



The Summa Foundation

# Case Study: Indonesia Midwives Loan Fund

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CAN A REVOLVING LOAN FUND BE USED  
TO ENCOURAGE PRIVATE MIDWIFERY PRACTICES?



## Introduction

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Individual private practitioners have long been involved in delivering health services throughout the world. Studies show that consumers rely on these practitioners, who are often respected members of their communities. As public health officials expand their scope of the health sector beyond just government provided services, they look to private providers to help them achieve public health goals, such as improving reproductive health. Given that only recently has much attention been paid to this group of providers, there are few tested models for engaging them to work toward public health goals.

The potential for working with private individual practitioners varies from country to country, and depending on the health objectives. In some countries, there are large numbers of private practitioners who do not have standard training and accreditation. Other countries have large, organized professional associations representing all cadres of health practitioners. Health priorities also vary from country to country, so what is deemed a successful program in one country will not necessarily provide the results targeted in another country.

Given the interest in working with private providers and the lack of tested “models”, there is a tendency to copy and expand programs before fully understanding the factors that contributed or constrained success. Replication, however, will only be successful if a program is suitable, or can be adapted to the local conditions. Before programs are replicated, they should be carefully examined in terms of outcomes and factors contributing to those outcomes.

This paper examines the creation of a revolving loan fund by the USAID-funded Summa Foundation to provide loans to midwives in Indonesia to expand and establish their practices. This paper presents the outcomes of the Indonesia Midwives Loan Fund, and analyzes the outcomes and specific factors to success to determine the circumstances under which it should be replicated to achieve reproductive health goals.

## Analytical Framework and Methodology

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Determining whether replicating the Indonesia Midwives Loan Fund can achieve desired health objectives in another setting requires a three-step approach:

- Determining the outcomes from Indonesia;
- Determining factors critical to success in Indonesia;
- Comparing the outcomes from Indonesia with the desired outcomes, and the factors critical to success with what is present or can be replicated, in the new context.

This paper will only address the first two steps, analyzing the outcomes and factors to success in Indonesia. The findings from Indonesia can then be compared with the desired outcomes and environment in the proposed new setting to see whether this intervention can be a successful approach to achieving health goals in the new setting.

Many factors contribute to a successful health intervention. To begin with, setting clear objectives and having realistic expectations are critical for future evaluation of an intervention. Even if an intervention does not achieve all of its original objectives, however, other positive outcomes may deem it a success. Analyzing all the outcomes, whether positive or negative, whether anticipated or not, allows one to draw conclusions regarding what can be expected from a replicated program.

Beyond having realistic expectations, effective design and implementation are critical elements of success. When considering replicating a successful program, it is useful to determine which specific elements of design or implementation were most critical to success. To facilitate this analysis, elements are classified according to whether they were essential, influential, or constraining to success. Elements are classified as essential if it is shown that the Loan Fund would not have been as successful without them. Elements rated influential contributed to success, but had they been executed differently, they would not likely have caused completely different outcomes. Lastly, features classified as constraining are ones that may have prevented the Loan Fund from achieving its objectives or reduced the positive outcomes. Lessons learned from analysis of constraining features can be applied to improve the execution of replicated programs.

### THE KEY ELEMENTS OF DESIGN:

- Partner expertise and responsibilities
- Borrower criteria
- Loan terms and conditions
- Borrower training

#### THE KEY ELEMENTS OF IMPLEMENTATION:

- Promotion of loan fund
- Dissemination of policies and procedures
- Operating structure
- Coordination of partners
- Logistics of loan disbursements
- Management of default
- Monitoring and supervision

Each of these elements will be examined to determine whether they were essential, influential, or constraining to the success of the Indonesia Midwives Loan Fund. Analysis of factors to success, together with analysis of the outcomes, informs the decision to replicate this program in another environment. The final decision depends on whether the actual outcomes in Indonesia are ones desired in the new environment, and whether critical factors to success are present.

## Background

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The Summa Foundation was created as part of the U.S. Agency for International Development's (USAID) Promoting Financial Investments and Transfers (PROFIT) project (1991-1997). The objective of the PROFIT project was to facilitate private sector involvement in family planning. Summa was established as a mechanism for providing funding to promote sustainable private sector family planning ventures.

Summa believes that the private sector has an important role to play in improving health care throughout the world. It works with the private sector to overcome obstacles such as high risk and lack of financing. Summa provides flexible financing and technical assistance to enable health providers and organizations to enter new markets. The Summa Foundation now operates as part of the USAID-funded Commercial Market Strategies (CMS) project.

The concept of a loan fund to support private practices was developed in response to USAID/Jakarta and Government of Indonesia (GOI) policies of the time. The GOI established a strategy of increasing the percent of family planning users opting for private providers from 22% to 50% by 2005. The GOI had initiated the Bidan Di Desa (village midwife) program in 1991, which trained 60,000 new midwives so that each village would have a posted midwife. At the same time, the Pegawai Tidak Tetap (PTT) decree was applied to midwives. PTT ended the practice of automatic civil service employment for doctors and midwives. After an initial three year contract, the bidan di desa would be expected to become private practitioners. Additionally, USAID/Jakarta sought to improve the sustainability and impact of family planning services delivered through commercial and non-governmental sectors.

It is in this context that in April 1995, Summa/PROFIT contributed \$500,000 to establish a \$1.0 million Revolving Loan Fund for Midwives in Indonesia to encourage midwives to work in private practice. The Revolving Loan Fund provided loans to midwives to help them establish or expand existing private practices that provide family planning and reproductive health services. Summa/PROFIT's partners in this project were the Indonesia Midwives Association (IBI), Bank Rakyat Indonesia (BRI), and the National Family Planning Coordination Board (BKKBN).

By July 1997, after two years of operations, the Loan Fund had disbursed loans to 538 midwives. There was continued high demand from midwives and enthusiasm on the part of all partners. Rather than repatriating the funds at the end of the PROFIT project as was originally planned, Summa/PROFIT granted its share of the loans outstanding to a local foundation, so the Loan Fund continued to operate.

## Overview of Intervention

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Summa/PROFIT helped to establish a \$1.0 million Loan Fund for Midwives. Summa/PROFIT and BRI each provided half the funds to capitalize the Loan Fund. Loans were made available to midwives to purchase, renovate, or expand private practice facilities, to purchase equipment, contraceptives and other supplies, and for working capital. The Loan Fund operated in five provinces in Indonesia – East Java, Central Java, West Java, Jakarta, and Bali.

The maximum loan amount was Rp. 5,000,000, equivalent to approximately \$2,200 at the time. The maximum repayment period was three years, with a maximum grace period of three months. The interest rate on the loans was 12.9%, including 2.0% that would be rebated to the midwife after full and timely repayment of the loan. The commercial lending rates at the time were approximately 14% - 18%. All interest accrued to BRI, which translated to an effective interest rate of 21.8% on its half of the capital. Nearly all midwives borrowed the maximum amount for the maximum term.

The original design of the loan fund was based on borrower groups, using a group guarantee methodology. Each IBI chapter would organize groups of approximately 10 midwives, each of whom would review and co-sign each other's loan applications. Using this model, each group would have a target of including two village midwives in their group. This structure was quickly abandoned because midwives were unwilling to co-sign each other's applications, particularly for village midwives, who were generally young and new to the community. Instead, the loans were made individually without co-signing by other midwives.

In addition to providing loans to expand or establish private practices, training was also provided to midwives. The curriculum was designed to assist midwives in the loan application process and in operating their practices. Specific topics covered included development of business plans, and identifica-

tion of new markets for midwifery services, particularly family planning services. This training evolved from small business management training to a greater focus on clarification of the application and disbursement process, terms and conditions of the loan, and monitoring requirements.

## Outcomes of Loan Fund

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The Loan Fund produced many positive outcomes. The Loan Fund exceeded expectations in most areas. The Loan Fund was successful in its broadest objective, supporting 1,113 midwives to establish or improve private practices from April 1995 to July 1999.

There were many positive family planning outcomes. Summa/PROFIT obtained information on the impact of the Loan Fund through a survey of borrowers conducted in 1996. Each borrower had treated an average of 207 new family planning clients since receiving their loan. Of these new clients, 11.7% previously used a public provider, and 77.5% were new acceptors. Each borrower saw an average of 240 clients in the month prior to the survey.

Another positive outcome was that the Loan Fund continued operating after the PROFIT project ended without donor support. This achievement exceeded expectations. In October 1997 BRI and IBI took on all management responsibilities for the Loan Fund. Between October 1997 and July 1999, 575 loans were disbursed. The value of total loans through July 1999 is Rp. 4.1 billion, compared with original capital of Rp. 2.3 billion. It is a notable achievement that the Loan Fund operated throughout Indonesia's financial instability, maintaining an extremely low default rate of 0.2%.

The one area where the Loan Fund was less successful was in targeting village midwives. It is estimated that 5.6% of borrowers were village midwives, which is below the initial target of 20%. Factors contributing to this outcome are discussed in later sections.

FIGURE 1 SUMMARIZES THE OUTCOMES IN RELATION TO ORIGINAL GOALS:

FIGURE 1

Goals	Indicators	Results
To assist midwives in establishing or expanding private practices	<ul style="list-style-type: none"> <li>• Whether loans were applied toward establishing or expanding private practices</li> <li>• Number of FP clients</li> <li>• Number of total clients</li> </ul>	<ul style="list-style-type: none"> <li>• All borrowers used the funds to expand or establish private practices</li> <li>• Surveyed borrowers treated an average of 207 new FP clients since receiving their loan</li> <li>• Each borrower saw 240 clients in the month before the survey</li> </ul>
To assist village midwives in establishing private practices	Provide 20% of total loans to village midwives	Estimated 5.6% of borrowers were village midwives
To turnover or revolve the Loan Fund	Number of second generation loans to midwives	Through July 1999, 654 additional loans were made out of repaid funds
To shift clients from public to private sector	Number of clients new to private practice	11.7% of new clients of surveyed borrowers switched from the public to private sector
To increase number of new family planning acceptors	Number of new FP acceptors	77.5% of surveyed borrowers' new FP clients are new acceptors
To sustain the value of the Loan Fund through continuous repayments	Default rate less than 3%	Default rate is 0.2%
To sustain lending to midwives beyond the life of PROFIT	Number of loans made after end of PROFIT	Through July 1999, 575 loans were made after end of PROFIT

In addition to achieving most of the original goals, the Loan Fund produced other positive outcomes. It changed the attitude of BRI toward lending to midwives, and the attitude of midwives toward borrowing for their practices. This outcome will have lasting effect on the availability and demand for capital to support private practices.

## Analysis of Loan Fund Features

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Since there were many positive outcomes, it may be desirable to replicate this project in other countries. It is important then to see which inputs were the most critical to the Loan Fund's success. Each component of the Loan Fund design and implementation is analyzed to see whether it was essential, influential, or constraining to success.

### ANALYSIS OF DESIGN ELEMENTS

#### *Partner Expertise and Responsibilities => essential*

All of the partners involved in this project brought complementary skills and interests to the Loan Fund, which were critical to the overall success of the intervention:

- BKKBN was the central level government body tasked with coordinating family planning services. It was the family planning champion and provided the leadership that motivated the other partners. BKKBN was well respected and its promotion of the Loan Fund gave it instant credibility. Although BKKBN had little day-to-day responsibilities, its leadership at the conceptualization and inception stages was critical to the launching of the Loan Fund.
- BRI is a state-owned commercial bank, with the most extensive banking network in Indonesia. It had over 20 years' experience in micro-lending, with a low default rate. It maintained high lending standards for the Loan Fund, ensuring that loans were only made to viable borrowers, applying its established procedures for collateral requirements. BRI was responsible for all customary banking functions, including reviewing loan applications, disbursing funds, administering repayments, and managing defaults.
- IBI is the professional association representing midwives in Indonesia. Its membership was growing very quickly as the newly trained village midwives became members. It had close contacts with midwives throughout the country through its local chapters. IBI represented the interests of the midwives and ensured that the conditions of the loans were reasonable. It marketed the Loan Fund, selected potential borrowers, helped midwives fill out applications, explained the procedures, and ensured that borrowers used the funds for their private practices. Midwives throughout Indonesia show a great deal of respect and loyalty toward IBI.
- Summa/PROFIT was responsible for designing the Loan Fund. Summa provided half the capital for the Loan Fund and served as the coordinator between the partners. It conducted field visits to uncover implementation problems at the operational levels (IBI chapters and BRI units). It also facilitated communication, problem-solving and information dissemination among and within the partner organizations. Summa/PROFIT acted as a neutral coordinator ensuring attention to the overall objectives of the Loan Fund, rather than the specific objectives of each partner.



During the conceptualization phase, one of the alternatives to the above structure discussed was IBI administration of the loans. This proposal was rejected because IBI had very limited experience administering loans, and no operational structure in place to support loan disbursements and repayments. It was decided that enlisting a partner with microfinance experience would lead to better outcomes and avoid the up-front capacity building required. In retrospect, this decision was a critical element of the Loan Fund success.

The delineation of responsibilities among the partners was an excellent fit for each partner. Each partner was the most qualified organization in Indonesia to carry out its responsibilities. All partners were very effective in carrying out their responsibilities and were essential to the success of the Loan Fund.

*Borrower Criteria => essential and constraining*

The main criteria for selection of borrowers were:

- IBI membership
- Midwife certification with two years' experience
- Creditworthiness
- Willingness to provide monthly family planning services reports and personal profile
- Village midwives were only considered if they were from a village where it was deemed possible to become financially self-sufficient

These criteria were essential to ensuring a low default rate. On top of the explicit criteria, local IBI officials also played a role in selection of borrowers. Because local IBI officials selected potential borrowers, many of the borrowers in the first round were IBI Board members and well-established midwives. IBI felt pressure to ensure that the loans would be repaid, so they selected the midwives who were more prominent in their community and had strong practices.

While the unstated bias toward older, well-established midwives minimized default, it also put the village midwives at a disadvantage because they were young, had limited experience, and were not well known in the communities. Even though one of the explicit objectives of the Loan Fund was to support village midwives, the criteria may have deterred selecting village midwives as potential borrowers, with the implication that they are less financially self-sufficient.

The application and interpretation of the criteria varied somewhat from one area to another, which affected the intended purpose of the criteria. In some chapters, IBI officials sought to meet the 20% target of village midwife borrowers, while other chapters thought it was most important to select midwives who could repay. To some extent, clearer definition among the partners, with appropriate dissemination to the local offices implementing the Loan Fund, may have generated better results in terms of supporting village midwives. As applied, the criteria discouraged some IBI officials from recommending village midwives as borrowers, constraining success in the goal of supporting village midwives.

### *Loan Terms and Conditions => essential*

The loan terms and conditions were an essential contributor to the high demand for loans, as well as the family planning and sustainability outcomes. The midwives generally thought the loan terms and conditions were favorable. Very few of the borrowers had ever borrowed money from a bank before, and favorable terms encouraged them to take out a loan.

As a condition for a loan, BRI required collateral for most borrowers (63%). In some cases, BRI held as collateral valuable items such as a deed to property. In other cases where the midwives had few valuable assets, BRI was innovative, using the midwifery license as collateral. While this had no resale value, it was a source of livelihood for the midwives and not something that they were willing to lose. In either case, the collateral encouraged timely repayment, and contributed to a low default rate.

Appropriate use of borrowed funds was another important condition of the loan, as the goal of the Loan Fund was to support private clinics. All borrowers used the funds for a private clinic, with 79% using the funds to improve or refurbish an existing clinic. IBI was instrumental in ensuring that funds were used in compliance with the loan conditions, which ensured that funds were being used to support private sector family planning.

### *Borrower Training => influential*

Summa/PROFIT had planned to sponsor training in small business management for borrowers and potential borrowers. The topics were to include marketing, financial management, client satisfaction, etc. In practice, however, many of these topics were too sophisticated to be applied to midwifery practices. Instead, the training focused on the process of obtaining a loan, the repayment schedule, and analysis of whether a midwife could repay the loan. These topics were very important to potential borrowers, and the training sessions served as a good forum for a full explanation. This training helped to increase the midwives' confidence and trust in the Loan Fund.

## ANALYSIS OF IMPLEMENTATION ELEMENTS

### *Promotion and marketing of loan fund => essential*

IBI was the partner primarily responsible for marketing the Loan Fund to its members. It was the only organization in Indonesia in contact with midwives throughout the country on a regular basis. IBI's promotion efforts included announcements at regular IBI meetings and individual contacts with midwives. IBI officials were very effective as promoters not only because of their access to midwives but also because they were trusted leaders. This ongoing contact also minimized the resources required for promotion activities. Without IBI's efforts, it is unlikely that there would have been such high demand from midwives.

To some extent, the level of promotion varied from chapter to chapter depending on the motivation of the IBI officials. Statistics regarding the distribution of loans throughout the chapters and provinces show disparity, although lower demand in some areas may be due to other factors as well.

BKKBN was not involved in day-to-day promotion of the Loan Fund, but provided moral support. Its association with the Loan Fund provided additional credibility not only in the eyes of potential borrowers but also the partners.

#### *Dissemination of policies and procedures => constraining*

The Loan Fund operated in five provinces of Indonesia in 42 IBI chapters. It was a substantial challenge to ensure that activities proceeded as intended. Because this was a new project, the initial implementation process included clarifying the details of procedures once constraints and issues were identified. Although initial instructions regarding policies and procedures were communicated to all the IBI branches and BRI units, interpretation of the instructions varied from one area to another. As details were sorted out, there was often a lag between the time changes were agreed upon and when they were actually implemented in the field.

While both IBI and BRI were organizations accustomed to operating with units disbursed over wide geographical areas, they were not accustomed to quick communication of policy changes to these units. The result was that it took a while for the branch levels to implement new policies or even to clarify basic questions. For instance, there was confusion over whether new loans could be made using repaid loan funds. Lack of clarification on this issue delayed processing and disbursement of a second round of loans in some areas. While these issues did not affect the long term success of the Loan Fund, they did cause frustration among all parties.

It was important that partners establish effective means for communicating new policies and procedures to their branches. Not only are procedures for disseminating information important, but there should also be a means for local branches to clarify any questions. Further, it is useful to have an understanding between the partners of how much lag time is acceptable. A problem arises if one partner does not expect a change in procedures for three months while another expects the change to be enacted next week. Setting this parameter so it is feasible and acceptable to all partners prevents strains in partner relationships.

#### *Operating structure => influential and constraining*

The day-to-day management of this project was entirely in the hands of IBI chapters and BRI units. The IBI chapters and BRI units were the ones responsible for identifying potential borrowers, reviewing loan applications, disbursing loans, and administering repayments. Local processing of loans was the only way that this project could have covered such a large geographical area.

While operations were generally decentralized, the local units did not have much authority to make decisions in order to effectively resolve problems. For instance, when a directive was issued from headquarters that caused difficulties in implementation, the local units were not able to override the directive. Further, there were no established mechanisms for the local units to provide feedback to headquarters about the difficulties encountered. Often problems at local levels were not known for months – until Summa/PROFIT monitoring visits uncovered them.

Once problems were revealed, it would take several months for effective resolution, as the discussion would take place at the central levels, with changes then communicated down to the local levels. Summa/PROFIT often led this discussion and the push for resolution.

#### *Coordination of partners => essential*

Summa/PROFIT played an important role in coordinating the activities of the partners. Each of the partners brought a unique set of skills and interests that complemented each other well. The distinct skills and interests of the partners also meant that a central coordinator was required to facilitate coordination and communication. Summa/PROFIT acted not only as a coordinator but also as a neutral party representing the interests of the Loan Fund above each partners' specific interests.

It was critical that there was a single entity responsible for the overall project. The coordinator's responsibilities include: 1) ensuring that all partners perform as agreed upon; and, 2) leading discussions regarding operational issues and Loan Fund policies. Without such a coordinator, partner relationships may have been strained and specific interests may have dominated over the overall objectives of the Loan Fund.

#### *Logistics of loan disbursements => constraining*

The logistics of the loan disbursements were fairly rigid in Indonesia. During the development of the project, specific geographical areas (BRI units and IBI chapters) were selected for inclusion. Once implementation began, BRI allocated funds to specific units for loans. These units would manage these funds, disbursing loans and collecting payments. Although it later became clear that some areas experienced greater demand than others, there was no mechanism to transfer the funds from one area to another. The total commitment of a \$1.0 million Loan Fund was not treated as a single pool once implementation began, but instead funds were disbursed to specific BRI units and expected to remain in those units for the life of the project.

The inability to move funds from lower demand areas to higher demand areas became a significant issue. BRI could only transfer funds that were actually held by each unit (that is, not outstanding loans), and only with substantial processing time. Loan repayments would have to accumulate at the unit and then significant paperwork was required to move those funds to another unit. Ultimately, a decision was taken that funds would remain in the original designated units.

Had the process of transferring funds between units been more accommodating, the Loan Fund could have been more responsive to small pockets of high demand. This structure of allocating funds made quick response to market demand difficult, and may have limited the total number of loans made. The impact on overall success is low, however, because there was sufficient demand even in lower-demand areas so that funds did not just sit idle at BRI.

*Management of default => essential*

The default rate was extremely low, particularly considering the difficult economic climate in Indonesia. In most instances defaults were due to unusual circumstances, such as borrower death or relocation. The borrower selection process and loan terms and conditions were the primary contributors to the low default rate, by selecting borrowers who were longstanding respected members of their communities and requiring collateral for loans. The midwives' respect and loyalty toward IBI was also a factor in the low default rate.

Both IBI and BRI were involved in working out arrangements in the case of defaults. In nearly all defaults, the full amount of the loan was recovered with joint IBI and BRI intervention. The low default rate was a critical factor to the success of the project. The low default rate contributed to the overall sustainability of the program, by maintaining the value of the fund. The funds were able to revolve, providing loans to an increasing number of midwives.

*Monitoring and supervision => influential*

IBI was primarily responsible for monitoring and supervision of the borrowers. IBI supervised the borrowers to ensure that funds were used to improve and establish private practices. IBI followed up to ensure that midwives knew when and how repayments were made. PROFIT also played a broader monitoring role, visiting IBI chapters to ensure that operations proceeded smoothly. Without this supervision, problems may have lingered without resolution for a longer time.

Monitoring and supervision plays an important part in reminding both the implementing partners and the midwife borrowers of their responsibilities. Although the monitoring did not uncover critical issues, it helped to clarify and resolve implementation problems.

## Results

Figure 2 summarizes the analysis of specific features of design and implementation in the Loan Fund that impacted on the Loan Fund success.

FIGURE 2

<b>Summary of Design and Implementation Analysis</b>				
<b>Key Elements of Design</b>				
	Essential	Influential	Constraining	Comments
Partner expertise and responsibilities	**			
Borrower criteria	**		**	Criteria essential in minimizing defaults, but also constrained goal of reaching village midwives
Loan terms and conditions	**			
Borrower training		**		
<b>Key Elements of Implementation</b>				
	Essential	Influential	Constraining	Comments
Promotion of Loan Fund	**			
Dissemination of policies/procedures			**	
Operating Structure		**	**	
Coordination of Partners	**			
Logistics of loan disbursements			**	
Management of default	**			
Monitoring and supervision		**		

The analysis found that six elements of design and implementation were critical to the success of the Indonesia Midwives Loan Fund:

- 1) Partner expertise and responsibilities
- 2) Borrower criteria
- 3) Loan terms and conditions
- 4) Promotion of Loan Fund
- 5) Coordination of partners
- 6) Management of default

In replicating the loan fund, these elements should be carefully considered in project design and implementation. It should be noted that borrower criteria, while an essential feature in one respect, also proved to be a constraint to achieving the specific goal of supporting village midwives. During project design, borrower criteria should be considered carefully, and attention should be paid to how it will impact project objectives.

Four elements of the Loan Fund execution were found to be constraining to overall success. Three of these four constraining features were related to implementation. While these features did not cause a true failure in implementation, they constrained the level of success or output of the Loan Fund:

- 1) Borrower criteria
- 2) Dissemination of policies and procedures
- 3) Operating structure
- 4) Logistics of loan disbursements

Another observation from the analysis is that a larger portion of the Loan Fund design elements (three of four) was essential, compared with the proportion of implementation elements (three of seven) that was essential. At the same time, the Loan Fund was very successful, even with several constraining implementation elements. To some extent, if the design is on target, implementation issues, while they can be supportive or constraining, can be worked around. On the other hand, if design elements such as the expertise of partners or borrower criteria are not effective or appropriate, the likelihood of success is significantly reduced.

## Conclusions

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This study of the Indonesia Midwives Loan Fund found many positive outcomes that may be desirable for replication in other countries. This project was effective in supporting private midwives who in turn served new family planning acceptors, and continuing acceptors who previously used public sector services. The Loan Fund has continued to operate since October 1997 without external support. The Summa Foundation played a critical role in making this project a success.

Analysis of the design and implementation elements of the Loan Fund found that many of the design elements were essential to success. Effective design of the project forms the foundation for success, so it is particularly important that factors such as selection of partners, borrower criteria, and loan terms and conditions be appropriate from the onset. Critical implementation elements were effective promotion of the Loan Fund, coordination of the partners and management of default. Replicating this Loan Fund can lead to successful outcomes if these features can be adequately reproduced or adapted to the new setting.

There are also important lessons to be learned from the elements that proved to be constraining to success – namely borrower criteria, dissemination of policies and procedures, operating structure, and logistics of loan disbursements. The experience in Indonesia shows that management of such a large program with many partners over a wide geographical area poses many challenges. Awareness of such challenges and establishing procedures to address potential issues will also contribute to a successful replication.





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