

Section 1: Project Details

1.1 Project Title:

East Sumba branch office establishment in Sumba Island
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1.2 Location

Country:	Indonesia
Region:	East Sumba
Province:	East Nusa Tenggara
Town:	Waingapu
Village:	Kota Waingapu

1.3 Timing

Expected Start	1 July 2011
Expected Finish	30 June 2013
Duration (years/months)	2 years/ 24months

Section 2: Partner Details

Please provide the details of implementing partner.

Name:	Tanaoba Lais Manekat Foundation
Contact Person:	Rozali
Telephone Number:	+62 380 823813, 824367
Fax Number:	+62 380 827433
Email details:	tlmfoundation@ytlm.org
Mailing Address:	Jl. Ahmad Yani No. 43 Kupang – NTT 85122

Section 3: Budget Summary

A more detailed budget should be included in Section 10.

	Uniting World Funding	Local Contribution if any:	Total Budget:
Year 1	1,330,000,000		
Year 2	758,486,648		
Year 3			
Total	2,088,486,648		

Currency Used: IDR

Section 4: Background

4.1 What is the background of the situations

This question seeks to find out about the general context of the country, region, district and community where the proposed project will take place. Your answer should cover geographic, socio-economic and cultural details. Specific reference should be made to any base line data (eg surveys, reports, government statistics etc.) to provide objective support for your assessment.

Regional context

The province of East Nusa Tenggara (NTT) is one of the 5 poorest provinces in Indonesia. It has a population of 4.6 million people and a population density of 94 people per km². This compares to the capital city of Indonesia, Jakarta, which has around 12.5 million inhabitants and a density of over 13,343 per km². There are about 16% of people live in the major towns. The remainder lives in small rural villages. 70.97% of the population has elementary/no education.

NTT has 23.03% poor people, compared to the national average of 13.33%. Poor people are defined as those with household expenditure below poverty line (Rp. 5,438 per day). The poverty live indicator shows an increase compared to previous years. The increase is affected by the increase of basic needs costs (food and non food), and the major cause is food (73%).

Higher poverty line happens in rural areas than in urban areas. 84.53% of the population work in agriculture, trading and services sectors, and the remainder in Industry. Clearly, the ability to meet basic needs depends on the income source which in this case for the people of NTT come from running small businesses/farming. (*2010 census report, Indonesian Statistical Department*).

District context

Sumba Island is a beautiful island situated in the west part of East Nusa Tenggara Province. It is around 1 hour and 45 minutes fly from Kupang, the capital of East Nusa Tenggara (NTT) Province. This island is the third biggest Island in NTT Province in terms of area size after Timor and Flores Island. Sumba island is split into four regencies, i.e.: Sumba Barat (West

Sumba), Sumba Barat Daya (Southwest Sumba), Sumba Tengah (Central Sumba) and Sumba Timur (East Sumba).

The largest town on the island is Waingapu – the capital city of East Sumba, with a population of about 10,700. East Sumba itself has a population of 220,559 with population density of 32 people per km², which is the lowest among other districts in NTT. About 35% of the population live below poverty line (see *poverty definition in Regional Context section above*). There are about 4,000 traders in this area where the majority of them come from Sabu and West Sumba who became permanent resident in East Sumba and dominate the markets. Original east Sumbanese are farmers.

East Sumba has a semi arid climate with 3 – 4 months rain. About 66% of the work forces in East Sumba work in agriculture sector, 8% in trading and services, 6% professional, and 20% are employees.

There is one Inpres Market situated in the capital city of East Sumba and 22 traditional markets in every sub districts in East Sumba where traders and farmers go to sell goods and produces.

There are 4 banks available in this region i.e. BRI, BNI 46, Bank NTT and BPR Talenta Raya. There is one cooperative that provides loan with daily repayment and 20% interest rate per month.

4.2 Describe the specific problem the proposed project will address?

Please note that this question is about the problem not about the proposed solution.

Around 4,000 micro entrepreneurs in East Sumba have inadequate access to financial services to meet their business needs. These people cannot go to banks as it requires provision of collaterals. Most of people go to money lenders and existing loan providers that offer very high loan interest rate. These help solving emergency cash needs, however, it has negatively impacted the development and sustainability of the people's businesses and created strong dependency.

4.3 How was the problem identified as the one that should be addressed?

Most communities have more than one problem. This question seeks to find out how the decision was reached that the problem identified in this proposal is the one they wanted addressed. Groups that should be consulted when identifying the problem include those most vulnerable (e.g. women, youth, elderly, people with disabilities). Details of community consultations should be provided.

Through interviews with a number of micro entrepreneurs in 2 big markets in the town of Waingapu as well as the government parties & community leaders conducted in October 2010 and, collection of secondary data from a local government Statistic office and BAPEDA (Local Government Agency of East Sumba), TLM sees a need to address the lack of access to microfinance services experiencing by the poor. If the problems are not resolved, the micro businesses would remain undeveloped and basic needs unfulfilled.

4.4 How will the proposed project address the stated problem?

If alternate ways of addressing the problem were considered list what these alternatives were and why the current proposal is put forward as the best solution to the problem.

Establishment of a new branch office in Waingapu, the capital city of East Sumba District is the solution. This branch would become a centre to deliver microfinance services similar to

banks. It would provide business capital loan and savings services, as well as training for poor micro entrepreneurs in East Sumba so that they can establish a successful small business to provide sustainable support for their families and children.

Provision of microfinance services and development require routine contact and close monitoring and guidance with clients and community. Thus setup of a branch office and formation of a small staff team to deliver these services would be required. Most of the team will be interacting daily with the community and clients in the field. Capacity building for clients as well as the staff would be required to the successful of operation and achievement of objectives.

4.5 Are there any other development projects being carried out within this community?

Include in your answer any other projects you are undertaking that address the problem identified above as well as projects carried out by other NGO's which also seek to address the same problem.

The following breakdowns programs that are being delivered to the community in East Sumba by types of providers:

- Bank:
 - a. National banks: BRI, BNI' 46 and NTT Bank. All have good capital but require collaterals.
 - b. Rural bank: BPR Talenta Raya, provide savings services and loan services but more focus on consumption loans.
- Non Bank:
 - a. Lira Q Cooperative and Kuda Putih Sejahtera Foundation. They are no longer active
 - b. Pawnshop
 - c. Post Office, through their staff cooperative, partnering with commercial banks to provide loans specific to active and retired government employees,
 - d. ABRI Cooperative (Indonesian Military Cooperative) known as Puskopabri, deliver business capital loans at 20% monthly interest rate
 - e. NGOs such as PLAN Indonesia and WVI (charity), they deliver charity programs and non microfinance development programs.
- Government Programs:
 - a. PNPM – provides donated capital to village women groups to be recycled among members (dana bergulir).
 - b. Koperasi Unit Desa (KUD)– exists to help buying and selling community produces. However lack of markets have resulted operation losses and these cooperative dies/closed.

4.6 How many people will benefit from the project?

In your answer give the numbers by men, women, boys and girls

It is estimated that there will be 5,648 family members of clients benefited indirectly from this project.

4.7 Partner Capacity and Experience

What experience do you have in implementing projects in relation to the issue or concern being addressed, and what history do you have working with communities or in the geographic area the project focuses on?

TLM exists to help the local community to establish sustainable and successful small businesses so that they can meet their needs. TLM provides financial services such as loan

and savings services as well as training to develop people's skills and knowledge. TLM has been operating for 15 years and has 19 branches that provide the same services to the needy people. These branches are located in all the major centres in West Timor as well as three neighbouring islands (Alor, Rote and Sabu). As at the end of December 2010, TLM served 26,985 active loan clients. The value of loan outstanding was AU\$ 4,565,893. The total value of loan disbursed in 2010 was AU\$ 5,119,050 and it was made to 22,534 people, of which 51% were women. It is estimated that these services have indirectly impacted the lives of approximately 80,955 family members and people in their community.

Section 5: Project Design

For this project list the Inputs, Activities, Outputs, Outcomes and Goal.

Implementation			Results	
Inputs	Activities	Outputs	Outcome	Goal
Inputs are those materials, people or funds to be used. Eg: HGH Staff Fuel Medical Supplies	The activities are those things that you do with the inputs. Eg: 1. Village Clinics 2. Training of village health workers	Outputs are what you have after the activity. EG: 1. Increase in the number of children immunised. Increase in the number of people identified as needed hospital treatment. Increase in the number of people treated for various illnesses. 2. Increase in the number of trained village workers	If you have the identified outputs what then do you expect the outcome (impact) to be? Eg: 1 Reduction in the number of children with infectious diseases. Reduction in the morbidity rate. 2. Overall improvement in the level of general health.	With improved overall health you expect increased income and reduction in poverty
<ul style="list-style-type: none"> • Renting of building • Office equipments and facilities • Office supplies • Telecommunication facilities 	Office setup	1 office rented and operated with adequate facilities	1. Creation of access to micro loans and savings services given to the local community 2. Business capital improvement of the borrowing entrepreneurs. 3. Improvement in general life planning and security through saving services	With the improvement of access, TLM expect of increased income and fulfilled basic family needs.
<ul style="list-style-type: none"> • Personnel 	Recruitment and Training	13 staff assigned, trained and placed to operate branch	Staff have improved capacity and skills to implement their jobs	With the improvement of capacity, branch operation runs successfully and 100% operationally sustainable after 12 month operation
<ul style="list-style-type: none"> • Funding 	Lending operation	1,412 new clients received loan business capital. 5,648 clients' family members indirectly benefited from this project	1,412 clients have improved business 1,412 clients have savings account that can improve family and business planning and security.	With the improved business we expect 1. the increased income of clients 2. improved capacity to meet family needs 3. Sustainable organisation operation to provide long term

			General community have saving account can improve family and business planning and security. Improved sustainability of project capital through the mobilisation of clients and community savings to expand loan services to those in need in the district	support to those in need in the district.
• Personnel and funding	Client training	Clients trained	Clients have improved skills in running their business	With the improvement of skills clients are expected to improve their business and generate better income
• Funding	Control and Monitoring	Project implementation monitored in regular basis	Staff complies to valid systems and procedures and the operation improved by the assistance provided.	With the compliance to the system and procedure, we expect to have a good quality portfolio and with the improved operation we expect to provide better services to the clients.

Section 6: Implementation Monitoring and Reporting

6.1 Who will be responsible for implementation, monitoring and reporting to UnitingWorld?

TLM Foundation and its business unit would be jointly managing this project.

1. TLM Cooperative - The management team and head office team of the Cooperative in Kupang would be responsible for the project implementation, monitoring and internal reporting. Specific tasks would be assigned to each division according to their areas of responsibilities.
2. TLM Foundation - The management team and Marketing Department in Kupang head office would be responsible for project preparation including communicating project concepts to the Cooperative. Specific reporting tasks would be assigned to the Marketing team that in general is responsible for external/donor reporting and communications.

Section 7: Risk Analysis

7.1 Are there any risks to the activities being implemented?

Your answer should cover risks associated with external factors such as the political situation, the weather and events in the community. Please identify the impact that these risks would have on the project and how you would address these risks.

The following are the risk which may impose the project implementation and the achievement of the outcomes and goals:

Events in the community- Strong influence in the mindset and character of community by custom and culture interests. TLM would be try to eliminate them through good communication of information, programs and plans to the project targets, community leaders and local government representatives.

Political Issue - District government elections will be conducted in 2014 as well as Provincial Government Indonesian legislative and presidential elections will be held in 2012. These are democratic elections which involve community participation. Based on previous experience it is likely that short term programs will be provided to the community prior to and during campaign. While these provide financial assistance to TLM clients, they are also aimed at winning votes and therefore benefits stop soon after the election is complete. This is likely to disrupt the normal level of business activity and can have a negative impact on the micro finance environment if the government initiatives are provided as micro loans without any real requirement for the recipient to pay back.

Weather patterns - Instability and inadequacy of rainfall and generally unusual weather will impact the success of a small farmer's business. Most of the people in are subsistence farmers and therefore the weather and particularly rainfall are very important for the success of harvest. This impacts the farmers' ability to repay loans to TLM as well as the ability of families to grow enough food for their daily consumption.

7.2 Does the project present any risks to the communities involved?

Please identify the impact that these risks would have on the communities and how you would address these risks.

No

7.3 If the activities are successful are there any risks that the expected outputs will not eventuate?

No

Section 8: Cross Cutting Issues

8.1 Protection: How will the proposed project impact on the safety, dignity and human rights of the members of the communities the project will work with?

Complete the matrix below.

Groups	Likely Benefit	Possible Negative Impact
Women	Improved safety and dignity by giving opportunity and access to skills training and financial resources as to women generally in NTT are the real micro business runners/main family income maker	None
Youth	Improved safety and dignity for youth that run or help others running small business through the provision of financial services and training.	None

Children	Improved safety through the improved ability of their parents in meeting their basic needs.	None
People with Disabilities	-	None
Minority groups	Improved access to financial services and personal development given to those who do not have collateral to get the services from banks and other existing development agency in the area.	None

8.2 Gender: Describe the process of gender and equality analysis used.

Gender analysis examines the relationship between men and women in society, by asking who does what; who has what; who makes what decisions, and who gains and who loses from these gender relationships? The main purpose of gender analysis is to ensure that a gender and development perspective informs project identification, design, implementation and review, to ensure that women and men participate in and benefit equitably from development processes.

You should describe what action you have taken to identify and address gender equity difference. This may include:

- Description of needs, priorities and interest of men and women, girls or boys related to the objective of the project
- Potentially different impact of project by gender
- Possible measures that might be used to increase participation by women
- The specific outcomes related to improving gender equality within the scope of the project and gender sensitive indicators for measuring project performance.

Understanding that women and children make up the large majority of the poor in East Sumba, this project will target 50% of women clients. This project will enable women to increase their economic role and status within their families and communities and also increase their participation in household and community decision-making processes. As client groups self select their membership there is a high likelihood that some groups will include one or more male members. Financial services and training will be delivered to all group members without bias.

8.3 Environment: Will the project have an environmental impact?

Describe the environmental effects of the project, including environmental effects of accidents that may occur in connection with the project and any cumulative environmental effects that are likely to result from the project in combination with other projects that have been carried out. The answer here may trigger the need for an Environmental Impact Management assessment.

NA

8.4 HIV/AIDS

HIV/AIDS projects that directly address this issue need not demonstrate HIV/AIDS as a cross cutting issue.

If the project does not directly address the issue of HIV/AIDS infection (i.e. is a main purpose of the project) is there a component of it that does? If so:

- Describe how HIV positive people will be included in the project's activities
- Describe how the project relates to other HIV/AIDS work in the target community
- Describe how HIV/AIDS issues will be dealt with

If the project has no HIV/AIDS component at all:

- Demonstrate that HIV/AIDS is not important in the target community
- Demonstrate that existing HIV/AIDS work in the community is sufficient

NA

8.5 Sustainability

Describe how the outputs will be sustained beyond the period of funding

All loan funds that would be received by this project would remain as capital/equity. Repaid loan funds would be re-loaned to new clients or to existing clients that require larger loan capital. The branch is expected to be operationally sustainable after 12 months operation meaning it would generate revenues from the credit and savings operation to adequately meet all the costs. Savings attracted from the clients and community would be used as capital to expand services to other clients to make greater impacts.

Section 9: Activity Schedule

You need to provide an activity schedule showing the timeframe of activities for each output.

Output	Activities	Timeframe	Indicators
Year 1			
Outputs are what you have after the activity is completed. In the example used earlier in this proposal the output is : Safe Drinking water	The activity is the construction of a well which might involve 1. Conduct site survey 2. Conduct training 3. Construct well	Indicate when each phase of the activity would take place.	What will you use to verify that the activities have in fact been completed? Eg Reports of Project Manager, Material Order Forms etc. constructed
For each output you need to list the activities, timeframe and indicators.			
1 office rented and operated with adequate facilities	Office setup which involves: 1. Rent a building 2. Purchase basic office facilities and furniture such as computers, printer, passbook printer, UV light, electricity generator, safe box, facsimile machine, office desks and chairs, etc. 3. Connect telecommunication facilities 4. Install information system 5. Connect satellite	June 2011	Fixed assets list and MIS report
13 staff assigned, trained and placed to operate branch	Recruitment and Training which involve: 1. Promote staff to become a coordinator and assistant coordinator 2. Recruit staff to become field officers, administrator, cashier and office guard 3. Train the staff	March – June 2011	Number of staff and training report
1,065 new clients received loan business capital. - 255 Individual clients with average loan size A\$ 772 - 810 KUM clients with average loan size A\$	Lending operation (KUM and Individual)	July 2011 – June 2012	Number of clients in the MIS Report

69			
4,260 clients' family members indirectly benefited from this project			
Project implementation monitored in regular basis	Conduct control and monitoring	December 2011 and June 2012	Monitoring report form and audit report
Year 2			
347 new clients received loan business capital. - 83 Individual clients with average loan size A\$ 772 - 264 KUM clients with average loan size A\$ 69 1,388 clients' family members indirectly benefited from this project	Lending operation (KUM and Individual)	July 2012 – June 2013	Number of clients in the MIS Report
Staff trained	Conduct staff training	July 2012 – June 2013	Staff training report
Clients trained	Conduct client training	July 2012 – June 2013	Client training report
Project implementation monitored in regular basis	Conduct control and monitoring	December 2012 and June 2013	Monitoring report form and audit report

If the proposal involves multi year funding provide details for each year.

Section 10: Project Budget

Budget Summary	Rp	AU\$	%
Total Loan Portfolio	1.598.486.648	199.811	77%
Total Capacity Building	490.000.000	61.250	23%
Total	2.088.486.648	261.061	100%

Year 1 Budget

Budget Details	Rp	AU\$
Office setup		
Office rent for 3 years	45.000.000	5.625
Safe box	25.000.000	3.125
Facsimile	3.000.000	375
Furniture	25.000.000	3.125
Computer & printer	25.000.000	3.125
Satellite set up	35.000.000	4.375
Preparation	15.000.000	1.875
Sub total	173.000.000	21.625
Personnel		
Recruitment and Training	30.000.000	3.750
Sub total	30.000.000	3.750

Administration Support		
Operating costs support 12 months	60.000.000	7.500
Satellite usage fees contribution 12 months	42.000.000	5.250
Supervision, control & monitoring (4 times a year)	25.000.000	3.125
Sub total	127.000.000	15.875
Loan Portfolio (528 loan clients)		
Loan portfolio for 528 clients (401 KUM and 126 Individual)	1.000.000.000	125.000
Sub total	1.000.000.000	125.000
GRAND TOTAL	1.330.000.000	166.250

Year 2 Budget

Budget Details	Rp	AU\$
Personnel		
Staff training	50.000.000	6.250
Sub total	50.000.000	6.250
Client Development		
Client training	25.000.000	3.125
Sub total	25.000.000	3.125
M & E		
HO Supervision, control & monitoring (4 times a year)	25.000.000	3.125
12 months evaluation	60.000.000	7.500
	85.000.000	10.625
Loan Portfolio (316 loan clients)		
Loan portfolio for 316 clients (240 Kum dan 76 Individual)	598.486.648	74.811
Sub total	598.486.648	74.811
GRAND TOTAL	758.486.648	94.811

Provide an annual budget. Budget should include income other than that provided by UnitingWorld. Provide a separate budget sheet for each year.

Budget for Year 1 - July 2011 – June 2012 (Show actual Month start and month end)

Description	UnitingWorld	Implementing Partner	Other Income	Total
1. Activity Costs				
a. Activity personnel Recruitment and training	30.000.000			
b. Materials				
Office rent	45.000.000			
Safe box	25.000.000			

Facsimile	3.000.000			
Furniture	25.000.000			
Computer & printer	25.000.000			
Satellite setup	35.000.000			
c. Activity support				
Preparation	15.000.000			
Operating cost	60.000.000			
Satellite usage				
contribution	42.000.000			
Supervision, control and Monitoring	25.000.000			
Loan Portfolio for 528 clients	1.0000.000			
Total	1.330.000.000			

Budget for Year 2 - July 2012 – June 2013 (Show actual Month start and month end)

Description	UnitingWorld	Implementing Partner	Other Income	Total
1. Activity Costs				
a. Activity personnel				
Staff training	50.000.000			
b. Materials				
c. Activity support				
Loan Portfolio for 316 clients	598.486.648			
Client training	25.000.000			
Supervision, control & monitoring	25.000.000			
12 months evaluation	60.000.000			
Total	758.486.648			

Budget Notes:

Project Activity Costs:

These are expenses that are directly associated with the implementation and management of the project and can be further divided into:

Activity Personnel:

This would include the salaries of personnel directly engaged in implementing the project. Most of this would be 'field staff'. Staff whose time is not devoted exclusively to the project should be budgeted on a pro-rata basis to reflect the actual time they spend on the project. Only those who are involved in the implementation and management of the project should be included in this section.

Materials:

This would include direct non-personnel costs attached to implementing the project activities as detailed in the proposal. This may include the cost of materials and project equipment and the transport of materials to project

site. If the project has a training component the cost of training and other costs related to training (e.g. training materials, venue etc.) should be included in this section.

Activity Support Costs:

Costs that relate to expenses incurred directly in supporting the implementation of project activities. Costs that may be listed under this heading include: communication costs, accommodation, staff travelling in connection with project implementation, electricity, insurance, transport costs other than transport of materials. If transport costs are included then the purpose of the travel and destination must be clearly explained in the project proposal.