

A PROPOSED MANAGEMENT MODEL OF PNPM MANDIRI: LESSON LEARNED FROM PNPM MANDIRI AT BANYUMAS REGENCY POSTCOMPLETION OF PNPM PROGRAM

Haryadi*, Laeli Budiarti*, Dijan Rahajuni*, Sri Lestari* and Refius P Setyanto*

***Abstract:** The aim of this study is to develop a new management model of PNPM Mandiri after the end of this program in Banyumas Regency based on stakeholder's expectation. Informants consist of PNPM organizer, facilitator, and the community who received revolving fund at both types of PNPM Mandiri, urban and rural areas. We employ qualitative and quantitative techniques to analyze the data. Based on the interview with its stakeholder, they have strong expectation to transform rural PNPM Mandiri into rural public corporation, that is Micro Finance Institution. They also expected that forty percent of institutional ownership is belong to Agency Cooperation Among Villages (Badan Kerjasama Antar Desa/BKAD) at district level and the rest is belong to joint venture village-owned business enterprise (Badan Usaha Milik Desa/BUM Desa).*

***Keywords:** Management, fund, PNPM Mandiri, rural, Micro Finance Institution.*

1. INTRODUCTION

PNPM Mandiri is a national program that is run by all parties to overcome poverty and the expansion of employment opportunities through community empowerment efforts to improve empowerment and his independence in the the purpose of improvement of quality of life and level of social welfare (anonymous, 2008). PNPM Mandiri program beginning in 2007 pioneered in Urban PNPM as a continuation of the urban poverty reduction Program (P2KP) implemented since 1999. Starting in 2007 the PNPM Mandiri P2KP directed to support an increase in the human development index (HDI) and the achievement of the targets of the Millennium Development Goals (MDGs) thus achieved a reduction of poverty by 50% in 2015. In 2008, P2KP Program set to be a National Urban Community Empowerment (Urban PNPM-Mandiri).

* Lecturer at Economics and Business Faculty, Jenderal Soedirman Univesity Purwokerto, Indonesia, E-mail: hariyadi_fe@yahoo.com; laelibudiarti@gmail.com; dijan_rahajuni@yahoo.com; cicimanajemen@gmail.com; refisetyanto@gmail.com

The community is the main actor of Rural PNPM Mandiri at the stage of planning, implementation and preservation. While the perpetrators of other players at the village, district, county and so on serve as executor, facilitators, mentors and patrons so that the objectives, principles, policies, procedures and mechanisms of the PNPM Mandiri Rural reached and implemented correctly and consistently. The perpetrator in the village is the perpetrator-perpetrators based and was instrumental in the implementation of the PNPM Mandiri in Rural villages.

Based on the implementation data report of Rural PNPM-Mandiri, it is known that among 21 regions of Banyumas regency, the amount of revolving fund rotation up to June 2014 as much as Rp289.003.270.800,-. Total assets per June 2014 is Rp94.993.439.748 which consists of Productive Economic Activities (UEP) as much as Rp14.683.672.436 and Woman's Savings and Loans (SPP) is Rp80.309.767.312. Meanwhile, at Urban PNPM-Mandiri, it is known that up to June 2014, this institution has a total capital on Self-help Group Community as much as Rp13.615.591.934, with the amount of deposits as Rp445.220.595 and loans as much as Rp13.126.258.309, spreading at eight districts in Banyumas Regency.

Previous Study with Rahajuni et al. (2009; 2010) conducting research on the role of the PNPM Mandiri program in Banyumas Regency to alleviate poverty. The results of research on the impacts of the implementation of the District Development Program (PPK) which is part of the Rural PNPM Mandiri in 2009 found that the program has been able to increase the income and welfare of society. While research in 2010 about the analysis of the distribution of people's income beneficiaries of Rural PNPM Mandiri shows that the distribution of revenues equalization can be categorized as modest. Further research in the year 2012, Rahayuni found that the level of response of the community towards the PNPM program are in the category of modest, while empowering the community already in the stage of "has changed". The precision of the PNPM program offered in an attempt to alleviate poverty are in the category of very good but haven't been able to liberate the poor from poverty so that they haven't been able to live prosperously.

Along with the end of the reign of President Susilo Bambang Yudhoyono in 2014, society began to questioning the sustainability of PNPM program. Many people discuss some speculation, from the best to the worst scenario regarding the funds that keep revolving in societies. Some emerging opinions are, for example, those revolving fund must be returned to government, distributing institutional (PNPM Mandiri) assets for each village, or the money does not need to be returned since the program has been completed. These discourses spread widely throughout Indonesia. In order to avoid the funds disappearance along with the expiration of the PNPM Mandiri, then the village should immediately form a business entity or

a co-operative in order to save those funds. The practical contribution of this study is to propose a new management model to save the revolving funds, which is appropriate with the laws.

Law No.1 of 2013, which is set out on January 8, 2013 on microfinance institutions provides direction for legal forms, organizational change and management of post completion of PNPM program. The alternative forms of the legal entities specified in law No. 1 year 2013 are cooperatives and limited liability company. However, based on field study, it is known that there is still no agreement yet among the PNPM actors about legal entity form to be used as the legal umbrella of the existence of the PNPM. Therefore it needs to be studied further to determine the most appropriate and acceptable form of a legal entity by all parties. Furthermore in order to ensure that the specified legal entity can be understood and implemented by the stakeholder, then it needs to constructing a new management model and academic texts of organizational change of Rural and Urban PNPM Mandiri in the Regency of Banyumas in accordance with the form of a legal entity is selected. The proposed model should accommodate the expectations of all stakeholders so that the sustainability of the program remain guaranteed even though the government of President Susilo Bambang Yudhoyono as the originator of the program has completed in 2014.

2. RESEARCH METHOD

Population and Data Collecting Technique

The population of this research are the actors of Urban and Rural PNPM Mandiri, consist of: the responsible managers at the regency level, the responsible managers at the district level up to the village level (Urban PNPM in 8 districts and Rural PNPM in 21 district), facilitators, community or people who enjoy the benefits of the program. The informants were selected purposely, in order to find opinions that may represents their institution.

In-depth interviews were conducted against a number of informants to collect some information. The interview was conducted until the last informants provided information that resembles the information provided by informants earlier. The number of informants in this study was 88 people. The results of the interview are analyzed with the reduction of the sentences from the results of the interview and pay attention to keywords like funding, poverty, income generation, funding efforts, the PNPM, sustainability of the PNPM, cooperatives, limited liability company (PT) and so on. We verified the information with data cross-checking, particularly with secondary data from fund management report program PNPM Mandiri in each district. In addition to interviews, data is also collected through

forum discussion groups or commonly known as the FGD (Focus Group Discussion).

Methods of data processing and presentation of Data

The data collected were processed by employing data reduction method, data display and data categorization which is based on comparisons of analytical methods (Moleong, 2001). Data that has been processed were presented in the form of a narrative description text, logical and rational in accordance with the position of the data importance. In addition, data were presented in the form of a matrix representation of the data in the table form that is filled with interviews or observation description.

Data Quality Testing

Data quality were examined by employing triangulation source, comparing and checking the degree of confidence level of any information collected during research process. We followed Moleong (2001) recommendation when employing method triangulation, checking the research finding with multiple data sources with the same method.

Analytical method

We employed qualitative analysis which emphasized on the model comparison analysis and data interpretation. Qualitative data were analyzed using content analysis. Documents as secondary sources, and informants statements, were grouped with the consideration of their relevance.

3. RESULTS AND DISCUSSION

(a) The Selection of Legal Entities for PNPM Banyumas Regency

Community empowerment program since it was first born in 1994 to 2014 is limited as a program. From political point of view, the empowerment of poor society is limited on the interest of ruling government. Since empowerment of rural poverty alleviation program (IDT) was born in 1994, P3DT in 1996, PPK in 1998, and PNPM-MP in 2006, none of the programs are realized or included in the body of national legislation program (Prolegnas) Badan Pembinaan Hukum Nasional. This results in the absence of legal status that guarantees the principle of legality and legal certainty in the implementation and sustainability of the program in the future. This has resulted PNPM-MP weakness that has spent a very large money that sourced from foreign debt, ends simultaneously with change of ruling government.

In the guidelines of structuring and capital protection activities of PNPM-MP, Ditjen Pembangunan dan Pemberdayaan Masyarakat Desa, issued on March 27, 2015, Chapter V on Public Ownership of Capital Assets/Revolving Fund, Letter (A) on General Provisions states that:

In principle, all revolving fund assets resulted from PNPM-MP are the property of the villagers in the districts, which then needs to be regulated of the governance of its ownership, in order to meet well-ordered administration and accountability;

Provisions in the Guidelines of Structuring and Capital Protection of PNPM-MP should be understood as a mandate of public funds in a district. Since the declared of program completion in the end of 2014, the results of the implementation of the program in the form of revolving fund assets become legally problematic. The legal status of ownership and asset management system of revolving fund into the problems to be solved as sooner as possible.

Law No. 1 year 2013 on Microfinance Institution may be viewed as anticipative step for overcoming the problem. Coordinator Minister of People's Welfare (Menkokesra) instructs the revolving fund agency to select a legal entity by the decision letter of Ministry No. B.27/MENKO/KESRA/I/2014, dated Januari 31, 2014. This is a follow-up step under the direction of the Vice President as Chairman of the National Poverty Reduction Acceleration Team (TNP2K). The Ministry Letter mention before contains instructions on a choice of three forms of legal entities, namely cooperative, Legal-body Assembly, or limited liability company. This legal entity is required to ensure the sustainability of its services in meeting the needs of the loan funds to the productive poor community, i.e. with:

- (a) protecting the Community Empowerment Amanah Fund (Dana Amanah Pemberdayaan Masyarakat) as a replacement name for "Society's Revolving Fund " and its assets.
- (b) protecting the managers in terms of the law.
- (c) Opening the oportunites for DAPM to work closely with other community empowerment programmes, including access to financing sources

As for the purposes of the application of the legal entity form is to:

- (a) provide a legal aspects clarity over ownership and protection of the community's property assets
- (b) provide protection for the manager in the case of community-owned asset management
- (c) provide clarity for the separation of BLM management and the DAPM management.

- (d) Open the opportunities for developing DAPM by cooperation with other community empowerment program.

The existence of the Menkokesra Letter, has published before the end of PNPM-MP, substantively as a symbol or a positive signal upon rescue the PNPM-MP assets. Spirit to make changes in institutional emerged before the end of the PNPM-MP.

The law on village, give opportunity to setup a rolling fund assets of PMPN-MP, through the provisions set forth in Article 92 paragraph 3 of the Law on Village, which gave space to the village to conduct cooperation among Villages held by the Agency Cooperation Among Villages (BKAD), which is regulated in head of Village common regulation.

The form of the legal entity which is appropriate for BKAD is Legal-Body Assembly. This legal form is based on Staatblad 1870 Number 64 *juncto* Article 1653 up to Article 1665 Code of Civil Law *juncto* Regulation of the Minister of Justice and Human Rights of the Republic of Indonesia Number 6 year 2014 on ratification of legal society is recognized as a legal entity.

As founder of the Association of Legal Entity of BKAD is BKD in the district concerned, so that it is not possible to transfer of individual ownership or in other words, transfer of ownership because of inheritance is not possible.

BKAD as a legal entity incorporated in the form of legal association opens the possibility of a party that has a stake in several business units of Village-Owned (BUM Desa) in the form of a limited liability company. UPK PNPM-MP revolving funds which has been declared ended programmatically, should be able to change from the program perspective to the legislation system.

Transformation of UPK PNPM-MP revolving fund is aimed at ensuring legal certainty and satisfy the principle of legality of legal status in order to preserve and develop the revolving fund assets of PNPM-MP. UPK PNPM-MP revolving fund which was originally a project or program that is initiated and driven by the government towards the independence to preserve and develop the fund belong to the community or village under BKAD.

Based on the descriptions of the BKAD institutional setup above, the appropriate transformation for UPK Revolving Fund of PNPM-MP is a partnership between joint venture village-owned business units among villages by forming a Common Village-Owned Business under BKAD. UPK Revolving Fund is placed as one of the common business units under the BUM Desa. The basic consideration of the transformation are as follows:



Figure 1: Transformation Schema of UPK Revolving Fund Rural-PNPM Into Joint Venture Village-Owned Business Enterprise

- (a) The enactment of law number 1 year 2013 about microfinance institutions juncto the Rule of Financial Services Authority Number 12/POJK-5/2014 regarding the procedures for the establishment of microfinance institutions.
- (b) Article 58 Law No. 7 of 1992 about Banking juncto Act No. 10 of 1998 on Amendment of Act No. 7 of 1992 about Banking.
- (c) Transformation phase of UPK Revolving Fund of PNPM-MP towards joint venture village-owned business unit under BKAD.

With the enactment of LKM legislation, then any activity of financial institutions specifically established to provide business development services and community empowerment, either through loans or financing in micro-scale business to members and the public, the management of deposits, as well as granting business development consulting services that do not solely seek profit should be subject to the laws that govern about microfinance institution (LKM).

Institutions that conduct business development services and empowerment of the community, either through loans or financing in micro-scale business, is obligated to obtain a business license from the Financial Services Authority (Otoritas Jasa Keuangan) by one (1) year since the legislation implemented, thus regulated in Article 39 paragraph 2 of Micro Finance Institution Legislation juncto Article 29 and Article 30 POJK Number 12/POJK-5/2015.

Based on the provisions in Article 5 of the Micro Finance Institution Legislation juncto article 2 12/POJK-5 Number POJK/2014, it set that the legal entity of LKM (MFI) is a limited liability company or cooperative. If the legal entity is a limited liability then its shares of at least 60% (sixty percent) is owned by the local government (regency or city) or village-owned business unit, and the rest could be owned by Indonesian citizens and/or cooperative.

In addition to considering the juridical aspect, the transformation of UPK Revolving Fund PNPM-MP into joint venture of business entity belonging to the village, also consider the provision of Protection Guidelines for Structuring and Capitalization Activities of PNPM-MP, Directorate General of Development and the Empowerment of Village Community, March 27, 2015 set that:

1. Revolving Fund resulted from PNPM-MP's activity belong to communities that represented by the village government (head of village). Revolving Funds should be split evenly over the entire Village in one district, on the condition that the division is meant only for the purposes of asset administration (village-owned). Thus, there is no division of funds in physically, or no transfer of funds from the UPK account to any village.
2. Revolving funds are recorded as village's asset, its management must be handover to the Agency Cooperation Among Villages (BKAD) through Record of Transfer by each village.
3. Revolving funds may be used as capital for the formation of BUMDesa and/or BUMDesa among villages which is belongs to those villages in one district area. This is done to develop business between villages.

Under the provisions of the above, the transformation process of UPK Revolving Fund of PNPM-MP should follow the stages of the grant, the grant starting from UPK PNPM-MP to BKAD as outlined in the Text of the Grant Agreement. BKAD then granted back to the village through the village APB mechanism, according to the provisions set forth in article 17 and article 18 of Ministerial Regulation Villages.

The grants given to the village later become a capital investment for the establishment of a joint venture village-owned business in the form of a limited liability company engaged in microfinance institutions. The only institution that may obtain capital participation from village government is Village-Owned Business Unit (Badan Usaha Milik Desa/BUM Desa). In this regard, the transformation of UPK Revolving Fund of PNPM-MP is more appropriate if changed into a Joint Venture Village-Owned Business Unit.

The achievement of agreement in the discussion forum between the villages organized by BKAD is very important before BUM Desa handling over the capital

sourced from a revolving fund grants of PNPM-MP into Village-Owned Business Units. Transformation schema of UPK Revolving Fund is shown in fig. 5.

(b) The PNPM Mandiri Management Model in the Regency of Banyumas Post Completion of the Program

Based on the explanation above it can be concluded that the former Implementation Unit Activity or UPK of Rural PNPM-Mandiri will be transformed into a Joint Venture Village-Owned Enterprise (Unit Usaha Bersama Badan Usaha Bersama Milik Desa) with legal form as PT. LKM Ek.UPK PNPM-MP. The stockholder of PT. LKM consists of Agency Cooperation Among Villages (BKAD) by 40 percent and 60 percent hold by a Joint Venture Village-Owned Enterprise at district level.

Figure 2 shows the formation of BKAD at district level that comes from several Village Cooperation Agencies (BKD) of villages in the districts, while Figure 3 shows the formation of a Joint Venture Village-Owned Enterprise (BUM Desa Bersama) originating from several villlages-owned enterprise in the districts.

The position of BKAD in the implementation of government program and local government scheme of cooperation among villages, as executor coordinator. The implementation of these activities are conducted through BKAD work units, in accordance with their function as a provider of social and civic affairs, or community empowerment, security and public order and the economic affairs as shown in the figure 4.

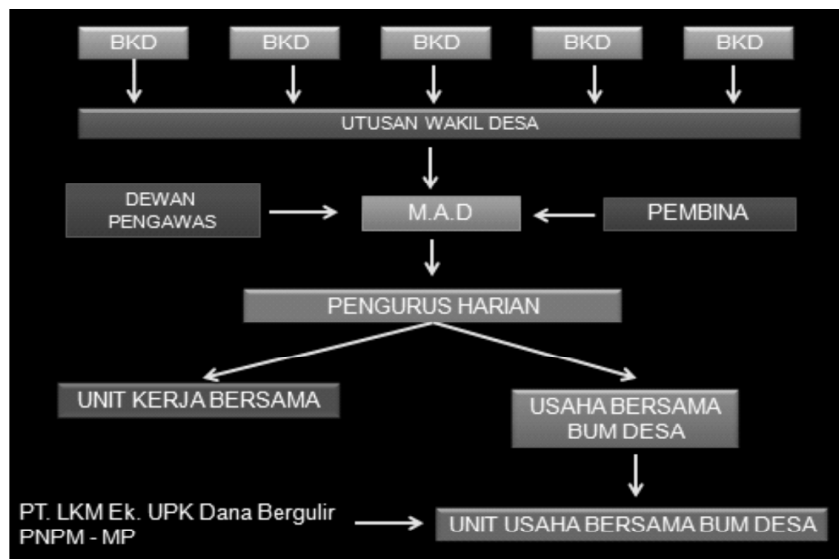


Figure 2: Formation of Agency Cooperation Among Villages (Badan Kerjasama Antar Desa/BKAD) at District Level



Figure 3: Formation of Joint Venture Village-Owned Enterprise



Figure 4: Formation of BKAD Work Unit

Thus the existence of a joint venture Unit BUM village with a form of legal entity, PT. LKM Ek. UPK PNPM-MP at district level is a manifestation of BKAD's works unit in economic function. The transformation of UPK Revolving Fund from

UPK PNPM-MP into a joint venture can be described in figure 5, while figure 6 shows the transformation scheme of UPK Revolving Fund.

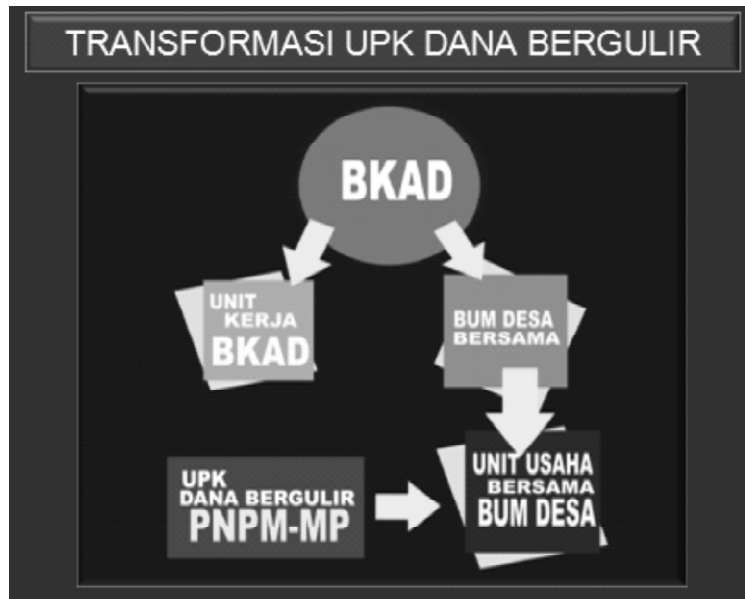


Figure 5: Transformation of UPK Revolving Fund Become Joint Venture Village-Owned Enterprise

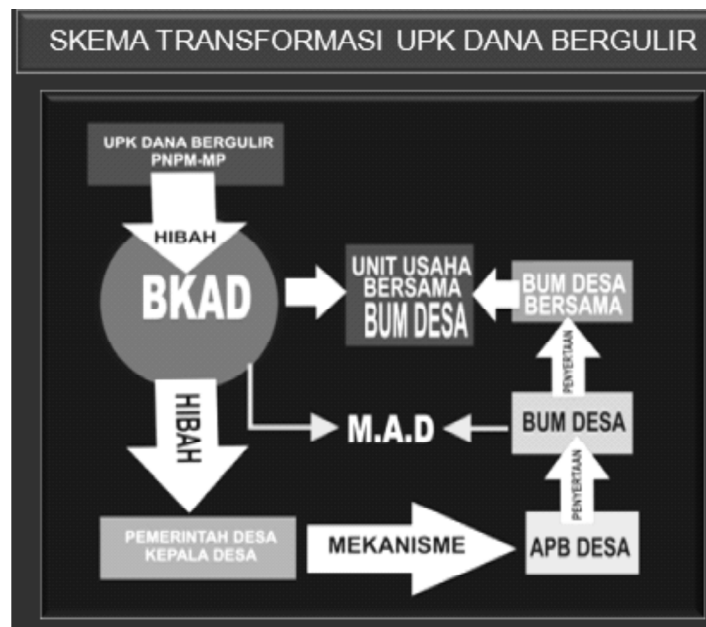


Figure 6: Transformation Schema of UPK Revolving Fund

In Banyumas Regency, the transformation of UPK Revolving Fund's into a Joint Venture Village-Owned Enterprise in the form of PT LKM which will be engaged in micro finance institutions have been agreed by 21 districts on the Joint Forum of BKAD, BP UPK UPK PNPM MPd on June 13, 2015.

4. CONCLUSIONS

1. The former Implementation Unit Activity (UPK) of Rural-PNPM Mandiri will be transformed into Joint Venture Village-Owned Business Enterprise (Badan Usaha Milik Desa/BUM Desa). The legal entity of this new institution is Limited Liability Company engaged in microfinance institutions.
2. The stockholder of this Limited Liability Company of Microfinance Institution (PT. LKM) consists of Agency Cooperation Among Villages (Badan Kerjasama Antar Desa/BKAD) by 40 percent and Joint Venture Village-Owned Business Enterprise (Badan Usaha Milik Desa/BUM Desa) by 60 percent.
3. With regard to the transformation of UPK Revolving Fund of PNPM-MP and the Institutional Setup of BKAD at PNPM version towards BKAD in Village Act, it can be inferred that the BKAD of Village Act version is the only form of cooperation among villages in one district.
4. According to the village legislation, the BKAD has 2 (two) management function, BKAD Working Unit and joint venture village-owned business unit that can establish several joint venture village-owned business units.
5. BKAD work units devoted to the management of community development activities that are not solely economic benefits oriented, but more on the management of (local) government programs.
6. BUM Desa intended for management in the field of business development-oriented rural economy gains.
7. The transformation of UPK Revolving Fund of PNPM-MP is more appropriate in the form of common business unit of BUM Desa under BKAD.
8. The transformation of UPK Revolving Fund of PNPM-MP toward a joint venture village-owned business unit is based on juridical considerations to provide legal certainty and suit to the principle of legality.

References

- Anonim, (2007), *Pedoman umum PNPM Mandiri*, PNPM Mandiri.
- _____, (2010), *Kabupaten Banyumas Dalam Angka*, BPS Kabupaten Banyumas.
- _____, (2011), *Kabupaten Banyumas Dalam angka*, BPS Kabupaten Banyumas.

- Boediono, (2013), *Perbaiki Tata Kelola PNPM Mandiri*, <http://www.republika.co.id>, diakses tanggal 5 April 2013.
- Fetterman, D.M., dan A. Wandersman, (2005), *Empowerment Evaluation Principles in Practice*, The Guilford Press, New York.
- Moleong, Lexy J, (2001), *Metodologi Penelitian kualitatif*. Penerbit PT Remaja Rosda karya Bandung.
- Mulyoto dan Agung Budi K, (2014), *PNPM-Mandiri Perdesaan Kabupaten Banyumas-Propinsi Jawa Tengah*, Laporan pelaksanaan bulan Juni 2014 yang tidak dipublikasikan.
- Purwanto E., (2012), *Dana Simpan Pinjam Perempuan Terancam Melayang*, <http://www.pikiran-rakyat.com>, diakses 25 Maret 2013.
- Rahayuni Dijan, Endang Sri Gunawati dan Suprpto, (2009), *Dampak Pelaksanaan Program Pengembangan Kecamatan (PPK) Dalam Mengentaskan Kemiskinan Di Kabupaten Banyumas*, Laporan Hasil Penelitian Universitas Jenderal Soedirman-Purwokerto yang tidak dipublikasikan.
- Rahayuni Dijan, Endang Sri Gunawati, Emmy Saraswati dan Asteria Pudjiantini, (2010), *Distribusi Pendapatan dan Faktor Yang Mempengaruhi Pada Keluarga Miskin Di Kecamatan Kedungbanteng Kabupaten Banyumas*, Laporan Hasil Penelitian Universitas Jenderal Soedirman-Purwokerto yang tidak dipublikasikan.
- Rahayuni Dijan, (2012), *Evaluasi Dampak Pelaksanaan Program Nasional Pemberdayaan Masyarakat Mandiri Perkotaan Dalam Pengentasan Kemiskinan Perkotaan Di Kabupaten Banyumas*, *Solusi*, Vol. 11 No. 3 / Juli 2012.
- Rahayuni Dijan, Herman Sambodo, Rusmusi Indranjoto, dan Lilis Siti Badriah, (2012), *Partisipasi Masyarakat Dalam Program Pengentasan Kemiskinan Di Kecamatan Baturaden Kabupaten Banyumas*, Laporan Hasil Penelitian Universitas Jenderal Soedirman-Purwokerto yang tidak dipublikasikan.
- Sumodiningrat, G., (2002), *Memberdayakan Masyarakat Perencana kencana*, Nusadwina : Jakarta.
- Sunyoto, U, (2003), *Pembangunan dan Pemberdayaan Masyarakat*, Pustaka Pelajar Yogyakarta.
- Undang-undang No. 1 Tahun (2013), *Tentang Lembaga Keuangan Mikro*, Sekretariat Negara, Jakarta dan www.hukumonline.com