

Press Coverage – Indonesia microfinance

The **Jakarta Post** (4 October 2004) reports that Indonesia intended to raise issues on SMEs development at the APEC meeting in Chile in October 2004. Indonesia is seen as successful in providing microfinance services through banks, and having developed two APEC projects in the country, the BRI (a BWTP member) International Visitor Program, and a comparative study of microfinance services in Southeast Asia.

The Government of Indonesia, as reported in the **Jakarta Post** (29th October 2004), will work to promote SMEs development by encouraging micro-credit. It plans to carry out various activities and to encourage commercial banks to allocate a portion of their loans to SMEs.

In the **Jakarta Post** (13 December 2004), we learn that Jakarta's City Council wants to review the PPMK (Subdistrict Residents Empowerment Program) after suspicions of irregularities. Over 20% of the loans disbursed in September this year have not been repaid, a total of 2.93 billion Rupiah. The PPMK was initiated in 2001 to empower local communities in Jakarta with revolving soft loans, but the monitoring of the program has been poor as the local communities were unprepared to handle the funds.

In **Yahoo! News** (20 December 2004), we are informed that Bank Mandiri will provide 150 billion Rupiah to MFIs in Central Java. The funds will be channelled through BPRs.

In the **Jakarta Post** (28 December 2004), we learn that the Indonesian Movement for Microfinance Development (Gema PKM Indonesia) wants to establish an independent institution to mobilize funds in order to on-lend to non-bank MFIs. It is said that many of these have troubles obtaining funds because they can't meet collateral requirements of banks or other funding institutions. Under the Gema PKM plan, guarantee to bank loans to the new institution would be provided by donors.