

BINA SWADAYA - 45 YEARS (1967 – 2012)

By: Bambang Ismawan

Preface

The present Bina Swadaya was actually named *Yayasan Sosial Tani Membangun* (YSTM) when it was founded in Jakarta on 24 May 1967 by *Ikatan Petani Pancasila* (IPP) or the Pancasila Farmers Union. Bina Swadaya is intended to function as a legal body in charge of managing projects commissioned by IPP. In 1969, when 'Trubus' farming magazine is launched, YSTM acts as its publisher. Later, in 1973 due to the Government pressure as part of its program to streamline the political and mass organizations, *Ikatan Petani Pancasila* along with 14 other farmer organizations is merged into *Himpunan Kerukunan Tani Indonesia* (HKTI) –Indonesian Farmers' Association, and YSTM, in addition to publishing 'Trubus' and being IPP's heir, also conducts training programs, advocacies and development of agricultural produce and its marketing. YSTM manages these various activities until 1985, when the Indonesian Information Minister issues a decree banning Press Publishers from managing other activities than the press publication. Subsequently, some members of the YSTM board of management set up Yayasan Bina Swadaya (Bina Swadaya Foundation) with the same management board as YSTM's. It manages programs outside the publication of 'Trubus' magazine. Later, all these activities are consolidated and put under the control of Bina Swadaya, which would make each of its activities managed by a Limited Liability Company with Yayasan Bina Swadaya as the sole share owner.

The fact that Bina Swadaya has its root in IPP, and IPP is part of the Pancasila Social Movement comprising of Labor, Farmer, Fisherman, Businessperson and Paramedic Unions, Bina Swadaya's history is unseparable from that of the Pancasila Social Movement. Bina Swadaya has grown up in parallel with the political developments that are categorised into 3 Eras. They are: 1. The Pancasila Social Movement Era (1954-1974); 2. The Socio-Economic Development Institution Era (1974-1999); and 3. The Social Entrepreneurship Institution Era (1999-now).

Social Movement: *Ikatan Petani Pancasila*/ Pancasila Farmers Union

The era in Bina Swadaya's history makes up the Era of Pancasila Social Movement which begins in 1954 when the Pancasila Labor Union (*Ikatan Buruh Pancasila*) is founded and followed by the establishment of Pancasila Farmers Union (IPP in 1958), Pancasila Entrepreneurs Association (*Ikatan Usahawan Pancasila*), Pancasila Paramedics Union and Pancasila Fishermen Union or *Ikatan Nelayan Pancasila*. The births of these organizations are undetachable from the socio-political situation during the post Indonesian-independence time around 1950. As a newly independent country, Indonesia is faced with a range of difficult problems, including the fight to defend its freedom, to formulate and reaffirm its state institutions, to develop its political system, to overcome poverty and backwardness as the legacy of the colonial era in various aspects of life. Unfortunately, the main agenda of the majority of leaders and elites during that period is the propagation of

influences of political parties, which are largely based on sectarian ideologies and religions and directed toward political dominations. This trend is often called in a jargon: 'Politics is the Chief'. In their efforts to gain wide public support, the political parties set up some sort of 'wing (sister) organizations' which is then often called '*onderbouw* (Dutch: *author*) organizations', like ones of the workers, farmers, fishermen, entrepreneurs, women, intellectuals, students, cultural activists and others. This divides the general public into various groups separated by ideologies, religions and political lines in the multi-party society competing each other to assert their influences. The political uproar results in a polarisation of the public daily life, which often creates horizontal conflicts among themselves. In the routine daily life, the existence of mankind has lost its purpose of total human being with the cultural, social, economic and other dimensions. Instead it gives priority to the political aspirations. The problems of poverty and the common people's suffering which in the past inspired the Founding Fathers and Mothers of this nation to fight for the political freedom for this Republic in order to more effectively boost their capacity and power has apparently been forgotten.

The commotion striking the nation in that period precipitates concerns among a group of Catholic followers under the leadership of the Semarang Archbishop, Mgr. Soegijapranata, SJ. They initiate a social movement which directs its entire activities toward responding to the real needs of the weakest and poorest part of the society without letting itself trapped in the ideological scuffles among political parties and their *onderbouw* organizations. This initiative is later materialised with the establishment of *Ikatan Buruh Pancasila* (Pancasila Labor Union) in 1954 and followed up by the struggle to obtain support from the Indonesian Catholic Congress (KUKSI). The Congress, held in Semarang on 27 December 1954 at last gives its agreement to the call that Indonesia's Catholic Church through its Dioceses encourage and assist the establishments of mass organizations in the fields of labor, farming, fishery and others, based on Pancasila and not on the principles of Catholicism. This means that what the Catholic Church would encourage and help is NOT the establishments of Catholic Mass Organizations with Catholicism as their basic principle, but General Mass Organizations based on Pancasila as the Foundation of the Republic of Indonesia. That's : Any mass organizations whose members and boards might have different religious backgrounds, but have similar concerns to empower the workers, farmers, fishermen and other vulnerable groups, independent from any interests of political parties, religious groups and other primordial ties. Apparently, this thought is in parallel with the principle of Solidarity and Subsidiarity – a principle highlighted by the Catholic Church's Social Teachings particularly in the Encyclical '*Mater et Magistra*' of Pope John XXIII (15 May 1961). We note with great honor the role played by Father Johannes Dijkstra SJ, who has closely assisted the birth and development process this Community Empowerment Movement (*Gerakan Keberdayaan Masyarakat*) honoring and strengthening the Indonesian people's basic values : *Gotong Royong* (collective cooperation) based on the Consultation for Consensus spirit (*Musyawaharah untuk Mufakat*).

A number of organizations are set up including: (1) *Ikatan Buruh Pancasila* / Pancasila Labor Union (1954); (2) *Ikatan Petani Pancasila* / Pancasila Farmers Union (1958); (3) *Ikatan Paramedis Pancasila* / Pancasila Paramedics Union (1959); (4) *Ikatan Usahawan Pancasila* / Pancasila Entrepreneurs Association (1959) and; (4) *Ikatan Nelayan Pancasila* / Pancasila Fishermen Union (1964). Each of these organizations has its own members, board, structure and work mechanism (independent from others). The Pancasila Farmers Union (IPP) in particular deals with: farming intensification, farming extensification including the program of transmigration, education and training, processing and marketing

of agricultural produces plus advocacies. The IPP activities are conducted with three approach strategies: First, the mass organisation approach – striving for the farmers’ rights in the land ownership issue, for fairer production share in their cooperation with the state as well as private companies. Second, the project management approach – through cooperation with donor organizations, and three, the people participation development approach – establishing the Collective Business Units (*Kelompok Usaha Bersama/ KUB*) which is now called the Community Self-Help Units or *Kelompok Swadaya Masyarakat* (KSM) – or groups of people with cooperative businesses. In order to optimising its program performance, particularly that related to the project management, IPP sets up *Yayasan Sosial Tani Membangun / Social Institute of Developing Farmers* (YSTM) on 24 May 1967, which is later largely known as *Yayasan Bina Swadaya*. It is in this year that YSTM launches the publication of *Buletin Tani Membangun* or Developing Farmers Bulletin (1968) for the farming circles. This bulletin is transformed into the farming magazine ‘*TRUBUS*’ in 1969.

Socio-Economic Development Institution

The Second Era in Bina Swadaya history makes up the period of the Socio-Economic Development Institute or *Lembaga Pengembangan Sosial Ekonomi* spanning from 1974 to 1999. As previously said, Bina Swadaya’s development, institutionally or program-wise, is influenced and even determined by developments in the Republic of Indonesia’s political life. Besides, this Second Era is marked with the ascendancy of the New Order regime (1966-1998) which soon launches a policy of streamlining the political parties and social mass organizations, including the farmers’. Regarding the farmers’ organizations, in 1973 IPP merges into Indonesian Farmers’ Association or *Himpunan Kerukunan Tani Indonesia* (HKTI). Thus, the mass organisation approach, including the advocacies, is integrated into HKTI, whereas the project management approach and the local community development participation in the Community Self-Help Units or *Kelompok Swadaya Masyarakat* is managed by the Social Institute of Developing Farmers / *Yayasan Sosial Tani Membangun* (YSTM) which is subsequently transformed to Yayasan Bina Swadaya. As IPP’s next generation, YSTM starts its activities by conducting two schemes: First, developing the Community Self-Help Units (KSM) toward the improvement of weak and poor people’s economy. Second, the publication of farming magazine ‘*Trubus*’ to provide information on farming and agriculture, which would later become a media for development communication. With these two types of activities as the beginning, other activities soon follow – as a result of the development of individual activities as well as a result of interactions between the two schemes in responding to the public needs, which have been made possible by the ability to exploit the opportunities. Further illustrations are as follows:

- 1) Many places in Indonesia are apparently in need of KSM’s advocacy. This has encouraged Bina Swadaya to set up its regional offices in 21 towns, as seen in the illustration/ map below

BINA SWADAYA'S REGIONAL OFFICES



Thanks to the regional offices, Bina Swadaya's officers could conduct their direct facilitation covering 3000 KSMs with about 100,000 families as members. To support the KSM empowerment program, a scheme for the facilitation training is launched in the form of Training Courses for Community Self-Help Units Facilitators (*Pelatihan Tenaga Pendampingan Kelompok Swadaya - TPKS*). Participants of this scheme include Facilitators from Bina Swadaya and other organizations such as non-governmental organizations (LSM), the government as well as private organizations, all in the framework of the Corporate Social Responsibility (CSR). Furthermore, to gain a greater impact, apart from conducting direct facilitation to local communities, Bina Swadaya also forges cooperations with government and private institutes, and through this scheme Bina Swadaya has reached around one million KSMs or about 25 million families or 100 million persons.

- 2) The publication of 'Trubus' agricultural magazine faces lots of problems in the beginning, because no one has ever published a magazine specializing in agricultural issues. The first hurdle is related to the team of writers. There are many writers but they are ignorant of agriculture, on the other hand there are many agricultural experts but they have poor writing skills. Combining and implanting these two skills to a person needs no little investment. The target audience of this magazine, modest farmers – majority of them illiterate - put the demand for reading magazines in the lower scales of priority. Also, the cost of dispatching the magazines to the readers in rural villages is relatively high, as they live in remote and scattered places. In addition, incomes from advertisements from producers of fertilizers, seeds, farming equipments and services and others are actually zero, since the public trust in this magazine has not been in existence and also the demands for agricultural utensil in that period are handled

through regional agricultural authorities. The difficulties prompt Bina Swadaya to diversify its businesses. First, it expands its publishing business from just dealing in the monthly magazine to printing books on farming, cattle breeding, poultry, plantation, gardening, health, applied technology and others. In addition to the publication services, the community also needs a number of training courses and consultations in accordance with any cover stories or topics/ themes discussed in each of the monthly 'Trubus'. Supporting businesses are soon set up. They include services for printing and marketing of magazines and books published by the Bina Swadaya group and its friends, and the opening of farming shops.

Social Entrepreneurship

The third era in Bina Swadaya history is the Social Entrepreneurship period spanning since 1999 until the present time. Referring to Bina Swadaya course of life, the Social Entrepreneurship is translated as Social Development through Entrepreneurship Solution. The Social Development as stated in the Social Development Summit conducted by the United Nations in Copenhagen, Denmark, in 1966, covers efforts to **poverty alleviation**, create **productive employment** and **social integration**.

For a relatively long period, Bina Swadaya has been benefitting from financial supports from International Donor Institutions for its projects. But this comfort is then feared to turn to an attitude of being dependent on overseas aid, which in fact is only a temporary venture. This awareness comes, grows up and later becomes a conviction along with a thought that efforts to lift up the lives of the poor would never be reached during the life-span of a project or program. They, instead, have to make up a long range commitment. In the process of community empowerment, a growing awareness is surfacing that efforts to push forward the community self-supporting capacity should be done – not restricted to providing theories and suggestions, but also giving examples. In this case, examples are in the form of Bina Swadaya's independence.

The application of growingly crystallizing thoughts is that in the framework of Bina Swadaya Institutionalisation we need to set up some business legal bodies (Limited Liability Companies) as umbrellas for activities, which economic weights have been growing from time to time, and thus they are able not only to compensate for program costs but also to create surpluses that could be re-invested on other social development programs. So, the publication of 'Trubus' magazine which in the beginning is managed by the Yayasan (Institute) is later run by the newly set up body, PT Trubus Swadaya (for the magazine publication); PT. Penebar Swadaya and PT. Puspa Swara (for book publications); PT. Trubus Mitra Swadaya (for farming stores); PT. Bina Swadaya Tour (for alternative tourism programs); PT. Bank Perkreditan Rakyat Bina Arta Swadaya (for the micro financial services) et cetera, et cetera. During the Entrepreneurship Era all operational bodies of Yayasan Bina Swadaya are in the form of PT (limited liability companies); during its preceding era – the Era of Socio-Economic Development Institution – only about 50% of its operational bodies are in the form of PT. These companies are led by their respective professional boards of management controlled by the Yayasan Bina Swadaya board through Department Coordinators appointed as members of the boards of Commissioners of these companies.

Bina Swadaya's activities at present include 7 fields:

- 1) Community empowerment including training courses, facilitation and consultations.
- 2) Micro finance services through the development of saving-loans Cooperatives (Credit Unions) and People's Credit Banks (BPR)
- 3) Agri-business development including processing and marketing of agricultural produces and farming equipments.
- 4) Development communications through publications of magazines, books and organizing events related to development programs.
- 5) Development of alternative tourism: *cultural, environmental, and developmental exposure program (CEDEP)*
- 6) Development of printing services to support development communication activities and other programs.
- 7) Provision of facilities for conferences, training programs, workshops and seminars.

In running its programs, Bina Swadaya is actively building up cooperation networks, nationally and internationally. Its national networks include: Secretariate of Bina Desa, Association of Financial Institute Partner NGOs– *Asosiasi LSM Mitra Lembaga Keuangan (ALTRABAKU)*, *Forum Komunikasi Kehutanan Masyarakat (Community Forestry Communication Forum - FKKM)*, *Forum Kerjasama Pengembangan Koperasi Indonesia (Indonesian Cooperative Development Forum - FORMASI)*, *Gabungan Toko Buku Indonesia (Indonesian Book Store Federation - GATBI)*, *Gerakan Bersama Pengembangan Keuangan Mikro Indonesia (Indonesian Movement for Micro Financial Development - Gema PKM)*, *Ikatan Penerbit Indonesia (Indonesian Publishers Association - IKAPI)*, *Jejaring Kerja Pemberdayaan Masyarakat (Community Empowerment Ntework - JKPM)*, *Partnership in Development Forum (PDF)*, *Rural Water Supply Group (RWSG)*, *Yayasan Pengembangan Partisipasi, Inisiatif dan Kemitraan (Institute for Participation, Initiative and Partnership Development - YAPPIKA)*, *International NGO Forum for Indonesia Development (INFID)*, *Asosiasi Kewirausahaan Sosial Indonesia (Indonesia Social Entrepreneurship Association – AKSI)* and *Yayasan Aksi Sinergi Untuk Indonesia (Institute of Synergy Action for Indonesia – AKSI UI)*.

And its international networks are, among others: Asia – Japan Partnership Network (AJPN) for Poverty Reduction (Tokyo), Asian NGO Coalition for Agrarian Reform and Rural Development (ANGOC, Manila), Asia Pacific Banking with The Poor Network (Brisbane, Australia), Asia Pacific Rural and Agriculture Credit Association (APRACA, Bangkok), Conference of Asia Foundation and Organization (Manila), INASIA Network (Colombo), International Council on Social Welfare (Geneva), International Leaders Forum on Development Finance Leaders Forum (New York), Microcredit Summit Global Campaign (Washington), Resosource Alliance (London), South East Asian Committee for Advocacy (SEACA, Bangkok), Oikocredit (Amersfoort), and Institute for Social Entrepreneurship in Asia (ISEA, Manila)

Philosophy, Vision, Mission and Strategy

Bina Swadaya's activities as previously illustrated are based on the principles, motives and goals with dynamic formulations. The formulations of its Philosophy, Vision, Mission and Strategy at present are as follows:.

Philosophy

In serving the community to get rid of poverty, the Bina Swadaya Community is convinced that:

- 1) Serving other people is a noble vocation.
- 2) The people are able to help themselves.
- 3) The best results could only be reached through sincere cooperation to grow up and flourish together.
- 4) The social entrepreneurship is an effective vehicle for boosting the community's capacity and power.
- 5) Good intentions, if they are carried out ethically, earnestly and consistently, will certainly yield good results

Vision

To become an institute which pioneering and superiority in lifting up the people's competence and power through the social entrepreneurship is acknowledged.

Mission

- 1) To awaken and develop the competence and power of the poor and the marginalised society in term of economic aspects through facilitation : capacity improvement, community institutional development and access to resources
- 2) To assert influences to the development policies to be more supportive to common and marginalised people
- 3) To develop innovations which the poor and the marginalised can take advantage of their benefits
- 4) To forge partnerships with many parties to promote its capacity in providing services for the public
- 5) To safeguard and sustain the life of the institute

Strategy

1. Mission 1

- a. To promote and develop the Community Self-Help Units or *Kelompok Swadaya Masyarakat* (KSM), directly managed by Bina Swadaya or in cooperation with any Non-Governmental Organizations, the Government and Private Corporations.
- b. To hold training programs for KSM facilitators, Community Development Institute Management trainings, and to develop and conduct other training programs needed for the improvement of the people's competence.
- c. To hold consultations with government institutes, corporations and philanthropies, on national or international levels, in carrying out its programs to empower the people.
- d. To build up cooperation among resources in grass-root societies and resource provider institutes on matters related to knowledge, skills, budgeting/ funding, production infrastructures and others for the sustainable community empowerment.

2. Mission 2

- a. To build and maintain good relations with centers of policy making on political, social as well as economic fields.

- b. To build and maintain good relations and develop alliance with various bodies which are working in synergy for the improvement of sustainable community empowerment.

3. *Mission 3*

- a. To work together with institutes and individuals conducting studies which results are useful for the improvement of competence and power of the poor and the marginalised.
- b. To adopt programs and activities which have been well conducted by any institutes or individuals for the community competence improvement.
- c. To develop learning centers, demonstration plots and the likes as a vehicle for the common learning process to encourage innovations.

4. *Mission 4*

- a. To set a data base on individuals and institutes with potentials in and attention to the efforts to the community empowerment.
- b. To assemble "*Sahabat Bina Swadaya*" (Friends of Bina Swadaya) from all sides with special attention to the community empowerment, and to make Bina Swadaya the means to channel ideas, material, non-material as well as human resources for the empowerment of the common people.

5. *Mission 5*

- a. To present the leadership pattern of Bina Swadaya as the ray of compassion, based on ever-developing sciences, with effective networks, and conducted with full integrity.
- b. To ensure that the institutional and program management of Bina Swadaya is carried out with good corporate governance principles i.e participative, transparent and accountable.
- c. In developing various cooperations to always endeavor for mutually benefitting relations.

Development Education

One of Bina Swadaya's core competences is to give training courses for the community empowerment. Some of the most popular courses are: (1) Training for Community Self-Help Units Facilitators / *Tenaga Pengembangan Kelompok Masyarakat Swadaya* (TPKS); (2) Training on Community Self-Help Development Management / *Pelatihan Manajemen Pengembangan Swadaya Masyarakat*; (3) Training on Participatory Rural Appraisal; (4) Training on Collective Savings-Loans Business / Credit Unions or *Pelatihan Usaha Bersama Simpan Pinjam*; (4) Training on Small-Scale Entrepreneurs / *Pelatihan Wirausaha Kecil* and ; (6) Training on Household Economic Management / *Pelatihan Pengelolaan Ekonomi Rumah Tangga*. The TPKS training program which is launched in 1979 attracts attentions from many partner NGOs and governmental institutions. By 1985 Bina Swadaya develops training programs on the Community Self-Help Development Management (PSM) for NGO executives. These two programs are developed in line with Bina Swadaya's mission to empower its pratner NGOs, particularly those in the regions. For 20 years Bina Swadaya has intensely provided the TPKS trainings in order to produce more community facilitators direly needed by the society.

At present, Bina Swadaya has a large variant of training programs, and a number of trainings are still developed. They include training courses on: Micro Financial Institution

Management, Small Scale Industry / Business Technical Skills; various trainings on Disaster Risk Mitigation and Disaster Handling, Farming Technical Skills and so forth. The number of Bina Swadaya's training program alumni since 1980 has reached about 30,000 persons.

In the meantime, *'Trubus'* magazine, as the foremost farming magazine, too, has been conducting many training programs. Some of the most sought training courses are among others: those on Cow Fattening; *Sengon* and *Jabon* (resin) Wood Business and Cultivation; Essential / *Atsiri* oil; VCO Production Technology; Full Workshop on *Aglaonema*; Chilli Cultivation and Full Workshop on Broiler and Egg-laying Hen Business; Production of Bio-Ethanol with Iste and Trash; To Boost Production of Gourami, Catfish / *Patin* and Tilapia / *Nila*; Cultivation of Chili/ Pepper and Full Workshop on *Buah Merah* / Red Fruit. So far over 13,000 people have taken part in the trainings held by *'Trubus'* magazine.

Development Communication

During the *'Trubus'* course of life, many readers of this magazine, after reading particular articles, like a writing on *Lele* (catfish), for example, want to gain further information on matters related to Catfish breeding. *'Trubus'*, however, doesn't publish books. So, the management of magazine facilitates the readers' need for related books by working together with a number of publishers of agricultural books, such as Kanisius, Nusa Indah, Bhratara, and Yasa Guna. The readers later buy the books they need through *'Trubus'*. This prompts the establishment the Book Service Center. In 1979 an idea emerges to publish *'Trubus'* own books and the first *'Trubus'* published book, "*Beternak Kodok*" (Breeding Frogs) is issued. This book gains a warm welcome from many *'Trubus'* readers and other people.

Foreseeing the good prospect of publishing business, on 28 December 1980 PT Penebar Swadaya is established. This company focused its business on books. In 1991 PT Puspa Swara follows. It specialises in publishing books on health, skills and languages. Now, these two publishers under Bina Swadaya group's supervision embrace highly various themes to cater for the needs of ever moving human development. And later they begin to release books on housing, architectures, interior and exterior designs, life-styles, religions, education, children' books, business solutions, management, laws, self-development, sports and many others. Besides, *'Trubus'* also publishes farming books on 'trendy' topics.

The sector of Development Communication program, particularly that on agriculture, is interpreted as an empowerment undertaking through production development. In cooperation with a number of research organizations like LIPI (Indonesian Academy of Sciences / *Lembaga Ilmu Pengetahuan Indonesia*) and IPB (Bogor Institute of Agriculture / *Institut Pertanian Bogor*) we obtain results of research on products considered as good to develop in the community. The products, including plants for herbal medicines, are tested in the community to get feedbacks in the form of testimonies on their benefits and prospects. If their testimonies are positive, we would soon publish promotional articles in *'Trubus'* magazine and related books particularly issued for the purpose. Then, interested persons are invited to join a special course on this particular topic held at production centers. In addition, several times a year we hold Agro Expos to introduce and market the products.

So far, those three Bina Swadaya publishers have produced around 1500 titles of books on agriculture and about 2500 titles on non-agricultural topics. The circulation of '*Trubus*' magazine has once reached 75 thousand copies per month.

Facilities for Community Development

The training programs would need proper venues with decent facilities. But at the early stage this expectation may need to postpone. The urgent training program has to be launched soon with whatever facilities available. On the early days, TPKS training courses are held in a poultry slaughter house converted into a class room, whereas the participants are placed in local people's houses near the slaughter house as their 'live in' accommodations. These modest 'facilities' might serve as an opportunity for the training participants to taste the real and factual life in rural villages where they would likely live in the future. Pros and cons regarding this matter are, of course, a natural thing. Thank God, this did not last long. The aforesaid condition is lasting only for two years. Later, with supports from international donor organizations we build a complete training center with own cottages and bedrooms for 48 persons. On 18 August 1982 this place is inaugurated as Bina Swadaya's Education and Training Campus which is better known today as "*Wisma Hijau*".

One of the training programs in operation until this time is the Training Courses for Community Self-Help Units Facilitators (TPKS). In the beginning the TPKS training programs are held for 3 months, but today they have been shortened to 1 month. Of course, Wisma Hijau would not be efficiently used if it serves only Bina Swadaya's internal needs for TPKS trainings. That's why, Wisma Hijau, is also open for public events. Apart from being used for training purposes, Wisma Hijau is also available for seminars, workshops, work meetings and other gathering events. Facilities of Wisma Hijau at present include 200 beds, a number of meeting rooms, large and small, enabling a number of training, workshop and seminar programs/ itineraries to run in parallel. Users of these facilities are government bodies, NGOs, religious institutions, universities and private organizations. The annual occupancy rate is about 70% and this makes this Education and Training Campus a means for community development and also income generating undertakings.

Policy Dialogue and Consultancy

Bina Swadaya has conducted advocacies since the era of Social Movement (Pancasila Farmers' Union /*Ikatan Petani Pancasila*), by defending the struggle over land disputes and commodity prices. During the travel of time, we are growingly aware that the spirit of advocacy actually adhered to the direct practices of the community empowerment programs and , therefore, the term 'dialog' has been more often used by members of Bina Swadaya. The policy dialog has been going on since the process of formulating, implementing and reviewing the programs (post-program). The policy dialog approach is not confrontative in nature, since the government and corporates are regarded as working partners of Bina Swadaya in empowering the community.

On of Bina Swadaya's experiences shows that only about 3000 Community Self-Help Units (KSM) have been given services by Bina Swadaya. But, when the community empowerment programs are conducted through dialogs and cooperations with a number of government and corporate bodies the number of KSMs Bina Swadaya has helped develop

reaches about 1 million with about 25 millions families or 100 millions people as its members. Several programs it has carried out include :

- 1) Cooperating with the National Family Planning Coordinating Board / *Badan Koordinasi Keluarga Berencana Nasional* (BKKBN) and UNFPA (United Nations Fund for Population Affair) with the funding from The Ford Foundation in the Women Participation in Development Program. This has successfully set up and given assistance to 650.000 units of UPPKS (Improvement of Marginal Families' Earnings Scheme / *Usaha Peningkatan Pendapatan Keluarga Sejahtera*) with about 13.5 million families as members(1983-1989).
- 2) Cooperating with Perhutani State Corporation / *Perum Perhutani* with Ford Foundation's support for the Social Forestation Program on Jawa Island involving about 50 NGOs and a number of universities – setting up and providing advocacies to 9000 Units of Forest Farmers / *Kelompok Tani Hutan* (1986-1998).
- 3) Cooperating with Bank Indonesia and Bank Rakyat Indonesia, with supports from GTZ (*Deutsche Gesellschaft für Technische Zusammenarbeit*, the German Technical Cooperation) for the program of Bank and KSM Relations – setting up and giving advocacies to 34,227 Community Self-Help Units / KSM and with 1,026,810 families obtaining financial services at over 1000 bank offices. (1987-1999).
- 4) Completion of the Integrated Irrigation Program in cooperation with the Public Works Ministry and the Regional Authorities in North Sumatera, Subang and Banten (West Java) – with the empowerment of farmers through the establishment of the organisation of water using farmers (1987-1998).
- 5) Cooperating with the National Development Planning Authority / *Badan Perencanaan Pembangunan Nasional* (BAPPENAS) and Home Affairs Ministry to design the Less Developed Village Program / IDT (*Inpres Desa Tertinggal*) for the tackling of poverty and management of revolving funds for less developed villages – setting up and giving facilitation to 120,000 KSMs with members of about 3.6 families (1993-1998).
- 6) Cooperating with the Agriculture Ministry for the Small Farmers, Poultry/ Cattle Breeders and Fishermen Development Program (P4K) – setting up and giving facilitation to 60.000 units of small scale farmers and fishermen (in the period of 1990s).
- 7) Cooperating with Asian Development Bank for the Post-Tsunami Disaster Rehabilitation Program – setting up 2,173 KSMs in Aceh and Nias (2005 – 2008).
- 8) Cooperating with Bengkulu Provincial Authority for the Post-Earthquake Disaster Rehabilitation Program – setting up 5,132 KSMs (2008).
- 9) Cooperating with the Amungme and Komoro Tribe Development Institute for the Advocacy for the Amungme and Komoro Tribe Development Institute (LPMK) in Papua – setting up 2,074 KSMs (2008 – 2009).

The Policy Dialog activities are also carried out by Bina Swadaya as a member of the Micro Financial Draft Law Formulating Team along with Bank Indonesia (2001) and with the Regional Representatives' Council (DPD) (2008). Both efforts have failed to be passed into Laws. In 2010-2011 Bina Swadaya joined the the Home Affairs Ministry Team in drafting Law on Civil Society Organization.

Development and Service of Micro Finance

In improving the capacity of the poor particularly in rural villages, Bina Swadaya is convinced that poor people are not the same with the **have not**. They are just the **have little**. Their potency however small if well managed by inserting education on various skills and developed through a manner of togetherness and solidarity and provided with advocacies in a right way would be able to overcome their problems by themselves. In applying this idea for the community empowerment, Bina Swadaya develops 3 strategies: first, encouraging the establishment and development of solidarity institution called Community Self-Help Units or KSM; second, promoting production and marketing of the products by publishing the farming magazine 'Trubus' (as explained above); and third, developing and providing services for the capital demands through **micro financial** services. The development and services for the micro finance are done through the following activities:

- 1) Encouraging members of KSM to put their money in savings and the collected funds are channelled back as credits for productive businesses of the members, be they managed by the members individually or collectively. Bina Swadaya also give assistance in the administration system by providing trainings for the Units' board members and modest policies, like, for example, the zero cash policy. This means that all savings generated in every member meeting (weekly or monthly) are immediately distributed as credits according to the members' needs in such a way that the Treasurer keeps only very limited funds for operational purposes. This is meant to avoid possible misuses of funds bearing in mind that in rural villages no banking offices to keep money in a safe place are available. In the Micro Finance discourse this type of activity is later called *Saving Led Microfinance*.
- 2) Conducting the programs of Solidarity Savings or *Tabungan Setia Kawan* (TSK) and Solidarity Credit or *Kredit Setia Kawan* (KSK). These programs are launched around 1976 to accommodate members of KSM whose capital demands are continuously increasing to support their developing businesses thanks to Bina Swadaya's facilitators. Through these programs, the KSM units make savings and start to get credit services from Bina Swadaya. Thanks to donor organizations, Bina Swadaya are able to grant the maximum credits amounting up to 5 times of KSM savings, and the rate of KSK repayment reaches 95%. It is through these programs that KSM is pushed forward to increase its savings in the form of the Solidarity Savings or TSK in Bina Swadaya. These savings are then utilized for frozen savings as collateral for the needed credit funds. In this program, Bina Swadaya is applying the market loan rates and setting the periods of loans according to the individual types of businesses. The development of TSK/KSK programs apparently has led Bina Swadaya to functioning as a bank. So, to prevent Bina Swadaya from being suspected of operating as an illegal bank, Bina Swadaya adopts a new policy:

to transfer the savings to the nearest bank. This policy also serves as a means to educate the groups to save their money in banks.

- 3) **Bank – KSM Relations.** The growing number of KSMs under Bina Swadaya's fostering care from time to time, and the increase in additional business capital demands from its members could not be catered for through the TSK/KSK programs run by Bina Swadaya. In facing this problem, Bina Swadaya exploits the opportunity of getting involved in the Bank-KSM relations Program as the APRACA Workshop (Nanjing, 1986) has suggested. Bina Swadaya encourages and actively plays a role in the formulation of this program along with Bank Indonesia, Bank BRI and the GTZ in 1987. This program is impressive, as it constituted a breakthrough which would enable banks to serve (through groups) the low income people having no sufficient physical guarantees and formal institutional assurance. Serving the low income people through groups, banks have the benefits of: First, reducing the transaction cost, because if transactions are done individually the costs would be too high and not proportionally in parallel with the credits the bank would grant; second, through the collateral substitute system in the form of joint liability and the presence of some sort of social pressure within the groups would ensure safety to the credits. As for KSM, the Bank-KSM Relation program has enabled them to communicate with the banks, something difficult to do in the past time. Through the Bank-KSM Relation (HBK) program, capital generations begin to materialize on the village level and this goes further with the introduction of a system relating savings and loans with the ratio of 1:8. Thus, it is reversing the current condition where the banks are absorbing more funds from rural areas and putting them in urban areas. This program benefits not only the micro financial services for KSMs under Bina Swadaya's auspices, but also other NGOs under its guidance. The HBK program in the micro finance discourse is called *Linkage Model*.
- 4) **Banking Institute Financial Service.** In improving the micro financial program for the general public in 1992 Bina Swadaya set up 4 BPR (People's Credit Banks): BPR Jati Arta Swadaya, Yogyakarta, which is later renamed as BPR Bina Arta Swadaya Yogyakarta; BPR Tata Arta Swadaya, Lampung; BPR Abdi Arta Swadaya Subang (which in 2010 is transformed into a Cooperative) and BPR Kebomas, Gresik. Unlike other BPRs, Bina Swadaya's people banks provide micro credits to groups of persons as well as to individuals.

Several factors prompting the establishment of these formal financial bodies (Banks) are among others: despite the fact that promotions for the HBK program has been carried out in a large scale, the reality shows that many banks (public and BPR banks) tend to prefer granting credits using the *tangible collaterals* (physical assurances). This hampers the movement of HBK participating banks resulting in the limited coverage of the HBK program.

Though the HBK program has used the market mechanism plus liquidity credit facilities from Bank Indonesia for its participating banks (micro credit program with ADB's loan), the capacity of this program to distribute credits/ loans to the groups runs in a slow pace. This causes the groups' demands for loans unable to fulfil on time.

Apart from these two operational experiences, we also see the introduction of a government policy. In 1988 Bank Indonesia (Central Bank) issues the October 28 Package or PAKTO, a decree from the government allowing a number of institutions like Bina Swadaya to set up People's Credit Banks or BPRs operating in sub-districts (*kecamatan*).

In 2011 the number of customers of the three BPR banks under Bina Swadaya's leadership reaches 32,685 – savings and loans persons – with generated savings amounting to Rp. 25.01 billion and granted loans reaching Rp. 28.33 billion. Banking practices specializing in serving micro businesses are called *Micro Banking*.

- 5) **Micro Finance Service, ASA Model.** To strengthen the micro finance service program with expanded coverage in 2002 Bina Swadaya adopts the ASA (Association of Social Advancement) Model of Bangladesh. Some of the ASA Model's characteristics are: (a) Quick growth of customer coverage because a credit officer is required to serve three groups of customers living nearby every day; (b) Credit services are given promptly, right during a member meeting; (c) Simple administrative and balance sheetmaking processes; (d) Weekly credit pattern; (e) No compulsory guarantee/ collateral. At present the implementation of the ASA model of financial services is carried out in 8 branches of the Micro Finance Service (PKM) office, i.e : PKM Babakan Sari Branch, Bandung; PKM Boyongsari Branch, Pekalongan; PKM Cikarang Branch, Bekasi; PKM Duta Mekar Branch, Bogor; PKM Kenari Mas Branch, Bogor; PKM Johar Baru Branch, Jakarta Pusat; PKM Penggilingan Branch, Jakarta Timur and; PKM Pulo Jahe Branch, Jakarta Timur. Institutionally, the PKM branches are put under the coordination of the Bina Swadaya Micro Finance Development Center. There are 6920 customers (for savings and loans) of those 8 PKM Branches in 2011, with savings totalling Rp.964.98 million and loans granted to the customers amounting to Rp.2.66 billion. This micro finance service model is called *Credit Led Micro Finance*.

Stake Holders Forum

In 1993 the number of Indonesia's people living under the poverty line is 25.9 million. Through various types of intensive poverty alleviation programs, in 3 years time the number drops to 22.4 million. But, with the prolonged economic crisis the number of poor people shoots up to 49.5 million in 1998.

This severe economic crisis prompts the Indonesian government, with World Bank's assistance, to introduce a number of programs for the people's economic empowerment. And at the same time it tries to reduce the number of people living under the poverty line. These programs are run under the big umbrella of what is largely known as *Jaring Pengaman Sosial* or Social Safety Net (JPS). With Rp 8.9 trillion as supporting funds for the State Budget (APBN) for 1998/1999, the Social Safety Net is intended for 4 main sectors, including: food security, social protection, employment creation, and development of small and medium scale industries..

The JPS implementation incites a number of criticisms from the NGO circle. In short, they point out that:

- 1) The JPS has set the wrong targets. The target groups make up mostly 'freshly poor groups of layoff victims' whereas the number of 'traditionally' poor people, which is in fact larger, has not been attended to by this program.
- 2) JPS fails to set any community empowerment vision. The approach in this program is marked with a crash program, which gives priority to quantity (not quality) followed by a top down process and is lack of transparency
- 3) JPS puts down the community self-help capacity. Many programs with community based and empowerment dimension models and approaches conducted by different technical organizations, NGOs and some community groups have been put aside with the presence of the JPS program.
- 4) False participation. The JPS program does attract NGOs, cooperatives and other mass organizations to take part in implementing the program, but their involvements are mainly due to the pressure from the donor, NOT because of their capacity as community base program executors. On the other side, the JPS Program has boosted the growth of NGOs in regions which are set up only to serve the authorities and their programs. These NGOs are what usually called 'surprise' NGOs, 'red plate' NGOs, 'by order' NGOs, and alike.
- 5) JPS has been infiltrated by political missions (*status quo*). The program, which in the beginning is intended to tackle the social and economic crisis, has been exploited for political interests, particularly by status quo groups.
- 6) JPS caused the government ministries to lose coordination. The JPS program is set as a priority program, and this causes the government departments, relevant or irrelevant, fight each other to win allocations of budget.

In order to prevent this condition from worsening, a number of breakthroughs are needed in these poor people empowerment programs.

Bina Swadaya, after reviewing all weaknesses and strengths of those various poor people empowerment programs conducted by the government and NGOs, finds that apart from all those weaknesses, there are a range of strengths which could be taken as a base for further collective improvement efforts with the spirit of reaching a better New Indonesia. The strengths include the emergence of common approaches in the form of group development, fundings of micro businesses and advocacies.

A large amount of social capital in the form of groups of people set up for the poor people empowerment programs has been generated. Their number is estimated to reach about 1 million. They consist of the Collective Venture Groups/ *Kelompok Usaha Bersama*/KUBE (under Social Ministry's guidance), Welfare Families' Earnings Improvement Scheme or *Usaha Peningkatan Pendapatan Keluarga Sejahtera*/UPPKS (of the National Family Planning Coordinating Board / *Badan Koordinasi Keluarga Berencana Nasional*), Less Developed Village Group / *Kelompok IDT (Inpres Desa Tertinggal)*, results of programs conducted by the National Planning and Development Board and the Ministry of Home Affairs, Forest Farmers' Group / *Kelompok Tani Hutan*/KTH of the Forestry Department, the Small Scale Farmers' and Fishermen's Earnings Improvement Project or *Proyek Peningkatan Pendapatan Petani dan Nelayan Kecil*/P4K (Ministry of Agriculture), Collective Venture Groups, NGOs and others. In term of quality, the conditions of those groups are highly varied. Even if some empowerment touch is to make, any effort applied to those groups could be different. Obviously it would never start from zero.

The experience of the HBK Program (Linking Bank and Community Self Help Group), which is seen as the best practice of Indonesia's micro finance program, brings forward an empowerment program for the poor and, coincidentally, the development of partnership relations among organizations operating in the microfinance services (Banks, Non-Governmental Organizations/NGOs and Community Self-Help Groups), which are carrying strategic values for an effective and efficient microfinance empowerment process. The credit scheme applied to this program could be continued without having to rely on any foreign financial assistance.

Gema PKM Indonesia

The Microcredit Summit (Washington, 1997) reaches an agreement on the principles of microfinance development: 1. Reaching the poor, 2. Reaching and empowering women, 3. Building Financially sustainable institutions, 4. Measurable impact. These above points have inspired us and made up fresh generating elements to improve the microfinance development and services as a **Sustainable Movement**.

And so, we set up the Indonesian Joint Movement for the Micro Finance Development or *Gerakan Bersama Pengembangan Keuangan Mikro (Gema PKM) Indonesia*, which functions as a forum for all micro finance interest holders. This forum is proclaimed in front of the President of the Republic of Indonesia in Jakarta on 10 March 2000. It enjoys supports from a number of banking institutions, NGOs, government offices, research institutes / universities, real sectors, civil society organizations, mass media and donor organizations.

The general aim of Gema PKM Indonesia is to tackle the problem of poverty and socio-economic gap by empowering the society through the micro finance services. And its particular aims include : (a) increasing the quantity and quality of micro finance institutions (LKM) to be able to give optimal impacts; (b) increasing individual, group and funds owner organizations' participations in helping develop the micro finance; (c) improving the capital access for micro entrepreneurs.

Gema PKM Indonesia has held four National Micro Finance Congresses, - in 2002 in Jakarta (first), 2005 in Surakarta, Central Java (second), 2008 in Yogyakarta (third) and in 2012, also in Yogyakarta as the fourth congress. Each of these meetings has been attended by an average of 500 delegates from various organizations.

Gema PKM Indonesia becomes a *vocal point* of the international micro finance network, *Global Microcredit Summit Campaign*, which is established in 1997 and appoints Washington as its headquarters. As a vocal point, Gema PKM Indonesia coordinates the Indonesian delegations to the *Asia Pacific Regional Microcredit Summit* in New Delhi (2000), and in Dhaka (2004), *Global Microcredit Summit* in Halifax, Nova Scotia, Canada (2006) *Global Microcredit Summit* in Valladolid, Spain (2011) and as the *co-host* Gema PKM Indonesia holds the *Asia Pacific Regional Microcredit Summit* in Bali (2008) which is attended by 1100 participants from 56 countries. Gema PKM also collects the results of micro finance services in Indonesia for the publication of the Global Micro Finance Movement's achievement..

In 2008 Gema PKM in cooperation with Universiteit Leiden (Holand), University of Pajajaran (UNPAD, Indonesia) and Mediterranean Agronomic Institute of Chania (MAICH, Greece) formulates the new program of Master Degree on Integrated Microfinance Management and Development. This program has been completely set up and is opened on September 2011.

AKSI, Persab Flobamora and AKSI UI

In addition to setting up Gema PKM Indonesia, Bina Swadaya also takes initiatives to give support to other forums of interest holders like the Indonesian Association of Social Entrepreneurship / *Asosiasi Kewirausahaan Sosial Indonesia (AKSI)*, Association of Friends for Development of Flores, Sumba, Timor, Alor etc. or *Perhimpunan Sahabat Bangun Flores, Sumba, Timor, Alor dan sebagainya (Persab Flobamora)* and Institute of Synergy Action for Indonesia / *Yayasan Aksi Sinergi Untuk Indonesia (AKSI UI)*. Regarding Bina Swadaya's involvement in this activity, here's some explanation :

Inspired by the reception of *Social Entrepreneurship Award* from Ernst and Young (2006), the '*Kompas*' daily holds a discussion on social entrepreneurship in 2007 with one of its recommendations calling for the establishment of the Indonesian Social Entrepreneurship Association or *Asosiasi Kewirausahaan Sosial Indonesia (AKSI)*. This recommendation comes into being on 26 November 2009 thanks to the supports from University of Bina Nusantara, Atma Jaya University, Rumah Pembaharu, Ashoka Institute, Nurani Bangsa Institute, Setara Institute, Bina Swadaya and others. The aim of AKSI's establishment is to gather Indonesia's social entrepreneurs, develop their potential and cooperation to optimize their mission's impacts.

On 23 October 2010 Bina Swadaya gives help to the setting up of Association of Friends for Development of Flores, Sumba, Timor, Alor / *Perhimpunan Sahabat Bangun Flobamora (Persab Flobamora)*. **The Persab Flobamora** founding is due to suggestions from various parties, particularly those in East Nusatenggara (NTT) with regard to backwardness of this province compared to other provinces in the sector of development. Persab Flobamora wants to generate the potential, especially human resources outside the NTT province and their friends and sympathizers to work hard for the real development of Flobamora.

In the meantime, Economics Faculty of Universitas Indonesia in celebrating its 60th anniversary, holds 5 seminars on Globalisation, Maritime, Poverty, State Owned Companies or BUMN and Good Governance. In the steering committee meetings which take place almost 20 times the participants discuss different issues on development, from the aspect of paradigm to that of praxis. Out of those 5 themes of the seminar, the one on Poverty is regarded as so serious and important that they wanted to follow up by setting up the Institute of **AKSI UI** (Synergy Action for Indonesia Institute / *Yayasan Aksi Sinergi Untuk Indonesia*) on 10 October 2011.

AKSI UI reviews that during the 67 years of Indonesian independence some social infrastructure has been put in place for the improvement of the people's competence. The social infrastructure is marked with the establishment of millions of grassroots based institutions which aim to help themselves, the establishment of mass organizations and NGOs on agriculture, maritime, labor, environment, consumers' protection, child's

protection, youth movement, women's affairs and others with the mission to help the poorest part of the society on the grass root level. At the same time, various service providing institutes offering services to the public in a wide range of products and services are also set up. AKSI UI wants to act as the 'glue' synergizing all the different functions already available in the general public to effectively work together to achieve optimum impacts for the improvement of the people's competence and to do what they could do to gain the government's supports..

Considering the *Tri Dharma Principle* for Universities consisting of Education, Research and Community Service, AKSI UI invites all universities in all over Indonesia, now totalling to 3400, particularly institutes of community research and service to enforce their binding function by synergizing various local efforts with the impacts of people's competence empowerment. They are called for to act pro-actively with the forums of interest holders as explained above. There are still many other forums which Bina Swadaya still needs to continuously help develop.

Concluding Notes

As the conclusion of this article, it would be better to present Prof. Dr. Ir. Ida I Dewa Gede Raka's reflection in his capacity as the Senior Associate of *Integre Quadro* on Bina Swadaya's leadership. He concludes that Bina Swadaya's leadership is something that gives respect to the human dignity in the society, in the institution and in the family. The application of this principle makes up the leadership which is knowledge based, develops networking and embarks on **compassion**, and the soul of them all is **integrity**.

A lot have been presented in this article – on the presence, activity, thoughts, aims, institutional issues, impacts, friends and other struggles experienced by Bina Swadaya during its 45 years of life. There are still many other untold stories which have not been presented here. This latter part still can be done in another opportunity and by another person. Of course, Thank God, is the best thing we must do to conclude this article. It's been unthinkable, that with the starting capital of Rp.10,000 (about US \$100) in 1967, - causing the Notary, Gwang, to get deeply moved in making notes about the glorious ideas of a few young persons as the founders who then said that the cost they had to pay to the Notary was their first donation to this institute – Bina Swadaya can survive for 45 years and grow up to become an independent organisation supported by thousands of employees with various activities to serve the community with all its impacts for the community empowerment. God must have been working within all this. Thank You, God, You have taught us to serve and help, strengthen and guide the entire life Bina Swadaya. Thank you to all friends inside and outside Bina Swadaya. Be our friends always during our long and long travel ahead.

Desember, 2012