Promoting micro business integrated in local financial system.
- c. Strengthening networks and micro finance system that easy, quick, and flexible.
- d. Enhancing the access of public to microfinance services.

THE ROLE OF NGOs (UPPKS GROUP ASSOCIATION, AKU)

- 1. AKU will accommodate and facilitate training, facilitation, and data development.**
- 2. Bridging the needs of UPPKS groups on access to financial services through saving-borrowing cooperatives.**
- 3. Intermediary institution that link the groups and fund sources.**

THE ROLE OF BANK/FINANCIAL INSTITUTIONS IN MICRO BUSINESS DEVELOPMENT

- a. Supporting micro finance system that accessible by the poor.
- b. Providing fund and system that suitable for MFI.
- c. Providing non collateral credit scheme for micro entrepreneurs groups.
- d. Developing financial networks and fund mobilization for local needs
- e. Improving standard and regulation that fit for MFIs.

SUCCESS INDICATORS

1. Institutions :
 - Boards and members
 - Group activities
 - Working mechanisms

2. Social-economic potentials
 - relationship with local government
 - support from business institution
 - linkages with natural resources and area development

3. Technical facilitation :
 - motivation building
 - Institution consolidation
 - business development
 - group self-reliant development

CONCLUSION

1. **Family economic empowerment is leverage for micro business development.**
2. **Economic empowerment is joint effort of business communities, NGOs, and people.**
3. **Ability, program competency, motivation, and dedication is prerequisite of success.**
4. **For poor families (Pra KS and KS I), economic empowerment should start with:**
 - **Developing the access to microfinance services**
 - **Increasing the income through micro business**
 - **Enhancing the quality of family business**

The image features a solid blue background. A thin, curved orange line starts from the top left and arcs across the upper portion of the frame. In the lower right, there is a larger, solid orange shape that also curves upwards. Centered in the blue area is the text "THANK YOU" in a bold, yellow, sans-serif font. The text is slightly arched to follow the curve of the orange line above it.

THANK YOU