

PROMISE II IMPACT



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INTRODUCTION

PROMISE IMPACT project, which stands for Promoting SME Enterprises through Improved Entrepreneurs' Access to Financial Services, aims to strengthen the enabling environment for a more inclusive financial sector for Small and Medium Enterprises (SMEs), promoting economic growth and employment opportunities. Managed by ILO, the project is held in collaboration with the Swiss Secretariat for Economic Affairs (SECO), which provides funding for this project.

PROMISE II IMPACT is the second phase of the PROMISE IMPACT project. It is designed to support the government's post-pandemic economic recovery policy and programs, focusing on **increasing Access to Finance for SMEs** and **improving Financial Inclusion in Indonesia**, with a special mission on **digital transformation**.

The PROMISE II IMPACT is currently ongoing through its 2023-2026 project duration, originally designed to end by November 29, 2025, but extended to June 2026. To continue on the project, it is necessary that a project evaluation is conducted to provide a thorough assessment of the project implementation. The evaluation is also expected to produce analysis and recommendations for the initial design of the next phase.



support from national partners as well as ILO Headquarter, and have an M&E system in place. The project is also aligned with SECO's priority programs.

- **Efficiency of resource use:** Targets are achieved with less amount of budget, in time or early. Project management team has the technical background and expertise. For cost effectiveness, the project has been able to promote funding from BPRs to more than double the amount of investment (in addition to the project investment).
- **Impact orientation and sustainability:** Good selection and prior assessments to local partners to ensure their good standing and long-term establishments.

The project also receives high scores across the board in relation to the target beneficiaries (SMEs or partnership with SME support facilities, FSPs, and the Government) in achieving the objectives and targets, as well as in the use of resources, generating impacts, and ensuring sustainability.

Survey conducted for the evaluation purposes has come up with several recommendations and models to expand the existing interventions (through capacity building as well as the provision of digital financial services) to other regions and other commodities (for the ecosystem approach). Some of the recommendations are to have more engagements with government and local partners, expand to other districts / regions, add more topics to the training modules on the technical aspects, and promote more financial products such as savings and insurance.

Potential partners and programs have been identified to support the government and FSPs, and other supporting actors to expand the outreach for financial inclusion. Suggestions include CMEA and OJK and in support of the financial inclusion's aspect of the government's MBG (and possibly food security) program. New collaborations can be pursued with Bappeda, Disperindag, KKP, Distanbun, and Dinas UMKM to work with SMEs under their programs.

Meanwhile, additions can be made to include environmental aspects and gender issues, for instance, on green finance, Climate Smart Agriculture (CSA), and waste management. A better definition of SMEs will help in identifying the end target beneficiaries along the value chain and the type of interventions most suitable for each, for the financial inclusion as well as for the digitalization.

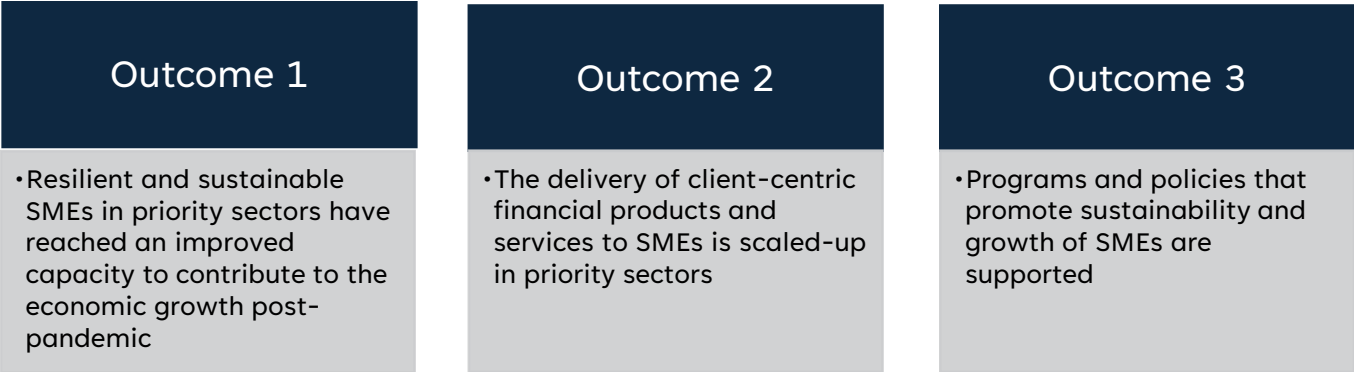
2. OBJECTIVES

The objective of the PROMISE II IMPACT project is to strengthen the enabling environment for an inclusive financial sector for SMEs, which will lead to economic growth and employment, particularly in the post-pandemic era that has brought severe impact to SMEs. The project supports the government in the post-pandemic economic recovery policy and programs, focusing primarily on promoting digital transformation and increasing financial inclusion. In line with the objectives, it is necessary that SMEs enhance their capacity and have sustainable access to finance in order to expand their businesses and create employment. Meanwhile, sustainable access to finance can be made available when the FSPs offer client-centric financial products and services to meet the needs of the SMEs.

The objective is aligned with SECO’s Cooperation Program 2025-2028¹, which supports Indonesia in building a more sustainable, resilient and competitive economy. Part of the work is to promote market access for SMEs, as well as support to local banks and FSPs in digitizing operations. The project also supports ILO’s Decent Work Country Program (DWCP) for Indonesia 2020-2025², which has set the Country Priority on, among others, the “Promotion of Sustainable Enterprises through Better Access to Resources, Higher Productivity and Improved Workplace Practices”. Support to the Indonesian Government is aimed at alignment with the Financial Inclusion division of Coordinating Ministry of Economic Affairs (CMEA), Indonesian National Council for Financial Inclusion (DNKI), the Financial Inclusion division of Financial Services Authority (OJK), and other programs. Please see Appendix for the list of relevant government programs.

Toward the objectives, the PROMISE II IMPACT project is expected to produce the following outcomes:

Figure 1. Expected Outcomes



The evaluation activities are designed to measure how the project is implemented to achieve the objectives and the expected outcomes using the Logical Framework as a reference. The Logical Framework provides the Theory of Change to elaborate on the Impact, Outcome Indicators, and Targets to be achieved within the milestones, which are further translated into Project Activities (please see Appendix for details).

¹ <https://www.seco-cooperation.admin.ch/en/indonesia>
² <https://www.ilo.org/resource/decent-work-country-programme-indonesia-2020-2025>

The Project Evaluation 2023-2025 are designed toward the following two objectives:

1. Evaluation of project implementation management:

- To evaluate the project progress achieved to date, focusing on the three project outcomes, associated outputs, and key performance indicators stated in the Inception Report of the project.
- To assess the Theory of Change and to what extent the project will be able to contribute to the desired changes (impact) at different levels (Macro, Meso, and Micro).
- To identify and record lessons learned from the implementation of the projects.
- To provide strategic and actionable recommendations in order to strengthen implementation progress, addressing challenges and seizing opportunities in the project's remaining duration.

2. Provision of inputs and recommendations for the next phase

- To develop guidance and inputs for the next phase, focusing on the development of the draft theory of change for the next phase and the framework for outcomes and outputs for each outcome.
- To identify topics and outputs currently not in the project but are potentially to be included in the next phase, in order to make it aligned with the President's Asta Cita vision and other relevant strategic documents such as OJK's master plans and blueprints, the CMEA/DNKI/Komnas LIK's National Strategy for Financial Inclusion, Bappenas' RPJMN 2025-2029, and the Indonesia-Switzerland Economic Cooperation and Development Program 2025-2028.
- Whenever relevant, to identify new implementing partners from the Government ministries or agencies.

The Project Evaluation Report 2023-2025 gives the focus on the roles and the impact that involve three main target beneficiaries – SMEs, Financial Service Providers (FSPs), and the Government – in relation to the expected outcomes, to gain their feedback and measure the success of the project. The evaluation also takes into account the roles of supporting actors in the process, which include IT/ digital platform providers, BDS providers (universities, vocational schools, and others), and buyers (in the value chain ecosystem).

3. METHODOLOGY

The PROMISE II IMPACT project is designed to promote access to finance for SMEs by leveraging digital technology, aimed to facilitate digital transformations for both the FSPs and the SMEs. On the supply side, it involves upgrading the digital finance capabilities through their Loan Origination System (LOS) or Core Banking System (CBS) of partner FSPs to improve access to finance for their SME clients. The project mainly works with rural banks (BPRs) and regional banks (BPDs). For the SMEs, it is undertaken through the digitalization of their value chain ecosystem. This includes a digital forum, which capitalizes on a digital platform for SME's value chain ecosystem to connect with those of FSPs, BDS providers, the government, and other stakeholders for information sharing, business, and financial transactions as well as the adoption of technology. The process also involves capacity building, including training and coaching, for SMEs and for FSPs alike, as well as policy advocacy support for improving financial inclusion in Indonesia.

In the implementation, PROMISE II IMPACT project develops a partnership model that constitute the national and regional government, rural banks (BPR) and regional banks (BPD) for the FSPs, and expands the beneficiaries to BDS providers and other support facilities that assist SMEs. With the government, the project works mainly with the Financial Services Authority (OJK) and National Council of Financial Inclusion (DNKI) at the national level and Regional Government Team on Financial Inclusion (TPAKD) at regional level.

With focus on digitalization to promote financial inclusion, the analysis will elaborate on how the digitalization efforts – underpinning the level of digital transformation for the FSPs, digitalization of SMEs' value chain ecosystem, and how the government promotes digitalization – contribute to the achievements of the outcomes mentioned earlier.

Financial inclusion is defined by DNKI³ as an integral part of social and economic inclusion process to promote economic growth, financial system stability, and poverty alleviation, while minimizing individual and regional income gap to facilitate the welfare of the people.

Meanwhile, the term of digitalization covers a broad range of digital economy and digital financial inclusion, in addition to the project's current focus on digital transformation for BPRs.

3.1 FRAMEWORK OF ANALYSIS

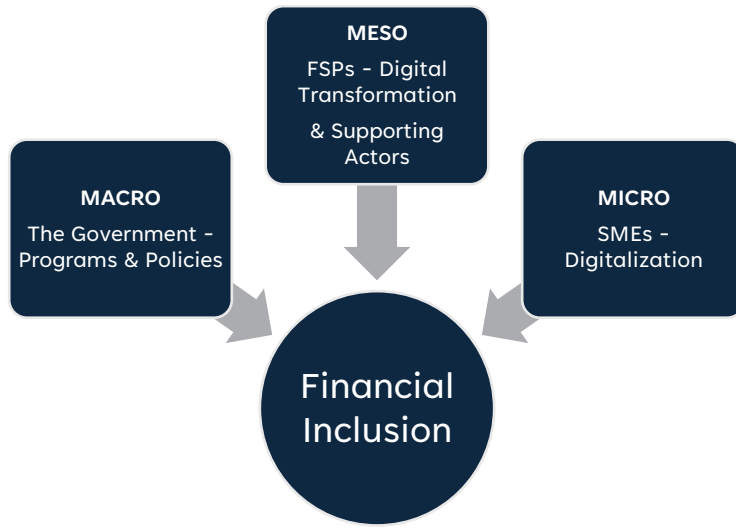
Analysis is done at Macro, Meso, and Micro levels as the following:

- Macro is conducted at policy level, which is related to the government to see how the project has supported programs and policies that promote sustainability and growth of SMEs, particularly on the financial inclusion.
- Meso is conducted at institutional level, mainly the FSPs to see how the project has assisted FSPs in the delivery of client-centric financial products and services. The institutional level of assessments is also conducted to the supporting actors such as the IT/ digital platform providers, BDS providers, and buyers.
- Micro is conducted at individual level or SMEs to see how the project has improved the capacity of the targeted SMEs and contributed to growth and employment.

Framework of Analysis is depicted in Figure 2. Referring to the major stakeholders, the financial inclusion is achievable through a collaborative effort with the government, FSPs and the other players on the value chain. The intervention can also go individually by the government or FSPs or the supporting actors (BDS providers or the other business players within the value chain) through direct interventions to the end beneficiaries (SMEs).

Figure 2. Framework of Analysis

³ Presidential Regulation no. 114/2020 on National Strategy for Financial Inclusion



For the intervention, the project comes up with four models:

1. Model 1: Provides support to a value chain ecosystem of a commodity with a loose network, using digital application to create a new and more established business relationship.
2. Model 2: Strengthens and complement the existing value chain ecosystem by adding new business actors and supporting agents, establishing a Digital Forum for digital-based ecosystems.
3. Model 3: Individual support to SMEs, rural banks (BPRs), regional banks (BPDs), as well as BDS providers.
4. Model 4: Support policies and programs aimed at improving financial inclusion and access to finance for SMEs through ad-hoc short term activities.

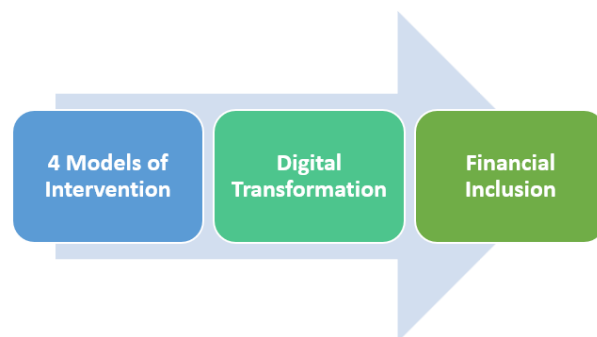
The Four Models provide different avenues for greater outreach and engagements – to the SMEs, the FSPs, and the government alike – which will allow for a stronger impact (please see Appendix for further description of the models).

The evaluation activities seek to explain how the project interventions (with the Four Models) lead to the digital transformation and financial inclusion, creating the enabling environment for a more inclusive financial sector for economic growth and employment.

In general, the project intervention process can be described as follows:

Figure 3: The Intervention Process

Actors	Types of Intervention
Government	<ul style="list-style-type: none"> Support to programs/ policies related to Access to Finance and Financial Inclusion for SMEs
FSPs	<ul style="list-style-type: none"> Digital Transformation through financial technology, core-banking, and loan origination system Training and coaching on client centric products and services
Supporting Actors:	
<ul style="list-style-type: none"> IT/ Digital Platform providers 	<ul style="list-style-type: none"> Hired to provide the technology based on assessments on demand and requirements
<ul style="list-style-type: none"> BDS providers (universities, vocational schools, and others) 	<ul style="list-style-type: none"> Training of Trainers to support the SMEs
<ul style="list-style-type: none"> Buyers (in the value chain ecosystem) 	<ul style="list-style-type: none"> Digitalization of SMEs' value chain ecosystem
SMEs (Commodity – Dairy, Seaweed, Patchouli Farmers)	<ul style="list-style-type: none"> Digitalization of SMEs' value chain ecosystem Training and Coaching on Get Ahead, SYIB, and Financial Education, conducted by ILO partners



3.2 EVALUATION CRITERIA

As suggested by SECO, the project is evaluated against four criteria – Effectiveness, Efficiency, Impact Orientation, and Sustainability⁴, which refer to project progress and effectiveness, efficiency of resource use, effectiveness of management arrangement, and impact orientation and sustainability, as defined in the ILO policy guidelines for results-based evaluation (2013).

The Evaluation Criteria are defined as follows:

- Effectiveness: is the intervention achieving its objectives?
- Efficiency: how well are resources being used?
- Impact: what difference does the intervention make?
- Sustainability: will the benefits last?

In response, the evaluation seeks to answer the following questions related to the evaluation criteria:

1. Effectiveness of management arrangements

Primary questions:

⁴ According to OECD/DAC there are 6 evaluation criteria called the “Six Lenses to analyze an intervention and its results”, consisting of:

1. Relevance: is the intervention doing the right things?
2. Coherence: how well does the intervention fit?
3. Effectiveness: is the intervention achieving its objectives?
4. Efficiency: how well are resources being used?
5. Impact: what difference does the intervention make?
6. Sustainability: will the benefits last?

- Is the project receiving adequate high-level, technical, and administrative support from its national partners?
- Did the project receive adequate administrative, technical and - if needed - political support from the ILO office in the field and the responsible technical units at headquarters?
- Is a monitoring and evaluation system in place and how effective is it?

Secondary questions:

- Are the management capacities adequate?
- Was there a clear understanding of roles and responsibilities by all parties involved?
- Are implementing partners providing support for effective project implementation?
- What are the key components of the monitoring and evaluation system in place for the project, and how do they align with project objectives?
- Was relevant information and data systematically collected and collated? Was the data disaggregated by sex (and by other relevant characteristics if relevant)?
- Is information being regularly analyzed to feed into management decisions?

2. Efficiency of resource use

Primary questions:

- Are resources (funds, human resources, time, expertise etc.) allocated strategically and adequately to achieve outcomes?
- Were resources used efficiently? Were activities supporting the strategy cost-effective?
- Are project funds and activities being delivered in a timely manner? If not, what were/are the bottlenecks encountered?

Secondary questions:

- In general, did the results achieved justify the costs?
- Have any gaps in resource allocation been identified that could hinder the achievement of outcomes? If so, what steps are being taken to address these gaps?
- What were the financial results of the project? (Look at commitments versus disbursements and projected commitments).

3 & 4. Impact orientation and Sustainability

Primary questions:

- Discuss to what extent the project is moving towards the achievement of outcomes and impact (look at sustainability and local ownership of the project)?
- How effectively is the project building necessary capacity of people and institutions (of national and regional partners and implementing partners)?

Secondary questions:

- What strategies are in place to ensure that the benefits of the project are sustained beyond its completion, and how are these strategies being implemented?

As those questions are mostly related to the project management, answers were sought from the project management team. To measure the Effectiveness, Efficiency, Impact Orientation, and Sustainability of the project implementation, particularly in working with project partners, the evaluation ranks the results into

High, Medium, and Low categories. For instance, it is highly effective when the project can achieve the objectives and targets, with some illustrations on how the “High Effectiveness” can be substantiated.

In general, the success measurements for each of the evaluation criteria can be described as follows:

Effectiveness:

- High: objectives and target achieved (as defined in the Logical Framework).
- Medium: objectives and target partially achieved.
- Low: objectives and target are not achieved.

Efficiency:

- High: strong capacity of personnel and strong resources (adequate / optimum use of resources, budget in particular), timely execution.
- Medium: strong in one area but weak in others areas (personnel, resources, timeliness).
- Low: weak in all areas (personnel, resources, timeliness).

Impact:

- High: align with existing and create new program, and other results beyond the specified targets.
- Medium: align with existing and continue with the same program.
- Low: not relevant.

Sustainability:

- High: strong capacity and strong commitment (indicated by how they are going to carry on beyond the project lifetime).
- Medium: medium capacity and strong commitment, or strong capacity and medium commitment.
- Low: low capacity and low commitment.

Those measurements are not restrictive, other achievements that bring additional values will be taken into account, serving as the plus points for better scoring. Other factors that showcase the achievements of the project will also be highlighted.

3.3 DATA COLLECTION

The evaluation uses the following resources to substantiate the success measurements:

- Desk review to study the relevant government policies / programs, as well as ILO and SECO’s reference documents to see the alignment with the existing programs while searching for potential future collaborations.
- In-depth interviews with select respondents, conducted online as well as through a field survey. Field visits were conducted in East Nusa Tenggara (NTT), Aceh, West Java, and Central Java.
- Project Progress Report to come up with the hard numbers for target achievements, particularly against the project activities outlined in the Logical Framework.

The Project Evaluation 2023-2025 also takes into account the M&E activities that have been conducted by the project team.

Please see Appendix for Detailed Methodology and Key Informants.

4. FINDINGS

4.1 GENERAL OVERVIEW

With the combined outcomes that involve the government, FSPs and SMEs as the end target beneficiaries, the project aims to generate a comprehensive, multi-stakeholders' intervention in financial inclusion that could potentially be replicated, scaled-up, and institutionalized by policy makers in Indonesia in the long-term. The Key Success Factor for the PROMISE II IMPACT project is partnership – with the national as well as regional and local government, with FSPs, with BDS providers, with business players along the supply chain, and others⁵.



WEST JAVA

DAIRY FARMERS

ACEH

PATCHOULY OIL

EAST NUSA TENGGARA

SEAWEED

In the second phase, the project takes on a new approach in supporting SMEs through creating or enhancing the value chain ecosystem. As described earlier, the project comes up with Four Models. The first two models (Model 1 and 2) work on creating or enhancing the value chain ecosystem and take place in three provinces:

- West Java to assist the value chain ecosystem for dairy farmers, involving KPBS (Cooperative of Cow Farmers in Southern Bandung) as the buyer and the member dairy farmers, BPR Bandung Kidul, and the use of digital applications (they are all already interconnected prior to the ILO intervention)
- East Nusa Tenggara to assist the value chain ecosystem for seaweed farmers through engagement with local university, BPR Tanaoba Lais Manekat (Bank TLM) and Bank NTT (BPD), PT Algae Sumba Timur Lestari (ASTIL) as the buyer, and the use of digital applications (to connect the FSPs, the farmers, and the buyer within the value chain).
- Aceh to assist the value chain ecosystem for patchouli oil farmers, working with local university (the Atsiri Research Center or ARC under Universitas Syiah Kuala), and their affiliated companies (PT

⁵ For the partnership, SECO also recommends to collaborate with other organizations that work under SECO funding. So far, ILO has initiated contact with SIPPO.

UGreen and Global Mandiri) as the local buyers, BPR Mustaqim, and the use of digital applications called MyNilam (to connect the FSPs, the farmers, and the buyer within the value chain).

In addition to the value chain ecosystem approach, the project opens to other opportunities that can help SMEs, FSPs, or the government to promote financial inclusion through digital transformation for the FSPs and digitalization of SMEs' value chain ecosystem. The other two models (Model 3 and 4) allow more stand-alone approaches to various stakeholders, and have taken place in:

- Central Java to assist FSPs (within the national rural bank associations or Perbarindo network) in their financial technology, core-banking, and loan origination system. So far they have been working with BPR Nusamba Cepiring in Kendal and BPR Artha Huda Abadi (AHA) in Pati.
- East Java to assist FSPs (also under Perbarindo) with the technology following the model in Central Java, currently in the preliminary stage.

In all of those locations, the project invites government participation particularly through local OJK and the local government as the representatives for TPAKD.

4.2 PROJECT IMPLEMENTATION

Based on observation and the interviews with project team and the other stakeholders involved in the project, and verified by the project progress report, the project runs well and on track. During the interviews, stakeholders express their appreciation for the benefits they have received and gratitude for their involvement. Respondents feel satisfied with the work, except for some suggestions on how the project should go in the future, which mainly on requested additions and alignment with their existing programs.

Activities are implemented and targets are achieved as planned⁶. In terms of Targets and Achievements, the questions were addressed to the Project Management team in a check list format following the structure of the Logical Framework⁷. Recap on the achievement of targets can be seen in the Appendix.

As cited in Figure 3. The Intervention Process⁸, the activities are mainly on training and coaching (through Training of Trainers or TOT for BDS providers) and the facilitation of digital technology (for FSPs, buyers, and the SMEs), in addition to supporting the government (mainly OJK and local government or Dinas).

The total recap of the training and coaching activities can be seen in Table 1 below.

Table 1. Achievements – Trainings and Coaching (as of July 10, 2025)

No	Activity	Total # of Class	Participants		
			Male	Female	Total
Training of Trainers (TOT)					
1	TOT FE and Get Ahead	3	40	39	79
2	TOT Get Ahead	3	54	27	81
3	SIYB	1	15	7	22
	Total		109	73	182
Training of Beneficiaries (TOB)					

⁶ Based on project Progress Report.

⁷ The list of activities can be seen in the Logical Framework, attached in the Appendix.

⁸ See page 9 of this report.

1	TOB for SMEs	52	680	584	1264
2	TOB for SMEs for Government Official	2	60	13	73
3	TOB For Bank NTT Staff and Clients	3	40	301	70
	Total		780	627	1407
After Training Support (ATS)					
1	TOB for SMEs	3	84	96	160
	Total		84	96	160

Source: Project Management Team

In terms of the intervention models⁹, Model 1 takes place in Aceh with the patchouli, to facilitate a loose value chain ecosystem to be more established and sustainable, with regular communications between actors. Model 2 takes place in West Java with dairy and East Nusa Tenggara with seaweed, to help strengthen and complement the existing value chain ecosystem by adding new business actors such as buyers/off-takers, input providers/suppliers, and so on. Model 3 implements support to SMEs, BPRs, and BDS providers and takes place in different locations. Activities in Central Java, with expansion to East Java in the process, currently focus on interventions for FSPs only. Model 4, support to policies and programs aimed at improving Financial Inclusion and Access to Finance for SMEs, are conducted through various activities. Achievements of each of the implementation models are depicted in Table 2 below.

Table 2. Achievements based on Implementation Model¹⁰

Implementation Model	Achievements
<p>Model 1. <i>Facilitating the value chain ecosystem of a commodity in certain areas where the relationship between actors in the sector/commodity has not been established permanently and is still sporadic and short-term. It is hoped that with the intervention of Model 1 a new sustainable ecosystem value chain will be formed where relationships between actors run regularly and provide mutual benefits to all parties involved.</i></p>	<p>Implemented in Aceh:</p> <ol style="list-style-type: none"> 1. Setting up of ERP system called MyNilam, with 110 patchouli farmers onboarded 2. TOTs for 25 local trainers in Financial Education and Entrepreneurship 3. 225 patchouli farmers from Aceh Besar, Aceh Tamiang, Aceh Jaya, and Nagan Raya joined Financial Education and Entrepreneurship training, 50 of them completed After-Training Support (ATS), and 7 received financing from BPRS Mustaqim 4. 58 staff from BPRS Mustaqim joined a Financial Education training
<p>Model 2. <i>Help strengthen and complement the existing value chain ecosystem by adding new business actors such as buyers/off-takers, input providers/suppliers etc. This model also adds supporting facility agents such as fintech and financial institutions, which are expected to provide digital financial services, as well as the involvement of BDS in providing training for business actors/SMEs in the value chain ecosystem.</i></p>	<p>Implemented in West Java and East Nusa Tenggara:</p> <ol style="list-style-type: none"> 1. Enhancement of an ERP system and capacity building for BPR Bandung Kidul, owned by KPBS to strengthen the value chain ecosystem in Pangalengan, West Java and benefit more than 2,054 dairy farmers 2. The integration of Loan Application feature into ERP system for BPR Bandung Kidul to provide financing for 429 dairy farmers, with a total loan portfolio of IDR 11.6 billion 3. Enhancement of the existing seaweed value chain ecosystem in East Sumba District, East Nusa Tenggara, through digitalization. As of the end of March 2025, 216 seaweed farmers and 57 middlemen have been integrated into the digital platform (Agree by PT Telkom)

⁹ More detailed explanation of the implementation models can be found in the Appendix.

¹⁰ Based on project Progress Report.

	<ol style="list-style-type: none"> 4. ToT on Financial Education (FE), GET Ahead, and Start and Improve Your Business (SIYB) in Sumba Timur, Pangalengan, Banda Aceh, Lembang and Surabaya, including sessions conducted in collaboration with the Ministry of Manpower (MoM) and the DFAT-INKLUSI partnership. Total of 160 participants 5. A total of 200 seaweed farmers in East Nusa Tenggara and 338 dairy cattle farmers in West Java participated in Entrepreneurship and Financial Education training. 6. Six-month post-training support for 79 seaweed farmers in East Sumba District and 50 dairy farmers in Pangalengan. 24 seaweed farmers received financing from Bank NTT
<p>Model 3. Provides supports to:</p> <p><i>i) SMEs: by providing ILO training modules (SYB, IYB, Get Ahead etc.) that are relevant to their business capacity and competence development, as well as provide them with an introduction to digital business.</i></p> <p><i>ii) BPRs: by providing technical support to BPRs to develop and improve their Core Banking Systems to enable them to connect with other Aggregator Platforms through Application Programming Interface (API) in which BPRs are able to develop various innovative digital products and services for SMEs.</i></p> <p><i>iii) Cooperatives/other related agencies such as BDS providers, BUMDES, and assists SMEs in promoting their products and services in a single “digital catalogue” which enables them to expand their marketing area and business scope, as well as connect with e-commerce and other digital marketing platforms.</i></p>	<p>Implemented in various locations:</p> <ol style="list-style-type: none"> 1. 25 BPRs and 11 BPDs joined the Making Microfinance Work training program to improve operational efficiency and risk management for sustainable financial inclusion 2. BPR TLM of East Nusa Tenggara and BPR Nusamba Cepiring of Central Java have adopted a Loan Origination System (LOS) to digitize and streamline their credit processes. As of March 2025, this digital transformation has facilitated financing for over 1,492 SMEs. 3. BPR Arta Huda Abadi (AHA) of Central Java, has upgraded its Core Banking System for operational efficiency and service accuracy. As of March 2025, a total of 4,682 SMEs have benefited from the upgraded system. 4. 6 BPRs — BPR Kerta Raharja, BPR Subang, and BPR Bandung Kidul in West Java, as well as BPR Lamongan, BPR Jombang, and BPR UMKM in East Java — received Dashboard Loan Portfolio Monitoring Tools to monitor and analyze the performance and quality of their SME loan portfolios in real time. 5. A special program for laid-off workers, 109 members from five trade-union confederations joined digital entrepreneurship training program and were onboarded as resellers on the social e-commerce platform Evermos. 6. 48 village heads joined financial education training, held in collaboration with the Financial Services Authority of East Nusa Tenggara Province (OJK NTT), to strengthen local leadership capacity for financial inclusion. 7. Training of Beneficiaries (ToB) on various topics conducted to 51 selected retailers affiliated with the Better Life Farming Alliance in Solo (Central Java) and Tulung Agung (East Java) to enhance their entrepreneurial capacity. 8. Capacity development support was provided to 25 instructors from the Department of Fisheries and Marine Affairs (DKP) of East Sumba District, focusing on enhancing their counseling methodologies related to financial education and entrepreneurship. 9. To enhance their technical training on agricultural cultivation, 45 SMEs joined SIYB training program, conducted by certified trainers from BPVP Lembang, who had previously completed a ToT program delivered by P2I.
<p>Model 4.</p>	<p>Implemented through various activities:</p>

<p><i>Create Rapid Response Support Facilities (ad-hoc short-term activities) to support policies and programs aimed at improving financial inclusion and access to finance for SMEs. Model-4 interventions can take the form of and are not limited to training, workshops, webinars, seminars, research, studies, technical assistance, for stakeholders in the financial inclusion sector.</i></p>	<ol style="list-style-type: none"> 1. Comprehensive study on the landscape of digital financial services for Rural Banks (BPR) and Regional Development Banks (BPD), launched in March 2023, with three dissemination events in collaboration with OJK in Jakarta, Aceh, and Central Java. 2. Academic paper to guide the formulation of strategic frameworks for Financial Inclusion in Indonesia as a technical and analytical support to the Ministry of Finance, held in collaboration with PROSPERA. 3. A Regular Forum under TPAKD to support inclusive economic growth through sector-focused financial solutions. The first forum is for the dairy industry, centered in West Java. The second forum is for patchouli industry, focusing in Aceh and Sulawesi. 4. During Financial Inclusion Month October 2024, representatives from SECO Headquarters, SECO Indonesia Office, the Swiss Ambassador, the ILO Country Director, and the Chairman of OJK visited Aceh to inaugurate the first export of patchouli oil from Aceh Besar to France.
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4.3 ACHIEVEMENTS BASED ON THE EVALUATION CRITERIA

Answers to the evaluation questions were mostly sought from the Project Management Team, with results depicted in Table 3. The project receives **High** scores for project management in the:

- **Effectiveness of management arrangements:** Objectives and targets set in the Logical Framework have been achieved (see previous discussion on target achievements, details can be found in the Appendix). The project receives support from national partners as well as ILO Headquarter, and have an M&E system in place.
- **Efficiency of resource use:** Targets with less amount of budget, in time or early. Project Management Team has the technical background and expertise. For cost effectiveness, the project has been able to promote funding from BPRs at the amount more than double of project cost.
- **Impact orientation and sustainability:** Good selection and prior assessments to local partners to ensure their good standing and long-term establishments.

Efficiency is related to the use of resources (in terms of the personnel, budget, and timely execution) in the project implementation. The key success factor for project management lies in the project team. Selection of the team members are based on their different background (work experience) and skills pertinent to the project requirements – network with government officials at national and regional level, knowledge on financial services (background in banking is mandatory), financial inclusion, digitalization, capacity building and SME empowerment, and others. A pool of multi-talented team with good leadership and project management skills is also crucial to ensure timely implementation and achievements, and adherence with the allocated budget. Toward this purpose, they are also equipped with a good M&E system to put the project implementation on track.

Project team have shown cohesion and good team work during the project implementation. All respondents show their appreciation and satisfaction for the work of project team. Nevertheless, there have been some questions with regard to the location for the team to reside. The current project implementation has the

core team situated in Jakarta for convenience and close coordination. However, they have to constantly travel, with time and budget implications (and possibly at the expense of physical stamina of the team). The previous project implementation with the first phase (PROMISE I IMPACT) had the project team spread in the designated locations, which made the coordination slightly more of a challenge. The spread location also requires the selection of the right people, in terms of technical background and project management skills, which can be a challenge in the case of availability of local resources. So far, the project already has two local staff – one in East Nusa Tenggara, and another one in Aceh. However, the core team still reside in Jakarta headquarter office and have to travel extensively as part of project activities.

Cost efficiency can be seen in the project’s ability to promote funding from the BPRs, thanks to the digitalization efforts, for them to disburse the amount of loans of USD 10 million (and saving of USD 1,2 million). With the project funding of USD 4 million, the project has more than doubled the impact on funding from BPRs’ own resources.

Table 3. Achievements based on Evaluation Criteria – Project Management

No	Questions	Overview
1	<p>Effectiveness of management arrangements</p> <p>Primary questions:</p> <ul style="list-style-type: none"> • Is the project receiving adequate high-level, technical, and administrative support from its national partners? • Did the project receive adequate administrative, technical and - if needed - political support from the ILO office in the field and the responsible technical units at headquarters? • Is a monitoring and evaluation system in place and how effective is it? <p>Secondary questions:</p> <ul style="list-style-type: none"> • Are the management capacities adequate? • Was there a clear understanding of roles and responsibilities by all parties involved? • Are implementing partners providing support for effective project implementation? • What are the key components of the monitoring and evaluation system in place for the project, and how do they align with project objectives? • Was relevant information and data systematically collected and collated? Was the data disaggregated by sex (and by other relevant characteristics if relevant)? • Is information being regularly analyzed to feed into management decisions? 	<p>The project has received support and endorsements from the Coordinating Ministry of Economic Affairs and OJK (both at national and regional levels). They receive 6 monthly updates through the PAC meetings and regular invitations to events.</p> <p>The project receives support from the Social Finance unit of ILO.</p> <p>The ILO Project Management Team has an M&E template in place that they have been using for monthly updates. Data has been collected from local partners and analyzed regularly for progress reports. Now they have completed the development of a monitoring dashboard for easier tracking of field activities, timely progress measurement, informed and responsive decision-making to help improve project outcomes.</p> <p>Each individual in the ILO Project Management Team has the technical background and expertise to support the implementation of project – project management and network in financial inclusion, banking, digital financing, capacity building, and so on.</p>
2	<p>Efficiency of resource use</p> <p>Primary questions:</p> <ul style="list-style-type: none"> • Are resources (funds, human resources, time, expertise etc.) allocated strategically and adequately to achieve outcomes? 	<p>Resources have been used effectively to achieve the outcomes. Targets are accomplished with less amount of budget, in time or early.</p> <p>In terms of Cost Efficiency, with the support of ILO through the digitalization, the BPRs have been able to disburse the amount of loans of USD 10 million</p>

	<ul style="list-style-type: none"> Were resources used efficiently? Were activities supporting the strategy cost-effective? Are project funds and activities being delivered in a timely manner? If not, what were/are the bottlenecks encountered? <p>Secondary questions:</p> <ul style="list-style-type: none"> In general, did the results achieved justify the costs? Have any gaps in resource allocation been identified that could hinder the achievement of outcomes? If so, what steps are being taken to address these gaps? What were the financial results of the project? (Look at commitments versus disbursements and projected commitments). 	<p>(and saving of USD 1,2 million). With the project funding of USD 4 million, the project has been able to help mobilize funding from the BPR resources more than double.</p> <p>Challenges arise with some questions being raised as to where the project team should be stationed – centralized in ILO Indonesia headquarter in Jakarta, or spread in the designated regions.</p>
3	<p>Impact orientation and sustainability</p> <p>Primary questions:</p> <ul style="list-style-type: none"> Discuss to what extent the project is moving towards the achievement of outcomes and impact (look at sustainability and local ownership of the project)? How effectively is the project building necessary capacity of people and institutions (of national and regional partners and implementing partners)? <p>Secondary questions:</p> <ul style="list-style-type: none"> What strategies are in place to ensure that the benefits of the project are sustained beyond its completion, and how are these strategies being implemented? 	<p>The project has moved according to schedule. Sustainability comes from a good selection and prior assessments to local partners to ensure their good standing and long-term establishments. When asked to the implementing partners (Government, FSPs, BDS providers, buyers, and so on), they also verify that they will continue the program even when the ILO project is completed.</p>

Based on the Evaluation Criteria, the project receives high scores across the board in relation to the target beneficiaries (SMEs or partnership with SME support facilities, FSPs, and the government) in achieving the objectives and targets, as well as in the use of resources, generating impacts, and ensuring sustainability. Summary can be seen in Table 4.

Table 4. Achievements based on Evaluation Criteria – Target Beneficiaries

	SMEs	FSPs	Government
Expected Outcomes	1. Resilient and sustainable SMEs in priority sectors have reached an improved capacity to contribute to the economic growth post-pandemic	2. The delivery of client-centric financial products and services to SMEs is scaled-up in priority sectors	3. Programs and policies that promote sustainability and growth of SME are supported
Effectiveness:			
High: objectives and target achieved	<p>Improving Access to Finance for SMEs:</p> <ul style="list-style-type: none"> Upgrade of ERP in NTT and West Java, the development of new 	<p>Improved loan applications and new digital products by BPRs benefit over 6,000 SME borrowers.</p>	<p>The project has contributed to national policy dialogues related to Financial Inclusion.</p>

	SMEs	FSPs	Government
	<p>ERP in Aceh to link farmers with buyers and financial services.</p> <p>Capacity Building:</p> <ul style="list-style-type: none"> Over 1,000 farmers and SME entrepreneurs had been trained, nearly half of whom were women. 	<p>Through ERP-enabled value chains, over 400 farmers gained improved Access to Finance.</p>	<p>Working with OJK on the testing of 2 business models – Innovative Credit Scoring dan Financial Service Aggregator (Agregasi Jasa Keuangan – AJK). The scoring will be linked to ERP application for loan processing.</p>
Efficiency – use of resources			
High: strong capacity of personnel and strong resources, timely execution	<p>Project Management Team have the technical background (work experience) and skills pertinent to the project requirements. M&E system is in place to keep the project implementation on track.</p> <p>Good selection of Local Partners and BDS providers to ensure that they have the resources to carry on the project activities.</p>	<p>The BPRs / BPD have specific loan products for SMEs, and has invested in technology to serve their SME clients.</p> <p>Capacity building has been exercised for bank officers using ILO's Making Microfinance Work (MMW) module.</p>	<p>Collaboration with the right divisions and right people within the Government, OJK in particular, at national and regional level, to align with their programs.</p>
Impact – results			
High: alignment with existing and development of new programs	<p>PT ASTIL of East Nusa Tenggara uses the upgraded ERP data to improve procurement and align supply with orders.</p> <p>Two major dairy cooperatives in East Java have expressed interest in adopting KPBS' ERP. The project is procuring the same vendor to develop these systems.</p>	<p>OJK intends to connect ERP systems in dairy cooperatives with two fintech models for innovative credit scoring and market aggregation, with a pilot planned for one East Java cooperative, which has over 5,000 members.</p> <p>Clients are planning to borrow much bigger amount upon the implementation of upgraded digital application.</p> <p>Ability to attract investment, additional benefit on top of access to finance (link to formal financing from a BPR).</p>	<p>Support to the transformation of the National Council for Financial Inclusion (<i>Dewan Nasional Keuangan Inklusi/DNKI</i>) into the National Committee on Financial Literacy and Inclusion (KomnasLIK).</p> <p>Contribution to the Government Regulation draft to establish KomnasLIK.</p> <p>The project's sites in East Nusa Tenggara and Aceh had been the center for OJK's Inclusive Financial Ecosystem (<i>Ekosistem Keuangan Inklusi/EKI</i>). The project was also featured in DNKI's 2023 and 2024 annual reports,</p>

	SMEs	FSPs	Government
			submitted to the President's Office.
Sustainability – who will take on			
High: strong capacity and strong commitment	<p>Training of Trainers (ToT) programs have been conducted to over 160 participants (46% women) for continued expansion and outreach beyond the project.</p> <p>The adoption of ILO modules as a compulsory program by BDS providers.</p> <p>The continued use of ERP will ensure the increased productivity in the future and better Access to Finance.</p> <p>For dairy farmers, the ERP also helps in monitoring the health of livestock for quality control.</p>	<p>BPRs have shown intention and have the budget to continue upgrading their ERP, LOS, and core banking systems for better services to their SME clients.</p> <p>The selection of partner BPRs made sure that they have the financial capacity (to cover for the server, and IT staff for maintenance) for the continued use of ERP.</p> <p>Increased number of BPRs (and cooperatives) who are involved in the program, showing a greater likelihood of adopting and carrying on the lessons.</p>	Alignment with government programs at national and regional levels, and ability to make the program their own, ensure greater ownership for further implementation.

EFFECTIVENESS

Objectives and targets related to digitalization of SME value chain ecosystem achieved with the upgrade of pre-existing ERP in West Java for dairy farmers and East Nusa Tenggara for seaweed, and developed a new one in Aceh for patchouli, resulting in increased Access to Finance. The selection of commodity is aligned with SECO's priority commodities, in which they have implemented projects to enhance Access to Finance in three key industries such as dairy, seaweed and palm oil¹¹.

Targets for improved capacity are achieved through capacity building.

Improving Access to Finance for SMEs:

- The ERP (PT ASTIL) has also generated a database of consistent suppliers, many now eligible for financing from Bank NTT.
- The ERP is now being adopted by farmers in Lhoong district, which is part of USK's Atsiri Research Center (ARC) ecosystem, with plans to integrate ERP data into Islamic banks' financing assessments.

Capacity Building:

- By March 2025, over 1,000 farmers and SME entrepreneurs had been trained, nearly half of whom were women

¹¹ State Secretariat for Economic Affairs (SECO), *Indonesia Cooperation Programme 2025-2028*. www.seco-cooperation.admin.ch/en/indonesia

For the FSPs, improved Access to Finance is achieved through upgraded core banking systems and loan origination systems (LOS), added with dashboard monitoring tools. More than 6,000 SME borrowers benefit from improved loan applications and new digital products. Through ERP-enabled value chains, over 400 farmers gained improved Access to Finance, including first-time loan access for seaweed farmers in East Nusa Tenggara and better loan terms for dairy farmers in Pangalengan, West Java.

To the government, the project has contributed significantly to national policy dialogue on SME access to finance and broader financial inclusion issues by establishing relationship and facilitating various meetings with different government institutions.

Working with Department of Regulation and Licensing for Technology Innovation, Digital Financial Assets, and Crypto Asset (DPIA) of OJK, expansion of value chain ecosystem approach for other commodities has been pursued with the testing of two business models –Innovative Credit Scoring dan Financial Service Aggregator (Agregasi Jasa Keuangan – AJK). The scoring generated by the ICS model, linked to the ERP application for dairy farmers (in collaboration with cooperatives in East Java), creates the profiling (such as number of livestock, amount of production, etc) that can be used to access loans.

EFFICIENCY

Efficiency in relation to the local partners comes from a good selection of local partners and BDS providers to ensure that they have the resources to carry on the project activities. BDS Providers such as BPVP (vocational schools), APINDO, and KSPI (Labor Union) would like to adopt ILO Modules as part of their programs and use their own budgets. Both APINDO and KSPI would like to send more Master Trainers to join ILO's ToTs. The same sentiment is expressed by Evermos and Bayer's Better Life Farming, who have used ILO's training programs to enhance their businesses.

In terms of the FSPs, the BPRs have had digital applications up and running prior to ILO intervention with the upgrade. BPR TLM, BPR Nusamba Cepiring, and BPR AHA, for instance, already have specific loan products for SMEs and are willing to invest more for better service to their SME clients. For the FSPs, capacity building for bank officers is also a key activity. The project uses the Making Microfinance Work (MMW) module, developed by the ILO and used globally, to train microfinance officers.

For the government, ILO has established good relationship with government officials at national and regional levels, with OJK in particular. For instance, ILO works together with National OJK from Department of Regulation and Licensing for Technology Innovation, Digital Financial Assets, and Crypto Asset (DPIA), Directorate of Financial Inclusion (DLIK), and International Department and APU PPT. It is necessary that ILO chooses the right people to network with to ensure that their programs are aligned with the PROMISE II IMPACT project objectives and outcomes.

IMPACT

Impact talks about benefits beyond the expected outcomes. For instance, during the interview, the BPR staff mentioned about a client planning to borrow much bigger amount upon the implementation of upgraded digital application.

Another example is shown by the head of a farmers group in Aceh with his ability to attract investment, in addition to the access to finance through the link to formal financing from a BPR.

Some of the partners have received additional benefits thanks to ILO. Notable one will be PT ASTIL, the off-taker of seaweed, which uses ERP data to improve procurement and align supply with orders.

Meanwhile, the training activities have generated impacts on:

1. Seaweed farmers in East Sumba have expanded their business for income diversification purposes.
2. The training pre-test and post test results show the high level of knowledge / skills acquisitions from the participants.
3. BPR staff gain convenience in the loan processing thanks to the LOS.

From the FSPs, two major dairy cooperatives in East Java have expressed interest in adopting KPBS' ERP. The project is procuring the same vendor to develop these systems.

On the government side, in March 2025, OJK expressed interest in connecting ERP systems in dairy cooperatives with two fintech models for innovative credit scoring and market aggregation, under its OJK Infinity fintech sandbox, with a pilot planned for one East Java cooperative serving over 5,000 members, including 2,000 active dairy farmers.

Further on the government, ILO's key contributions include supporting the transformation of the National Council for Financial Inclusion (DNKI) into the National Committee on Financial Literacy and Inclusion (KomnasLIK) and contributing to the draft of Government Regulation on establishing KomnasLIK. OJK recognized the project's sites in East Nusa Tenggara and Aceh as key to its Inclusive Financial Ecosystem (*Ekosistem Keuangan Inklusi/EKI*) initiative. The project was also featured in DNKI's 2023 and 2024 annual reports, submitted to the President's Office.

Please see Appendix for more details on the Impacts.

The Impacts can be amplified with the communication activities, events, and dissemination of materials to increase the project visibility. The strong connection with government's high rank officials, the project gains the reputation for a high profile. The project has successfully established partnership with OJK in the regional economic development, SME empowerment, and digitalization of BPRs. Partnership with the Coordinating Ministry of Economic Affairs (CMEA) supports the DNKI secretariat function (and its working groups), particularly in the coordination with TPAKDs in the provinces. All is made possible by the flexibility of Outcome 3 of this project. It is hoped that the successful implementation of the models can be replicated by other projects or other organizations.

The project also gives access for SECO / Swiss Embassy to high level policy makers in the financial sector and to support the Indonesian economic development. The project always gives recognitions to SECO for the contribution through the speech, reports, and discussions with project partners, even in the logo. This is part of the requirements in the agreement between ILO and SECO. With the strong and positive impacts, it promotes the good reputation of SECO in the eyes of OJK, CMEA, local governments, and other project partners.

SUSTAINABILITY

On the Sustainability side, the project has shown significant progress with the interventions, and moved along with the governments (at national as well as local levels) and local partners' initiatives and programs to ensure that the program will carry on with local own resources. All stakeholders – the Government, BPRs,

BDS providers, and the SMEs alike – are happy with the ILO PROMISE II IMPACT project and would like to continue. They are even willing to share costs or use their own budget, which is a crucial part of sustainability. The Government in particular, would like to be involved more, they want to have more regular updates and merge the ILO program with theirs. Likewise, BDS providers and buyers would like to have further involvements in the project.

The Sustainability factors, as indicated by the project team during the interviews¹², include the selection of the right partners, to ensure that they have the required capacity and (human and financial) resources. It is also necessary that the partners have programs of their own carried on prior to and will continue upon the completion of the PROMISE II IMPACT project. The key success factor for this project is partnership – defined by the ILO’s Country Director¹³ as the ability to find the right partners at the national as well as the regional level (with the government, FSPs, and local partners alike), proven by the fact that the partners carry the mission forward with their own programs.

For the digitalization, ILO has selected partner BPRs through an award process involving the BPR association (Perbarindo) to come up with those with the commitment and resources and to make sure that they have the capacity for the continued use of ERP (for instance, the financial capacity to cover for the server, and IT staff for maintenance). BPR Nusamba Cepiring and BPR AHA, for instance, have shared their plan and the investment they are willing to make to continue upgrading their ERP, LOS, and core banking systems for better services to their SME clients. It shows their buy in to the project, that the project has answered to their needs, which is necessary for the partnership and key to the success of the project. Increased number of BPRs (and cooperatives) who are involved in the program, showing a greater likelihood of adopting and carrying on the lessons.

For the farmers as the end beneficiaries, the continued use of ERP will ensure the increased productivity in the future and better Access to Finance. For dairy farmers, the ERP also helps in monitoring the health of livestock for quality control.

Evidence of the Sustainability will include Training of Trainers (ToT) programs, conducted for over 160 individuals, with 46 per cent being women, to ensure the sustainability of outreach beyond the project. Meanwhile, the adoption of ILO modules as a compulsory program has been done by BPVP Aceh, in addition to the other BDS providers who have shown their intention to make ILO trainings and modules as part of their own programs.

Further evidence of the Sustainability factors:

1. Intervention of Patchouli Oil in Aceh:

- The Aceh Provincial Government has appointed University of Syiah Kuala (USK) to carry out the revitalization program of patchouli oil as Aceh's flagship product since 2015. USK then established Atsiri Research Center (ARC) in 2015/2016, resulting in the continued increase of production of patchouli oil.

¹² Interviews with project team were conducted on July 8, 2025

¹³ See Appendix for further details.

- The city of Banda Aceh has been designated as the Perfume City of Indonesia, leading to an increase in the number of SMEs producing perfume in Banda Aceh. There are an estimated 15-20 SME's/retailers perfume producers with various brands in Banda Aceh.
- ARC continues to establish partnerships with various cosmetic and perfume producers by selling/collaborating for profit-sharing from their research with the cosmetic industry in Indonesia:
 - Cooperatives Innovac, B2B partnership with PT Focustindo (Elgeena) Product
 - PT. U-Green Aromatic International, B2B partnership with PT Natgreen Sunday, Cooperative KINA, Cooperatives KINAS, Cooperative KING, Cooperative Elixir, Patchouli farmers group.
 - PT. Biona Ceudah Rupa

2. Dairy Cattle Interventions at KPBS Pangalengan:

- KPBS was established in 1969 (56 years of operation) with a relatively stable increase in milk production. Before the 2021 Food Mouth Deases (FMD) outbreak, KPBS's production reached 62 tons per day, yet dropped drastically to around 50 tons per day during the FMD outbreak. After the outbreak, KPBS's daily production reached 68 tons in 2025, surpassing those in the previous years.
- Increased access to financing for KPBS member farmers through mobile apps (please attach NOA data and loan disbursements).
- In 2025, KPBS established a partnership program with the Dairy Processing Industry in accordance with the Ministry of Agriculture's program, receiving an allocation of 125 Australian-imported cows to be cultivated by KPBS member farmers.
- In 2025, KPBS also served as a supplier for several Free Nutritious Meal Kitchens in the South Bandung area in support of the national MBG program.

3. Seaweed Intervention in East Sumba:

1. PT ASTIL was established in 2011 (based on notary act) by the Ministry of Maritime Affairs and Fisheries. The ownership and operations of the company were subsequently transferred to the East Sumba Regency Government, which has continued to operate it until now and has undergone management changes four times.
2. PT ASTIL has been able to maintain its production level despite the fluctuating seaweed market price. PT ASTIL is the only seaweed business owned by the local government to sustain the good performance.
3. PT ASTIL aims to increase the production capacity to 60-70 tons by increasing the number of suppliers from new areas.
4. PT ASTIL is attempting to open new direct export markets, to obtain greater added value.

4. Support Digital Transformation for selected BPR, which continue to show growth under the following conditions:

- BPR Nusamba Cepiring and BPR TLM (support in Loan Origination System) show significant increases in the number of new borrowers, new credit volume, and top-up volume for existing debtors, as well as a reduction in credit process TAT.

- BPR AHA (support in upgrade of Core Banking System) shows significant increases in both deposit and credit customers, as well as the introduction of new digital-based products and services with the upgrade of the Core Banking System.

The aforementioned evidence shows the strong commitment by the local partners with their track records to ensure that they have the required capacity and resources, and that they will continue with the program for the years to come.

4.4 CHALLENGES

Despite all the achievements, some challenges have been found that may undermine the Effectiveness, Efficiency, Impact, and Sustainability of the project as described below.

EFFECTIVENESS

The definition of SMEs as the end target beneficiaries for the PROMISE II IMPACT project, as indicated in the name of the project and the expected outcomes, can be a challenge in designing the interventions. There are different ways to define SMEs in Indonesia. SMEs or sometimes also referred to as MSMEs (Micro, Small, and Medium Enterprises) can be defined based on the sales or assets according to the Ministry of SMEs, or by number of employees by the statistical bureau (BPS). Ministry of Industry defines SMEs based on investment amount and number of employees, yet using different scales than those of Ministry of SMEs or BPS. Please see Appendix for more details.

Using size as a reference, farmers belong to Micro category and they serve as the end target beneficiaries. Meanwhile, buyers such as PT ASTIL, KPBS, and PT U-Green belong to the Small category. The project design calls for a better definition in terms of target beneficiaries and the roles of each. So far, the project has conducted the interventions through the partners (FSPs, Digital Platform Service Providers, Buyers, BDS providers, and others), that they do not target the farmers directly.

For the sector / commodity selection, price volatility has to be factored in, as it will affect the farmers and the off takers in their business decisions, income, and repayment capacity. Depending on external factors such as the market structure, supply/demand situation, climate (that may lead to crop failure), and government policies, market dynamic is beyond the scope of the project. Therefore, the project design should take price volatility into account for the intervention to be effective.

EFFICIENCY

Partnership has been the key success factor for the project, in which ILO has established relationship with the local government as well as regionally owned companies (BUMD). However, the partnership poses challenges of their own, such as in the decision-making process, managerial capacity, red tapes, and budget limitations, which impede their capacity in carrying on the program.

Another challenge is related to project management team already mentioned earlier. There has been a question in terms of the effectiveness of having the core team members reside in ILO Headquarter office in Jakarta, and they have to travel extensively to manage the project sites scattered in West Java, Aceh, and East Nusa Tenggara. The team already have the existing local staff in Aceh and East Nusa Tenggara, and may consider adding more personnel to the team.

The addition of locally based team member should take into considerations:

Table 5. Concentrated vs Spread Location of the Project Team

	Centered in Jakarta	More Local Staff
Advantages	<ul style="list-style-type: none"> • Close coordination • Better cohesion • Real time and face to face communications 	<ul style="list-style-type: none"> • Better understanding of the local context • Quicker responses for communications and coordination with locally based target beneficiaries
Disadvantages	<ul style="list-style-type: none"> • High travel costs, travel time, and physical exhaustion for Jakarta team • Longer responses for coordination with local partners or arrangements for on-site project activities 	<ul style="list-style-type: none"> • More time for coordination between Jakarta team and local staff • Quality of the team (it can be a challenge to find local resources with the right qualifications)

IMPACT

To generate broader impact, especially when working in the regions, it is necessary that the project works in collaboration with the local government and regionally owned companies (BUMD), despite the challenges in the efficiency. Working with more partners also brings more challenges with regard to coordination of the extra work, which requires more efforts and more resources in the human resources as well as the funding.

Meanwhile, it takes time to measure the impact for the effective use of the ERP. The project is limited in time while the ERP system needs to work over a certain period of time to see the dynamic. The prolonged use of the ERP by those within the value chain (the farmers, the buyers, the FSPs, and the rest) is necessary to generate the impact.

SUSTAINABILITY

Challenges for project management comes from the required infrastructure (mainly for internet connections) for the adoption of digital technology¹⁴ in each of the regions. They also experienced unexpected withdrawal from the digital platform service provider, Agree by PT Telkom, which officially discontinued its product and services in December 2024, affecting the continuity and implementation of digital ecosystem components within the project. The project team then had to find a different partner and worked with Koltiva as a replacement.

The project team also see challenges related to the SMEs that need to be addressed for their businesses to thrive -- fluctuations in commodity prices (e.g., seaweed and patchouli oil) could affect the profitability and engagement with value chain actors.

The project team also have challenges with change of personnel, often takes place with government officials with their job rotation, which means to repeat the process all over again. New administration,

¹⁴ Based on project Progress Report.

change of regulations, and change of officers in charge affect any government-owned business, including the off-takers and FSPs in the value chain ecosystem. It also adds to the time it takes to reestablish relationship between project team and the right divisions within the designated government institutions.

4.5 OPPORTUNITIES

In terms of project management as they have met the target of digitalizing three value chains, the project is exploring the addition of a fourth ecosystem, provided it has lower financial requirements and complexity.

While they plan to expand activities for the next phase implementation, the project management team also foresee the need to grow the team with research specialist for knowledge management and M&E activities. They foresee the need for better data management of all the information they have collected during the project implementation, to make it well documented, well promoted, and to make it a model that can be replicated by other parties. Another possibility is to add gender specialist to manage the gender aspects. Under the consideration that gender is a cross-cutting issue, the second phase has not yet appointed a dedicated person to address the Social and Gender Inclusion aspects, and they foresee the need for the next phase implementation.

In terms of the SMEs, most of the respondents would like to have more technical trainings (such as agricultural techniques) or physical infrastructure (such as equipment), which are beyond the scope of financial inclusion.

PT ASTIL has the plan to visit seaweed processing centers in the Philippines or Thailand to study the technical methods. ILO can provide further support in the development of seaweed value chain, particularly on the technical aspects to improve production quality. This in turn will help farmers increase their income and repayment capacity when accessing loans.

For the FSPs, KPBS has requested further support to incorporate machine learning into the ERP, to optimize resource allocation, increase productivity, and enhance sustainability. Meanwhile, further expansion for the digitalization process is underway in East Java, to replicate the ERP system implemented in West Java by KPBS. Three dairy cooperatives in East Java have been identified to join the program:

- KAN Jabung (through BPR Al Hijrah) in Malang regency
- KPSP Setia Kawan di Nongkajar in Pasuruan regency
- Koperasi Produsen Unit Desa Tani Wilis in Tulung Agung regency

In terms of financial products, there is an opportunity to link the financing to KUR (People's Credit) and work on providing the farmers with better access to KUR, with digitalization in the process.

Creation of new financial products is also an opportunity for FSPs, not to limit to loan products. Savings and insurance can be put into consideration, to help farmers deal with emergencies. This is especially important under the fact that agriculture is prone to natural disasters, such as in the case of foot-and-mouth disease (FMD) of cows, affecting dairy farmers, or fungal disease for seaweed, which has been the case in East Nusa Tenggara.

Digitalization may also come in new forms, for instance:

- Data security in the farmers database
- The use of fintech

The project has been working closely with OJK, at national as well as at regional level with TPAKD, to work on financial inclusion and digitalization. It is foreseeable that ILO can work together with Bank of Indonesia (BI), as ILO has been working with BI on Digital Wages (funded by Gates Foundation). For the PROMISE II IMPACT project, ILO can join hands with BI on programs related to financial services for SMEs, digital payment (with QRis) is one of the examples. BI has regional offices, and the human capitals to support their MSME Development programs.

There are some recommendations that have come from the government, for instance, to expand the value chain approach to other commodities in support of the Indonesian government's program on MBG (Free Nutritious Meal Program), in which dairy farmers can play a pivotal role in the provision of milk. There are some requests for support in the national food security program, for instance, for the development of rice commodity value chain. This can be put into consideration when linked to financial inclusion. There are some requests also for support in the One Village One Product (OVOP) initiative for egg producing chicken farms, which can also be part of the MBG program.

For the government, other potential partners may include:

- Bappeda (the regional extension of National Planning Agency or Bappenas) on their MSME Development program
- KKP (Ministry of Marine and Fishery) for seaweed cultivation, which is aligned with their program
- Ministry of SMEs, with whom ILO has ongoing discussions on potential collaborations, particularly on training to SMEs
- Local Ministry of Trade and Industry (Disperindag) as they also work with SMEs
- Local Ministry of Agriculture and Plantations

Please see the Appendix for a complete recap of the survey results.

In relation to SECO as the donor, it is important to consider partnership with Swiss companies or organizations, or projects under SECO funding. So far, ILO has explored potential collaboration with SIPPO, which could help SMEs in the trade with Swiss. ILO has also established relationship with the Financial Inclusion project under the World Bank. ILO could seek potential collaboration with SwissContact as a development program that also promotes sustainable agriculture. In terms of commodity, cacao can be linked to supply one of the Swiss signature products – chocolate.

Other potential partnerships:

- Nestle for dairy products
- Swiss Genetics for livestock artificial insemination
- Givaodan for patchouli oil

It is advisable for ILO to explore for other opportunities with those organizations to expand outreach and impact.

5. LESSONS LEARNED

This chapter features further analysis on what can be learned from the project implementation, based on the findings discussed in the previous chapter. The lessons learned are organized into 3 categories – general, emerging issues, and opportunities. General lessons refer to the wins (or what to be improved) from the previous activities. Emerging issues denote urgent things that need to be addressed, which will create a significant impact to the target beneficiaries. Then the project also brings up opportunities to expand or explore new activities in the future.

Support from the government has greatly impacted the results throughout the project, as shown by the case of Aceh. The initiative came from the government (OJK) to come up with the successful business model (of value chain approach) that was applicable for Aceh, showing how collaborations among different parties (BDS provider, buyers, BPR) were developed and how support from different government bodies (including the Governor) promoted the success. Having financial inclusion under its authority, OJK has been the main partner for the project through their offices in the different provinces (East Nusa Tenggara, Aceh, West Java, and Central Java) as well as through the national office.

Partnership has been the key success factor for the Project, and the above illustration on the role of Government provides the example. During the implementation, the Project has successfully established relationships with the right partners, not only with the government but also with all the different stakeholders. Collaboration with KPBS, ARC, Bayer, SSPI (labor union), and APINDO (association), to name a few, shows how ILO can leverage on their network. The partnership model and the four models of interventions provide a showcase that are replicable to other areas and other commodities, for ILO to expand as well as for a model to emulate by other agencies or institutions.

The use of four models allows flexibility for ILO to expand the outreach through different avenues, whether to align with existing programs or creating a new one, whether through integrated approach involving multiple stakeholders or individual approach for ad hoc activities. The flexibility allows ILO to work on different strategies with different partners, all with the goal to promote digitalization for financial inclusion as defined in the expected outcomes.

While value chain development model, which connects farmers with buyers and access to finance, has been exercised by various organizations, to combine it with digitalization and the use of digital forum is a new approach. The digitalization has helped in the business process for the farmers, FSPs, and the buyers alike. Farmers are able to monitor their farming activities, and with the help of buyer's standards they can improve the operation and productivity. FSPs are able to obtain customer data through digital footprints and meet the requirements for loan application process, buyers can monitor the production process for quality produce, and so on. Those are among the benefits of the digitalized process, in addition to greater outreach, speed and convenience, and information sharing to increase access to finance.

With ERP being the front runner in the digitalization process for the value chain ecosystem approach (as in Model 1 and Model 2), several considerations have to be made for the sustainability of the approach. In Model 1, in which the value chain ecosystem is not yet established, special effort has to be made to create the digital network from scratch. There has to be the driver to initiate the process, it was the government

in the case of patchouli in Aceh. It also needs some introduction (and education) to the society to gain their trust and buy in the use of ERP. It takes some time for them to gain familiarity and proficiency. Meanwhile, when the system is already in place, it is not clear as to who is in charge. Nevertheless, creating the new value chain ecosystem allows more opportunities to expand, as it doesn't require a fully operating ecosystem, which can be hard to find. The caveat: it needs more time to create the system from scratch, and even longer to promote access to finance and access to market in agriculture sector.

Model 2 of the value chain ecosystem approach benefits from the value chain that is already there (as in the case of West Java and East Nusa Tenggara), and therefore, the buy in process is much faster and it is easier to connect the people within the network. As the ERP is already there, it is clearer as to who is in charge (for instance, KPBS in West Java) and the roles of each party (the farmers, the buyers, the FSPs, and so on). With technology is continuously advancing, the digital system might need an upgrade and will require some adjustments. However, as the system has gone through trial and errors, they can learn from the mistakes for a more effective system.

The use of ERP in both models (Model 1 and Model 2) exercise two types of links to buyers – open loop (such as in the case of Aceh and East Nusa Tenggara) and closed loop (such as in the case of West Java). The open loop system allows the farmers to sell to any buyer (thus promotes competition for better bargaining position), while the closed system limits the choice for the farmers as they can only sell to those within the system (leaving them to be the price takers). Nevertheless, the long life of the dairy ecosystem, they have been doing it for decades enables them to create a strong ecosystem and a good bond among the partners that can go through the thick and thin, equipped with an established digital network. The other ecosystems are relatively new in comparison, and thus have to go through the learning process for the sustainability.

The digitalization process in other donor funded projects or run by the government usually relies on digital marketplace (for instance, PaDi by the Ministry of State-Owned companies). For PROMISE II IMPACT project, the advantage comes the use of ERP for the digitalization of business process that helps to unlock access to finance. The complete package of digitalization, trainings, access to finance, with the support of the government (through OJK and other government institutions) provides a model that can be replicated in other sectors or commodities to help SMEs. As a matter of fact, the model has been replicated in several dairy cooperatives in East Java.

The replicability of the model, not limited to dairy but also applicable to other sectors / commodities to make it scalable, strengthens the positioning of the project as a catalyst for change. The trainings, pursued through the project partners (carefully selected to meet the criteria), creates the sustainability beyond the project duration. It also generates impact on policy making and the practices, which is quite profound for such a project.

The use of digital platform (through the ERP) opens the door for other digital services, such as the fintech product of Innovative Credit Scoring and Market Aggregator. Other innovations may arise with a learning platform such Learning Management Services (LMS) for agriculture / farming practices, book keeping applications (in which ILO can collaborate with Bank of Indonesia in the use of SIAPIK android based accounting application), or marketplace. The development of applications has been pursued by the project through the digital literacy program for farmers and SMEs.

Nevertheless, the digitalization process also comes with challenges, particularly on the infrastructure. The discontinued service from IT provider created a disruption to the project intervention process. At the far end of target beneficiaries, low level of digital literacy from SMEs (mostly farmers) in this Project turned to be the biggest challenge in the digitalization process. They have problem with data entry, if not with the gadget itself, which hinders the adoption of technology. Many don't have the right gadget mostly because their current cell phones have lower specs.

Training on financial education is an important step for financial inclusion, to help the SME players manage their finances, especially when they are accessing loans. It is necessary that they become a responsible borrower and put priority on loan repayments. One of the challenges in debt repayments is the local custom to donate for ritual ceremonies, which prompts unwise spending. The same sentiment is expressed across the board – the government, FSPs, and supporting actors alike – to highlight the importance of helping SMEs make wiser financial decisions.

Animal/plant diseases and natural disasters mark the emerging issues that affect crops quality. Seaweed farmers in East Nusa Tenggara also experienced rising tide that swept off some of their seaweed plants, in addition to fungal disease. Meanwhile dairy farmers had once problem with foot-and-mouth disease virus with their livestock. As those instances affect their yield (thus income), addressing such problem, for instance with microinsurance, will help the farmers in dealing with such calamities.

Discussions with various stakeholders during the interviews bring some opportunities to the table. For instance, there are some programs that the government would like ILO to take part¹⁵:

- Coordinating Ministry of Economic Affairs: ILO to exercise financial inclusion to other commodities. Suggestion is to expand the commodity to rice in support of the government's food security program, which is already implemented through a program called ADIN. They already have pilot projects in Indramayu, West Java, and ready for digitalization.
- OJK Kupang: ILO to focus on the priority sector, for instance to those in support of the government's food security program, and to expand to other districts in Sumba. They have egg producing chicken facilities in support of MBG program.
- Distanbun Aceh: to expand to other commodities and other districts in Aceh (Aceh Besar and Aceh Timur)
- OJK West Java: dairy workers to become business owners in support of MBG program, which is aligned with ILO's focus on labor.
- OJK headquarter, Digital Innovation division: they would like to collaborate with ILO in the testing of 2 business models – Innovative Credit Scoring and Financial Service Aggregators

During the interviews, some government officials have expressed their interest in being more involved and align the Project with their programs. Alignment with the programs is necessary to gain ownership that they will carry the project as their own and use their own budget, which will determine the sustainability.

In terms of BPR, they are eager to expand with SME loan products and foresee the needs for additional features for core banking, which will help them in the loan applications and processing, as well as in the

¹⁵ Please see the Appendix for more details.

provision of other financial services such as payment services. The BPRs are also willing to make the investment of their own.

From BDS point of view, they would like to take on ILO modules for their own internal programs. Labor Union (SPSI) and APINDO, for instance, they would like to have more TOTs for their staff so that they can make it their own programs. They are also willing to share cost or put it under their own budget. BPVP of Aceh and Wes Java also want to put entrepreneurship as their mandatory program and use ILO modules for their trainings. Meanwhile, DAI and BPVP West Java have programs on waste processing that can be part of the entrepreneurship program while at the same time solving environmental issues. Bayer, through their BFLC program which replicates the ILO ecosystem approach, sets an ambitious target for outreach that they want ILO to assist in the process (through trainings on various topics).

On the SME side, they make the request for more technical trainings on agricultural practices and aid for equipment, necessary for their business expansion. They believe that better farming techniques will lead to better yields, increased productivity and thus, will give them more credentials when applying for loans as well as improving their repayment capacity when they get one.

On project management side, the key success factor lies in the project team, who have the right backgrounds to bring to the table, with solid team work, and strong support within the ILO as well as from the partners. The project team has shown their high capacity in project management (as the project runs on schedule, or even earlier, and targets achieved as planned, with no over budget spending) as well as strong network to collaborate with the right partners. Nevertheless, there has been a question with regard to where the project team should be stationed – at the ILO headquarter in Jakarta, or at branch offices in the designated regions. Each option has its own advantages and disadvantages.

With all of those in place, the Project has shown strong Sustainability factors that will ensure that the impact will be lasting and the partners will carry on with their own programs, capitalizing on the supports they have received from ILO during the interventions.

On the Social and Gender Inclusion, the Project has no specific activities to address gender issues as it is considered a cross-cutting concern. Questions on gender was more on the composition (number of male and female participants), while they can cover broader scopes on gender challenges (please see Appendix for further discussions on gender).

SMEs as the end target beneficiaries should also be more clearly defined to avoid confusion as to who will receive what kind of interventions and the roles of each. For now, it seems that the farmers are the SMEs while SMEs have different categories, and each worths attention, with their own challenges that will require specific interventions.

Summary on the Lessons Learned can be seen in Table 6 below.

Table 6. Lessons Learned

No	Type	Lessons Learned
1	General	Target beneficiaries: <ul style="list-style-type: none"> • Support from government and other stakeholders will be necessary in the success of the program. During the survey, some government officials have

		<p>expressed their interest to be more involved and to also put it under their budget. Alignment with government programs is necessary for ownership, that they will take it as their own and use their own budget.</p> <ul style="list-style-type: none"> • Low digital literacy and lack of gadgets require adjustments in terms of the gadget specs and sophistication level, to make it more convenient and to increase the use and adoption rate. • Big extra spending due to culture: training on Financial Education helps SMEs to make wiser decisions, in addition to helping them be more responsible borrowers. <p>Project Management:</p> <ul style="list-style-type: none"> • The activities within the project are numerous and highly technical in nature, requiring a team equipped with the requisite technical expertise and strong project management skills • Options on the team being centralized in Jakarta, or stationed in the designated regions have their own advantages and disadvantages. Considerations should be given to the travel time, budget, and the physical stamina of the team.
2	Emerging Issues	<ul style="list-style-type: none"> • Farmers have problems with climate and diseases (flooding, low quality harvest, animal disease) that curtail their produce and income. They would like to have something (microinsurance) to help deal with such calamities. • Others that need further exploring: environmental concerns, gender issues, and the definition of SMEs as the end target beneficiaries. The issue of climate change has raised the environmental concerns that farmers need to adopt Climate Smart Agriculture to improve their resilience. • Gender issues need attention to exercise Social and Gender Inclusion (SGI), which will help in promoting financial inclusion for greater outreach. • Better defined SMEs will help in identifying the target beneficiaries as it will determine the type interventions, which can be different from one another.
3	Opportunities	<ul style="list-style-type: none"> • Government: <ul style="list-style-type: none"> • Kemenko Perekonomian: Financial Inclusion for other commodities, in support of food security program • OJK East Nusa Tenggara: priority sector, to expand to other districts in Sumba – egg producing chickens in support of free nutritious program (MBG) • Distanbun Aceh: to expand to other commodities and other districts in Aceh (Aceh Besar, Aceh Timur) • OJK West Java: dairy workers to become business owners (MBG) • National OJK: testing the 2 business models • BPRs: Additional features for core banking (for instance, not only for loan application and processing, but also for other financial products, including savings and payment systems). • BDS:

		<ul style="list-style-type: none">• Labor Union (SPSI) and APINDO: more TOT so that they can make it their own programs• DAI & BPVP West Java: Waste processing techniques• Bayer BLFC: target of outreach to millions of farmers under their network• SMEs: Technical trainings on agricultural practices and aid for equipment to improve efficiency, productivity, and quality of the production.
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6. RECOMMENDATIONS FOR THE NEXT PHASE

Based on the lessons learned, there are three major steps that can be pursued for the continuation of the project:

(1) Stronger partnership with various stakeholders:

With partnership as the key success factor, it is recommended that the project establish and strengthen relationship with various stakeholders – the government, FSPs (may expand to banks and cooperatives), universities or research institutions, private companies, and the media (to ensure better communications and knowledge sharing of the partnership model and MSME Development approach to replicate in other projects or organizations).

(2) Ready to use ERP in the digitalization process:

It is necessary that the pilot project can be finalized, including the capacity building for related stakeholders and local partners for the continued use of ERP that have been put in place during the project. The aim is to ensure that the partners have the capacity to continue the use of ERP on their own (not to rely on technical assistance) using their own resources.

(3) Scalability of the model at the national level:

Scalability of the project can be pursued by strengthening the existing value chains using the same approach – digitalization of the value chain ecosystem (deepening). Furthermore, with the partnership model for MSME Development approach has been implemented successfully by the PROMISE II IMPACT project, the model can be replicated in other commodities or sectors and in other regions (expansion). Toward this purpose, the project can collaborate and activities can be integrated with programs at national level, for instance with OJK, KomnasLIK, and DNKI. Bank of Indonesia is also a good potential partner, particularly for payment services. The next project may add innovations such as green finance or climate change resilience (please see Appendix for further discussions on green finance and Climate Smart Agriculture).

PARTNERSHIP

In terms of partnership, the evaluation reveals that all stakeholders – the Government, BPRs, BDS providers, and the SMEs alike – are happy with the ILO PROMISE II IMPACT project and would like to continue. They are even willing to share costs or use their own budget, which is a crucial part of sustainability. The Government in particular, would like to be involved more, they want to have more regular updates and merge the ILO program with theirs. Likewise, BDS providers and buyers would like to have further involvements in the project.

To strengthen partnership, ILO may:

- Have more engagements with government and local partners, with the partnership should also involve the higher ranks (the Governor, the Regent / the Mayor) to gain their commitment. The Top-Down approach will promote faster coordination for inter-departmental work with those under their authorities (district level OPDs).
- Consider collaborations with Bappeda, Disperindag, Distanbun, and Dinas UMKM to work with SMEs under their programs.

- Work more with community groups to leverage on the network and expand outreach for finance inclusion. Cooperative model is a good example on how to leverage on the ecosystem approach.
- Special opportunities: work with CMEA for financial inclusion in other commodities (may consider rice for food security), and OJK West Java for MBG (dairy). These may expand to other districts.

The Role of SECO

Under the consideration that scalability is important for SECO, it is recommended that ILO could replicate the model to other sectors or commodities, and strengthen the partnership with various government bodies to support the process. The aim is to gain the ownership from the government, for them to make it their own and use their own budget. The phase 3 project may extend the replication and continue to expand with level of scalability may be further discussed with SECO.

In relation to SECO, ILO is to collaborate with other organizations that receive funding from SECO and link with Swiss related initiatives. ILO has established relationship with SIPPO to open the market for farmers, and it should continue. Furthermore, ILO could continue and strengthen the partnership with Givaodan, and the World Bank.

In response, SECO through the Swiss Embassy could help with:

- Link to the buyers (off-takers) with Swiss Companies that operate either in Indonesia or in Switzerland (for instance: Givaodan).
- Connecting the project with Swiss companies that may help the farmers or SMEs (for instance with Swiss Genetics or Nestle)
- Connecting the project with Swiss organizations that may help the farmers or SMEs in promoting Financial Inclusion and Financial Literacy (for instance: SwissContact on work related to cacao).
- Establishing mechanisms for systematic knowledge transfer and sharing of lessons learned and insights from this project to relevant SECO-funded projects in other countries.
- Actively promoting the project's successful results to the national government and key stakeholders through SECO's established communication channel to further increase the project's impact.
- Fostering relationships with potential financial institutions where Switzerland maintains a strong, reputable presence (e.g., insurance companies) or with Swiss-based development-focused investors. The goal is to explore investment opportunities specifically targeting the project's off-takers.

SUSTAINABILITY OF ERP

On the sustainability of the digital system (ERP), the ones with a more established ecosystem have a clearer division of roles and who is in charge, and therefore it is also clearer as to who will take it on once the Project is completed. For instance, the ERP system is initiated and operated by KBPS, to whom the hand over should take place. For the other less established ecosystem, special considerations have to be made to ensure sustainability. Looking at the example of KBPS, the ones to take responsibility of managing the ERP system is the buyers, who will manage the farmers (and help them to increase quality and productivity) while also connecting them to FSPs to create access to finance and promote the financial inclusion. The local government, in this regard, may supervise to ensure the continuation of the process and a win-win situation for all (for buyers, suppliers or farmers, and the FSPs alike).

Nevertheless, it is recommended that ILO seeks not only to serve an established ecosystem, but also a loose ecosystem (and help them to create a stronger ecosystem such as in Model 1). While Model 1 needs extra efforts, the intervention allows greater outreach and creates more value through the facilitation of a more solid ecosystem. For the more established (Model 2), ILO could help them upgrade their ERP, and thus one project period should be sufficient. The loose ecosystem will take longer time not only to establish the digital network and ERP system, but also for the introduction, education, and the learning curve, and for the development of the value chain commodity itself.

With the different pace that require different interventions, Model 1 and Model 2 should remain separate in the intervention activities. The difference is more in the time requirements to strengthen the ecosystems, using the same prototype of ERP nonetheless. Therefore, an ERP template can be designed for a ready to use by anyone to promote a value chain ecosystem approach. A government agency (for instance, CMEA or OJK or both) may be assigned to maintain and distribute the template within their jurisdictions for greater outreach. CMEA or OJK or both may work together with local governments for further outreach.

Once the value chain ecosystem and the digital network have been established and run well (estimated time one project period for Model 2 and extended period for Model 1, ILO may seek partners to carry on the system once the Project is completed. It is suggested that the buyers (or the affiliate organizations) take responsibility of the ERP, those with more familiarity and proficiency in the process, while other partners may assist in expanding the outreach to those within their network or in creating new value chain ecosystems.

SCALABILITY

For the next phase implementation, ILO could expand further with a better definition for the target beneficiaries (clear definition of SMEs), and the roles of each along the value chain (when using the value chain approach) as this often involves microbusinesses (or farmers when talking about a specific commodity) and the off-takers, which usually of the Small-size. This will help ILO to create interventions that are more specific to the business actors in the value chain (please see Appendix for references).

Scalability of the project can be pursued with Deepening and Expansion.

Deepening is achievable by strengthening the existing value chains using the same approach – digitalization of the value chain ecosystem. Toward this end, ILO may:

- Add more features to the ERP for further outreach and better services to the customers (for instance, in the core banking system with access to other financial products).
- Promote more financial products, i.e saving and micro-insurance in addition to loan products. Microinsurance can help farmers deal with climate change issues. Warehouse receipts as part of the collateral requirements can be put into consideration to assist the farmers in gaining access to finance. Other financial products: digital transfer and digital payment to add convenience in the transactions between buyers and farmers (suppliers) and for other purposes.
- Add more topics to the training modules, focusing more on the technical aspects of the (farming) business to help them improve productivity and quality of the yields.

- Incorporate gender issues into the interventions, using the ADB entry points (please see Appendix for references). ILO has a strong commitment to promote Gender Equality, Disability, and Social Inclusion (GEDSI) and has developed guidelines for such. It is recommended that this Project could also apply Social and Gender Inclusion (SGI) in a more structured manner for the next implementation.

On the expansion, the partnership model can be replicated in other commodities or sectors and in other regions. ILO may:

- Give more attention to environmental concerns and add innovations such as green finance or climate change resilience.
 - On the environmental side, the use of integrated farming can be introduced as opposed to monoculture. This approach is currently being used in ILO projects in Timor Leste. The term bio-industry has been used for the implementation of Climate Smart Agriculture for nutmeg commodity in West Papua¹⁶. The Essential Oil Association (Dewan Atsiri Indonesia – DAI) has come up with different scenarios for putting a variety of plants on one plot of land to complement each other and maximize the yields while helping the farmers to have multiple sources of income¹⁷.
 - Include waste management as part of business expansion for SMEs, which is applicable for patchouli waste and cow dungs. This will help in managing a more sustainable environment and promoting green economy.
- Expand to other districts / regions in East Nusa Tenggara, Aceh, and West Java, taking into account the growing or prospering commodities in the designated regions (using BPS data for reference). Expansion to other commodities and districts in East Nusa Tenggara can be part of the food security program.
- Expand to other commodities, with considerations on:
 - Location (to take into consideration the travel and supervision costs).
 - Manageable number of commodities given the project team size and the multiple activities in the project implementation.
 - The region's priority commodities. We should also take into account the growing or prospering commodities in the designated regions.
 - Local partners' commitment and capacity, especially for the buyers / off-takers.
- Ask for recommendations from the partner BPRs for the sector / commodity selection, for BPR clients that meet the selection criteria (an established value chain, priority / export commodities, and prime for digitalization). Partnership with BPRs will help secure the access to finance to those with credit history, in which the existing clients may be able to secure bigger sized loans. With the support from the project, they may be able to obtain the loans more quickly, promoting greater outreach while opening the opportunity to expand to other types of SMEs, not limited to agriculture.

¹⁶ Rouw, Aser, *Pendekatan Climate Smart Agriculture (CSA) dalam Membangun Model Pertanian Adaptif Perubahan Iklim dan Pola Sinergi Peneliti-Penyuluh dalam Diseminasi Inovasi Teknologi*, Buletin Agro-Infotek 4 (1), 2018

¹⁷ Interview was conducted on June 19, 2025 with the Mine Reclamation unit under the Bogor Agriculture Institute.

- Develop new products or approaches for first-time borrowers to expand outreach, for instance, by promoting saving that later can serve as a guarantee for them to obtain loans.

OPERATIONAL AND BUDGET

On the operational side, it is suggested for ILO to grow the team:

- Have more personnel with specific skills for the enrichment of the approach, for instance, in the Social and Gender Inclusion initiatives, which has been specifically addressed in this project.
- At the project management side, extend the project team with the use of local / locally stationed staff, those selected carefully for their technical background and project management skills.
- Add the team with research specialist is also necessary for better knowledge management and M&E activities. Better data management of all the information collected during the project implementation – well documented and well promoted – will help to make it a model that can be replicated by other parties to increase the scalability of the project. ILO may also work together with a think tank like JPal, BRIN, or university research centers.

To support the aforementioned activities, special allocation of the budget should be made for:

- Add more features to the ERP and adopt more applications for financial products (for instance, for the Warehouse Receipt, digital transfer, and digital payment).
- Additional staff (foreseeable addition: locally stationed staff, research analyst to document the lessons learned, and gender expert).
- Publication and promotion to increase the scalability of the Project

7. CONCLUSION

The ILO PROMISE II IMPACT project has been considered as successful in terms of the implementation model, which can be replicated in other projects or other commodities or other regions. Key Success Factors lie in the project team and partnership with the right institutions, organizations, or business entities, to leverage on their existing programs and network.

A number of illustrations with figures, and anecdotal evidence have been exemplified to show the Sustainability factors, how the mission will be carried on by the partners.

Survey conducted for the evaluation purposes has come up with several recommendations and models to expand the existing interventions (through capacity building as well as the provision of digital financial services) to other regions and other commodities (for the ecosystem approach). A better definition of SMEs will help in identifying the end target beneficiaries along the value chain and the type of interventions most suitable for each, for the Financial Inclusion and for the digitalization.

Potential partners and programs have been identified to support the Government and FSPs, and other Supporting Actors to expand the outreach for Financial Inclusion. Additions can be made to include environmental aspects and gender issues.

Improvements can also be exercised in the project management, by forming a capable team at the regional level and/or increasing the capacity of the existing ones.

APPENDIX

I. THEORETICAL BACKGROUND AND REFERENCES

The PROMISE II IMPACT project is designed to promote Access to Finance for SMEs by leveraging digital technology. The project is fostering digital transformation for SMEs through the digitalization of their value chain ecosystem and strengthening the digital finance capabilities of partner regional banks (BPDs) and rural banks (BPRs) to improve access to finance for their SME clients. To maximize the outcomes of the project, capacity building, including training and coaching, for SMEs and banks are provided, as well as policy advocacy support for improving Financial Inclusion in Indonesia.

The project supports the government in the post-pandemic economic recovery policy and programs, focusing primarily on promoting digital transformation and increasing Financial Inclusion, including SME financing. The Project works with the Regional Government Team on Financial Inclusion (TPAKD).

Below are some theoretical background and references to support the arguments.

I.1 FINANCIAL INCLUSION

There are 65 million of SMEs in Indonesia based on 2024 data from the Ministry of Cooperative and SMEs, spread in various sectors such as trade, manufacturing, agriculture, services (including F&B), fashion, handicrafts, and digital technology. SMEs play a significant role in the economy, with a contribution of more than 60% of GDP and 97% of employment. Nevertheless, Access to Finance has become a major problem for MSMEs. Study by TNP2K (2015)¹⁸, cited 4 most important major challenges for SMEs doing business in Indonesia, with number one challenge as access to finance and credit constraints, followed by access to raw materials, issues with labor and human capital, and access to markets and demand. The same statement has been made by the Indonesia Chamber of Commerce, as quoted by ADB (2020) in their study¹⁹. Other studies suggest a similar conclusion.

Therefore, Financial Inclusion has become a priority for equitable growth in Indonesia, which is part of the National Strategy for Fostering Economic Growth and Accelerating Poverty Reduction²⁰ as well as United Nations' Sustainable Development Goals of reducing extreme poverty. As defined in the National Strategy for Financial Inclusion²¹ (2020), Financial Inclusion is an integral part of social and economic inclusion process to promote economic growth, financial system stability, and poverty alleviation, while minimizing individual and regional income gap to facilitate the welfare of the people.

¹⁸ TNP2K (2015). *Reforming Policies for Small and Medium Sized Enterprises in Indonesia*. Study by Rand Corporation

¹⁹ Asian Development Bank (ADB, 2020). *Asia Small and Medium Sized Enterprise Monitor 2020*. Volume I – Country and Regional Reviews, October 2020

²⁰ Bank Indonesia (2014). *Booklet Financial Inclusion*. Financial Access and SME Development Department, Bank Indonesia.

²¹ Presidential Regulation no. 114/2020 on National Strategy for Financial Inclusion

Study by International Labor Organization (ILO, 2019)²², which was conducted in line with the implementation of PROMISE I IMPACT project (the first phase), provides an overview of the challenges of SME financing in Indonesia from the perspective of Demand as well as from the Supply side. On the Demand Side, the study states that SMEs need to take steps to become more 'bankable' and need to be better informed on the potential finance and other services available. The lack of required collateral hinders their access to finance. Meanwhile, many SMEs operate in remote areas where it is difficult to connect with banks and other services. On the Supply Side, the study mentions that many banks do not possess the necessary systems, data and infrastructure to expand their SME lending, in which the use of online technology and digital data can be a solution. The study also mentions the need for alternate credit scoring and loan monitoring methods to lower the costs of loan assessment process.

The study highlights the importance of government support through regulatory framework to create a better landscape for SME financing, which includes:

- Reluctance of banks to lend to SMEs in fear of high NPL rate
- The need for a better data registry in terms of access and quality of data
- The need for MSME Credit Rating Agency to assess the creditworthiness of SMEs
- SME credits such as KUR should focus more on unbanked SMEs
- The need to help SMEs to develop their business capacity
- More lenient Fintech²³ and tax regulations to help increase finance to SMEs

The PROMISE II IMPACT project (the second phase) addresses those issues through the use of technology, digitalization, and capacity building for the FSPs and the SMEs alike.

I.2 DIGITALIZATION

As the PROMISE II IMPACT project is designed to align with the Government's post-pandemic economic recovery policy and programs, it puts the emphasis on digitalization of value chain ecosystem for SMEs, involving FSPs and the Government for the Financial Inclusion and to support their growth. In some areas, the digitalization also takes place with FSPs to better serve their SME clients.

The move toward digitalization has grown stronger during the Covid 19 emergency situation, which created the impetus for SMEs to move into a different ball game and required them to go digital. The travel restrictions and physical distancing policies brought down demand while pushing SMEs to shift to a different way of conducting business. Rapid survey by Asian Development Bank (ADB), April-May 2020²⁴ stated that SMEs had serious financial problems upon dealing with Covid impact, and most SMEs had problems securing loans from banks. On the other

²² International Labor Organization (ILO, 2019). *Financing Small Businesses in Indonesia: Challenges and Opportunities*. International Labor Office – Jakarta

²³ In the broader sense, it also refers to the use of digital technology in lending, which becomes the focus of the PROMISE II IMPACT project.

²⁴ Asian Development Bank (2020). *Impact of COVID-19 on Micro, Small, and Medium-Sized Enterprises in Developing Asia: Evidence from the Rapid Surveys*. Presented on ADB-ADBI Side Event on the Economic Impacts of Covid-19 in Asia, September 16, 2020

hand, the shift to digital technology was necessary for their survival. Study by the World Bank (2020)²⁵ showed that those engaging in online sales were more resilient than those relying on offline sales during the restrictions due to Covid-19, with micro and small businesses were more vulnerable than the bigger scale. Hence, the effort to help SMEs with Access to Finance, Access to Market, and the empowerment alike must also take into account the accelerated use of digital technology. The trend on the use of digital technology continues after the pandemic, which becomes the focus of this PROMISE II IMPACT project.

The use of digital technology also helps in creating digital footprints, as an alternate data necessary for those lacking of credit history. Lack of credit history means that SMEs haven't accessed the formal lending system. As presented in a study by International Labor Organization (ILO, 2019)²⁶ for SME lending in Indonesia, only 39% of small and 50% of medium-sized enterprises use bank services for financing. The study estimates a potential market demand of IDR 114 trillion for small enterprises and IDR 41 trillion for the medium-sized enterprises, with a total IDR 155 trillion. Data from the Financial Services Authority (OJK) shows that lending to SMEs only accounts for 18% of the nation's total credit disbursements in June 2020²⁷, which grew 5% annually in average as of September 2024²⁸.

For access to finance, digitalization may come through:

- The use of Innovative Credit Scoring, made possible by digital footprints as alternate data mentioned earlier, to measure credit worthiness of potential applicants especially when collaterals can be an issue
- Integrated technology platforms to link the SMEs along the value chain with buyers / off takers / and also with financial institutions
- The integrated link for Supply Chain Financing, in which the buyers act as a guarantor or they use the invoice for a guarantee mechanism (also known as invoice financing)
- The integrated link, particularly with buyers creating the standards, to help improve the business process, thus productivity of SMEs as the suppliers. This allows the SMEs to expand their businesses, which will lead to growth and employment
- The use of an online portal and accounting software to streamline working capital access to the entire supply chain²⁹
- The use of digital payment to help in financial transactions as well as creating digital footprints
- The broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances and insurance, also known as digital financial services³⁰

²⁵ World Bank (2020). *Impact on Digital Merchants. Insights from the Bukalapak-WB Survey*. Covid-19 Indonesia Observatory, May 20-June 17, 2020.

²⁶ ILO (2019). *Ibid*.

²⁷ Indonesia's Banking Statistics (SPI), second Quarter 2020 released by the Financial Services Authority

²⁸ <https://www.antaraneews.com/berita/4467889/ojk-kredit-umkm-tumbuh-504-persen-per-september-2024>

²⁹ Van Wersch, Cornelia Lotte, *Statistical Coverage of Trade Financing – Fintechs and Supply Chain Financing*, IMF Working Paper, July 2019

³⁰ Mohan, Dr. Ashish, *Digital Finance: A Gateway to Environmental Sustainability*, IUJ Journal of Management, June 2023

In general, digitalization and the use of financial technology (fintech) help in the provision of financial services to SMEs, especially in developing countries, capitalizing on risk-assessment and evaluation models not typically serviced by banks. In summary, the use of financial technology opens new channels for SME financing and facilitate greater SME Financial Inclusion³¹.

I.3 THE ECOSYSTEM APPROACH

In one of the approaches, the PROMISE II IMPACT project promotes financial inclusion, digital technology, and the value chain approach that involve FSPs and the government within the ecosystem, to be the solutions to assist SMEs in the select locations. The ecosystem approach basically takes into consideration all the stakeholders involved within a value chain. For the PROMISE II IMPACT project, the ecosystem involves the Government, BDS providers (including universities and associations), and buyers, in addition to the FSPs and SMEs themselves as the end target beneficiaries – all create the enabling environment for Access to Finance.

Nevertheless, promoting access to finance should not run in isolation as SMEs also need other forms of empowerment in order to run their businesses successfully. Coordinating Ministry of Economic Affairs put Access to Finance as part of an integrated empowerment program for MSMEs³² that also include other elements such as Access to Market, human resource capacity building, product development, licensing, financing, and infrastructure. Likewise, the Ministry of National Development Planning (Bappenas) and the Ministry of Cooperative and SMEs (now Ministry of SMEs) put access to finance as part of a series of empowerment programs. Therefore, interventions related to access to finance should also bring with it other empowerment measures.

For PROMISE II IMPACT project, the empowerment comes through a series of trainings and coaching (both with Training of Trainers as well as trainings for beneficiaries) to FSPs as well as local partners (BDS providers and others), on various topics related to entrepreneurship and financial education.

The strategy for financial inclusion exercised in this project relates to value chain development, as illustrated by the Financial Services Authority (OJK)³³ in their TPAKD's generic model for financing schemes in the agriculture priority sector, which described the demand and supply process and the players (small holders to the end buyers) involved within the value chain for the financing ecosystem. Then there is the term of “value chain finance” (VCF), which refers to the use of a value chain and the way in which it supports participants by tailoring services and products to one or more points in a value chain in order to reduce the risk and cost of financing, and increase the efficiency of the value chain as a whole³⁴.

For SMEs, lack or loose connection to value chain (VC) shows a problem with entering the market. While Access to Finance has been a major problem for SMEs, Access to Market is another big problem. As indicated by the TNP2K

³¹ Van Wersch, Cornelia Lotte, *Statistical Coverage of Trade Financing – Fintechs and Supply Chain Financing*, IMF Working Paper, July 2019

³² Derived from the allocation of the National Budget (RAPBN) related to MSMEs

³³ Financial Services Authority (OJK 2020). *Generic Model: Skema Kredit/Pembiayaan Sektor Prioritas Pertanian (TPAKD's Generic Model for Financing Scheme in the Agriculture Priority Sector)*

³⁴ International Fund for Agricultural Development (IFAD 2012). *Agricultural Value Chain Finance Strategy and Design, Technical Note*.

(2015) study, SMEs also have problem with selling their products. Connection to the value chain will enable SMEs to grow while finding their way around to the market. International Fund for Agricultural Development (IFAD, 2014) in their project implementation report³⁵ states that “the market is the basic driver of all VCs. Without market demand from consumers, there is no force pulling a farmer’s production through the VC.” Although the VC approach is well associated with agricultural sector, the underlying principles of connecting the actors along the supply chain are applicable to any sector. Seeing how the VC approach can help in inducing growth, it has been increasingly used by government and donor agencies as part of their development and poverty reduction strategies and interventions.

I.4 MODELS OF PARTNERSHIP

The key success factor for the PROMISE II IMPACT project is partnership³⁶ – with the national as well as regional and local government, with FSPs, with BDS providers, with business players along the supply chain, and others³⁷. Ecosystem refers to various stakeholders that make up the enabling environment for Financial Inclusion, which leads to growth and employment for SMEs. ILO achieves the objectives through the partners, and thus partner engagements and selection are crucial.

KEIN’s Cooperative and MSME Development Working Group³⁸ proposed a partnership model for MSME empowerment using Value Chain development model with 6 Key Success Factors³⁹ involving:

1. Supporting Government Policies (from national to village level)
2. Centralized Coordination (among different government bodies)
3. Community Leaders (engagement with local stakeholders)
4. MSME Academy (curriculum development)
5. Value Chain based partnership (role of big companies as buyers)
6. Handholding activities (the role of field facilitators)

The model proposed a Penta Helix approach involving the Government, the community, private sector, university, and media, similar with ILO’s value chain approach.

In this model, they underlined the role of corporations as the main drivers to derive demand for MSME’s products. Furthermore, big corporations such as Unilever, PepsiCo, and Body Shop put smallholder empowerment as part of their CSR, and thus business strategies. They can help with:

³⁵ International Fund for Agricultural Development (IFAD 2014). *Commodity Value Chain Development Projects: Sustainable Inclusion of Smallholders in Agricultural Value Chains*, p 3.

³⁶ It was also cited by ILO Indonesia’s Country Director during the evaluation interview conducted in ILO office Jakarta on August 7, 2025

³⁷ For the partnership, SECO also recommends to collaborate with other organizations that work under SECO funding. So far, ILO has initiated contact with SIPPO.

³⁸ KEIN was a special committee to help the President with studies and assessments for strategies and policies related to economy and industry. It was dismissed in November 2020 under Presidential Regulation no. 112 / 2020

³⁹ The National Committee of Economy and Industry (KEIN, 2019). *Empowerment of Cooperatives and MSMEs – 6 Key Success Factors*. Working Group of Cooperatives and MSMEs.

- Access to Market (they serve as the market)
- Access to Information
- Quality standards (product requirements that meet their demands)
- Production process (and processing alike) to improve quality and productivity
- Knowledge / technology transfer
- Innovation

And other initiatives that can help MSMEs grow their businesses.

The ILO Indonesia Country Director mentions about collectivization, which means to allow people to work together and help each other, similar with the spirit of cooperatives and credit unions. A cooperative is defined as “*an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise*”⁴⁰. The KEIN approach also relies on the power of the community working together at the grass root level to form cooperatives⁴¹.

With the underlying principles of cooperatives⁴² as a self-coordinated, self-help group, it is believed that cooperatives can be the means for the poor to work together to achieve common goals and reach the economies of scale. The empowerment model proposed by KEIN also mentions that cooperatives can assume the institutional role, the similar role of corporate buyers as the drivers for demand mentioned earlier. In addition to financial services, which gives members Access to Finance, cooperatives can help their members with Access to Market, Access to Information, standardization of products, certification process, as well as other supporting (and logistical) services that can help the members in managing and expanding their businesses. However, with their spirit of togetherness, those who form the cooperatives often come from the same backgrounds, for instance farmers or domestic workers, and they do not necessarily have the business acumen to run the operation. In their early stage of development, smaller scale cooperatives do not have the resources to hire professionals, and thus will need institutional capacity building to help them acquire the management skills.

The cooperative approach is aligned with ILO’s principles on Social and Solidarity Economy⁴³, which recognizes the Social and Solidarity Economy (SSE) as a relevant means of achieving sustainable development, social justice, decent work, productive employment and improved living standards for all. The SSE encompasses enterprises, organizations and other entities that are engaged in economic, social, and environmental activities to serve the collective and/or general interest, which are based on the principles of voluntary cooperation and mutual aid, democratic and/or participatory governance, autonomy and independence, and the primacy of people and social purpose over capital in the distribution and use of surpluses and/or profits as well as assets.

I.5 OTHER ASPECTS

⁴⁰ Stated in the Statement on the Cooperative Identity by International Cooperative Alliance. Please check their website at <https://ica.coop/en/cooperatives/cooperative-identity>

⁴¹ KEIN (2019). Ibid

⁴² International Cooperative Alliance (2015). *Guidance Notes to the Cooperative Principles*.

⁴³ ILO (2022). *Resolution concerning Decent Work and the Social and Solidarity Economy*.

To go deeper on the financial inclusion, there are other aspects that can be explored in this report, such as the environmental issues, Green Finance, Climate Smart Agriculture (CSA), and Gender.

In relation to financial inclusion and digitalization, digital finance has the potential to promote sustainability by reducing the environmental impact of financial transactions. Paperless banking and digital payments can significantly reduce the use of paper, thereby reducing the carbon footprint of financial transactions. Digital finance can also promote responsible investment and help to achieve the United Nations Sustainable Development Goals by enabling greater transparency and accountability in financial transactions⁴⁴. On the demand side, as stated by Alliance for Financial Inclusion, SMEs require green finance for a range of purposes, including greening their business operations, building resilience, and providing green goods and services⁴⁵.

The Indonesia's Financial Services Authorities (OJK) has come up with the guidelines for sustainable finance through the OJK regulation (POJK) no. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Institutions, Issuers, and Public Companies (*Penerapan Keuangan Berkelanjutan bagi Lembaga Jasa Keuangan, Emiten, dan Perusahaan Publik*). It comes up with the definition of Sustainable Finance as: "Financial products or services that incorporate the economic, social, and environmental aspects, and good governance into the features". The regulation applies to commercial banks as well as rural banks (BPRs).

Some examples of Green Banking include green loans, financing green projects, green loan processing, green branch, green policy, green partnership, and green procurement⁴⁶. Meanwhile, examples of green products may include:

- Digital Banking to reduce carbon emission
- e-Billing
- The use of information technology to promote financial products
- e-banking to promote transparency of information on inherent costs, benefits, and risks
- Financing for environmental or renewable energy projects (green projects)
- Requirements on environmental impact assessment (AMDAL) for credit applications

With a greater percentage of target beneficiaries are in agriculture, the PROMISE II IMPACT project should also take green financing to the agriculture sector, particularly in relation to climate change. The Alliance for Financial Inclusion states that climate change poses a significant risk to the performance, competitiveness and sustainability of SMEs⁴⁷. In that respect, climate-sensitive sectors such as fisheries, agriculture and food processing are typically the most severely affected.

In response to the global climate change, the term called Climate Smart Agriculture (CSA) refers to an integrated approach to managing landscapes—cropland, livestock, forests and fisheries--that address the interlinked

⁴⁴ Mohan, Dr. Ashish, Digital Finance: A Gateway to Environmental Sustainability, IUJ Journal of Management, June 2023

⁴⁵ Alliance for Financial Inclusion (2024). *Green Transition Measures for MSMEs*.

⁴⁶ Handajani, Lilik, et al. *Study of The Initiation of Green Banking Practices at State-owned Bank*. Jurnal Economia, Vol. 15, No. 1, April 2019, 1-16. <https://journal.uny.ac.id/index.php/economia>

⁴⁷ Alliance for Financial Inclusion (2020). *Inclusive Green Finance Policies for MSMEs*. https://www.afi-global.org/sites/default/files/publications/2020-04/AFI_SMEF_IGF%20MSMEs_AW_digital_0.pdf

challenges of food security and climate change. It is a set of agricultural practices and technologies which simultaneously boost productivity, enhance resilience and reduce GHG emissions⁴⁸.

The Food and Agriculture Organization of the United Nations (FAO) explains CSA further as an innovative approach based on the following three pillars⁴⁹:

- Sustainably increase agricultural productivity and incomes
- Adapt and build resilience of people and agri-food systems to climate change
- Reduce or, where possible, avoid Green House Gas (GHG) emissions

FAO then formulates five action points for CSA implementation, which constitute:

1. Expand the evidence base
2. Support enabling policy frameworks
3. Strengthen national and local institutions
4. Enhance funding and financing options
5. Implement practices at field level

The FAO framework of interventions aims to identify, among others, the effects of climate change on food production and on agri-food systems, and other challenges related to food security, which is aligned with the Indonesian government’s food security program.

The most relevant financial product related to CSA will be insurance coverage, especially for low-income countries vulnerable to climate risk⁵⁰.

In relation to agriculture financing, Agrifin uses the term “value chain financing” (VCF), referring to the use of a value chain and the way in which it supports participants by tailoring services and products to one or more points in a value chain in order to reduce the risk and cost of financing, and increase the efficiency of the value chain as a whole⁵¹. The application of value chain financing in agriculture depends on the actors involved in the chain. Agrifin defines the actors within the chain as Input Suppliers, Producers (farmers), Aggregators, Processors, and Sellers. The corresponding types of financing they need are summarized in Table 6.

Table I.1 Agriculture Value Chain Actors and Demand for Financial Services

Participants	Description	Demand for financial services
Input suppliers	Provide farmers with the inputs necessary for production, such as seeds, chemicals, fertilizers and equipment.	<ul style="list-style-type: none"> • Short-term working capital • Mid-term financing (equipment dealers) • Payments, transfers

⁴⁸ <https://www.worldbank.org/en/topic/climate-smart-agriculture>

⁴⁹ Food and Agriculture Organization of the United Nations (FAO, 2013). *Climate Smart Agriculture Source Book*.

⁵⁰ Food and Agriculture Organization of the United Nations (FAO, 2013). *Climate Smart Agriculture Source Book*. p 390

⁵¹ IFAD (2012), *Agricultural Value Chain Finance Strategy and Design*, Technical Note by International Fund for Agricultural Development (IFAD)

Producers/farmers	Those engaged in primary production including farmers, their families and seasonal/part-time workers.	<ul style="list-style-type: none"> • Short-term working capital • Mid-term financing (equipment, livestock) • Deposit accounts (value storage, commitment savings) • Payments, transfers
Aggregators, service providers, traders	Buy produce from the farmers or co-ops in bulk before selling it on (buying and reselling produce).	<ul style="list-style-type: none"> • Short-term working capital • Mid-term financing (storage facilities, vehicles) • Deposit accounts (checking) • Payments, transfers
Processors	Add value to a raw product during the processing stage.	<ul style="list-style-type: none"> • Short-term working capital • Mid-term financing (equipment) • Deposit accounts (checking) • Payments, transfers
Sellers (retailers, wholesalers, exporters)	Sell the processed product to local and global retailers, supermarkets, and smaller storefront retailers, which in turn, sell to consumers.	<ul style="list-style-type: none"> • Short-term working capital • Mid-term financing (equipment) • Deposit accounts (checking) • Payments, transfers

Source: modified from Agrifin (2016)

The FAO framework mentioned earlier also takes into account gender and social inclusion (GSI). Toward this end, the Asian Development Bank (ADB) comes up with entry points to incorporate GSI in agriculture practices, as depicted in Table I.2.

Table I.2 Points of Entry to Support Gender Equality Along the Agriculture Value Chain⁵²

Result Areas	Possible Gender Points of Entry
Women's economic opportunities in the agriculture sector are increased.	<ul style="list-style-type: none"> • Ensure equal participation of women in contract farming schemes • Ensure a minimum percentage of bank accounts to which companies make direct payments for raw input purchases are held exclusively by women • Purchase products directly from women • Ensure that a minimum percentage of inputs, by value, is purchased from women producers
Output: Access to inputs by women increased	<ul style="list-style-type: none"> • Adopt agriculture input product and packaging to meet the needs of women producers (e.g., adjust product volume or combination consistent with women's needs, include pictorial instructions if targeted consumers have low levels of literacy) • Develop targeted marketing and outreach strategies to reach women as customers (e.g., women are featured in all promotional materials; written materials are in the language most spoken by targeted women or with pictographs in low literacy settings)

⁵² Asian Development Bank (ADB 2022). *Accelerating Gender Equality in the Agribusiness Sector*

	<ul style="list-style-type: none"> • Create input credit schemes tailored for women producers (e.g., using digital presence or alternative collateral that are accessible by women) • Create and promote adapted finance and insurance products tailored for women • Design technology solutions to facilitate women’s access to inputs • Facilitate women’s access to financial services including savings, credit, and insurance products
Output: Access to knowledge and networks by women increased	<ul style="list-style-type: none"> • Provide training on the use of inputs, production, harvest, post-harvest, climate-smart technologies and practices, market information platforms, etc. • Provide training on financial literacy, which can be directly applied to the management and understanding of the relevant farming business • Adapt training content, cadence, and location to meet the needs of women producers • Make trainings child-friendly to accommodate women attending with small children • Support the creation and growth of women’s producer groups as a forum for collective learning and accessing inputs and markets • Ensure that a proportion of field visits by extension agents is to women farmers
Output: Women’s role in the supply chain expanded	<ul style="list-style-type: none"> • Ensure that a proportion of trainers, extension workers, or agro-agent workers are women • Support women to launch agro-dealerships • Include gender sensitization modules in all farmer training programs • Develop a gender strategy in the company’s sustainability program

Source: Asian Development Bank

On the financial services for women, Women’s World Banking introduces the concept of Women Centered Design⁵³, which incorporates behavior design, design thinking methods, and gender perspective as portrayed in Figure 1 below.

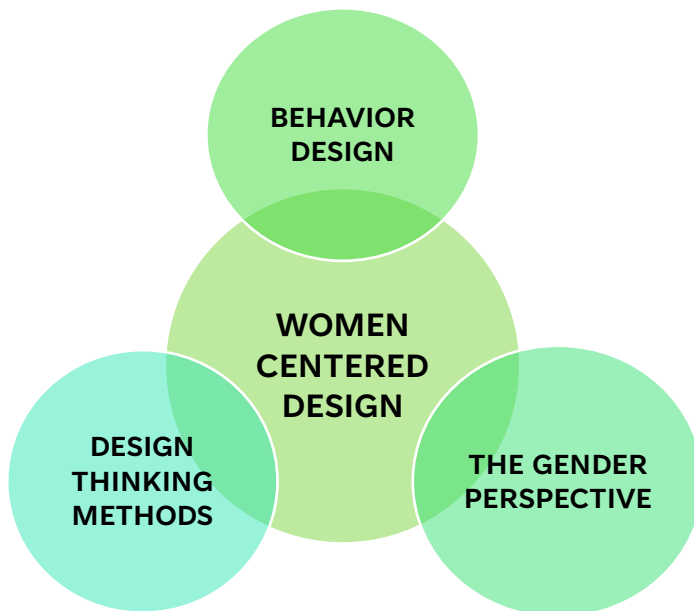
Behavior design brings insights from the behavioral sciences to help us better understand how women customers behave and why they do what they do. Financial Inclusion is ultimately about changing behavior, and the field of Behavior Design brings invaluable insights on how to leverage context, design features and choice architecture to support and empower women in their financial decisions and actions.

Design thinking methods help us to incorporate a non-linear, iterative approach to product design that helps us better understand end users, challenge assumptions, redefine problems and iterate on design features to create innovative solutions that deliver value.

The gender perspective encapsulates Women’s World Banking experience over 44 years of working with Financial Services Providers (FSPs), which allows us to better understand and effectively serve low-income women customers.

Figure I.1 Women Centered Design

⁵³ Women’s World Banking. *Revolutionizing Product Design in Financial Services*



The Women-Centered Design methodology ensures financial services providers can meet women customers where they're at, deliver tangible value to them and close the persistent gender gap in financial products and services.

II. PROJECT IMPLEMENTATION MODELS

The Logical Framework defines the outcomes that are expected to generate a comprehensive, multi-stakeholders' intervention in financial inclusion that could potentially be replicated, scaled-up, and institutionalized by policy makers in Indonesia in the long-term.

The PROMISE II IMPACT project intends to achieve these outcomes through facilitating and supporting **digital transformation for the FSPs** and **digitalization of SMEs' value chain** ecosystem, in addition to providing training and coaching to the FSPs and SMEs. To ensure a maximum outreach and sustainability of the Project, policy engagement and advocacy vis a vis Government and regulators are maintained. The Project aims to establish strong engagements with Financial Service Authorities and the national and regional governments responsible for Financial Inclusion in Indonesia. A new feature of the second phase is a digital forum, which connects SMEs' value chain ecosystem with FSPs, BDS providers, the Government, and other stakeholders. Available through a digital platform, it allows for information sharing, business and financial transactions, as well as the adoption of technology such as the Internet of Things (IoT).

The Project takes place in:

- West Java to assist the value chain ecosystem for dairy farmers, involving a cooperative as the buyer and the member dairy farmers, a BPR, and the use of digital applications (they are all already interconnected prior to the ILO intervention)

- East Nusa Tenggara to assist the value chain ecosystem for seaweed farmers through engagement with local university, local buyer, a BPR and a BPD, and the use of digital applications (for the FSPs, the farmers, and the buyer within the value chain)
- Aceh to assist the value chain ecosystem for patchouli oil farmers, working with local university and their affiliated company as the local buyer, a BPR, and the use of digital applications (for the FSPs, the farmers, and the buyer within the value chain)
- Central Java to assist FSPs (within the national rural bank associations or Perbarindo network) in their financial technology, core-banking, and loan origination system
- East Java to assist FSPs (also under Perbarindo) with the technology following the model in Central Java, currently in the preliminary stage

In all of those locations, the project invites government participation particularly through local OJK as the representative for TPAKD.

In addition to the value chain ecosystem approach, the project opens to other opportunities that can help SMEs, FSPs, or the Government to promote Financial Inclusion through digital transformation for the FSPs and digitalization of SMEs' value chain ecosystem.

To ensure flexibility, the implementation of the Project comes up with four (4) complementary and inter-wined models, which incorporate five distinct elements:

- (i) SMEs in sector which are part of a value-chain ecosystem are strengthened
- (ii) The roles of BPD and BPRs in providing digital finance in the targeted ecosystem are strengthened
- (iii) Capacity building for FSPs (BPD, BPR) and SMEs will be provided
- (iv) The use of digital technology for financial activities and non-financial activities is encouraged
- (v) Synergies with OJK, DNKI and TPAKD programs are established
- (vi) Potential new actors/participants and financial products/services to complete or strengthen the targeted ecosystem will also be explored.

The four implementation models can be described as follows:

1. **Model 1** – Support to a value chain ecosystem of a commodity in certain areas where the relationship between actors in the sector/commodity has not been established permanently and is still sporadic and short-term. It is hoped that with the intervention Model 1, a new sustainable value chain ecosystem will be formed where relationships between actors run regularly and provide mutual benefits to all parties involved. In addition to facilitating the formation of a new value chain ecosystem, Intervention Model 1 digitizes the value chain ecosystem and other supporting agents such as financial institutions/fintech, BDS etc.
2. **Model 2** - Strengthen and complement the existing value chain ecosystem by adding new business actors such as buyers/off-takers, input providers/suppliers etc. This model also adds supporting agents such as fintech and financial institutions, which are expected to provide digital financial services, as well as the involvement of BDS in providing training for business actors/SMEs in the value chain ecosystem. The Model 2 will provide reinforcement by establishing a Digital Forum that promotes business actor relationship

patterns in digital-based ecosystems. That way, the relationship between businesses in the ecosystem is strengthened and develops both in volume and quality and make the value chain more sustainable and growable.

3. **Model 3** - This consists of supports to
 - i. SME players: by providing ILO training modules (Financial Education, SYB, IYB, Get Ahead etc.) that are relevant to their business capacity and competence development, as well as provide them with an introduction to digital business so that gradually the SMEs will be ready to transform into a digital business and connect them with Digital Forum.
 - ii. BPRs: by providing technical support to BPRs to develop and improve their Core Banking Systems so as to enable them to connect with other Aggregator Platforms through Application Programming Interface (API) in which BPRs are able to develop various innovative digital products and services for SMEs with investment costs that are affordable and eventually allows them to compete with fintech and other financial industry players.
 - iii. Banks (BPRs and BPDs – through the Loan Origination System and staff) and BDS who assists SMEs in promoting their products and services which enables them to expand their marketing area and business scope, as well as connect with e-commerce and other digital marketing platforms. In addition, Model 3 also provides capacity building for BDS in terms of professional, healthy, and sustainable management. Model 3 interventions can be carried out separately without being linked to an existing value chain ecosystem.
4. **Model 4** - Create a Rapid Response Support Facilities (ad-hoc short-term activities) to support policies and programs aimed at improving financial inclusion and access to finance for SMEs. Model-4 interventions can take the form of and are not limited to training, workshops, webinars, seminars, research, studies, technical assistance, for stakeholders in the financial inclusion sector.

The four Models provide different avenues to approach the project for greater outreach and engagements – to the SMEs, the FSPs, and the Government alike -- which will allow stronger impact with the available resources and within the time frame.

III. THEORY OF CHANGE

As indicated in the project's Logical Framework, the Theory of Change focuses on financial inclusion for SMEs, aiming at inclusive financial sector for economic growth and employment. The evaluation activities give the focus on the Outcomes, Outputs, and the Project Activities as depicted below, while also measuring against the targets as indicated in the Logical Framework.

The Theory of Change and Project Activities can be described as follows⁵⁴:

⁵⁴ Please note that this is a simplified version to get the overall picture. Please refer to the Logical Framework for the complete version.

Table III.1 The Theory of Change and Project Activities

Impact: to strengthen the enabling environment to drive a more inclusive financial sector, which will in turn generate more economic growth and improved employment outcomes post-pandemic.		
Outcomes	Outputs	Project Activities
<p>1. Resilient and sustainable SMEs in priority sectors have reached an improved capacity to contribute to the economic growth post-pandemic</p>	<p>OUTPUT 1.1 The SME promotion and business development support ecosystem are reinforced in priority sectors</p>	<p>1.1.1. Map the supply chain of priority sector of SMEs and identify target beneficiaries (existing, prospective and new clients and their supply chain's actors).</p> <p>1.1.2. Create a digital forum involving all supply chain actors that would allow the following: buyers to place orders, different actors to plan production, payments to be facilitated, quality and client services to be evaluated and reported.</p> <p>1.1.3. Map and choose a pool of private and public BDS providers (PLUTs, BLKs..) in target areas to be trained and to roll out the BDS training to SMEs sustainably.</p>
	<p>OUTPUT 1.2 SMEs' supporting organizations (BDS and SME support institutions) have improved their capacity in assisting SMEs for resilience and sustainable growth</p>	<p>1.2.1. Develop BDS providers' understanding of financing mechanisms. In order for them to help clients become more bankable, they need to understand banks' perspectives and issues.</p> <p>1.2.2. Train BDS providers on digital marketing and e-commerce (how to set and manage my e-shop)</p> <p>1.2.3. Train BDS providers on ILO business development packages (SIYB, SCORE, business continuity...) if the BDS providers lack digital capacity also provide digital and on-line trainings.</p> <p>1.2.4. Train SMEs support institutions on mentoring and coaching for SMEs.</p> <p>1.2.5. Encourage and facilitate BDS providers and SME support institutions to offer their services to SMEs in priority sectors, and trainings to various supply chain actors through the digital forum.</p>

	<p>OUTPUT 1.3 SMEs have developed their capacity for improved productivity, efficiency and market outreach</p>	<p>1.3.1 Facilitate training to SMEs on business management (SIYB) and productivity improvement (SCORE) to increase their bankability.</p> <p>1.3.2 Provide training to SMEs on digital marketing and the use of e-commerce platforms (how to manage my e-shop).</p> <p>1.3.3 Provide training to SMEs on the use of digital payments (e.g., to receive payments through e-commerce platforms, to pay suppliers, to pay wages, etc.) and on how to leverage innovative financing mechanisms (e.g., crowdfunding: loans and equity...).</p> <p>1.3.4 Introduce the digital forum to SMEs throughout the supply chain, and train them on how to use it.</p>
<p>2. The delivery of client-centric financial products and services to SMEs is scaled-up in priority sectors</p>	<p>OUTPUT 2.1 FSPs capacity to deliver demand-driven products and services to SMEs is improved</p>	<p>2.1.1. Select 15 partner BPRs and BPDs based on a list of criteria.</p> <p>2.1.2. Facilitate BPRs' introduction of client-centric digital management systems, building on OJK's acquired core banking system.</p> <p>2.1.3. Develop a training on SMEs loans analysis, train BPRs' internal trainers on how to use the 'enhanced' core banking system for credit scoring and roll out internally to all loan officers.</p> <p>2.1.4. Develop MMW II- Product diversification for SMEs course.</p> <p>2.1.5. Train managers of partner FSPs on the MMW II-SMEs course.</p> <p>2.1.6. Provide on-site coaching for FSPs willing to develop and implement new products for SMEs.</p> <p>2.1.7. Facilitate on-the-job training and coaching to loan officers from BPRs on risk management for SMEs.</p> <p>2.1.8. Train loan officers on business development services to enable them to become mentors or advisors of their clients.</p> <p>2.1.9. Document this experience and share results with policy makers and other FSPs (building on results of Promise I)</p>

		<p>2.1.10. Run HRD surveys for FSPs' management and staff regarding HR processes, recruitment cronyism, etc.</p> <p>2.1.11. Analyze the HRD survey results, identify gaps in HRD, and help FSPs formulate improvement paths.</p> <p>2.1.12. Provide technical assistance to FSPs willing to adjust their HRD practices based on the project's analysis.</p> <p>2.1.13. Build on the new Productivity ecosystem project in Indonesia (funded by SECO) and its sector analysis to identify the key supply chains.</p> <p>2.1.14. Conduct a needs assessment for financial services (including digital financial services) in the identified sectors/supply chains, and identify gaps and challenges related to the delivery and access of financial services in the identified sectors/supply chains.</p> <p>2.1.15. Organize a planning workshop, including the main supply chain actors, FSPs and support institutions to map out solutions, market opportunities and recommendations to address the financing needs.</p> <p>2.1.16. Facilitate agreements between BPRs/BPDs and credit bureau to reduce over indebtedness by data sharing.</p> <p>2.1.17. Integrate credit bureau data within the digital forum interface used for credit scoring.</p> <p>2.1.18. Assess gaps in service excellence among partner FSPs (BPRs and BPDs) based on the dimension 4 of the Universal Standards of Social Performance Management : Treat clients responsibly.</p> <p>2.1.19. Document product development experiences of partner FSPs.</p> <p>2.1.20. Organize knowledge sharing events in collaboration with OJK, network associations and support them to develop a framework for replication.</p> <p>2.1.21. Develop a mapping of demand and supply of digital financial services (link to 2.1.11).</p>
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	<p>OUTPUT 2.2 FSPs and SME support institutions share their collaborative experience on SME financing</p>	<p>2.2.1. Facilitate the development of the digital forum interface for SMEs (to express their needs) and FSPs and BDS (to propose their services including digital ones).</p> <p>2.2.2. Facilitate the development of the digital forum interface to collect and share information from e-commerce outlets.</p> <p>2.2.3. Organize a knowledge sharing national event to share best practices and encourage the replication of proven SME financing solutions.</p>

<p>3. Programs and policies that promote sustainability and growth of SMEs are supported</p>	<p>OUTPUT 3.1 The national financial inclusion strategy and its regional implementation are supported by evidence gathering and knowledge sharing</p>	<p>3.1.1 Organize a workshop to present the project to all national stakeholders, including OJK, CMEA, and DNKI.</p> <p>3.1.2 Document good practices of FSPs, TPKADs, OJK regional representations, among others, on the delivery of demand-driven schemes for SMEs.</p> <p>3.1.3 Organize a workshop to share the identified good practices on the delivery of demand-driven schemes for SMEs.</p> <p>3.1.4 Conduct research on how effective are BPDs in providing government-sponsored credit schemes (KUR), including recommendations on how to improve delivery and include SMEs lending.</p> <p>3.1.5 Jointly organize a National workshop with OJK and DNKI, to share good practices from BPDs and assist CMEA/DNKI in implementing measures to improve the breadth and depth of outreach of KUR.</p> <p>3.1.6 Select relevant TPKADs according to the pre-established list of criteria</p> <p>3.1.7 Support TPAKDs and DNKI to develop strategies to support BPDs in rolling out KUR based on the research.</p> <p>3.1.8 Engage with TPKADs and provide technical assistance (under OJK supervision) to internalize strategies and project tools to increase financing for SMEs in strategic sectors.</p> <p>3.1.9 Involve TPKADs from the inception and the design and development of the digital forum, in engaging stakeholders and encouraging the different parties to participate.</p> <p>3.1.10 Transfer gradually the ownership of the digital forum to the TPKADs and other private actors (PPP).</p>
	<p>OUTPUT 3.2 Banks' regulations and supervision are strengthened through policy actions that support financing for SME development</p>	<p>3.2.1 Support OJK in organizing a knowledge sharing event for BPRs and BPDs to promote SME financing in the productive sector.</p> <p>3.2.2 Support OJK to build the capacity of regional OJK representations in the selected areas to enable them to encourage FSPs to serve SMEs of the productive sector.</p>

		<p>3.2.3 Involve OJK (national and regional) in risk management capacity-building (training and coaching) as a soft supervision.</p> <p>3.2.4 Organize a workshop for OJK, DNKI on social performance management for regulators concentrating on customers, employees and risk management.</p> <p>3.2.5 Involve OJK in the different activities with BPRs and BPDs.</p> <p>3.2.6 Collaborate with the World Bank to jointly develop digital financial education modules (including for women entrepreneurs) to be offered through the digital forum.</p> <p>3.2.7 Implement a gender-specific intervention with OJK, using the Women's Entrepreneurship Self-Check tools (WE Check).</p>
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IV. EVALUATION QUESTION MATRIX (EQM)

No	Question	Measure(s) / Indicator(s)	Data Sources	Data Collection Method	Stakeholders / Informants	Analysis and Assessment
1	EFFECTIVENESS					
	Is the intervention achieving its objectives?	Outcomes and Outputs as depicted in the Project Logical Framework	<ul style="list-style-type: none"> Reference documents Project progress reports Feedback from Key Stakeholders 	<ul style="list-style-type: none"> Desk review Key Informants Interview 	<ul style="list-style-type: none"> Project Management Team Key Stakeholders 	Achievement of targets set in the Logical Framework
2	EFFICIENCY					
	How well are resources being used?	Cost effectiveness of the project management: administration, personnel and budget	<ul style="list-style-type: none"> Project progress reports Budget use Feedback from Key Stakeholders 	<ul style="list-style-type: none"> Desk review Key Informants Interview 	<ul style="list-style-type: none"> Project Management Team Key Stakeholders 	Project administration and the use of personnel and budget
3	IMPACT					
	What difference does the intervention make?	Project results in terms of capacity building to the target beneficiaries	<ul style="list-style-type: none"> Project progress reports, particularly on the capacity building activities Feedback from Key Stakeholders 	<ul style="list-style-type: none"> Desk review Key Informants Interview 	<ul style="list-style-type: none"> Project Management Team Key Stakeholders 	Increased capacity of the target beneficiaries
4	SUSTAINABILITY					
	Will the benefits last?	Exit strategy	<ul style="list-style-type: none"> Project progress reports Feedback from Key Stakeholders 	<ul style="list-style-type: none"> Desk review Key Informants Interview 	<ul style="list-style-type: none"> Project Management Team Key Stakeholders 	Plan for next

V. DETAILED METHODOLOGY

Attached in a separate file.

VI. INTERVIEW QUESTIONS

Attached in separate files.

VII. SURVEY RESULTS

Attached in a separate file.

VIII. TARGET ACHIEVEMENTS

Attached in a separate file.