

## Partner profile - TLM

Tanaoba Lais Manekat (TLM) is Opportunity International Australia's long-standing partner in Indonesia. TLM operates across the poorest areas of Indonesia—the remote islands of eastern Indonesia, where estimates suggest 95% of people in rural communities struggle with poverty.

TLM's mission is to empower poor people, through operating an efficient and professional organisation characterised by honesty, responsibility and a desire to grow.

TLM is a well-known and respected organisation in eastern Indonesia. With a focus on transforming lives of clients, not simply their financial situations, TLM offers a range of microfinance and enterprise development services.

TLM is currently serving over 28,000 loan clients through 21 branches and four rural service posts on Timor, Alor, Sabu, Sumba, Flores and Rote Islands.

### Group lending

TLM provide small loans to clients who meet regularly in groups. Loans range in size from Rp.200,000-2,000,000 (A\$24-235) with repayment schedules tailored to the client's income flow.

Clients use the loans to start or expand small businesses, typically kiosks and market stalls where they sell a variety of goods including fish, vegetables, firewood and furniture. Clients also include tailors, motorcycle taxi drivers and pig or cattle farmers.

### Individual lending

TLM's individual lending program is designed to assist clients who have shown potential to significantly expand their businesses. These clients can become agents of transformation in their communities by employing other people and becoming key members of local and business networks.

*Tanaoba Lais Manekat—  
'serve with love'*



Source: Multimap

### Savings

Savings is an essential part of the program and all clients are encouraged to save part of their income. Many clients have never been able to save money before and intend to use their savings in the future to pay for their children's education, home improvements and to support themselves in old age.

TLM has implemented a pilot mobile banking initiative, which will see two mobile vans and six Point-of-Sale machines providing secure, convenient financial transactions for thousands of clients living in remote villages.

Each van will travel to strategic places, such as markets, to provide access to savings and loans for people who are out of reach of TLM's standard branches. The vans also play educational movies which teach the importance of savings and other local issues.



*Paulina Rohi is a widow who had to improve her kiosk business in order to adequately support her family. Currently on her second loan cycle of Rp.1,500,000 (A\$176), Paulina says "After joining TLM, my business improved and my family can rely on my kiosk."*



*TLM client Roberta Thai used a loan of \$100 to buy three small plots of land on which to grow vegetables. Roberta sells her produce at local markets and now earns enough to employ two villagers during busy periods.*

#### Client training

TLM's Training and Transformation Unit is dedicated to equipping clients with the skills and confidence they need to run their businesses successfully.

Previously, basic business training was provided in short sessions during weekly group meetings. However, this training soon became repetitive for more experienced clients. TLM's new approach is to provide more sophisticated business training once a month to groups of about 60 clients who gather in a local church hall.

As many clients are illiterate, TLM is exploring innovative ways to deliver training. TLM recently produced its own video entitled 'Introduction to TLM', explaining the lending program.

TLM has also purchased a range of health education videos which aim to increase villagers' knowledge of disease and easy preventative measures.



<sup>1</sup>Unique customers' refers to TLM loan clients as well as clients that receive a broader range of financial services.

<sup>2</sup>Exchange rate used is US\$1: A\$0.94365

<sup>3</sup>Heavy rainfall and flooding from November 2010 to April 2011 has temporarily increased portfolio at risk. TLM is also improving its credit control processes to ensure that all branch staff are complying with operation standards, which should also improve portfolio quality.

\***Operational sustainability** is the ability of an organisation to cover the costs of its lending program with the revenue earned from its lending program.

\*\***Portfolio at risk (PAR)** is a stringent measure of an MFI's loan portfolio quality. It calculates the total value of outstanding loan balances for loans with at least one payment being overdue by more than 30 days. PAR is used to highlight potential future repayment problems.

*"service with love... characterised by honesty, responsibility and a desire to grow."*

TLM's mission statement

#### Innovation in microfinance products

TLM's cattle fattening loan is designed for poor rural farmers. Farmers receive one to two cows, which they fatten before reselling. A proportion of the farmer's profit is allocated to savings. These funds are then used as part of the capital cost of buying additional cows in later loan cycles. In this way, farmers become stakeholders in the program and receive a share of the profit based on their investment.

TLM run an innovative 'cashless loan' program, supported by the World Bank. The 'cashless loan' lends clients food and basic necessities during the dry season. The loan is repaid in the form of food in the harvest season. As many of TLM's clients are farmers and agricultural labourers, the 'cashless loan' program addresses their short-term needs and seeks to alleviate financial strain on families during seasonal low periods.

TLM is also piloting a Village Partnership program where specially trained staff are placed within communities and work alongside them to assess their needs, skills and resources, and the potential for a sustainable community enterprise.

Performance indicators	June 2011
Active borrowers	28,027
Unique customers <sup>1</sup>	30,409
Outstanding loan portfolio (A\$) <sup>2</sup>	4.48m
Number of branches	21
Operational sustainability*	111%
PAR*** > 30 days	9% <sup>3</sup>

Sources: International Fund for Agricultural Development, TLM