



OPPORTUNITY
International
AUSTRALIA

INDONESIA IMPACT REPORT

BREAKING THE POVERTY CYCLE

THANK YOU

WHY INVESTING IN A MOTHER MAKES A DIFFERENCE

Your hand up is so much more than a small loan. With every gift through Opportunity International Australia, you are investing in a mother, who uses the income from her small business to **transform her family and community.**

In Indonesia, there's a saying about the importance of mothers: "*Ibu sehat, negara kuat*" which means "**healthy mother, strong country**". This speaks to the idea that the role of the mother is to protect and preserve the health and welfare of her children. Through her children, she also contributes to the health of the whole nation. When you invest in a mother in Indonesia, you are investing in much more than a small loan to start a small business. You are contributing to the health and wellbeing of a mother, her family and the Indonesian society at large.

This **ripple effect** is what makes microfinance such a powerful way to break the poverty cycle.

In the coming pages, you can read more about the impact of your giving in Indonesia over the last six months.

Your giving is truly transformational. **Thank you.**

THANKS TO YOUR SUPPORT



192 COMMUNITIES
across the country are being reached



300,802 FAMILIES
have small loans to start small businesses



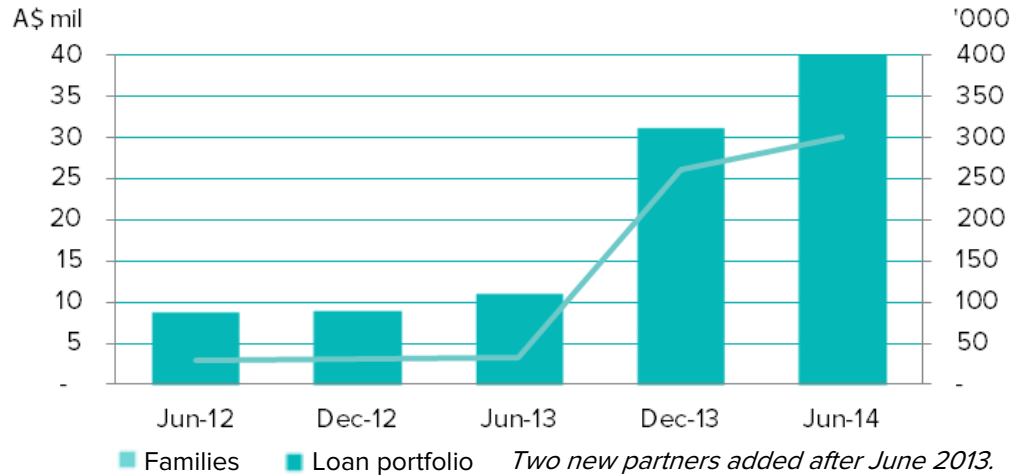
181 FAMILIES
have been involved in discussion groups on how to improve their villages



1,500,410 PEOPLE
have been empowered with access to basic items like food, shelter, education and improved health services

HIGHLIGHTS OF YOUR IMPACT

IMPACT IN INDONESIA OVER TWO YEARS



MEET ARIK

Arik is a mother from Kediri, a small city in East Java Province. For a long time, Arik struggled to make ends meet selling cooked sausages as snacks at a small roadside stall. Her husband, a construction worker, also didn't earn enough regular income to ensure they could feed their family.

Thanks to your support, Arik received a small loan from Opportunity's partner Bina Artha. She used the loan to stock up her stall with a variety of snacks and cold drinks. This attracted more customers and she now earns enough to pay for her family's needs – she even makes more income per day than her husband!

By investing in Arik, your giving has improved her family's life dramatically. Her children can now eat regular meals and their health has improved as a result. Arik is also committed to helping other mothers in her community by showing them the benefits of small loans so they can transform their lives too.



“My family feels greatly supported since we got a small loan. Now I am trying to pursue my dream to develop my own brand of crackers so that we can earn more for our children.”

Arik, mother and cook from Indonesia

UNDERSTANDING YOUR IMPACT

IN CONVERSATION WITH OPPORTUNITY INDONESIA DIRECTOR SIMON LYNCH

In the last six months we've been busy! This time last year we were reaching about 30,000 families in eastern Indonesia. Now, thanks to our supporters and the assistance of the Australia Government, we are **reaching around 300,000 families** across the country! We've achieved that by working with two additional microfinance partners – KOMIDA and Bina Artha – so a lot of my focus has been on helping them to reach more families with small loans.

On my most recent trip I spent time in communities where families now have access to small loans and, in some areas, savings accounts. I also spent time with the hard-working management teams at each of Opportunity's partners, developing our plans for the future and identifying how we can strengthen them as organisations so we can **keep reaching even more families** in need.

One way that we are having an even greater impact in poor communities is through discussion groups with families in need of a small loan. By **listening to their individual needs** we can design small loans that make even more of a difference.

For example in June we trialed a **special small loan for farmers**. 41 paddy (rice) farmers received a loan made specifically to fit in with their seasonal cycles of growth and harvest.

DIGGING DEEPER INTO LIFE ON THE FARM

Many of the world's poorest are farmers, and many of the families that you help when you give to Opportunity use their small loans to invest in their crops or animals. But farmers have specific needs, and a special loan that caters to those needs means they can generate more income from their farms and you can have an even greater impact through your giving.

WHY DO FARMERS NEED A SPECIAL LOAN?

People in rural areas often live in poverty because even though they might own land, they can't farm it without funds to buy seeds, livestock or equipment. They might grow enough food for subsistence, but they won't be able to earn an income. This keeps them trapped in the poverty cycle, unable to afford medicine or education for their children.

When farmers do get access to funds, they require small amounts at different times throughout the cropping season to maximise their harvest. In addition to this, they usually can't repay their loan in regular installments, but must wait until they've sold their harvest at market.

Since so many of the families that your support helps are farmers, Opportunity has been working with its partner TLM to develop a loan that meets the needs of small-scale farmers in Indonesia who farm crops like rice and corn.

LISTENING AND LEARNING

A total of 91 rice farmers across eastern Indonesia were asked what they needed to help them invest in their farms and grow their agricultural businesses. Here's some of the feedback they shared:

- Farmers need small loans but also in-kind goods to make their land more productive, such as fertilisers.
- Timing is crucial – if farmers don't have the money at the right time to buy seeds, rent equipment or pay for transport, income can be drastically reduced.
- Farmers need to be connected to suppliers who can provide them with access to pesticides and seeds.

In June, 41 rice farmers received small loans created to meet the needs of farmers. The loan is specifically for rice farmers – the most common crop in eastern Indonesia – to help them invest in their farms, grow crops and build an agricultural business. The loans are released at certain times of the season to allow farmers to afford land preparation costs, seeds and crop care.

The loan is then repaid when the harvest is sold. Over time, the loan design will be refined to suit other crops so that more farmers across Indonesia can benefit, and your support can have an even greater impact.

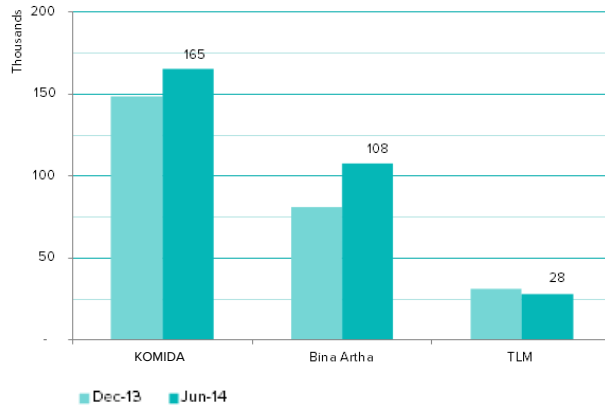


“I am so grateful that now I have a better income, and I hope that my rice farming income will also increase so that my children will stay healthy, can go to school and have a good future.”

Yohanis, farmer from Indonesia

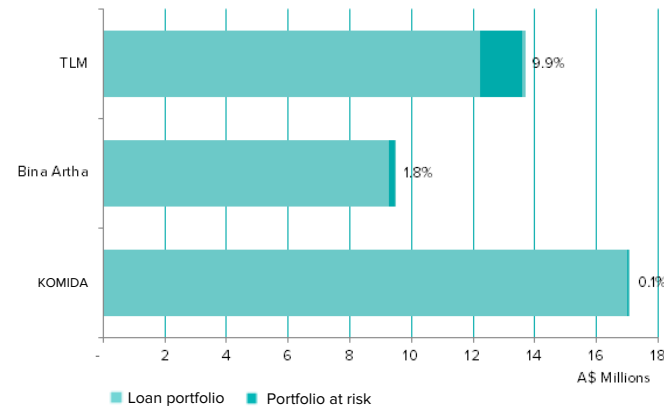
PERFORMANCE UPDATES

OUTREACH



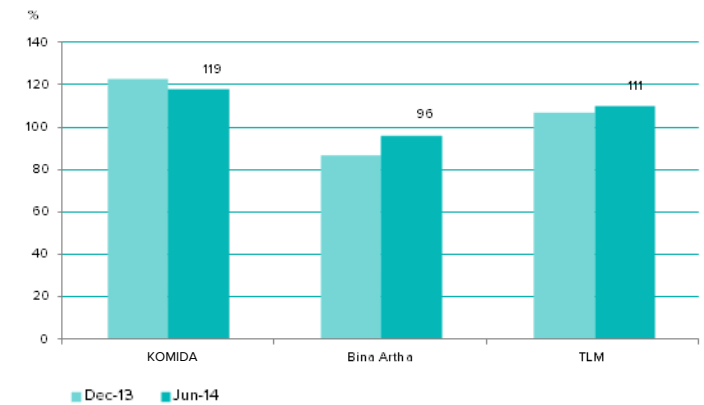
- Your support is helping reach out to 300,802 families in Indonesia.
- Bina Artha has experienced further growth in the past six months, increasing its outreach from 80,917 people at December 2013 to 107,553 at June 2014. Its operational sustainability has increased to 96%, an acceptable result for a new partner.
- KOMIDA, one of the biggest microfinance organisations in Indonesia, is now serving 164,946 families across Indonesia. Its operational sustainability is 119%, indicating its capacity to cover the costs of its lending program with the revenue earned.

LOAN PORTOLIO



- TLM's outreach reduced slightly to 28,303 families in the past six months as it focuses on increasing the quality of its loan portfolio by improving staff management and evaluation processes.
- Opportunity will support TLM to hire a new Operations Director and Human Resources Manager. In doing so, TLM will reduce Portfolio at risk (PAR) from its relatively high level of 9.9%. PAR is a stringent measure of a microfinance institution's loan portfolio quality, calculating the total value of outstanding loan balances for loans with at least one payment being overdue by more than 30 days.

OPERATIONAL SUSTAINABILITY



- While TLM focuses on strengthening its operations for the long-term, it has delayed the opening of two branches at Labuan Bajo and Ende, until PAR reaches a more acceptable figure. This due diligence is an essential element in ensuring that every branch is performing well so that your impact through TLM is sustainable and families can continue to benefit in the long term.
- *Conversion: A\$:Rp.11,300*

AN ONGOING IMPACT

Through your support, you are transforming the lives of families across Indonesia. Over the next six months, your giving will help more mothers start businesses to help their families leave poverty behind.

Here's what Aisa (pictured) dreams of for her family's future:

“Now that we do not have to worry so much about our daily meals, I want to build a kiosk for a better business so my family's income increases. Then I hope my youngest daughter Fatimah will be able to finish high school, and I can save some money in case any emergencies arise.

There are other people in the village who work in the fields and farms, they plant vegetables and other natural products to sell at the markets. Many of those people face economic problems like my family and I hope they can receive some help too.”

In the next six months, this is how your giving will help a family like Aisa's:

- **Transforming more lives** – your support will continue to reach more mothers like Aisa across Indonesia, so that they can start small businesses and begin to transform their family's lives. This will include Java island, as well as more remote regions across East Nusa Tenggara, West Nusa Tenggara, Aceh and Sulawesi.
- **Understanding the needs of families living in poverty better** – over the next six months, Opportunity's Social Performance Management team will work with program partners to build their capacity to understand their impact. This means that your support will go towards continuously improving the lives of families in need.
- **Building family resilience over the long term** – through TLM and KOMIDA, families will be able to continue to access savings accounts.
- **Helping farmers increase their incomes** – through TLM and with the help of the Australian Government, you will help farmers access a special small loan tailored to their needs.



GET IN TOUCH

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DISCLAIMER

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