



West Timor

Loans for Freedom

Location: Betun, West Timor

Partner Church: Evangelical Christian Church in Timor

The Situation

Nusa Tenggara Timur (NTT) in West Timor is the poorest province in Indonesia. Government estimates indicate that that 80 per cent of households in NTT have an income of less than two dollars a day. Additionally, 84 per cent of the population live in rural areas where infrastructure, transport and utilities are very limited. Almost 60 per cent of the population have only a basic education, and 17 per cent are unable to read and write.

The Project

"Loans for Freedom" is a project of the Tanaoba Lais Manekat Foundation (TLM). Economic, social, and spiritual transformation of families and communities is enabled through the provision of small loans, also known as "microfinance."

TLM provide small loans to poor families and community groups (clients), who work together by starting an income generating project. The loan is then repaid with minimal interest, to cover administrative costs, and the clients keep the profit. Profits help pay for education, food,

medical costs, or put towards another income generating project. Over 95 percent of clients pay back their loan on time, and many go on to successfully complete second and third loan cycles as a result.

Several types of projects are available to clients, including:

- Animal fattening: A young cow or pig is loaned to a client for a period of time to fatten. The larger, more valuable animal is sold at the market. The original cost of the cow and a small amount of interest is returned to TLM to be loaned out again, and the client keeps the profit. Experienced clients will sometimes keep several animals for breeding.
- Business expansion: Clients who already own a business, such as a kiosk, can apply for microfinance to expand their business, which allows them to stock a greater range of products, and increasing their income.
- Farming: A loan is provided to expand a farm, buy more tools and fertilisers, or a trial growing a more lucrative crop. The additional produce that grows can be sold at the market to generate more income.

The amount of money available to borrow grows as their client earns more. Initial loans may start off at \$100, and more experienced people can borrow upwards of \$300.





Achievements

TLM has been providing microfinance services to families and communities in NTT for over 15 years. From 2006 to 2009, over 3000 loans were issued from the Betun branch of TLM, benefiting over 15 000 individuals. This has given thousands of families the opportunity to access to basic healthcare and education. Over 50 per cent of clients are women.



Basic business training is provided with the initial loan, and ongoing support throughout the loan period ensures success. TLM encourages clients to save some of the money they earn to invest in future projects

The Future

The Betun branch of TLM is planning to expand their client base and improve existing infrastructure. Between 2010 and 2012, an additional 1200 clients will be introduced to the loan program and the cattle post where clients keep cattle for fattening will be upgraded.

A pig fattening scheme will also be trialed, and will operate alongside the existing cattle fattening scheme. This has already been successfully introduced in other areas of West Timor.

Contact UnitingWorld

Address: PO Box A2266
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Web: www.unitingworld.org.au

Yes, I'd like to help provide Loans for Freedom in West Timor.

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Should the funds raised exceed the amount required to meet the needs of the West Timor Loans for Freedom project UnitingWorld will use the excess funds to help people involved in similar projects.

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