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AN ASSESSMENT OF INDONESIAN NGO
SMALL ENTERPRISE DEVELOPMENT PROGRAMS

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EXECUTIVE SUMMARY

Purpose and Objective

In recent years there has been considerable interest among private voluntary organizations (PVOs) and donor agencies in the role of small enterprise development in strengthening the economics of less developed countries worldwide. Following the USAID-sponsored Small Enterprise Development Workshop held in Washington, D.C. in November 1983 and the Pisces II Asia Regional Workshop held in Manila in February 1984, USAID/Jakarta determined to find out more about the capabilities and effectiveness of Indonesian non-governmental organizations (NGOs) carrying out small-scale enterprise (SSE) development programs. An independent consultant and an Indonesian counterpart were contracted to conduct an initial assessment of various NGO programs in enterprise development. The major issues addressed in this assessment are as follows:

- What are the respective strengths and weaknesses of selected NGO SSE development Programs? How effective are these programs? How might they be improved?
- What Indonesian institutions have the capacity to provide relevant technical backstopping--staff training, consultation on program design and management--to ongoing NGO programs?
- How might USAID most effectively support current and future NGO activities in SSE development?

Indonesian NGO SSE Development Programs: Some General Findings

During this three-month study, we conducted interviews with program staff and fieldworkers of 12 different NGOs and also visited their project sites to observe ongoing SSE activities, interview their small

entrepreneur clients and to assess what benefits were accrued through NGO interventions and what aspects of the programs might be improved. Our findings are highly subjective, based on what data we were able to gather in our brief visits, the interviews and questionnaires we used, and follow-up discussions. Some of our major findings are as follows:

Indonesian NGO small enterprise development programs are diverse, aimed at a wide variety of micro-entrepreneurs, involving numerous types of NGO interventions, and producing a wide range of benefits. Almost all NGO SSE programs are designed to reach the poorer segments of the population, frequently the very poor and marginal sectors. These include traditional artisinal craftsmen, home manufacturers, fishermen, small-scale processors of agricultural products, pedicab drivers, street vendors and small grocers, among others. All NGOs seek to develop beneficiary groups (pre-cooperatives) as mechanism for channeling assistance and to support members' individual and collective enterprises. While these beneficiary groups often have revolving credit funds as well as collective materials purchase, production and marketing functions, NGOs also intend them to generate increased community self-reliance and solidarity and contribute to an overall improved quality of life.

NGOs usually employ combinations of assistance components in their SSE programs. As mentioned, all utilize beneficiary groups and so offer instruction in group organization, management and bookkeeping. Some NGOs offer assistance in production management, marketing, and in providing specific production skills training. Others provide low-interest credit to groups and group members, or provide the initial means of production -- land, seeds, simple equipment, fertilizers, breeding stock -- to extremely disadvantaged clients on a loan basis.

Current NGO programs in enterprise development are producing a number of benefits. Because of the stress on the beneficiary group approach, the socio-political benefits--increased equity, popular participation,

self-reliance and self-esteem of the entrepreneur, and broader community spread effects--are more noticeable and often cited by client groups. Certain economic benefits, such as increased personal income and productivity, and the creation of additional employment opportunities, are also being produced by some NGO programs. Lobbying efforts by some larger NGOs have had some positive, though still minor, effects on national government policy towards small entrepreneurs and the beneficiary groups.

Despite the benefits being produced, NGOs have some common weaknesses that will have to be addressed before their programs can be truly effective in responding to the needs of Indonesian small entrepreneurs. These weaknesses include the following:

Because of their own uncertain financial circumstances and dependence on outside sources of funds, NGOs are unable to attract high-quality, experienced personnel. Also, because promotional opportunities within NGOs are limited beyond the "middle management"/technical support positions, NGOs have a relatively high staff turnover rate, frequently losing their most experienced staff who see fewer and fewer opportunities for personal development and significant remuneration within their respective NGOs. This "brain drain" has a damaging effect on the overall continuity and effectiveness of NGO programs.

The current ready availability of donor agency funding has pushed NGOs to shift program emphasis from careful staff development and maximal utilization of scarce resources to producing highly visible outputs thought to be desired by donor agencies. Programs are less cohesive and new staff are less prepared to assume the responsibilities vacated by their more experienced predecessors.

Many NGOs do not have a clear concept of what is involved in SSE development. They view their programs as "income-generating activities" without seriously considering the long-term economic viability of such activities.

Even those NGOs with a comprehensive vision of SSE development requirements generally lack the institutional and staff capabilities to provide meaningful technical assistance and problem-solving services to individual entrepreneurs. NGO staff lack technical business skills and experience, specifically small business management, accounting and financial management, product development and design, and marketing. Program activities are rarely accompanied by relevant market research and/or feasibility studies, even for problem-solving purposes.

Perhaps because they themselves lack solid business instincts and experience, NGOs are generally weak in motivating individual entrepreneurial attitudes and behavior, or they fail to recognize where such motivation is needed for their clients' business success.

NGOs tend to think small in the design and implementation of their SSE development programs. They do not give enough consideration to enterprise sustainability through developing economies of scale or establishing linkages with larger economic sectors. There also tends to be a lack of commitment to replicating or institutionalizing successful programs.

There is a general reluctance amongst NGOs, especially larger ones, to cooperate on issues of mutual concern, to share information and resources, and to learn from each other's program successes and failures.

Small Business and Entrepreneurship Training Institutions

There are several Indonesian institutions that offer consultation and training courses on small business management and entrepreneurship. These included private institutions, small business colleges and specific NGOs themselves. Some offer regularly scheduled training programs at their own facilities while others receive special training requests from clients and design training packages to meet the client's needs. We visited eight different Jakarta-based training institutions, interviewed program coordinators and trainers, and reviewed training materials. We also conducted interviews with former participants of many of the training programs. Mansour Fakhri, a co-author of this report, has participated as a trainer and materials developer at most of the institutions we reviewed. Our assessments of the institutions and training packages draw heavily on his experience and familiarity with the training materials and methodologies as well as the trainers' capabilities at the respective institutions. Our major findings include the following:

a. The available small business and entrepreneurship training programs utilize three basic approaches:

- Managerial and Technical Business Skills, in which the focus is on providing necessary business management, accounting and marketing skills to the small entrepreneur.

- The Beneficiary Group Approach, in which the emphasis is on the formation and development of pre-cooperative support groups as a means of overcoming poor communities' socio-political and economic problems. These training programs develop skills in group administration, financial management, production skills and marketing.

The Entrepreneurial Character-Building Approach, in which the basic assumption is that proper business attitudes, instincts and behavior are the first things that must be developed in a successful entrepreneur before providing more technical operational skills.

- b. Some good training courses are offered in developing pre-cooperative groups, simple accounting and business auditing systems, entrepreneurial attitude-formation, and marketing. Any of those courses might be of value to NGOs wishing to upgrade their SSE development capabilities. Attention should be given to selecting the course most suited to NGOs' particular program needs, and also to obtaining the best trainers for a particular course.
- c. Most training centers that offer regularly scheduled courses no longer conduct systematic needs assessments of their intended participants as an important feature of participatory adult education. Their increased training experience has not led them to refine and improve their participatory methodologies but rather to rely on their own expertise in designing training curriculums and materials.
- d. Only a small minority of the training institutions have programmed post-training monitoring of participants' progress and problems. None of the institutions we reviewed had a comprehensive system by which to measure the actual value of its training material in increasing participants capabilities to provide SSE development assistance upon returning to their field duties.
- e. Most of the training institutions are currently facing problems maintaining and upgrading their training standards due to high staff mobility. Even the best training packages are sometimes less effective because the current training staff are less capable and experienced than their predecessors.

Recommendations for Improving NGOs' Program Effectiveness

a. NGOs should begin to move beyond the beneficiary groups and provide technical assistance and problem-solving services directly to the individual entrepreneurs. Efforts to stimulate and develop proper business attitudes and behavior in the individual entrepreneurs are extremely important. This is not to suggest that the beneficiary group approach should be abandoned, but simply to stress that small entrepreneurs' individual business problems are not being solved through beneficiary groups and require specific attention.

b. In order to provide meaningful services to individual entrepreneurs, NGO staff must be able to identify small business problems and offer appropriate and practical solutions. To do this, NGO staff capabilities require significant upgrading, particularly in motivational skills, small business management, practical bookkeeping, product development and design, cost calculation and pricing, and finally promotional and marketing skills. It is possible for such skills to be acquired at any number of the existing training institutions. Selection of the most appropriate training courses should be based upon which acquired skills are most relevant to a particular NGO's program activities and clients' needs.

c. NGOs should seriously consider how to best improve the long-term economic viability of their clients' enterprises. Relevant market research and feasibility studies should be conducted to determine product and enterprise viability. Increased production and marketing relationships between small enterprises themselves should be investigated as well as the possibility of establishing linkages to larger economic sectors. NGOs should seek increased cooperation with the private business sector as sources of capital, business expertise, and product development and marketing capabilities. Cooperation between NGOs themselves must also be increased in the area of SSE development. More sharing of relevant program information and experience is needed. NGOs should also

investigate ways in which their respective strengths might be joined in common program efforts and how specific program successes--product designs, production efficiency measures, effective marketing strategies --might be replicated by other NGOs in other areas.

Recommendations for USAID

a. In considering future SSE development program funding requests, USAID should inquire into the NGO's staff capabilities to provide more individual consultation to its entrepreneur clients, the NGO's marketing capabilities, program evaluation standards and prospects for developing sustainable small enterprises.

b. USAID can make available funds for upgrading NGO staff skills at some of the small business and entrepreneurship training institutions. Attention should be paid to how such training is relevant to a particular NGO's program goals and how the acquired knowledge and skills will be utilized in actual SSE development activities. Specific attention should be given to courses providing entrepreneurship motivational skills, practical bookkeeping, product development and marketing.

c. USAID might request that some of the earmarked outreach funds in its \$4 million grant to the Institute for Management Education and Development (LPPM) be utilized to adapt LPPM's Small Business Appreciation Course to better suit NGO needs. Such funds might also be used to adapt LPPM's simple cash entry only accounting system (CEOS) to a variety of small enterprises. This accounting system, if made more universally applicable, would provide an initial and practical tool for NGOs to offer their clients as a means of separating personal and business assets, and for measuring small enterprise profitability.

d. USAID/Jakarta can request that USAID/Washington sponsor a comprehensive evaluation of Bina Swadaya's pre-cooperative program and/or LPJES's small industries development (PIK) program. Both programs are well-established and employ a variety of assistance components. The results of such in-depth evaluations would provide invaluable resource material for improving ongoing enterprise development programs and aiding in future program design, implementation and evaluation. (Refer to past cable communication--STATE 105370 and JAKARTA 17368--about this possibility.)

e. USAID might consider sponsoring a Small Enterprise Development Workshop in Jakarta and similar to the November 1983 USAID workshop. Such a workshop would draw together NGO SSE program planners and practitioners, private sector small business professionals, entrepreneurship trainers and educators, and PVO and donor agency staff. The major issues to be addressed would be as follows:

- A discussion of the major goals and benefits of small enterprise development. What are NGOs trying to achieve?
- Outlining important considerations for program planning, implementation and evaluation in the achievement of those goals and benefits.
- Consideration of how available NGO and private resources might be jointly used to increase overall SSE development program effectiveness.

Such a workshop would provide an initial forum for discussion of the above crucial issues, and might lead to at least two possible results: a small enterprise development resource center actively supported and utilized by all NGOs and private institutions interested in SSE development, and the collective design of a comprehensive SSE development training package, aspects of which might be applied to address the specific needs of each individual NGO.

TABLE OF CONTENTS

	<u>Page</u>
 <u>EXECUTIVE SUMMARY</u>	
-- Purpose and Objective	i
-- Indonesian NGO SSE Development Programs: Some General Findings	i
-- Small Business and Entrepreneurship Training Institutions	v
-- Recommendations for Improving NGOs' Program Effectiveness	vii
-- Recommendations for USAID	viii
 <u>SECTION ONE - INTRODUCTION</u>	
-- Purpose of this Assessment	1
-- Methodology	2
-- Small-Scale Enterprise in Indonesia	3
-- Benefits, Costs and Causality	5
-- NGO Small Enterprise Development Programs in Indonesia	7
 <u>SECTION TWO: A LOOK AT SOME NGO SMALL ENTERPRISE DEVELOPMENT PROGRAMS</u>	
Introduction	11
1. Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial (LP3ES)--Institute for Social and Economic Research, Education and Information	12
2. Yayasan Dian Desa (YDD)--The Light of the Village Foundation	22
3. Bina Swadaya--"Assisting Self-Reliance"	34
4. Yayasan Pengembangan Kerajinan Rakyat Indonesia (PEKERTI) -- Indonesian Handicrafts Development Foundation	40
5. Persatuan Wanita Republik Indonesia (PERWARI) -- Indonesian Women's Association	45
6. Lembaga Studi Pembangunan (LSP)--Institute for Development Studies	49
7. Lembaga Pengembangan Usaha Kecil (LPUK)--Institute for Small Business Development	57
8. Yayasan Swadaya Membangun (YSM)--Foundation for Building Self-Reliance	61

	<u>Page</u>
<u>SECTION THREE: SMALL BUSINESS AND ENTREPRENEURSHIP TRAINING INSTITUTIONS IN INDONESIA</u>	64
Introduction	64
1. Lembaga Pendidikan dan Pembinaan Manajemen (LPPM) --Institute for Management Education and Development	65
2. Pusat Pendidikan dan Latihan Bina Swadaya (Pusdiklat) --Bina Swadaya's Education and Training Center	70
3. Sekolah Tinggi Wiraswasta (STW)--Entrepreneur College	75
4. Lembaga Studi Pembangunan (LSP)--Institute for Development Studies	78
5. Akademi Wiraswasta Dewantara (AWD)--Dewantara Entrepreneur Academy	81
6. Pan Asia Research and Communication Service	85
-- Some Conclusions	87
<u>SECTION FOUR: CONCLUSIONS AND RECOMMENDATIONS</u>	90
-- Common NGO SSE Program Weaknesses	90
-- Overall Benefits	92
-- What Really Works?	
-- What Should Be Done?	
-- What USAID Can Do?	

BIBLIOGRAPHY

SECTION ONE - INTRODUCTION

1. Purpose of this Assessment

Over the past several years USAID has demonstrated a considerable interest in the role of small enterprise development in lesser-developed countries worldwide. The initial assumptions that small enterprises are significant sources of employment as well as vital components of LDC economies are currently being subjected to review and evaluation in many countries where small-scale enterprise (SSE) development programs have been underway for some time. The primary focus of those review efforts seems to be that of pulling together the sum of what has been learned from various SSE development programs: what are the impacts and outcomes of such programs? Are they economically viable? What forms of assistance have proved most successful? What are the appropriate future roles of private voluntary organizations (PVOs) and donor agencies in supporting SSE development?

In the wake of the USAID-sponsored Small Enterprise Development Workshop held in Washington, D.C. in November 1983 and the PISCES II Asia Regional Workshop held in Manila in February 1984, both of which addressed the above concerns, USAID/Jakarta felt the need for more information about the capabilities and needs of Indonesian non-governmental organizations (NGOs) carrying out SSE development programs. An independent consultant and an Indonesian counterpart were contracted to conduct an initial assessment of various NGO programs in enterprise development. The major issues to be addressed in this assessment were to be as follows:

- * What is currently being undertaken by Indonesian NGOs in the field of small enterprise development?
- * How effective are these programs?
- * What are the respective strengths and weaknesses of selected NGO SSE development programs? How might they be improved?

What Indonesian institutions have the capacity to provide relevant technical backstopping--staff training, consultation on program design and management, production and marketing assistance--to ongoing SSE development programs?

How might USAID most effectively support current and future NGO activities in SSE development?

This report represents the findings of our initial three-month assessment. We have not attempted to provide an in-depth evaluation of any of the NGO programs observed but rather are presenting an overview of these programs with particular attention paid to the above issues. These findings and recommendations are largely subjective, based on the limited data we were able to collect in the time allotted. For a more in-depth analysis of the effectiveness of any one of the programs presented herein, particularly a benefit-cost evaluation, USAID should follow up with a more focused study.

2. Methodology

The information presented here has been gathered from four major sources. First, an extensive review of SSE background literature was conducted. This literature included other evaluations of SSE development programs in other countries (Fraser, Goldmark, Kilby, Tandler, Hunt), World Bank documents on Indonesian small industries and project reports and evaluations on specific Indonesian NGO programs acquired through donor agencies and the NGOs themselves. Secondly, we conducted interviews with top-level personnel and staff at 14 Jakarta-based NGOs and seven training institutions. Interviews were also conducted with officials at the Department of Cooperatives and the Department of Industry as well as with donor agency project officers and graduates of some of the SSE development-related training programs. Thirdly, we designed and distributed two questionnaires, one specifically geared toward NGOs involved in SSE or "income generating" activities and the other focusing on the scope and capabilities of selected training institutions. The purpose of these questionnaires was twofold: to provide initial quantitative and qualitative information about ongoing

SSE development and training programs as a basis for selecting a portion of those programs for on-site observation and also to gain some information from the many NGOs located outside of Java and which would probably not be visited in the time allotted for the assessment. Lastly, we conducted on-site observations of seven training institutions and of SSE development programs carried out by 12 different NGOs. These programs were selected on the basis of several criteria, among them size of the NGO (number of staff, number of programs, annual budget), area/location of activity, type of small enterprise activity, target group, form(s) of assistance offered, staff development capabilities and the internal administrative capacity of the NGO (can they effectively manage donor assistance?). It was our intention that the programs selected reflect the broad spectrum of SSE development activities being carried out by NGOs throughout Indonesia. During the site visits, we interviewed NGO project staff, entrepreneurs and members of the beneficiary groups, community leaders and government officials as well as conducting first-hand observations of the small enterprise activities. Our primary foci were the capability of the NGO fieldworker(s), strength of the beneficiary group, strength and/or growth of the enterprise activity, NGO inputs and benefits to the entrepreneur.

3. Small-Scale Enterprise in Indonesia

The variety of official definitions of the small enterprise sector has posed problems for development professionals attempting to evaluate the lessons learned from SSE development experience in various countries. Frequently used indicators include capital invested or turnover, number of employees, sales volume, range of markets covered, and the degree of specialization of the production processes and management of the enterprise (Hunt, 1983).

For the purpose of this assessment we elected to use a very broad and flexible definition of the small enterprise sector. Our definition was drawn largely from those used by Indonesian NGOs and includes any enterprise that is income-generating and at a scale whereby the entrepreneur is involved directly in the key economic activity

(production, sales, service) as well as managing the enterprise himself. Within this definition fell the whole range of cottage industries producing everything from food and beverage items, textiles and clothing, ceramic products and handicrafts, to wooden and metal toys and furniture, and also small enterprises operating in the wholesale, retail and service sectors. Also included in our definition, while excluded from many, are agricultural enterprises in which farmers who previously produced only for their own consumption, or were landless laborers for others, are now producing for the marketplace as a result of NGO interventions. This agricultural enterprise sector includes small-scale cash crop raising, animal husbandry, and processing activities.

Due to the lack of reliable and comprehensive data, it is difficult to determine how many establishments are encompassed within our definition of small enterprise. Based on a 1979 Manufacturing Census, there were 1,538,786 manufacturing establishments throughout Indonesia, of which 99.5% or 1,530,826 were considered Cottage or Small Industries, meaning they employed fewer than 20 persons. In these small industries, approximately 3,621,858 persons were engaged, both salaried and non-salaried, an average of 2.4 persons per establishment (BPS, January 1984). While the growth in the number of establishments since the previous 1974 census paralleled the World Bank estimated annual growth rate of 4.5% for this sector, the number of persons engaged in small manufacturing had dropped by 600,000 in the same period (World Bank 1973, BPS 1984). This indicates that while more than 250,000 persons had started industries, they were less able to engaging new employees.

The above figures still do not include the small business commercial sector, those entrepreneurs engaged in wholesale, retail and service activities. Data on this sector for the whole of Indonesia is as yet unavailable but it has been estimated that in Jakarta alone there are close to 100,000 small fixed-site shops, restaurants and service establishments, 90,000 market traders and 150,000 sidewalk micro-entrepreneurs. The activities of these 340,000 enterprises support almost two million people from the lower income groups, or approximately 20% of Jakarta's population (Young, 1984).

Once we add the tens of thousands, probably more, of agricultural entrepreneurs operating on a very small scale, it becomes clear that the small enterprise sector is already quite widespread and active in Indonesia.

4. Benefits, Costs and Causality

Much discussion amongst development professionals has centered around the related questions of what are the potential benefits SSE development programs? And what strategies produce these benefits in the most effective manner? Opinions vary widely on the proper responses to these questions and there seems to be some evidence to support most opinions (Hunt, 1983; USAID Workshop, 1983). However, it is becoming generally accepted that SSE programs do produce worthy benefits, both economic and social/political, and so much of the current debate has turned to a consideration of which benefits are most important and what works best in producing said benefits.

Those who pick the economic benefits of SSE development programs as their measure of success look at such indicators as increased job and personal income generation, increased productivity, efficient use of resources and the formation of both forward and backward linkages with other economic sectors. On the other hand, others cite the goals of equity and popular participation, self-reliance and self-esteem of the entrepreneur and increased household and community welfare as equally important to, though frequently dependent upon, the economic benefits (USAID Workshop, 1983). As Hunt reminds us, these different views reflect more fundamental premises of what development entails, how it proceeds and how to evaluate it.

These very same differences in operating premises tend to be reflected in the forms of interventions applied in SSE development programs. Hunt outlines three basic approaches used in such programs. The Resource Transfer approach stresses the transfer of credit and management, production and marketing skills through training programs or on-site consultancy activities. This approach would be most appropriate

where the underlying belief is that the major obstacles to the entrepreneur are lack of operating capital and/or technical skills, and, provided with such resources, the entrepreneur would successfully respond to newly-opened opportunities. Other programs emphasize Psycho-Social obstacles arising from personal or class constraints which must be overcome before any type of resource transfer efforts could be successful. These programs frequently deal with the very poor and minority groups who lack self-confidence and an entrepreneurial mentality and tend to emphasize applied behavioral science techniques, such as Achievement Motivation Training, in their training and educational activities. The third approach Hunt calls the Community approach, and emphasizes broader collective improvements in the overall quality of life achieved through social and economic community support institutions. In programs applying this approach, SSE development constitutes but a part of a broader holistic concern (Hunt, 1983).

The question of which of these three approaches, or which combination of their respective elements, is most appropriate to successful SSE development cannot be answered generally. Clearly the most appropriate interventions will depend upon the existing social, psychological and environmental conditions facing the small entrepreneur in any given situation, as well as what benefits are most desired. The internal capacity of the PVO or NGO to effectively implement the appropriate interventions should always be a consideration in any SSE program planning or evaluation.

Recent evaluation of SSE development programs have focused heavily on the difficult issues of cost-effectiveness and causality--do benefits occur as the result of programmed interventions or completely unrelated factors? A major effort is underway at USAID, the World Bank and other major donor agencies and PVOs to develop functional SSE evaluation tools which can be field-tested and used comparatively. One such evaluation mechanism, proposed by Peter Kilby, uses direct value added, income multiplier effects and backward linkages as the three most important elements in measuring the aggregate benefit of SSE assistance (Kilby, 1983). However, critical responses by participants at the USAID Small

Enterprise Development Workshop indicate that Kilby's system must be revised to incorporate the broader socio-political impact of SSE programs. Despite this, it was generally agreed by workshop participants that PVOs/NGOs' SSE development programs can produce significant benefits for low-income entrepreneurs in a cost-effective manner (USAID Workshop, 1983).

NGO Small Enterprise Development Programs in Indonesia

Small enterprise development programs carried out by Indonesian NGOs are extremely diverse, aimed at a wide variety of entrepreneurs, involving numerous types of interventions by the NGO itself and producing a range of benefits. The capabilities and commitment amongst the NGOs themselves to their SSE programs is also widely disparate, as are their own perceptions of small enterprises and their roles in developing same. However, it is possible to make some generalizations about these NGO programs.

Almost all Indonesian NGO SSE development programs are designed to reach the poorer segments of the population, frequently the very poor. These include traditional artisanal craftspeople, pedicab drivers, those involved in a variety of home industries, fishermen, small processors of agricultural products, and sidewalk vendors, among others. In some cases, NGO programs assisting the rural poor attempt to generate small microenterprises where none previously existed due to lack of productive means--land, capital, raw materials and needed skills--and other social and psychological constraints. The degree to which some of these programs actually reach their original target groups varies as do the sustainable benefits produced.

All of the NGO programs we surveyed--and those described in the returned questionnaires--channel assistance through what might be loosely termed "beneficiary groups". No NGO offers assistance or consultation to individual entrepreneurs without a supporting group framework except in cases where the group is currently dysfunctional or still in its

formative stages. The form and function of these beneficiary groups varies somewhat from program to program. Most have miniature "savings and loan" or "revolving credit fund" activities, using capital generated by monthly donations to provide small, very low interest loans to group members. Some groups engage in joint materials purchase, production and/or marketing activities. In other cases, the beneficiary group functions as the solicitor for larger production orders, which are then filled by individual members, or as a lobbying mechanism and protective umbrella for the rights and livelihood of its members. Frequently, especially amongst extremely poor or "new" entrepreneurs, the group dynamic provides a sense of needed security and the courage to borrow small sums and take previously undreamed-of risks. In specific NGO programs involving many such beneficiary groups within close proximity to one another there is occasionally programmed sharing of skills and technologies, or the creation of linkages between these small producers' groups.

These beneficiary groups have yet another function, one that reflects another common aspect of NGO small enterprise development activities here. Very few Indonesian NGOs perceive their programs goals in terms of simply developing successful small businessmen or small enterprises. Most NGOs use terms such as "self-reliance", "self-esteem", "improved quality of life" and "increased participation in local economic and political processes" as their chief program goals. Often the SSE development activities are referred to as the "income-generating" component of an overall program which strives for the achievement of broader more holistic goals mentioned above. In this broader approach the beneficiary groups are intended to generate community participation and serve as foci for community activism; it is expected that successful groups will have a positive impact on the community at large, dispersing or inspiring similar benefits as those which accrue to the group's members.

Another common characteristic of NGO small enterprise development programs is the tendency of the NGO to approach its programs only on a microeconomic scale. While frequently able to articulate the 'macro' structural factors contributing to the poverty and disadvantages of their target groups, most NGO programs act only at the village level. Few NGOs have been successful in implementing programs which create linkages to the larger economic sectors either producing small components for larger production processes or adding skilled labor-intensive finishing touches to mass-produced semi-completed products. Additionally, NGOs have not yet found a successful means of cooperating with the Indonesian government on designing and implementing specific economic policies--government-guaranteed low interest loans, lighter export taxes, easier business licencing procedures, and stricter import regulations--preferential to the small entrepreneur. To date, as was admitted by a high-level Department of Cooperatives official, government programs still do not address the very poor, especially rural, entrepreneurs who are considered the target of the NGOs. In that sense, the NGOs are acting almost as extension arms of the government in reaching the very poor without enjoying any of the institutional supports which could greatly facilitate their efforts.

Because their overall SSE program goals involve both economic and socio-political benefits, Indonesian NGO assistance to small entrepreneurs tends to incorporate elements found in two or more of the approaches described by Hunt. Many programs offer various technical skills and management training to beneficiary groups, stressing basic management and bookkeeping skills, cost calculation, and loan administration. Some programs go further still by providing basic training in production planning and home economics while others offer assistance in product design, technological innovations, auditing, promotion and marketing. Frequently, motivational and leadership components are included in NGO training packages to beneficiary groups, especially in poorer rural areas.

Some NGOs, for example, provide initial low-interest seed capital for their groups' revolving credit programs. Others provide incentives to successful groups/entrepreneurs by making available credit in larger amounts, which is usually generated through various group interlending schemes. NGOs working with very disadvantaged rural groups sometimes provide the initial means of production--available land, seeds, fertilizers, simple equipment, goats, chickens, rabbits, animal feed--to group members on a loan basis which is repaid to the group itself. adding to the revolving fund.

It is fair to say that almost all NGOs with a serious SSZ development program provide assistance through an integrated approach. All work through either pre-existing or program-created groups within the community and a considerable emphasis is placed on the strengthening of these beneficiary groups and the wider role they play within the community. All the NGO programs we surveyed also contained some type of technical assistance/credit component. The degree to which these respective NGOs are implementing successful programs and a description of their program strengths and needs is discussed in Part Two of this report.

SECTION TWO: A LOOK AT SOME NGO SMALL ENTERPRISE DEVELOPMENT PROGRAMS

Introduction

In this section we describe some of the NGO SSE development programs we observed during the course of this study. We have focused on the institutional capabilities of the respective NGOs, their management and staff, program assistance inputs to their entrepreneur clients and the apparent benefits that have been accrued through the assistance program. Further, we have made some assessments or judgements about the general strengths and/or weaknesses of a particular assistance program.

It must be remembered that all of the following assessments and judgements are extremely subjective, based largely upon what data we were able to gather and on what we saw and heard. Most of the NGOs described here have more SSE developments programs than the ones we visited. In many cases, we visited only a few of the many beneficiary groups being assisted through a particular NGO program. We do not imply that all of a particular NGO's SSE development programs have the same assistance components, benefits and/or problems as the ones we observed, nor that the entrepreneurs we met and spoke to are typical of all entrepreneurs receiving assistance through a specific NGO program. However, we feel that the assessments made fairly reflect the programs/groups observed.

Lastly, a few of the NGO programs we visited have been omitted entirely for various reasons. Either we simply were not able to obtain enough data from the NGO staff we spoke with or were not taken seriously, or the actual project activities we visited were so unexceptional as to defy any attempt to discuss them systematically. We appreciate the assistance which we received from all concerned.

1. LEMBAGA PENELITIAN, PENDIDIKAN DAN PENERANGAN EKONOMI DAN SOSIAL
(LP3ES)

Overview of Institution and Programs

LP3ES (The Institute for Economic and Social Research, Education and Information) is a large, well-established NGO in Jakarta with the professed goal of young human resources development through provision of education and employment skills and opportunities. With a paid staff of more than 100, LP3ES' program activities include small industry development, both urban and rural, expansion of the community development role and capabilities of pesantren (Islamic boarding schools), various research projects, training programs and scholarly publications. Due to its reputation, social research approach and analysis, and its in-house training capabilities, LP3ES has not only been able to attract and develop capable and dedicated young staff, but has provided the inspiration and institutional support for the eventual formation of several other. NGOs--Lembaga Studi Pembangunan (LSP), Pusat Pengembangan Agribisnis (PPA), Perhimpunan Pengembangan Pesantren dan Masyarakat (P3M), for example.

LP3ES' Small Industry Development Program involves two basic models: rural small industry development around Klaten, Central Java and urban small industry development in Jakarta. The Small Industries Development Program in Jakarta was initiated in 1978 under the sponsorship of the Jakarta Regional Capital Investment Coordinating Body (BKPM) and the German funding agency, Frederick Naumann Stiftung (FNS). The program involves providing technical assistance and credit to small producer cooperatives in eight commodity production centers throughout Jakarta. In its first three years this program included 7 different cooperatives with 628 members before the BKPM involvement ended. Since its effective revival in March 1983 with USAID funds and the active cooperation of the Jakarta Provincial Department of Cooperatives, the program has grown to include 16 cooperatives with approximately 3,000 members. These cooperatives function mainly as both miniature savings and loan institutions (simpan pinjam) whereby members' contributions provide the

capital for a revolving credit fund to be used by members for productive investment capital, and also as learning centers for LP3ES mini-instructional courses on small business management, pricing, production skills and marketing. Since we did not conduct an in-depth survey of this program we are unable to say whether it is meeting its objectives and providing the desired benefits to the small entrepreneurs in an effective manner. The program in Klaten, which we did visit, appeared to be the more comprehensive and successful of the two models; certain LP3ES staff confirmed this judgement.

Management and Staff

LP3ES Director, Dawam Rahardjo, is one of the foremost young Islamic intellectuals in Indonesia and a frequent writer on pressing development issues. He has extensive contacts with upper-level government officials and consequently is capable of lobbying on issues concerning LP3ES programs, and NGO activities in general. However, Dawam does not have a NGO fieldworker's background or training and is far more versed on the theoretical aspects of LP3ES' development role than the practical implementation of its activities. The translation of Dawam's often-lofty ideas into concrete implementable programs is usually the task of LP3ES' various section heads.

The director of LP3ES' Klaten branch office, M. Zaenuddin, is very active in all facets of his program's planning, implementation and management. Zaenuddin thoroughly comprehends the Klaten programs and his staff's capabilities. He takes pains to cultivate smooth working relationships with local government officials to the overall benefit of his program activities.

Overall, LP3ES staff are capable and dedicated, with strong social research backgrounds, though they lack many technical skills. Most of the older staff have experience as LP3ES trainers and this significantly adds to their field capabilities. However, LP3ES has undergone a rather serious "brain drain" in recent years as many of the more capable,

experienced staff have left to join other institutions. Some doubts exist as to how smoothly their vacancies are being filled by new staff of comparable abilities.

The Klaten PIK Program

Klaten, located about 25 km northeast of Yogyakarta in Central Java, is a well-known small industries center. The Department of Industry has established a series of small industrial estates (Lingkungan Industri Kecil or LIK) in and around Klaten in an effort to maximize small producers' output by providing access to advanced technology and training opportunities. However, the LIK program has not been effective in responding to the needs of the poorer, more isolated producers. Products from the Klaten area include metal and wooden furniture and toys, batik cloth, many types of clothing, pillows, towels, woven bamboo handicrafts, foodstuffs and beverages and a variety of ceramic items, among others. Most of these commodities are marketed locally, though in some cases Klaten hand-painted batik (batik tulis), toys and clay shingles are sent to markets in Yogyakarta and Solo.

LP3ES' Klaten branch office operates two major SSE development programs in the villages surrounding Klaten, namely the Small Industries Development Program (PIK) and the Home Economics Improvement Program (PERT). Both programs emphasize the formation of beneficiary groups as primary component and hub of LP3ES' assistance activities. The PIK program effectively began in 1979 and has currently grown to encompass 41 homogenous producers' groups with 743 members. These groups are spread throughout 38 villages in 15 of the regency's 23 sub-districts and they produce 16 different commodities. These PIK groups have variety of joint activities and functions, ranging from small revolving credit funds, joint purchase of raw materials, collective production and marketing to quality control and skills-sharing.

LP3ES Assistance Components

- a. LP3ES' first priority is the formation of functioning beneficiary groups. Consequently, the fieldworkers always provide a great deal of motivational support to the village producers, using basic Achievement Motivation Training (AMT) and group dynamics strategies. This motivational training is provided periodically after a group has been formed and frequently members of other groups are invited to participate.
- b. LP3ES also offers a Group Administration training package to the PIK groups which includes organizational aspects, management and bookkeeping. We observed several groups using standardized record books printed and distributed by LP3ES for noting members' attendance at meetings, savings and credit transactions.
- c. In some cases, LP3ES has offered assistance with production technology. For example, Koperasi Genteng Gergunung Jaya, a group of 30 clay shingle producers in Kuoso village, now market their shingles collectively as a group because LP3ES introduced identical wooden shingle molds which permitted standardization of size and quality. LP3ES also introduced a prototype energy-saving ceramics kiln to the Panjang Mas craftsmen in Bantengan village. According to the group members, 10 such kilns have been constructed in the village and prove to be more economical in terms of required manpower, fuel and baking time than the traditional baking method.
- d. In an effort to provide a concrete example of a functional cooperative and to increase opportunities for larger credit amounts, in 1982 LP3ES institutionalized an intergroup revolving fund (GAPOK INKRA), which incorporated all of the PIK groups. GAPOK INKRA provides individual loans averaging Rp.500,000 and group loans averaging Rp.1 million for a period of 4-6 months at 3%/month interest; repayments begin at the end of the second month. Despite seemingly stringent loan requirements--loan request letter, co-signers, 150% collateral, and written monthly progress reports--the scheme appears to be well-utilized as indicated by the total credit volume of Rp.33,740,000 by March 1984.

e. LP3ES frequently acts as an intermediary, broker and public relations agent for the PIK groups in relations with local and regional government officials. Jaenuddin and his staff keep local authorities abreast of their program activities and often invite officials to participate in or observe training programs as well as to meet with some of the producer groups.

f. A small showroom/store is located in the Klaten branch office to promote and sell various handicrafts items produced by the PIK groups. Additionally, LP3ES provides consultation to the groups on marketing management principles and promotional techniques.

g. LP3ES has offered a number of brief technical skills-training courses to PIK members ranging from silk-screening, development of product designs to mushroom-growing and compost-making.

Accrued Benefits

a. By far the most pervasive result of the PIK program to date has been the formation of many active beneficiary groups and the subsequent benefits members appeared to enjoy. Members' enthusiasm about the importance of the group was quite high, though not without exception. The revolving funds and the opportunity for credit were frequently cited as advantages of being a group member. Increased community solidarity and the elimination of cut-throat competition with their producer-neighbors was another commonly-felt benefit. Many group members claimed their previous dependence upon money-lenders had been severed by their group's credit scheme and they felt more in control of their own enterprises.

b. Almost all of the groups visited could produce detailed records of the group's joint activities--attendance at meetings, members' savings and borrowings, purchase and sale of materials. Some had this information posted in group offices established in their villages. One group, Puspa Damar, published a 31-page annual report of its 1982-83 activities.

c. Many members claimed that their individual income and production levels had increased since joining the group. However, when questioned further, not one could answer by how much these had increased or even how much income they earned the previous month.

d. In some cases, for example with the Harapan group of clothing producers in Tempursari, increased credit opportunities, new product designs and reduced intra-village competition have led to increased production and the opportunity to hire additional employees.

e. The Puspa Damar group implemented quality control measures on the semi-processed sugarpalm starch produced by its members and also began weighing the starch themselves. With the bargaining power they had by marketing collectively, and with the quality control measures, Puspa Damar members realized a 19% price/kg increase between February and December 1983. (There was a 32% devaluation of the rupiah in April 1983.) This price increase also clearly benefitted the other non-member starch producers in the village who were given a strong incentive to maintain a higher quality standard in their own product. Puspa Damar was the only group we visited that had an identifiable backwards linkage, supplying the semi-processed starch to a guaranteed market of larger producers who then processed it into glue, beverages and other foodstuffs. Puspa Damar was clearly the most successful group we visited and had already received offers of credit from the local Bank Negara Indonesia 1946.

f. As a result of long, and sometimes intense, lobbying by LP3ES in Jakarta and strong local government support in Klaten, GAPOK INKRA became a legal government-registered cooperative on June 23, 1984. That struggle and the result may have been a factor in the Minister of Cooperatives Decision No. 84/M/KPTS/VI/1984 which effectively acknowledges the viability and existence of other groups besides government cooperatives, involved in village-level economic activities.

Remaining Problems

a. Marketing was a serious problem amongst some of the groups we visited. The Gergunung Jaya group, for example, had thousands of standardized clay shingles stacked under roofs and along the walls of village houses. Also, in Bantengan, the villagers use the new kilns to fire increasingly outmoded products, namely ceramic kitchen items and flower pots. Villagers have to travel to extremely rural areas for up to 40 days at a time to market these products where they are not in competition with accessible plastic and aluminum items. LP3ES should conduct some serious market research in an effort to come up with alternative product designs and expand product diversity.

b. Attention now needs to be given to developing mechanisms for transferring the group management and bookkeeping skills to the individual member entrepreneurs. Elements of cost-calculation and production management should be provided as well. Perhaps Alim Muhammad could try to adapt the skills taught at the LPPM Small Business Training course for this purpose.

c. LP3ES' own program monitoring system could be tightened up a bit to respond to such marketing and other problems. The Panjang Mas group in Bantengan has been dysfunctional for 10 months because of a sudden loss of Rp.52,000 of the group's savings..

The PPERT Program

LP3ES' Home Economics Improvement Program (PPERT) was begun in December 1983 with a Rp.20 million grant from OXFAM for the first year. The PPERT program is designed to involve very poor villagers in productive income-generating activities as a first step towards raising their living standards and increasing their participation and self-reliance; simply, it professes to create micro-entrepreneurs from scratch. Villagers qualifying for this program are expected not to be engaged in other permanent work, have an income of less than Rp.1,000/day, own less than 1/4 hectare of farm land/rice paddy and live in sub-standard housing.

LP3ES Assistance Components

a. Assistance to the PPERT groups is almost identical to that offered to the PIK groups except there is much more emphasis on motivational counselling, group organization and management and provision of technical productive skills, such as fish- and animal-raising, mushroom-growing, and cultivation of fruit trees.

b. LP3ES has trained 23 young extension cadre from the PPERT villages to carry out the daily consultations and monitoring of the groups' development and activities. Usually unemployed idealistic high school graduates, these cadres report regularly to LP3ES regular staff who assist with necessary logistical arrangements, program planning and problem-solving.

c. LP3ES provides seed capital to some of the PPERT groups' revolving funds. LP3ES' own figures vary as to how much of this seed capital has been supplied. We saw figures indicating that as of July 1984 either Rp.2.68 million or Rp.3.9 million had been supplied as PPERT seed capital. Occasionally, LP3ES will provide the initial means of production to the villagers in what Zaenuddin termed a "Partner in Progress" arrangement. He described this as an interest-free loan whereby at the end of the loan period any resulting profit or loss is divided between LP3ES and the PPERT group. A profit is split 20:80 and a loss 50:50. It is too early to determine if this scheme is proving successful.

Accrued Benefits

a. As of July 1984, 64 PPERT groups had been formed with 1,403 members. Members' enthusiasm about the groups was very high as was their interest in the opportunities for administration and skills training. More than 70% of the groups have begun both revolving credit funds and productive activities, most of those collectively.

b. Formative entrepreneurial attitudes shown by the group members was impressive. Many groups had embarked on several micro-enterprises. The Tegal Srimulyo group in Tulung operates a small kiosk which sells to group members and has planted fruit trees on land donated by the village head. In June, the group used a "Partner in Progress" loan to purchase 22 goats at between Rp.15-20,000/head. Then, just before the Moslem religious feast of Lebaran Haji on September 6th, the goats were sold at a price of more than Rp.40,000/head, a shrewd bit of speculation that netted a 100% profit in two months.

c. The induced desire to save was also impressive. Though LP3ES data is again inconsistent on this, by July 1984 PPERT groups had total savings of more than Rp.3.5 million (or was it Rp.8 million?).

Overall Strengths

1. LP3ES programs reflect an institutionalized commitment to small industry development, not just an NGO dabbling in "income-generating" activities.
2. The Klaten program enjoys strong leadership under Zaenuddin and at least two qualified and experienced staff in Alim and Mulyadi, each of whom accompanied us on our field visits.
3. LP3ES uses an integrated approach in its PIK and PPERT programs, based on comprehensive preliminary surveys of the villages' and small producers' potential and problems. Serious attention is paid to utilizing traditional community structures and practices in the program implementation and efforts to enlist support from influential community members for the PIK and PPERT groups have been quite successful.
4. LP3ES enjoys a solid institutional reputation in both governmental and non-governmental circles which permits it to lobby at the highest levels for policy changes favorable to small entrepreneurs. LP3ES' good name and diligent efforts to maintain good government

relations at local levels (Zaenuddin in Klaten) have resulted in access to government funds, credit, training opportunities and facilities for its beneficiary groups.

5. The community development spread effects of the PIK and PPERT programs seem by and large very positive. Community solidarity appeared high where these groups were most successful. In some cases, as with the Puspa Damar group, the group's activities influenced the market price of a locally-produced commodity which benefited even non-group members. Most of the groups' products are sold locally and the increased overall income remains largely within the community as a multiplier effect. The success of some of the groups' revolving credit schemes has eased the members' dependence on money lenders.

Weak Points

1. LP3ES staff, while having strong social research and economics backgrounds, generally lack expertise in designing and implementing relevant technologies which might increase productivity, efficiency and product quality. At the very least the introduction of technological innovations is under-emphasized and those skills should be developed. Improved product design and diversification should be pushed. Overall staff technical and functional business knowledge could be broadened.

2. In the near future attention should be given to the establishment of business linkages between PIK groups and other economic sectors. This will help assure the continued viability of such groups and ease some of the current marketing problems. LP3ES might attempt to use some of its influence and connections locally to open doors for more production orders and establish solid marketing connections for the PIK groups.

3. Attention should also be given to developing the individual business management skills of the entrepreneurs.

4. Monitoring and swift problem-solving procedures might be improved.

5. Data collected and available at the project site should be accurate and consistent.

1. YAYASAN DIAN DESA (YDD)

Overview of Institution and Programs

Yayasan Dian Desa (YDD) is one of the larger, well-established and well-respected Indonesian NGOs. YDD's program foundation is centered upon the development and implementation of simple appropriate technologies for various village development activities. Based in Yogyakarta in Central Java, with a branch office in Kupang, West Timor, YDD's various programs are implemented through a number of operational or technical sections: Water Supply, Stoves and Energy, Food Technology, Agriculture and Refractory Industries (Sumber Hijau). YDD also conducts field research for both its own program needs and in response to outside requests, provides technical training on water supply systems and machine shop use, and also publishes appropriate technology pamphlets, bulletins and other project support materials.

Though formerly YDD's SSE development activities were handled by a separate Small Industries section, now they have been dispersed amongst the respective technical sections. For example, the Stoves and Energy section has provided technical production and marketing assistance to fuel-efficient ceramic stove producers; the Food Technology section assists groups of small coffee, winged bean and cassava producers with production and processing technologies; the Refractory Industries section has introduced new designs and labor-saving production technologies for clay brick and shingle producers. These programs receive backstopping from the Social Research section, a very sophisticated machine shop and YDD's newly-formed Marketing section, run by a former Mitsui Corporation marketing executive who was attracted by the opportunity to work at YDD.

In 1983, YDD acted as a counterpart consultant to Development Alternatives, Inc. in design work the planned USAID-sponsored Central Java Enterprise Development Project (CJEDP). Under this program, YDD

assessed the production technologies and techniques, efficiency, business management capabilities of 10 different small-scale industries throughout Central Java. Again in conjunction with the CJEDP, YDD also provided training on "Assistance to Small Entrepreneurs" to fieldworkers of the Central Java Provincial Department of Industry.

Management and Staff

YDD's top-level leadership is both stable and first-rate. Director Anton Soedjarwo, one of YDD's three founders, is one of the most respected leaders of the Indonesian NGO community, a reputation borne out by YDD's working relationships with several international donor agencies, including Frederick Naumann Stiftung (FNS), Appropriate Technology International (ATI), The Asia Foundation, International Development and Research Centre (IDRC) and USAID. Anton and YDD are also well thought of by numerous provincial government departments in Yogyakarta, a factor that has helped avoid many of the program pitfalls experienced by some NGOs. Having an engineering background himself and having been with YDD since its inception, Anton thoroughly understands his institution's development and program activities. He practices an open management style, delegating program responsibilities to YDD's respective section heads who occasionally even design and implement their sections' individual programs. Anton's management style appears to reflect his confidence in his staff's abilities and his principle that YDD staff should never advise on something about which they themselves have had little practical, hands-on experience.

YDD has a paid staff of approximately 100 persons, of which about 35 are full-time technical program staff. Overall, YDD staff possess far broader technical skills--ranging from agriculture, food technology, and marketing to engineering and product design and development. They claim they are given considerable responsibility and opportunity to develop their own potential; perhaps this explains why staff turnover at YDD seems extremely low compared to other larger, well-established NGOs. YDD staff development is done both internally and through training courses at other institutions, such as the Jakarta-based Institute for Management

Education and Development (LPPM), the Institute of Small Industry of the University of the Phillipines, and Volunteers in Technical Assistance (VITA) in Washington, D.C. We observed two very different YDD enterprise development programs. Descriptions and assessments of the programs are given below.

Program One: The Pineapple Growers of Kepuharjo Village

The farmers of Kepuharjo village have for generations scratched out a subsistence living by growing corn and cassava in the dry sandy soil on the southern slope of Mt. Merapi volcano, just outside of Yogyakarta. YDD's first contact with the village was in 1972-73 through the construction of a gravitation water supply system which provided drinking water to five hamlets of Kepuharjo. This water system became the entry point for another YDD program with the farmers of Petung and Kaliadem hamlets--the introduction of three new marketable crops, pineapples, coffee and cloves, which YDD felt could be successfully grown in the poor mountain soil. The program began in late 1980 with FNS funds of Rp.10.4 million for three years.

YDD's Assistance Components

a. In late 1980, three YDD staff members conducted a month-long Achievement Motivation Training (AMT) course for the farmers of Petung and Kaliadem after which two community support groups were formed--a 20-member group in Petung and a 26 member group in Kaliadem. Each group member agreed to provide 2,000 square meters of land for the project activities and to participate fully in the group. Three officers were selected within each group and each member began to pay monthly dues (initially Rp.100 and finally Rp.500 in Petung and in Kaliadem initially Rp.200 and then raised to Rp.300) as the initial capital for a group revolving fund.

b. Using a one-hectare plot of land donated by the Petung village headman, YDD's Agricultural Section planted a demonstration plot tended by four YDD fieldworkers. This DemPlot was used not only to introduce

pineapples, coffee and cloves, but also a variety of vegetables including cabbage, carrots, green peppers, hybrid corn, chillies, and assorted beans. The DemPlot also functions as a training center where the farmers learn improved agricultural techniques and technologies, such as intercropping, fertilizer and pesticide use, compost-making and the use of simple corn grinders and coffee pulpers. Produce from the DemPlot is also marketed to help provide the living expenses of the on-site fieldworkers.

c. Using the PNS funds, YDD provided each group member with initial production capital consisting of 4,000 pineapple plants, 110 coffee trees and 18 clove trees, along with fertilizers and pesticides. While YDD intended to simply donate the above materials as an economic stimulant, the two groups preferred to consider the production capital as a loan which they would attempt to repay after approximately two harvest periods. To date, the Petung group has completely repaid to YDD the costs of the materials they received while some of the Kaliadem group members have yet to complete their repayments. The villagers claim they prefer to own their own trees because they then work more diligently while at same time YDD is able to use the repaid funds to support continued assistance to the two groups as the PNS funds expired in 1983.

d. YDD also uses the group meetings as forums for discussions about the members' problems, both agricultural/project-related and otherwise. These discussions have focused on group management, marketing, home economics and credit problems and frequently involve other YDD staff as resource persons.

e. YDD continues to provide marketing assistance for the group members by arranging for a mini-bus to be sent to Kepuharjo when required. The group members market their pineapples collectively. Usually one of the group's officers will take the entire group's pineapple harvest to one of the Yogyakarta markets. The members each pay a small fee to cover the cost of the vehicle, gasoline and driver as well as a small honorarium for the group member who sells the produce in the

market. As yet there is no marketing service charge which members pay to the group as a mechanism for group capital accumulation. In marketing other produce, coffee and vegetables, group members must still make their own arrangements.

Accrued Benefits

a. The Petung and Kaliadem farmers participating in this program now produce high-value marketable crops. In 1983, the first year of the pineapple harvests, the average income of the Petung group members was Rp.112,250 while for the Kaliadem members the average income was Rp.83,000 (Bandono, 1984). The coffee trees have just begun to produce and the average yield is approximately 50-60 kg per farmer. One of the farmers recently sold his first coffee bean harvest for a reported Rp.400,000. The clove trees have not yet reached maturity and are not expected to be productive until 1987.

b. The group members have also learned improved agricultural techniques as well as being introduced to the new crops. Many of the members have purchased vegetable seeds from the DemPlot and have begun growing them in their own gardens, using various intercropping methods. We noticed several compost piles built by group members. Most of these new vegetables are consumed by the farmers' families but a growing proportion is also marketed, particularly items commanding a high market price such as chillies and green peppers.

c. The formation of the support groups has been instrumental in boosting cooperation and a sense of solidarity amongst group members. As part of the program, each member not only attends his own crops but donates a part of each working day to assisting other members with their crops. This is done on a rotating basis whereby the whole group turns out to work a particular member's land one day and the following day moves on to another location. According to the YDD Agricultural Section Head Kris Bandono, the rate of attendance for these joint activities is about 80% for the Petung group and only about 60-70% for the Kaliadem group.

d. The revolving funds of the two groups are currently capable of providing mini-credit to members in the event of emergencies--sickness, accident-- or to purchase needed agricultural production supplies. Maximum loans of Rp.10,000 are given for one month at 5% interest. Loan volume is reportedly high, though we saw no data to support this, and the repayments smooth, though again the Kaliadem members have a poorer repayment record than do the Petung members. Several of the farmers claimed to have frequently borrowed from the group to purchase pesticides and tools or for personal reasons. They acknowledge that the loan amounts are very small but claim that they plan to raise maximum loan amount once the revolving funds are large enough. In December, 1983, the savings in the Petung revolving fund amounted to Rp.327,000 while the Kaliadem fund totalled Rp.173,000.

e. The proven income-generating capacity of the new crops, particularly the coffee trees, has motivated the group members to expand their respective cultivation areas. They have asked YDD to help them purchase more coffee trees which each member will plant on 500 m² of newly-opened land.

f. There have been noticeable spread effects from this program as well. Other farmers from the village have visited the DemPlot, studied some of the improved farming techniques and purchased vegetable seeds and coffee and clove seedlings. Many are now growing some of the new crops themselves.

Remaining Problems

a. The most pressing problem to be addressed, according to Kris Bandonno, is how to avoid creating a serious economic gap between the program participants and their neighboring villagers. YDD is currently working on practical solutions to this problem.

b. Additional efforts must be undertaken to increase the size of both the revolving funds and the loan amounts available to the group members. Since some of the farmers seem to be aware of this problem, attention should be given to provided increased motivation to the group members as well as offering some acceptable alternatives to choose from. Possible alternatives might be increased monthly dues, a marketing service charge to members who utilize cooperative marketing facilities and the purchase of bulk fertilizers, pesticides and seeds by the groups for sale within the village.

c. YDD might investigate the potential for utilizing solar drying techniques for the pineapples. A practical solar drier has already been designed for cassavas in the Gunung Kidul area and perhaps this could be adapted for drying the excess pineapples from Petung and Kaliadem. This would potentially ease the market surplus problem as well as offering a simple method for preserving this perishable fruit. YDD's Marketing section might investigate potential domestic markets for dried pineapple as well as overseas markets like Taiwan, Japan and Hong Kong.

Program Two: Koperasi Mandiri

In 1981, YDD was requested by the Realino Foundation, a Yogya-based Catholic social service organization, to assist a group of 20 metalshop owners then being aided by the Foundation. The majority of that initial group were ex-political prisoners who had been taught some welding and other basic metalworking skills. They were then provided with some loan capital and expected to be able to start up their own businesses. However, with minimal knowledge of small business management and workshop technology, these metalshop owners were struggling to survive, each taking in an estimated average income of only Rp.250/day.

In response to the Realino Foundation request, Paulus Soegiono, YDD's Young Workshop Manager, began working closely with the metalshop owners, providing continual consultation and guidance on his own time. This was never a true "YDD project" in the sense that YDD allocated program funds or set up an established assistance plan. However, Paulus describes the

assistance activities as "a YDD Workshop project" which he himself is implementing. This is an example of the initiative and dedication demonstrated by YDD staff as well as the flexibility they enjoy under Anton's leadership. Paulus' involvement with the metalworkers has now spanned three years during which time much progress has been made.

From the initial group of 20 members whom Paulus helped to organize into a pre-cooperative in 1981, the numbers increased steadily to include 43 Yogyakarta metalshop owners. In May 1982, the group became a legally-registered independent cooperative, Koperasi Mandiri. In its first year, Koperasi Mandiri operated at a loss of Rp.491,000, in part due to the fact that they spent Rp.673,000 on promotional activities. In 1983, however, the cooperative netted Rp.1.9 million profit and also received a C-1 certificate from the Yogyakarta Provincial Government qualifying Koperasi Mandiri to bid for government tenders of between Rp.20-100 million. At the end of 1983, Koperasi Mandiri won its first government tender of Rp.68 million for 2,200 pieces of school furniture to be completed in three months. In such a case, the cooperative will divide the required work amongst its members' metalshops. This is usually done at the bi-weekly meetings and depends upon the availability of a particular metalshop (not busy with its own orders) and the capacity of the shop to do the work.

YDD Assistance Components

a. Since he began his involvement in 1981, Paulus has consistently provided motivation, encouragement and guidance for the Koperasi Mandiri members. In addition, he and some other YDD staff conducted a two-week AMT course in 1981 for the initial group members.

b. Paulus has offered instruction and consultation on business management, both for the group/cooperative and also for the individual members. This has included basic administration, accounting, cost/benefit awareness, and marketing. In June 1984, YDD conducted a special instructional course on Workshop Management and Technology which also focused on material handling, cost calculation and production planning and control/inventory.

c. Paulus has worked closely with the metalshop owners to improve their technical production skills, proper use of tools and equipment and efficient use of materials. But in doing so, he has not simply shown them "how to do this and that better" but "how to make things". Product design skills have been taught. For example, in the June workshop participants learned how to design and make hand corn shellers, hand drills, vices, air compressors and rice hulling drums.

d. Through its own reputation and connections, YDD has opened numerous doors for Koperasi Mandiri and its members, providing them with almost-instant credibility. YDD was instrumental in establishing a solid relationship between the metalworkers and the Yogyakarta Department of Cooperatives, which led to the legal founding of Koperasi Mandiri and the continued assistance it receives from that department. YDD also acts as guarantor on all orders received by Koperasi Mandiri, a crucial point considering the overall bad image cooperatives have and lingering doubts about the quality of cooperatives' workmanship. To date, however, Koperasi Mandiri has never received complaints about shoddy goods.

Accrued Benefits

a. The most noteworthy benefit has been the establishment and growing success of Koperasi Mandiri, particularly for the variety of other benefits for the cooperative's members. The cooperative is run as a business, has a solid manager, and a growing list of regular customers, including the Sardjito Hospital in Yogya, the Provincial Dept. of Education and Culture, the Dept. of Public Works, Dept. of Agriculture and the Sanata Dharma Teachers' Training College.

b. Koperasi Mandiri has already established links with formal credit institutions. Bank Rakyat Indonesia has provided the cooperative with a small Permanent Working Capital Credit (KMKP) loan of Rp.10 million which has put towards the purchase of two new high-precision metal lathes.

c. Koperasi Mandiri recently received a trial order of 2,000 rice hullers from P.T. Agrindo, a large agricultural equipment conglomerate in Surabaya. If successful, this would constitute the first solid backwards linkage established by the cooperative. A forward linkage with a small company producing sheet metal was being negotiated in September 1984.

d. In connection with the Agrindo order and anticipated long-term business relationship, Koperasi Mandiri hired 15 new technical school graduates who were then placed with individual members' metalshops. The cooperative will provide these new employees with further skills training in the future.

e. The individual members have increased their income considerably since Paulus began working with them in 1981. Though Paulus himself said that the average individual income was up to approximately Rp.900/day, all of the four metalshops we visited had 1-4 employees, each of whom was paid a flat daily rate of Rp.1,500-2,000. It stands to reason that the owner, their employer, must pocket at least that much.

f. The individual members have improved technical skills and management and accounting capabilities which they claimed have improved the effectiveness and efficiency of their businesses and the quality of their products. Some mentioned that they have received product ideas and production tips during the bi-weekly meetings with other cooperative members.

g. The metalshop owners now receive considerably more business as the cooperative itself receives more orders. Clearly, the opportunity to receive orders through the cooperative will depend upon the capability of the individual metalshop to handle them: those shops with broader overall capabilities--equipment, manpower--tend to receive more production orders through the cooperative. However, there is a concerted effort by Koperasi Mandiri's manager to be equitable in that process.

h. Members may also market their own personal products through the cooperative. Generally, the price of such items sold is cut by 10%, with 7% covering the cooperative's administration costs and 3% entered into the respective member's savings with the cooperative, but this is flexible.

i. Members may also receive credit from the cooperative in the form of needed production materials. Such raw materials are provided automatically for production orders that members receive through the cooperative. For individual requests, Koperasi Mandiri will provide production materials amounting to twice the amount of a member's savings with the cooperative, along with proof of the customer's purchase order.

Remaining Problems

a. Lack of sufficient production capital is still the largest problem facing Koperasi Mandiri. Many of the larger orders received, particularly government tenders, are on a Cash on Delivery basis. Consequently, the cooperative must pre-finance such orders, specifically purchase and provision of raw materials and employees' wages, when dividing them among its members. Even then because of the government bureaucracy, payment for tenders might be delayed 2-3 months after the products have been completed.

b. The "commissions" on government tenders, expectations that an official will be rewarded by the recipient of the tender, remain an ethical problem, and a bookkeeping nightmare for the cooperative.

Overall program Strengths

a. YDD has strong leadership in Anton Soedjarwo and a better defined concept of small enterprise development than most NGOs. Its SSE assistance components include motivational, business management, technical skills training, innovations in production technology and product design and marketing.

b. YDD staff possess more overall technical capabilities in the above-mentioned areas than most NGOs. The institutional focus on developing appropriate technologies makes YDD more inclined to consider technological innovations, product development and efficiency measures as components of its SSE assistance packages. This is true particularly in the programs with the ceramic stove producers and clay shingle producers, according to persons who have visited both projects.

c. YDD SSE development programs tend to be implemented in areas where YDD has already established a foundation in the community. They tend to be smaller, more focused and better-monitored than many NGO programs. YDD usually carefully selects its program activities to correspond with its own institutional capabilities and experience.

Weak Points

a. YDD has not yet seriously implemented mechanism for duplicating or institutionalizing some of its more successful small enterprise programs. Its program planning tends to have a hit and run quality as if once something has been found to be successful the challenge is gone and YDD is off doing something new and stimulating. This raises some questions about YDD's overall program direction and strategy and its long-term commitment to developing its SSE models. With the rapid expansion of YDD's program activities since 1978, and the increasing requests for YDD involvement in new ventures, it might be beneficial for YDD to reassess its own program direction and institutional function. If it seems that YDD's basic function is that of an innovator and ground-breaker for new development strategies and technologies, then efforts should be stepped up to disseminate such information to other NGOs and relevant government agencies.

b. Despite the many benefits accrued to the recipients of YDD's SSE assistance activities, YDD has not managed to spin off any self-sustaining small enterprises, according to its director. If the creation of such sustainable small enterprises is truly YDD's goal, some evaluation must be made as to how to reduce YDD's involvement in those enterprise activities and so reduce its own assistance burden.

3. BINA SWADAYA

Overview of Institution and Programs

Bina Swadaya is large Jakarta-based NGO with more than 150 staff whose central program goal is the promotion of community self-help economic activities as a means of improving poor living standards. The mechanism for achieving that goal is through the formation and development of Usaha Bersama (UB) or "collective effort" groups, pre-cooperative groups of the type already discussed. Bina Swadaya has had more than 10 years' experience in UB development throughout Java and the UB model is now widely used by other NGOs in their SSE development activities.

Bina Swadaya's 1983 annual report cites 1396 UBs listed with the organization of which 438 receive routine assistance and 259 only occasional consultation. The fate of the other 50% was to be studied by Bina Swadaya. (A recent BS internal evaluation of its UB program in Yogyakarta showed that approximately 28% of the UBs were utterly dysfunctional; they had no activities whatsoever.) Bina Swadaya has 30 full-time fieldworkers, 3 area coordinators and 9 Jakarta support staff working on the UB program.

Bina Swadaya is also currently working in conjunction with the National Family Planning Coordinating Board to provide assistance to 150 UB groups throughout Java and Lampung. In West Kalimantan, BS provides assistance to four Department of Transmigration fieldworkers who received training in formation of UB groups in transmigrant communities.

Additionally, Bina Swadaya has a separate training facility for internal staff development and regular training programs offered to other interested NGOs (see Section 3, number 2). A prolific development publications program has produced 66 book titles and three regular periodicals.

Management and Staff

Bina Swadaya's top-level management personnel are steadfast and experienced. Director Bambang Ismawan is a central figure in the Indonesian NGO community and has solid relations with high-placed government officials in Jakarta as well as international donor agencies. Both Bambang and long-standing UB Program Head Methodius Kusumahadi have pushed the UB program since its inception. While both are aware of the need for smooth information flow in an organization the size of Bina Swadaya, some fieldworkers have complained that they don't receive sufficient support and guidance from the Jakarta office in responding to field problems.

Most BS fieldworkers have strong community development backgrounds, particularly in the formation, organization and management of the UB groups. Many have experience or training in agriculture, animal-husbandry, horticulture, small fisheries and food processing techniques. However, by and large, they lack expertise in small business management skills and so are less able to provide meaningful consultation to individual entrepreneurs. To bolster these skills, Bina Swadaya recently contracted a private consultant to prepare in-house training materials on small business management, economic analysis and marketing.

The Surabaya Program

Most of Bina Swadaya's UB groups are located in rural areas; approximately 90% of the UB members are low-income farmers. We chose to visit the UB program in Surabaya, Indonesia's second largest city, because it seemed unique and we were interested to see how successful the program worked with urban micro-entrepreneurs.

Bina Swadaya has for years worked closely with Lembaga Karya Dharma (LKD), a social service institute of the Surabaya Catholic Diocese, and most of the UB groups assisted by BS were originally formed by LKD. Christ Lasono, Bina Swadaya's Surabaya fieldworker, arrived there in 1981, shortly after completing BS's Self-Reliance Development Group

motivator Training course. In that course, he says he learned basic elements of group management and bookkeeping but not specifics like capital and production management, cost calculation and marketing. Those skills were learned on the job as much as possible.

Christ (pronounced Chris) currently assists 28 UBs with more than 1,000 members spread throughout Surabaya. He has been training four young LKD staff persons to assist him in his duties and eventually assume his responsibilities. As opposed to most of Bina Swadaya's UBs, the groups in Surabaya are all heterogeneous and grouped largely by members' proximity. These UBs are comprised of a variety of home producers, backyard animal-raisers, kiosk owners, vendors and pedicab drivers; more than half of the members are women. There are no collective production activities as with most rural UBs, except occasionally among a few members of a particular group. Instead, the UBs' major function is the revolving fund established from members' contributions.

Bina Swadaya Assistance Components

- a. When a group is in its formative stages, Christ provides motivational and awareness-building consultation, including elements of AMT, effective communication skills, group dynamics, and organizational principles. This motivational and group formation consultation is given to the existing membership of the old LKD groups and/or to individuals who have indicated their desire to form their own UB group.
- b. After the group is formed, additional training is provided on group administration/management, financial principles and group planning and evaluation. This is given usually to the groups' elected officers.
- c. Once the UBs are underway, or in the course of regular monitoring and consultation, Christ will occasionally be asked to provide additional management or bookkeeping instruction to the entire membership of a particular UB. Often this occurs through the routine consultations with group officers and members in their homes.

d. Christ has himself provided some production skills mini-courses to UB members, for example, techniques for raising rabbits and quail. More frequently, however, he arranges for such skills training to be provided by more qualified instructors from Bina Swadaya or from Surabaya government departments. Sometimes UB members themselves will be enlisted to instruct their skills to others. Such mini-courses have included, in addition to raising rabbits and quail, backyard chicken farming, making tahu ((tofu or soybean curd) and tempe (fermented soybean cake), bread-making, sewing and simple clothes design. These courses are open to all interested UB members, require a small fee and are repeated as often as demand requires.

e. In addition to the credit opportunities available through each of the UB revolving funds, Bina Swadaya makes available larger credit amounts through an intergroup lending scheme it calls Kredit Setia Kawan (KSK). Each UB member of the scheme stores a minimum Rp.5,000/month with BS and then is eligible for 1.5% per month loans of two to eight times the amount of collateral, depending upon the strength of UB group (stronger group, more collateral). This program has run for five years with only a 2% failure rate. During 1983, total credit volume reached Rp.70,410,000.

Accrued Benefits

a. UB members had acquired increased productive skills and some had expanded into new enterprises. Mr. Supardi, a pedicab driver and member of UB Rahayu, learned how to make ice cream cones from a neighbor and fellow member of UB Rahayu. Now he rents an ice cream cone grill from the neighbor and while he drives the pedicab, his family makes ice cream cones, adding an extra Rp.1,500 to the daily family income. In May 1984, Mr. Supardi went to an UB-sponsored training on rabbit-raising in Lumajang, East Java. Afterwards, via Christ Lasono, he borrowed four pedigree rabbits which he bred in his backyard. Now the four rabbits have been returned, he has thirteen young rabbits and has already sold one to a fellow UB member.

b. The group revolving funds, and the opportunities for larger KSK credit, were always cited as advantages of being an UB member. Mrs. Kinah, a member of the UB Ngadu Rahayu, makes a variety of traditional hairpieces in her home. She said she frequently has borrowed from the UB to purchase raw materials. By the end of July 1984, UB Ngadu Rahayu had, Rp.1,118,250 in total members' savings. Yet the loan volume was Rp.3,024,000 for the first seven months of the year and interest amounting to Rp.345,775 had been collected on those loans. This pattern was repeated in other groups as well.

c. The access to credit and high individual motivation, were largely responsible for the increased production of several of the home industries we visited. Mrs. Saudah, the treasurer of UB Kurnia, has been making peanut candy (noga) in her home since 1974. Since joining the UB in 1979 and receiving credit several times, her production volume has increased 10 times, requiring daily production capital of more than Rp.50,000. But after paying her three employees, she still nets approximately Rp.10,000/day.

d. Along with increased production and increased income, some UB members were able to add employees as well. Both Mrs. Saudah and Mrs. Kinah were examples of this. Mrs. Kinah mentioned that the market for her hairpieces is steady but she has no more room in her house for more than the seven young women already working for her.

Remaining Problems

a. Because all of the UB members we visited worked directly in their houses, limitations of space will ultimately hinder efforts to expand their enterprises, increase productivity and add more employees.

b. While a few of the UB members had apparently implemented some of the group management and bookkeeping principles in their own enterprises, most had not. Attention needs to be given to providing both incentive/motivation and appropriate individual small business management techniques to the UB members.

c. Bina Swadaya's lone fieldworker cannot adequately provide consultation and monitoring to 28 different heterogeneous UB groups. That problem is magnified when serious consideration is given to providing more individual business consultation to 1,000 UB members.

Overall Program Strengths

a. Bina Swadaya has a long-established institutionalized UB system which incorporates both community development and SSE assistance elements.

b. The organization has excellent leadership and broad staff capabilities.

c. Its good institutional reputation allows Bina Swadaya to both lobby for policy changes and solicit funds from international donor agencies.

d. The intergroup lending scheme is well-used and apparently beneficial to UB members.

e. Bina Swadaya's SSE assistance package is comprehensive, incorporating all three approaches described by Hunt.

Program Weaknesses

a. Each fieldworker handles too many groups (+ 23 per fieldworker) and consequently is unable to monitor progress, assist in problem-solving or become familiar with individual members.

b. Field workers are well-versed in UB group development skills but lack more relevant technical business skills, such as mini-market surveys, auditing, cash flow, pricing, production and marketing management. It is expected that this problem will be addressed by the recently-hired private consultant.

c. More consideration needs to be given to establishing inter-UB linkages in developing more viable economies of scale and also to establishing linkages with other economic sectors.

d. Channels for smooth communication between fieldworkers and the central office need to be improved.

4. YAYASAN PENGEMBANGAN KERAJINAN RAKYAT INDONESIA (PEKERTI)

Overview of Institution and Programs

Since its inception in 1975, Yayasan Pekerti (Indonesian Peoples Handicraft Development Foundation) has been one of the few NGOs to completely focus its program activities on the development of Indonesian small handicrafts producers. For a very small organization such as PEKERTI, with three full-time Jakarta office staff and three field workers, this is a formidable task. PEKERTI has two operational sections, an Assistance Section and a Marketing Section, each staffed by one person in the Jakarta office. The day-to-day functions of each section are also carried out by the three fieldworkers. A portion of the Jakarta office also functions as a handicrafts store, displaying and selling clients' products.

PEKERTI's assistance program is channeled through beneficiary groups. The ultimate goal of the program is to develop these groups to the point at which they are self-sufficient and capable of carrying out several collective activities, from the purchase and preparation of raw materials to the production and marketing of their own products. To date, PEKERTI's programs have reached 72 handicrafts groups with 1576 members in its three areas of operation, West Java, Central Java and Yogyakarta. PEKERTI also provides consultation to handicrafts groups being assisted by other NGOs throughout the archipelago.

Management and Staff

Unrealistic program objectives, confusion about its institutional role and high staff turnover have plagued PEKERTI's program direction and continuity in past years. Despite its professed goal of developing small handicraft businesses, PEKERTI itself has been run on poor business principless--inefficient use of resources, overestimation of its own capabilities and poor promotion of its own product. The handicrafts store, intended largely to promote the products of its client groups, was a chaotic array of baskets, placemats and handbags, all priced too high because sales were also expected to cover 50% of its office overhead.

New Director Imam Pituduh, an experienced former LP3ES small industries development worker, has his work cut out for him. Required donor assistance for PEKERTI's 1983-85 operational budget has thus far fallen far short of expectations and by August PEKERTI had not received one significant purchase order from overseas importers, leaving them with a warehouse full of slowly rotting handicrafts which will have to be salvaged and sold at minimum loss. Imam brings to PEKERTI a strong program management capability and a clear understanding of what is required to develop small enterprises. The Head of the Assistance Section, A.J. Suwarno, is a capable and experienced NGO development worker but the three fieldworkers have all been with PEKERTI for less than two years. All three received Self-Reliance Development Group training from BINA SWADAYA before assuming their PEKERTI field duties yet the range of their individual responsibilities would pose a challenge for even the most experienced SSE development worker. PEKERTI's fieldworker in Tasikmalaya, for example, is expected to assist in the formation and development of the craftsmen groups, provide consultation in aspects of administration, capital accumulation, production techniques and technologies, promotion and marketing as well as facilitation communication and cooperation with relevant government departments and supportive local businessmen. However, he still lacks the experience and many of the technical skills--small business management, production technology, product design and marketing--as well as the motivational skills he needs to be able to perform most of his duties successfully.

The Tasikmalaya Program

Tasikmalaya is one of the major cottage industry and handicrafts centers in Java. Dept. of Industry data cites approximately 141,000 people engaged in small manufacturing enterprises in the Tasikmalaya Regency. The region's products include a wide variety of woven rattan bambu and pandanus mats, baskets, placemats and hats as well as birdcages, lampshades, handbags, handpainted umbrellas, shoes and clothing. While a portion of these products are marketed locally, a larger percentage finds its way to handicrafts outlets in Bandung and Jakarta (Sarinah Department Store), or, in the case of the hats, to retailers in Central and East Java.

The craftsmen of Tasikmalaya are rather individualistic and still working in a traditional fashion. They work alone or with family members in their own homes, using simple production tools and technologies. To overcome a severe lack of working capital, most of the handicrafts producers depend on middlemen (tengkulak, bandar), usually store owners, to supply them with needed raw materials and then to market their finished products. These middlemen set the prices of both the raw materials and the wages paid to the craftsmen for their products, as well as supplying new design ideas. Some of the stronger, more innovative

men arrange for the purchase of their own raw materials and use the middlemen only for marketing purposes. These craftsmen have greater control over the price they receive, because they are not indebted to the middlemen for the initial raw materials and also because their products tend to be more attuned to contemporary tastes and so more marketable. It should be noted however that even the weakest craftsmen in Tasikmalaya usually own at least a small plot of rice paddy and this paddy land has a higher priority than their handicraft work.

PEKERTI has been active in Tasikmalaya since 1976 and during that time it has worked with 19 different handicrafts groups. Before Wawan who arrived in April 1983, there were two other PEKERTI fieldworkers, each of whom left for other employment, and the program's continuity has obviously suffered. Still, PEKERTI appears to be quite well-known and

well-thought of by local government officials, particularly Dept. of Industry and DEPSOS, and by local businessmen, many of whom (mistakenly) perceive PEKERTI as possessing far greater capabilities and resources than is clearly the case. In fact, there is some doubt as to the real benefits accruing to the craftsmen as the result of PEKERTI's activities. The lone fieldworker is currently providing assistance to 10 craftsmen groups, spread throughout the regency and producing handicrafts ranging from rattan and bamboo baskets, woven mats and hats to birdcages and umbrellas.

Despite PEKERTI's preference to channel assistance through craftsmen groups, of the four villages we visited only one, Situbeet, had actually formed a group. Yet this group of woven bamboo craftsmen had only very rudimentary joint activities, collecting bamboo and paying their electricity bills. Production and marketing activities continued to be carried out individually and there was no system of dues collection from members to start any kind of revolving credit scheme. Apparently, there was still a high degree of lingering suspicion towards "cooperative" activities among the villagers as the result of bitter experiences they had with a local government cooperative in the past. Situbeet being the fieldworker's residence, this cast some doubt on just how much progress was being made.

PEKERTI's Assistance Components

a. PEKERTI's first priority is the formation and development of the craftsmen's groups. A basic initial assistance package is provided which included basic motivation and leadership aspects, group organization, administration and management. Such a basic Group Motivation training was offered last November for six days in the hamlet of Cisarwas where 90% of the 200 families produce woven bamboo and pandanus hats. The 30 training participants immediately became the first group members, though it is not clear what that means as the group has no concrete activities to date.

b. PEKERTI also provides assistance in production skills, ranging from preparation of raw materials to quality control and product design.

c. To assist with the crucial issue of promotion and marketing of the Tasikmalaya handicrafts, PEKERTI helps to arrange display space in regional handicrafts exhibitions, operates the store in its office and develops relationships with Jakarta retail outlets, exporters and overseas importers.

d. In Tasikmalaya, Wawan also facilitates contact between the craft producers and local government officials, particularly from the Dept. of Industry, Trade and Social Affairs, as well as local businessmen.

Accrued Benefits

a. Since PEKERTI began activities in Tasikmalaya in 1976, eight of the 19 groups assisted have become self-supporting, meaning that they have sufficient motivation, strong group organization and are capable of managing their own production and marketing activities. PEKERTI has ceased routine assistance to these groups and we did not visit any of them.

b. All of the handicrafts producers we visited had only been contacted by PEKERTI in the past two years. No functioning groups had been formed and we saw little evidence of any substantive benefits to those producers as the result of PEKERTI's assistance.

Remaining Problems

a. The problems faced by PEKERTI's Tasikmalaya program reflect the overall problems which Imam Pituduh will have to address in the organization itself. A serious reassessment of PEKERTI's institutional capabilities and proper role in developing small handicrafts producers needs to be conducted. Should the emphasis be on technical assistance or marketing? To do both, PEKERTI is underqualified, understaffed and underfunded. The fieldworkers are currently expected to do far too much without sufficient training, experience or institutional support. In defining its proper role, PEKERTI should evaluate what other

institutions/individuals could also be made more active. The local Departments of Industry, Trade and Social Affairs in Tasikmalaya could and should assume some of PEKERTI's current activities.

b. A major contributing factor to why PEKERTI has failed to engender much support for formation of craftsmen groups in Tasikmalaya is that PEKERTI itself is incapable of assuming the services currently provided by the middlemen, that is, the supply of raw materials/capital for production and the smooth marketing of the handicrafts. Rather than trying to eliminate the craftsmen's dependence on the middlemen, PEKERTI might try to enlist the support of these middlemen in developing contemporary product designs and dividing marketing responsibilities.

c. PEKERTI itself needs to increase its own marketing capabilities because that is where its program will succeed or fail. Indonesian handicrafts are currently facing devastating competition domestically from cheap factory-produced plastic and metal products and internationally are unable to compete with products from the Phillipines, Taiwan, PRC and South Korea in terms of quality, design and price. Market research capabilities should be expanded to determine contemporary consumer tastes and products' feasibility, and new product designs developed in accordance with research results. Harder economic principles should be applied in determining whether PEKERTI supports and/or promotes unviable and substandard quality products. PEKERTI is currently considering a plan to open a Design Center in connection with the Jakarta Art Institute to address just this problem.

5. PERSATUAN WANITA REPUBLIK INDONESIA (PERWARI)

Overview of Institution and Programs

Established in 1945, PERWARI (The Indonesian Women's Association) has 163 branch offices spread throughout 19 provinces from Sumatra to the Moluccan islands. Its primary goal is to strengthen the active role of women in all aspects of Indonesian life as well as to develop their individual awareness, knowledge and income-earning capabilities.

Consequently, the major thrust of PERWARI's program activities is on providing educational opportunities, both formal education opportunities through 200 PERWARI-established schools and dormitory facilities, and non-formal instructional and training courses. Such courses address such topics as marriage and family planning, health and nutrition, legal awareness, home economics as well as developing productive income-generating skills.

PERWARI has only in the past few years begun to seriously develop its income-generating programs for low-income women. These programs take two basic forms: production and credit cooperatives, and smaller less-structured groups of women (5-8 persons) involved in some collective production activity. PERWARI calls those smaller groups kejar usaha (literally, "pursuing business"). These programs are promoted and implemented by PERWARI's various branch offices with assistance provided by association members or a voluntary basis.

PERWARI had developed a training program for small enterprise fieldworkers to be given in each of its 19 provinces of operation. However, the three-year program, funded by The Asia Foundation, was cut short after the first year because the Foundation's new Jakarta representative felt it did not comply with Foundation priorities. Still, in that first year 125 PERWARI members from Jakarta, West Java, West Sumatra, South Kalimantan and the Moluccas were trained in group development, management, planning, monitoring and evaluating program activities, and fund-raising. PERWARI also has training programs in productive skills and management.

Management and Staff

Until recently PERWARI had not given consideration to what is entailed in small enterprise development and even now such an awareness is only beginning to be fostered at the highest levels of the organization. Ms. Chairunnisa Jafizham, PERWARI's Managing Director (Ketua I), has only recently assumed the top program management job but is capable and innovative and interested in strengthening the

organization's assistance capabilities. Training Program Coordinator, Enna Tamimi, is an experienced development worker with a business management background. However, on the provincial and branch office levels, PERWARI, with some notable exceptions, appears to lose much of its program focus. While the program in Banjarmasin, South Kalimantan is quite well-known for its dynamic leader and success, the Yogyakarta branch office we visited appeared more philanthropic in nature; the members seemed more like a group of middle-class professionals and housewives involved in social work.

The Roeliati Kejar Usaha Group

This small group of young women in Yogyakarta produces hand-embroidered tablecloths, placemats, cocktail napkins and greeting cards using traditional Indonesian designs from a successful Yogya artist and PERWARI member, Mrs. Roeliati. Mrs. Roeliati started the group in 1975 to provide skills and some source of income for some of the poor young women in her neighborhood. The number of young women in the group ranges between 12-18 and they work in assembly line fashion, each with a specialized task. One cuts the cloth, one makes the fringed edges, one places the designs onto the cloth and another embroiders the designs. Using that system, the group is capable of producing 10 embroidered placemats and napkins a day, requiring production capital of approximately Rp.1.5 million per month.

PERWARI's Assistance Components

a. In this group, Mrs. Roeliati is clearly the motive force in almost all respects. She receives virtually no assistance from the PERWARI branch office in Yogyakarta. A prominent artist in her own right, Mrs. Roeliati is quite familiar with both Western and metropolitan Indonesian consumer tastes. The basic designs for all the goods are her own, though she has taught another member of the group to make the patterns onto the cloth. Mrs. Roeliati has taught all of the young women specific tasks to facilitate the assembly line production method.

b. Mrs. Roeliati splits her time between Yogyakarta and Jakarta, though she is more often in Jakarta. There she promotes the group's products and establishes marketing channels, namely through PERWARI, the National Export Development Board (BPEN) and the foreign womens' associations.

c. Mrs. Roeliati fronts all the production capital from her own pocket, purchasing the cloth in Jakarta and hustling up solid marketing relationships. Her costs are recovered after the goods are marketed and the group members are paid on a regular monthly basis.

Accrued Benefits

a. The young women in this group have learned new skills and are making a regular income of between Rp.1,200-2,000/day. Each woman is paid a specific amount per item finished; the amount varies depending upon the degree of skill and time required for the job..

b. However, beyond that it is difficult to see what other benefits these women are enjoying. They are really little more than wage earners in a small enterprise run by Mrs. Roeliati. They have learned no real management, bookkeeping or marketing skills and would be utterly incapable of continuing the business if Mrs. Roeliati should decide to quit.

Remaining Problems

a. Mrs. Roeliati and/or PERWARI should begin training the group members in the basic skills they would need to run the production and marketing of the embroidered goods on their own. These skills should include production management, cost calculation, bookkeeping, further product design and development and basic promotion and marketing management. PERWARI's branch office should become more involved in providing consultation and monitoring the group's development so Mrs. Roeliati, who is already a grandmother, does not have to shuttle back and forth from Jakarta.

b. Possibilities for time-saving technological innovations should be investigated. The use of iron-on patterns is one such example.

Program Strengths

a. PERWARI has an vast nation-wide network comprised of some highly-motivated individuals. A well-designed SSE development program could be institutionalized with a broad impact through that network.

Program Weaknesses

a. To date, PERWARI lacks a concrete understanding of what is required for successful SSE development, lacks a comprehensive program and the overall technical skills for implementing such a program. The new Managing Director should begin to provide some impetus in developing such concrete programs.

6. LEMBAGA STUDI PEMBANGUNAN (LSP)

Overview of Institution and Programs

LSP (The Institute of Development Studies) was founded in 1976 with the overall program goal of promoting alternative development strategies for increasing community capabilities to raise their own standard and quality of life. In achieving that goal, LSP carries out a variety of activities including training programs, research, an active publications program and assorted community development projects which are implemented through LSP's Community Action Section.

Many of LSP's enterprise development programs reflect the institution's own political-structural analysis of the problems of educational opportunity, unemployment and economic disparity in Indonesia. The client groups tend to be the extremely disadvantaged and marginal classes of Indonesian society-landless farm laborers, street vendors, pedicab drivers, refuse collectors and the like. LSP's program goals therefore tend towards providing these groups with a sense of

self-awareness and respect as a first step towards their acquiring an acknowledged and productive place in society. To support such activities in the informal business sector, LSP has established an Informal Sector Information Center and publishes a periodical, Galanq, documenting informal sector development activities throughout Indonesia.

LSP has also had success in developing a farmers' cooperative in Kediri, East Java which has since been used as a model by the Department of Cooperatives in developing its own village cooperatives (KUD) programs.

Management and Staff

LSP Director Adi Sasono is one of the more dynamic and outspoken leaders of the Indonesian NGO community. A former Moslem student activist, Adi is well-known and respected by both government and international donor agencies. He has a clear vision of the problems and characteristics of micro-entrepreneurs in Indonesia though his programs sometimes fall short of addressing the practical economic difficulties in establishing sustainable small enterprises. Adi has been extremely successful in developing a broad network of smaller NGOs which hold similar development philosophies and to whom LSP acts as an advisor and funding channel.

LSP has 34 full-time staff as well as a number of project fieldworkers. Overall, the staff has broad economics, agricultural and engineering backgrounds but many to lack practical field experience in program implementation. Consequently, LSP's SSE and community development programs tend to be stronger in theoretical design than actual field implementation. There also seems to be a marked qualitative difference between LSP Jakarta program support staff and its field staff. For example, an LSP field worker in Mancak, appeared quite ill-equipped to carry on the daily consultations and problem-solving required for various groups' development and agricultural activities.

Program One: The Mancak Program

The district of Mancak in the Serang Regency of West Java is a hilly region of largely unproductive farm land covered in coarse sedge grass and shrubbery. LSP designed a program for Mancak with two main goals. First, to introduce improved agricultural techniques and increase current levels of productivity and second, to introduce a new land use scheme whereby landless farm laborers would cultivate currently unused land and divide the harvest with the landowners.

The program began in 1983 with funds from Private Agencies Collaborating Together (PACT) exceeding Rp.100 million for three years. LSP formed 16 farmers' groups with 355 members, comprised of 16 farmers with more than 2 hectares of land, 87 farmers with 5-2 hectares, 118 farmers with less than .5 hectare and 134 landless farm laborers. These groups each determined what crops they would jointly plant on land donated by one of the members, and also determined the division of labor/tasks and time worked by the respective group members. The harvest of the collective activities would be divided with 50% split amongst the farmers who worked the land, 25% going to the landowner and 25% being added to the group's joint savings.

LSP Assistance Components

a. LSP began initially by providing consultation and motivation for the formation of the farmers' groups. Principles of group organization and administration were offered. Enlisting the participation of the larger landowning farmers was a crucial factor at this stage.

b. Together with the farmers' groups, LSP cleared and planted a demonstration plot, using crops already familiar to the farmers--cassava, corn, peanuts and green peas--but utilizing intercropping methods, fertilizers, compost and pesticides. The objective was to show the farmers how proper use of such techniques--measured amounts and time intervals--could greatly improve the overall production volume. Indeed, productivity did increase quite markedly. One hectare of cassava grown

on the Demplot produced approximately 25 tons, while traditional techniques produced 3 tons of cassava per hectare. Peanut production doubled from a half ton/hectare to 1 ton/hectare, corn rose from .94 tons/ha. to 3.9 tons and green pea production also doubled.

c. In an effort to assist with the marketing of the groups' produce, a cooperative was formed with an office built with LSP funds and group members' labor. The cooperative is run by LSP's local fieldworker and acts as the main marketing channel for the groups.

Accrued Benefits

a. Landless farm laborers of Mancak are now involved in their own productive activities in addition to their regular daily jobs. The participation of the larger landowning farmers has also served to reduce the social gap between these two groups and created a greater mutual understanding and sense of solidarity.

b. With the improved agricultural skills and techniques learned through the LSP Demplot, the farmers' production has increased significantly.

c. This increased production has also led to additional income, though quite small, for the farmers. The Capangcalung group produced 25 tons of cassava on its jointly-cultivated one-hectare plot. This yielded a Rp.923,000 profit (approximately Rp.37,000/ton or Rp.37/kg.). However, if 50% of that profit is divided amongst the group's 36 members, each would receive only Rp.12,800, not much for nearly a year's work.

d. Currently 20 hectares of previously unproductive land is under cultivation, using the new divided-harvest system. Another 187 hectares is ready for cultivation and that should significantly increase individual profits from the scheme.

Remaining Problems

- a. After the Demplot stage was concluded, the LSP agricultural experts returned to Jakarta, leaving only one fieldworker to continue providing consultation and monitoring of the farmers' groups. As was previously mentioned, he seems rather inexperienced and ill-equipped to adequately perform those tasks.
- b. Production yields on the land cultivated by the groups are not as high as those on the Demplot. It is unknown whether this is the result of poorer soil fertility, but clearly the farmers are still in need of continued agricultural assistance, another task which seems beyond the fieldworker's capabilities.
- c. LSP's relations with local government officials are not very good and that sometimes causes problems. LSP was requested by some of the village heads to assist in tax collection efforts from the farmers. LSP refused and that has left some bad feelings.
- d. The farmer groups still seem very dependent on LSP's presence and continued assistance. It is unclear what concrete efforts are being made to transfer project operations to the farmers themselves, particularly key functions such as group motivation and coordination of the cooperative.
- e. The crops being grown in Mancak, with the exception of soybeans, are of very low economic value. Furthermore, continued dependence on cassava cultivation will eventually completely sap available soil nutrients. LSP should perhaps consider what new crops it could introduce with its improved agricultural techniques, particularly tree crops of higher market value.
- f. LSP might investigate the production and market feasibility of developing ancillary industries based on cassava cultivation. Cassava flour, dried cassava chips, crackers and cakes are but some possibilities.

Program Two: Koperasi Serba Usaha Daur Ulang, Jati Dua, Bandung

Jati Dua is a ghetto neighborhood of 37 families located directly next to the Governor's office in Bandung, West Java. Almost three-fourths of Jati Dua's residents make their living as junk collectors and sellers, picking through refuse piles for recycleable items such as cardboard, tin, aluminum, glass bottles and cigarette butts. Jati Dua residents are representative of a class of urban poor that lives on the fringes of respectable Indonesian society.

The Jati Dua community first began to receive assistance from the Environmental Studies Center at Bandung Institute of Technology (PSLH ITB). After a research study of the Bandung junk collectors sponsored by the Dutch Institute of Social Studies, PSLH ITB staff began to organize the Jati Dua residents, providing motivation and instruction on planting small home gardens. LSP joined PSLH's efforts in 1982 with a four-month action research project by one of its staff. He lived amongst the Jati Dua residents and after earning the trust of the extremely suspicious residents, he managed to further PSLH's community organizing activities until a cooperative was formed. He was replaced by a new worker in Jati Dua who became the head of the cooperative.

LSP's Assistance Components

a. The field staff provided constant motivation and counselling for the Jati Dua residents in getting them to organize themselves and ultimately form a junk recycling cooperative.

b. LSP staff frequently function as advocates and even bail bondsman for Jati Dua residents arrested for numerous reasons, including not having identification cards and selling without a permit. They have also lobbied with Bandung authorities on land disputes and have arranged for regular religious services and formal instruction to be offered to Jati Dua residents by students of Bandung Islamic University.

c. Through the cooperative, the LSP staff assists with the marketing of 19 different types of refuse material collected by community members. These range from tin cans which sell for Rp.2,000/kg, scrap iron at Rp.712/kg, down to cigarette butts and paper which sell for between Rp.15-150/kg.

Accrued Benefits

a. There is a noticeable sense of pride and self-confidence which has reportedly emerged since PSLH and LSP began working with the Jati Dua residents. The community members claim they no longer feels isolated and at the mercy of government officials and are beginning to speak up on their own behalf.

b. The social benefits appear more noticeable than the economic benefits. Now regular religious services are conducted and a small school has been built where the Jati Dua children receive instruction from local college students. Eighteen marriages have been performed for Jati Dua couples previously living together, and residents have begun to apply for government-issued identification cards.

c. The Bandung city officials have offered to move the Jati Dua residents to a 25-hectare location in West Bandung complete with permanent housing for 4,000 urban ghetto dwellers. LSP was requested to provide continued assistance in establishing cooperatives with local government support for the 4,000 residents of the new complex. However, the Jati Dua residents refused this offer because they felt such a move would jeopardize their new-found community solidarity.

d. The cooperative has established solid marketing connections with several recycled products distributors.

Remaining Problems

a. Despite their growing community awareness and self-confidence, the Jati Dua residents are still greatly dependent on an LSP staff

presence. He is their spokesman with government officials and he also runs the cooperative. Success in training local motivators from within the community to assume these functions has not yet been achieved.

b. LSP has not yet succeeded in establishing marketing connections directly to the factories that purchase recycled materials, though such a direct connection would yield a considerably higher sales price of all the materials collected. LSP has also not seriously investigated what simple technologies could be introduced to the Jati Dua residents to enable them to process some of the refuse products themselves, such as tin can presses.

c. The refusal of the government's relocation offer, an opportunity to gain permanent land, housing and societal recognition, indicates that the Jati Dua residents find security in their ghetto enclave. It also may indicate that LSP has not considered how to overcome the problem of the marginal urban poor on a larger scale, or is not prepared to make the commitment to work with the government in tackling the problem.

Overall Program Strengths

a. Director Adi Sasono is a dynamic and influential individual with good top-level government connections and so is capable of enlisting government cooperation and lobbying for policy changes beneficial to his programs and the NGO community in general. Adi's development philosophy has had a marked influence on many smaller NGOs who look to LSP for occasional advice and funding assistance.

b. LSP's program support staff have a broad range of technical backgrounds and capabilities, including social research, agriculture, business administration and economics.

c. LSP's SSE programs tend to address the very marginal poor who are rarely reached by government services or other NGO programs. LSP seems to be quite successful in community organizing efforts with these groups.

Weak points

a. LSP appears to have trouble relinquishing program responsibilities to the client groups. The result may be the creation of a dependency relationship in which the key program positions are filled by LSP staff.

b. LSP tends to stress the community organizational aspects of its programs more than the practical economic aspects. Consequently, efforts to improve the economic viability of an enterprise are frequently overlooked.

c. Despite good high-level government relations, occasionally LSP's people's struggle philosophy obstructs efforts to work closely with local government, which is sometimes seen as the antagonist. Field programs might be more successful if LSP could enlist local government support and so gain access to government services. It would be a far greater LSP achievement if it could draw upon such government services in its own program implementation with the aim of eventually turning over assistance duties to government extension workers.

d. LSP should consider more training and program preparation for some of its field staff who lack the technical capabilities and experience of its Jakarta-based support staff. In the meantime, more technical backstopping is required of the LSP Jakarta staff to ensure that the field programs progress smoothly.

7. LEMBAGA PENGEMBANGAN USAHA KECIL (LPUK)

Overview of Institution and Programs

LPUK (The Small Business Development Institute) was founded in Jakarta in 1980 by the top brass of LP3ES, LSP and Sekolah Tinggi Wiraswasta (Entrepreneur College) to actively provide assistance in developing the small enterprise and informal sectors. LPUK's first

assistance program was with small clay shingle producers in Plered, West Java, 135 km southeast of Jakarta. That program was not successful because LPUK could not provide continual monitoring and consultation once the promised program funds failed to materialize.

Since 1983, LPUK has focused its program activities on informal sector entrepreneurs in Jatinegara, East Jakarta, working in cooperation with LSP's Informal Sector Documentation center. The three main client groups are pedicab drivers, motorized trishaw (bajai, bemo) drivers, and small fixed-site market vendors and mobile street vendors (pedagang kaki lima). These groups, particularly the market and sidewalk vendors, usually operate without government-issued business licenses, cannot afford to rent officially-sanctioned market stalls in the Jatinegara market and so must pay exorbitant fees to local officials or face threats of eviction or arrest.

Management and Staff

LPUK's young director, Ali Mustafa, is another of the LP3ES-LSP network rising stars. He is idealistic and dynamic, though seems to be frequently in Yogyakarta working with the Dhworowati Institute, another of the LSP network of small NGOs.

LPUK's fieldworkers have been chosen from the ranks of its client groups mainly for their leadership abilities. They have very strong organizing capabilities, their major function, but tend to lack strong business management and financial expertise so their actual business problem-solving abilities are quite weak.

Koperasi Kaki Lima Jatinegara (KOKALIMAJA)

LPUK's assistance program for the small mobile and fixed vendors around Jatinegara market currently includes 360 small entrepreneurs who have official market stalls and 40 vendors who operate under makeshift tents, sell from pushcarts and do not have personal identity cards (KTP). LPUK has organized them into a small vendors cooperative,

Koperasi Kaki Lima Jatinegara or KOKALIMAJA. The cooperative has nine separate units each with a unit leader, and a number of sub-units, also having their own leaders. These unit and sub-unit leaders act as group motivators and report group progress and problems to LPUK. The various units consist of a revolving credit fund unit with 112 members, a small grocers unit, a non-prescription medicine venders unit, a vegetable sellers unit, an electronic equipment sellers unit, a used book sellers unit and others. Most of these units have some kind of revolving credit fund activities as well as regular meetings with LPUK fieldworkers to discuss members' problems.

LPUK Assistance Components

a. LPUK's major activity with the 400 small venders in Jatinegara has been to organize them into support groups or units, all of which are joined under the KOKALIMAJA cooperative. In doing so, LPUK fieldworkers have provided motivation and guidance and managed to gain support from influential venders who then roused up their neighbors. LPUK's KOKALIMAJA project leader is a former Jatinegara vender himself with extraordinary organizing and leadership abilities. He thoroughly understands the venders' problems and easily gained their trust and confidence.

b. After organizing the units and sub-units, LPUK provided training in group administration, management and bookkeeping. They instructed how to manage a small revolving credit fund as well as providing information about the venders' individual legal rights and the laws and regulations they should know.

c. LPUK also provided seed capital for some of the units' revolving funds. For example, members of the revolving credit fund unit each contributed an initial Rp.15,000 to join the unit and monthly dues of Rp.4,000/member. Current joint unit savings exceed Rp.7,000,000. LPUK contributed an additional Rp.8 million, borrowed from LSP's Informal Sector Documentation Center. Total credit volume from this fund has exceeded Rp.17 million.

d. LPUK also functions as an active lobbyist and advocate for small vendors in dealing with the Jakarta city officials. Issues such as evictions, license fees and bribe payments are frequently debated. LPUK actively seeks to acquire operational licenses and established permanent business locations for KOKALIMAJA members.

Accrued Benefits

a. A noticeable sense of solidarity, self-confidence and awareness exists amongst the KOKALIMAJA members. They have a growing belief in their collective bargaining power and a very tight organization with regular meetings to discuss common problems and alternative solutions. The knowledge that KOKALIMAJA and LPUK are supporting their struggle for legitimacy seems to provide a strong sense of security.

b. LPUK has managed to gain some ground for the Jatinegara market vendors through its lobbying with city officials. More permanent stalls have been established and the "unofficial" vendors claim they are less frequently harassed by officials.

c. The smaller vendors--the vegetable sellers, sidewalk food staff operators and pushcart vendors--have benefited from the opportunities for small credit amounts through the LPUK-supported revolving funds. However, some of the larger entrepreneurs, such as the television and radio-cassette sellers who require large operating capital have not yet found the revolving credit funds sufficient to meet their needs.

Remaining Problems

a. LPUK's assistance efforts to date have mainly focused on community organizing to increase the political leverage of the small vendors and ease the constant threat of eviction from their business locations. While this is a very real problem and needs to be addressed, LPUK has been so busy at grassroots political consolidation work that it has not been able to devote enough time to the longer-term solution of

increasing the economic viability of the small venders so they can pay the necessary rental fees, license fees and taxes. LPUK needs to begin to focus more attention on increasing the small venders' technical business and financial management skills.

b. Currently LPUK's own fieldworkers are not equipped to provide relevant small business consultation because they themselves lack the needed management, bookkeeping and marketing skills. Attention should be given to providing increased training first to its own field staff and then to the individual KOKALIMAJA members.

8. YAYASAN SWADAYA MEMBANGUN (YSM)

Overview of Institution and Programs

YSM (The Foundation for Building Self-Reliance) is one of the few NGOs actively involved in SSE and community development in West Nusa Tenggara province (NTB). Founded in Mataram, Lombok in 1981, YSM aims at generating active community participation in identifying and overcoming common socio-economic and environmental problems. In so doing, YSM encourages the formation of community self-reliance development groups, or pre-cooperatives similar to the Bina Swadaya UB model.

YSM currently provides assistance to 57 different groups with more than 730 members throughout the island of Lombok. These groups include small food processors and venders, fishermen, farm laborers, handicrafts producers and fresh-water fish cultivators. Most of YSM's funding for these projects comes from the Dutch agency, HIVOS, though USAID has provided support for a handicrafts development project. YSM also has an active training program through which it trains local motivators in participatory development principles, and also has documentation and publication programs.

Management and Staff

YSM Director Ali Dahlan made a personal tour of the well-established Java-based NGOs, meeting various directors and program staff and observing many of their program activities before YSM began to initiate its own programs. Consequently, he has learned a great deal from others' experiences (a novelty among Indonesian NGOs) and at the same time established many useful program contacts, particularly with LSP, Bina Desa and Bina Swadaya. Ali has made good use of available training opportunities and many of his staff have received training at the above three NGOs. In general, he impressed us with his development philosophy, understanding of local socio-economic problems and willingness to cite his own program weaknesses.

YSM's 15-person program staff possess a variety of economics and agricultural skills required for their field assistance duties. Those who have been trained at Bina Swadaya and other training institutions appear to have acquired the skills needed to successfully organize and provide consultation to the assorted UB groups. However, overall they lack specific small business management and marketing skills, as well as entrepreneurship motivational capabilities.

The Karang Baru Tempe Producers

Karang Baru village in East Mataram is the location of the YSM office. The village is also home for more than 150 traditional tempe (cultured soybean cake) producers who also sell their own products. When YSM began providing assistance to these tempe producer-sellers in mid-1983, their average income was between Rp.250-450/day.

YSM Assistance Components

a. YSM began by encouraging the Karang Baru tempe-makers to organize pre-cooperative groups. YSM provided motivation and consultation in group organization, administration and bookkeeping. Seven such groups were formed with 105 members.

b. YSM utilized some of the Rp.14 million of HIVOS project funds to provide initial stimulus for the groups' revolving credit funds. (The actual amount provided to each group is unknown.)

Accrued Benefits

a. After one year, it is still difficult to see what concrete economic benefits have been accrued to the client groups. Members are enthusiastic about the existence of the groups and the opportunity to receive short-term credit through the revolving funds. However, to what degree such credit opportunities have resulted in increased production and/or income to group members remains unclear.

Remaining Problems

a. Marketing of the tempe is a problem that has not yet been overcome by either YSM or the pre-cooperative groups. YSM should investigate other possible food items that could be produced by the groups and would be more easily marketable, commanding a higher sales price.

b. Efforts to increase production efficiency, such as assembly-line techniques, could also be developed.

SECTION THREE: SMALL BUSINESS AND ENTREPRENEURSHIP TRAINING CENTERS IN
INDONESIA

Introduction

In the previous section we have seen that many NGOs lack necessary technical small business management and motivational skills to successfully carry out their SSE development programs. Such skills will have to be developed before such NGO programs will have a more significant impact in assisting to establish sustainable small enterprises and improving the economic well-being of their clients.

In this section we review several local institutions that offer training programs in small business and entrepreneurship development. Our primary focus here is to assess each institution's capabilities in developing the skills most needed by NGOs to improve their SSE assistance. In so doing, we provide a general description of the training institution, its staff, training methodologies and materials and the specific relevant training packages and curriculum offered. Then we offer our own subjective assessment of the respective program's overall strengths and weaknesses with regards to its capacity to respond to NGO needs.

Mansour Pakih, a co-author of this report, has had experience as a trainer and materials developer with five of the six institutions reviewed here—all except LPPM. Our assessments of these institutions draw heavily on his experience and familiarity with the respective training materials, methodologies and trainers' capabilities, but are also supported by interviews we conducted with program coordinators, trainers and former training participants.

Most of the small business and entrepreneurship training programs in Indonesia employ methodologies derived from the basic principles of non-formal education. They draw heavily on the conscientizing educational philosophy of Paulo Friere and the participatory training principles

outlined by Om Shrivastha and Rajesh Tandon. These participatory NFE training methods and principles were introduced in Indonesia through the AID-funded BPKB/World Education project in Jayagiri, Bandung in 1978.

The other major influence on enterprise development training in Indonesia has been the attitudinal approach forwarded by David McClelland of Harvard University. McClelland's focus on the formation of individual entrepreneurial attitudes, instincts and behavior, called Achievement Motivation Training (AMT) has been adopted in some form by almost all existing training institutions with SSE or community development components.

1. LEMBAGA PENDIDIKAN DAN PENGEMBANGAN MANAJEMEN (LPPM)

Founded in Jakarta in 1967, LPPM (The Institute for Management Education and Development) is the largest and foremost management training institute in Indonesia. A private agency with 300 staff, LPPM has extensive training, consultancy and publications programs. LPPM offers about 40 regularly-scheduled modular management courses usually averaging two weeks in length, high level management seminars, in-house training for large companies and government departments, a variety of programmed correspondence courses and a ten-month management trainee course for university graduates.

Since 1982, LPPM has offered two training packages specifically addressing specific management problems of small businesses, a 50-week course to train small business consultants and a 13-week course intended to provide insight on small business problems and management techniques. These courses, designed by Ford Foundation consultant Alwyn Young, are expected to benefit large companies, banks, government agencies, NGOs and/or private consulting firms that have professional relations with, or are interested in developing small enterprises. We will pay particular attention to descriptions and assessments of these two courses in determining how useful they might be for strengthening NGO SSE development capabilities.

Training Methodology

In the majority of LPPM's modular management courses, the classroom instruction is conducted using a combination of lectures, practice exercises and participatory training methods, including discussions, group activities, role-playing, simulations, incident methods and case studies. In both of the above-mentioned small business training courses, approximately 30% of the course time is composed of lectures, 10% involves discussions, case studies and other classroom instruction, and 60% of the course is spent in the field with the participants applying what they've learned in the classroom. Because of the large amount of fieldwork involved, LPPM limits the enrollment in the small business training courses to 30 participants to allow for careful monitoring.

LPPM does not include attitude reinforcement and motivation skills in its small business courses because it assumes that by having embarked on a small enterprise activity, the small entrepreneur must already possess the needed business attitudes, courage and enthusiasm. Instead, LPPM assumes that the major obstacle to small entrepreneurs' success is a lack of technical managerial and operational skills. Equipping the participants with the capability to recognize these technical problems and to offer appropriate problem-solving advice is the major thrust of the two courses.

In designing the small business training courses, LPPM does not conduct a needs assessment of the intended participants. The course material is determined based upon numerous LPPM surveys of the problems and operational characteristics of assorted small entrepreneurs in Jakarta. LPPM also does not, as a matter of course, conduct any programmed follow-up monitoring or consultation activities on the progress of its small business course graduates. An evaluation is conducted by the participants at the end of the training course, but further feedback regarding the course's usefulness to the participants' ongoing activities occurs only on an individual correspondence basis.

Training Packages

a. Small Business Appreciation Course (13 weeks)

The aim of this course is to provide participants with an initial understanding of problems and characteristics of small businesses and the basic skills needed to assist in their development. Classroom instruction includes loan and credit principles, simple accounting (cash entry only system), conducting and analyzing field surveys, business economics and auditing small businesses. Practical field activities include interviewing small entrepreneurs to determine problems and potential, performing management and financial audits of the small businesses, and the introduction of simple accounting procedures and techniques for business promotion and sales stimulation.

This 13-week course could be the most useful LPPM training packet for most NGOs. It includes two of LPPM's strengths, namely: the simple accounting system and the auditing systems, both common weaknesses of NGO SSE assistance programs. However, comments we received from some NGO staff who attended this course suggest that the course material may not be wholly appropriate for many NGO SSE development programs. They claim the curriculum and materials address the problems of small urban entrepreneurs, particularly in the commercial and service sectors, who already own their own places of business. Meanwhile, the majority of NGO programs assist rural cottage industries and small-scale agricultural enterprises. Usually NGO client groups have considerably less invested and operating capital than those reportedly targeted in this course. A few NGO staff felt that the course was quite useful and that they were able to apply some of the accounting, auditing and business problem-solving techniques in their respective program duties. Generally, those we spoke to who most benefitted from this course already had some training/non-formal education background themselves and so could more readily adapt the material to fit their own program needs. This should be a consideration for future NGO participants of the course.

b. Small Business Consultant Training Course (50 weeks)

The aim of this course is to equip participants with the knowledge, skills and practical experience to perform successfully as small business development consultants. The curriculum and materials for this course are basically the same as in the 13-week course but they are given in more detail and depth. Participants work in small groups with each group expected to visit and conduct interviews with 100 small entrepreneurs, engaged mostly in commercial and service enterprises throughout Jakarta. It is hoped that through these interviews a number of enterprises can be selected for management and financial audits. Finally, this leads to the construction on comprehensive balance sheets for each respective business. Through these exercises the participants learn how to collect vital information, analyze the information systematically to reveal the problem and potential of an individual enterprise, and then to offer constructive advice to the entrepreneur on how to improve his business.

The participants of this course are not required to have previous experience in small enterprise assistance activities as with the shorter course. Instead, the participants are usually college graduates who are recruited by LPPM and then after the training are expected to be "sold" to interested companies, banks and other institutions as qualified small business consultants. However, LPPM has reportedly has some problems "selling" its most recent crop of course graduates, though it is not clear exactly why. Clearly, the length of the course is obstacle for NGOs looking to upgrade their staff. NGOs are also unlikely to "purchase" these consultants because of their own budgetary constraints and the fact that the product might be entirely unsuitable for their purposes for the reasons previously mentioned.

c. LPPM also offers assorted short management training courses, including Problem-Solving and Decision-making, General Management, Production Management, Marketing Management, Market Research, Financial Management and Accounting, among others.

d. LPPM offers a four-week course on a greatly simplified accounting system, the Cash Entry Only System (CEOS). CEOS provides detailed information on income and expenditures, yet is easily demonstrated and implemented, requiring only very basic cheap materials. This system would be useful for both small entrepreneurs and NGO fieldworkers involved in SSE development.

Overall Program Strengths

a. LPPM is a well-established training institution with a large full-time professional staff capable of offering regularly scheduled training programs. Its training facilities are the most modern and complete in Indonesia, designed specifically for training purposes, and LPPM's library holds the country's largest collection of business management publications.

b. LPPM's 13-week small business training course would be particularly appropriate for NGOs assisting small entrepreneurs in the commercial and/or service sectors, and for NGOs who are considering extending their SSE assistance to the individual entrepreneurs.

c. LPPM's stress on the technical business management aspects of its courses would be useful for NGOs who are generally weak in those very components.

d. The CEOS accounting method would be a useful assistance tool for NGO SSE staff in providing a simple mechanism for small entrepreneurs to distinguish between business and personal capital. This would also provide an easy means of measuring increases in business activity and personal income over the course of the assistance program. Modification might be made to make the CEOS system appropriate to the variety of NGO client groups.

Weak Points

a. LPPM's small business training courses focus upon the problems and characteristics of small urban-Jakarta entrepreneurs most of whom are engaged in the commercial or service sectors. LPPM concludes these entrepreneurs demonstrate sufficient motivation and aggressive business practices and so such components are not included in its training packages. NGOs, on the other hand, generally provide assistance to a far poorer class of clientele with a wholly different set of problems and characteristics. NGO clientele, by and large, live in rural areas, are engaged in small manufacturing, handicrafts or agricultural production or processing, and have weak entrepreneurial instincts and motivation.

b. NGO staff trained at LPPM, especially in the longer small business courses, may find LPPM's professional approach at odds with the philosophy and approach of their own NGO programs. One past trainee left Bina Swadaya in the middle of his training course because he felt what he was learning at LPPM was not appropriate to Bina Swadaya's group-oriented approach. He is currently a LPPM small business trainer.

c. LPPM could make its small business training packages far more relevant to NGO SSE program needs if it conducted needs assessments of its participants as a basis for curriculum design. More programmed post-training follow-up activities would also reveal just how well participants have been able to utilize their acquired skills and what aspects of the training course could be altered to make them more responsive to particular NGO problems.

2. PUSAT PENDIDIKAN DAN LATIHAN BINA SWADAYA (PUSDIKLAT)

Pusdiklat Bina Swadaya (Bina Swadaya's Education and Training Center) was originally formed to service Bina Swadaya's internal training needs, particularly training field workers for the Self-Reliance Development Group and Usaha Bersama program. While for years Pusdiklat has offered its training programs to outside participants, the central focus remains

the same; providing participants with the conceptual understanding and skills to organize and assist self-reliance development groups/UB groups along the lines of the Bina Swadaya model.

Since its formation, Pusdiklat has offered Self-Reliance Development Group Motivator (TPKS) training 13 times, twice each year. The participants come from assorted NGOs throughout Indonesia. Pusdiklat has also conducted training programs with various Indonesian government departments 12 different times, usually on Community Participation, Management and Leadership, and Training for Trainers. Pusdiklat also offers non-scheduled training courses based on special client requests; it has responded to 17 such requests from NGO clients.

For the past three years, Pusdiklat training courses have been conducted in a modern, specially-designed training facility in Cimanggis, just south of Jakarta. The Cimanggis training center has complete instructional, recreational and dormitory facilities for Pusdiklat training participants.

Training Methodology

Pusdiklat training courses employ a participatory training methodology, in which the course contents are derived from the expectations and needs of the individual participants. For the regularly-scheduled TPKS courses, the initial curriculum is determined according to Pusdiklat's experience and evaluation of past training courses, while for specially requested training courses, Pusdiklat tailors the curriculum entirely to suit the clients' needs.

Pusdiklat TPKS training participants are not only expected to gain specific understanding and skills offered through the course but also expected to outline a concrete work plan applicable to their own individual responsibilities with their respective institutions. Pusdiklat provides post-training consultation and assistance on request to participants who encounter difficulties implementing their work plans.

Evaluation of Pusdiklat training courses takes three major forms: a pre-training evaluation to determine the background and potential of the respective participants; a continual evaluation process of the day-to-day training activities, usually in the form of daily feedback from the participants on all of the training aspects; and post-training evaluations done at the end of the training course, and periodically once participants have returned to their respective field activities. However, actual programmed post-training monitoring and follow-up assistance to TPKS graduates usually occurs only with those participants whom Bina Swadaya is grooming for its own UB program. Other participants are expected to be monitored and assisted by their sponsoring institutions.

Training Packages

Pusdiklat's regularly scheduled Self-Reliance Development Group Motivator (TPKS) training runs for three and a half months and consists of the following seven packets:

- a. Self-Actualization within Group Situations (48 hours), includes self-awareness and communication skills.
- b. Increasing Effective Group Dynamics (40 hours), aims at maximizing the group's potential through effective communication, motivation and cooperation.
- c. Group Organization and Leadership (40 hours), includes decision-making and problem-solving skills, generating group participation and group management principles.
- d. Developing Group Capital Accumulation and Credit Activities (40 hours), involves how to initiate, manage and effectively utilize a group revolving credit fund.

- e. Developing Small-Scale Group Enterprise Activities (80 hours), includes analyzing community economic potential and needs, increasing achievement motivation, sales techniques, utilization of capital, basic production and marketing management, with actual field observations.
- f. Responsibilities of Group Motivators (80 hours plus 20 days practical field experience), aims at equipping participants with basic understanding and practical skills to function a group motivator, and the capabilities to monitor and evaluate a group's development.
- g. Group Training (80 hours plus 15 days of practice training), provides participants with the capabilities to design, implement and evaluate participatory training activities in accordance with a group's particular needs; includes training methodologies, materials and basic principles/philosophies.

Pusdiklat's TPKS trainers are very experienced in the principles and methodologies of participatory training and bottom-up group development. The materials used are well-designed to suit the training objectives and based largely on Bina Swadaya's own 10-year experience with its UB group program. However, Pusdiklat's major training strength--its 6-year experience in offering the TPKS course--may also be contributing to a growing flaw. The course materials and training methodologies are becoming too routine for the Pusdiklat trainers. They are increasingly less challenged by the curriculum and materials and this may have a stagnating effect on their individual development as trainers as well as the overall effectiveness of future TPKS courses.

To date, however, TPKS course participants have been quite successful in their own efforts at UB-model group motivation and development. We met TPKS training graduates at numerous NGOs and the majority have been able to effectively employ their acquired skills. Careful selection of candidates by sponsoring NGOs and a supportive program framework in which to utilize the returnees' skills seem to be key factors in former trainees' field successes.

Overall Program Strengths

a. Pusdiklat's TPKS training program has been developed largely from Bina Swadaya's own experience with its UB program, undoubtedly the largest and most comprehensive in Indonesia. Bina Swadaya's UB group model has been adopted in some form by almost all NGOs engaged in SSE development activities and consequently those NGOs would benefit from such training.

b. The Head of Pusdiklat, Em. Haryadi, has broad personal contacts throughout the NGO community and also with various international donor agencies in Jakarta. Pusdiklat's TPKS training is open to all NGOs, irregardless of size, experience, activities or affiliation (religious or otherwise). Furthermore, due largely to Haryadi's contacts and Pusdiklat's reputation amongst donor agencies, many of the TPKS participants receive complete "scholarships" to attend the training course.

c. Pusdiklat Bina Swadaya also actively seeks out training needs of NGOs through comprehensive mobile workshops and need assessment surveys and then designs appropriate training courses to meet the general needs found. A Management Training course of this sort was recently conducted in Padang, West Sumatera for Sumateran NGOs.

Weak Points

a. Pusdiklat's TPKS training stresses group development and management skills and not individual small business management and entrepreneurship development skills. Pusdiklat's trainers and curriculum are rather weak in specific business techniques such as production management, marketing and accounting, among others, and frequently guest trainers are used to teach the Entrepreneurship components of the TPKS course. Training materials which address these more technical aspects may soon be developed with the recent addition of a private business consultant to Bina Swadaya's staff. In the meantime, for the purposes of NGO SSE program development, field staff who already possess some background in Business management and entrepreneurship would be the best candidates for this course.

b. Pusdiklat should consider offering some of the course materials in condensed form. Many NGOs cannot spare their program staff for 3.5 months of the TPKS course, but would certainly benefit from much of the course materials if given for shorter lengths of time.

c. Pusdiklat might consider ways of improving its own staff development to avoid them becoming stale and less motivated. This might be done through training program expansion and diversification, for example, the addition of some small business-oriented packets as short follow-up courses to the TPKS package, or through more frequent off-Java training sessions designed to meet the needs of particular client groups.

3. SEKOLAH TINGGI WIRASWASTA (STW)

Sekolah Tinggi Wiraswasta (Entrepreneur College) was founded in 1979 by a consortium of Jakarta-based NGOs--LP3ES, LSP and PPA--in an effort to address the problems of poverty and unemployment. STW is the first formal educational institution in Indonesia to use adult education principles and consequently the instructional facilities have been designed to meet the needs of participatory methods. STW offers a four-year regular educational program as well as short training courses on a variety of entrepreneurial skills.

STW's regular program is divided into year-long subjects such as Identification of Business Opportunity; Basic Business Operations, ranging from organization and management to accounting and marketing; Starting the Business, in which the students are expected to produce a comprehensive feasibility study; and Developing the Business, by which time students should be able to design a long-range growth plan for their particular enterprise. STW graduates are expected to gain the skills and attitudes necessary for them to become successful independent small businessmen. Some graduates have also become SSE development workers at the above-mentioned NGOs.

STW's training facilities include four classrooms, offices, a well-stocked entrepreneurship library and a dormitory capable of housing 100 participants. STW currently uses 15 trainers of which only three are full-time STW instructors. The others are drawn upon when a particular training need so dictates.

Training Methodology

For its regular four-year program, STW uses lectures, training techniques and seminars with guest businessmen. For the short training courses, participatory methods are used, particularly structured experiences, in which the participants' own experiences become the basis for much of the course material. Though most of STW's training packets, curriculum and materials were designed and initially implemented by experienced small enterprise development trainers, all those individuals have since left STW. STW's three current full-time trainers have sufficient understanding of participatory training methods but lack their predecessors' theoretical background and practical experience in entrepreneurship and small business development. This has affected the quality and effectiveness of STW's various training packages. It should be noted, however, that many of STW's on-call trainers are from the initial program design group and their participation in STW training courses significantly increase the courses' worth.

STW conducts pre- and post-training evaluations which are expected to provide feedback on all aspects of the training from the goals, methodology and contents, to the use of time and facilitators' skills.

Training Packages

- a. Format: BA of Entrepreneurial Attitudes and Techniques for Starting and Operating a Business (120 hours)

The aim of this course is to develop individual skills, knowledge, and particularly the attitudes and behavior demanded for business success. Curriculum and materials address individual entrepreneurial attitudes such

as self-awareness, creativity, goal-setting and calculating risks; selection and organization of a business enterprise; practical business skills such as bookkeeping, pricing policies, decision-making, promotion and marketing; and how to conduct feasibility studies. At the conclusion of this training package, participants are expected to design a comprehensive business feasibility study which they themselves could realistically implement.

In our opinion, this is STW's strongest training package because it is basically a synthesis of STW's experience with its regular four-year educational program in preparing students to become successful small businessmen. Though the course is expected to produce business-ready graduates, it would be extremely appropriate for NGOs seeking to extend their SSE assistance services to their individual clients. The training curriculum follows a step-by-step process of how to become a small entrepreneur and the motivational and attitude-forming components are especially strong. These and the feasibility study component would be particularly useful to most NGO SSE staff. Again, the effectiveness of this training course depends very much on whether or not more experienced outside trainers are used.

a. Other STW training courses that have been frequently offered and might be of use to NGO SSE staff include Starting and Operating a Cooperative and Market Research. The basic course materials are sufficient but their overall effectiveness depends largely on the capabilities and experience of the trainers.

Overall Strengths of STW Training Programs

a. STW utilizes participatory adult education training methods, and has both experience and expertise in entrepreneurship development training.

b. STW has complete training facilities and dormitory accommodations.

c. Training methodologies and curriculum have been developed through STW's own experience in entrepreneurship training and are constantly being evaluated and improved.

d. The motivational and attitude-formation components are especially strong.

Overall Training Weaknesses

a. Much of STW's training effectiveness depends upon the capabilities and experience of its trainers. Most of STW's best on-call trainers have full-time jobs elsewhere and their mobility is quite high. STW's experienced full-time trainers have left the institution and their replacements are less familiar with the basic course materials. NGOs wishing to send staff to STW courses should first inquire about the availability of the best trainers for the packages desired.

b. STW's training center is located at a pesantren (Islamic boarding school) which creates difficulties for non-Moslem participants.

4. LEMBAGA STUDI PEMBANGUNAN (LSP)

LSP (The Institute for Development Studies) was founded in 1976 (see Section Two, pp.). Its programs are of four major types: education and training, research, community development activities and publications. The LSP education and training programs are not conducted on a regular basis, but rather in response to specific requests from other institutions; these training courses seem to be viewed as income-generating components for LSP's overall program.

Since its training program began in 1979, LSP has conducted 27 training courses for assorted government departments, NGOs, universities and private companies. These courses have most frequently included Cooperative Management, Training for Community Development Motivators and Trainers, Marketing and Management. Because LSP does not have its own training center, these training programs are held at specified locations most convenient for the participants.

Training Methodology

LSP utilizes basic non-formal education (or participatory) training methodologies in all of its training courses. It conducts needs assessments of potential training participants to determine the most relevant curriculum and materials for a particular training course.

LSP currently has 13 trainers with broad academic backgrounds including economics, accounting, education and agriculture. However, only three of these trainers actually have extensive formal training in participatory education principles and techniques. The rest, while they may fully grasp the course materials, are somewhat weak in the actual training aspects. Like many NGOs, LSP currently faces difficulties maintaining or upgrading its training standards due to high staff mobility.

LSP is one of the most productive NGOs in terms of publishing training manuals. To date, LSP has published 27 manuals in such areas as Cooperative Management, Participatory Community Development, Marketing, Financial Management, Entrepreneurship and Practical Research methodology. By and large, these manuals are sufficiently to provide a basis for a good experienced trainer to conduct a useful training course. The training manuals on Cooperative Management and Marketing are reportedly better than most.

Training Packages

a. LSP's strongest training package is its Marketing Management course (80 hours). The curriculum and materials include marketing concepts, risk analysis, pricing, promotion, distribution and basic product development. This package was designed and developed by an LSP staffperson with extensive marketing experience and overseas training. Since its initial design in 1979, this package has been repeatedly revised and has become the basis for similar marketing training packages offered at other training institutions such as STW and Akademi Kaswasta Dewantara. Unfortunately, the designer of this package is no

longer employed at LSP and the current training staff lacks his expertise and thorough understanding of the training materials. Consequently, when offering this training package LSP now frequently calls in outside trainers with more expertise in this area.

This training course would be quite useful for most NGO SSE staff for whom marketing strategies, market research and product development are particular weaknesses. Adaptation of some of the course materials might be required to fit assorted NGO client groups.

b. LSP also offers training programs in Entrepreneurship, Participatory Community Development, Cooperative Management, and Feasibility Studies which might be of some use to NGOs.

Overall Strengths

a. LSP's trainers have very strong technical backgrounds in a variety of training subjects of potential use to NGOs. The training materials are by and large quite good and, as mentioned above, the Marketing Management training package is especially sound.

b. LSP's practice of conducting comprehensive needs-assessment surveys of its potential training participants helps to assure that course curriculum and materials are as relevant as possible. LSP is also one of the few training institutions with regular programmed post-training follow-up activities to monitor and assist former participants in the development and use of their acquired skills. These follow-up activities also provide valuable feedback for improving specific aspects of the training courses.

Overall Training Program Weaknesses

a. Despite their strong overall academic and technical backgrounds, LSP's training staff is rather inexperienced in participatory training principles and techniques. Only three of the 13 current trainers have considerable training and experience in participatory non-formal education

and this affects the quality and effectiveness of the training offered. In recent years LSP has lost many of its best trainers through upwards and outwards mobility.

b. LSP does not have its own training facility and so cannot offer regularly scheduled training programs. These programs are conducted based upon requests from other institutions. Many NGOs are unaware of LSP's training programs and could not guarantee sufficient participants to warrant sponsoring an LSP training course at their own institutions.

5. AKADEMI WIRASWASTA DEWANTARA (AWD)

Akademi Wiraswasta Dewantara (Dewantara Entrepreneur Academy), founded in Jakarta in 1980, is a formal academic institution which aims at producing business-ready graduates. AWD's three-year program is divided into yearly subjects such as Identification of Business Opportunity, Business Operations and Business Preparedness. Currently, AWD has two main departments, Commerce and Agribusiness; an Industrial Technology Department is expected to be opened in the near future.

Upon completion of the formal three-year program, an AWD graduate is expected to be able to think and act as an entrepreneur, to thoroughly understand the business world and be able to undertake and develop his/her own choice of enterprise, to be able to conduct a comprehensive feasibility study on his/her choice of enterprise and to be aware of an entrepreneur's social responsibility.

In addition to the formal academic program, AWD also has a separate Division of Research, Development and Community Assistance under which is the Business Development Training Center. This training center currently offers 17 different training packages on a variety of business and entrepreneurial components which are open to anyone who is interested and who fulfills the basic prerequisites for each respective package.

Educational Methodology

AWD uses a combination of formal instructional techniques, lectures given by instructors, and also several basic NFE and Adult Education (Androgogy) Principles. Students are trained to themselves understand basic training techniques based on structured experiences and this type of training plays a key role in the achievement of AWD's educational goals. In addition to lectures and training, AWD also employs practical field experiences as part of its program. After the second year, each student is given a Rp.500,000 loan and is expected, with a group of fellow students, to establish a new enterprise. Thus the students gain practical experience in applying their knowledge and skills in businesses they own and operate themselves.

The training packages offered through the Business Development Training Center employ a similar educational methodology as in the formal academic program. Frequently, the trainers of the specific training packages are also instructor/trainers in AWD's three-year program. AWD's training staff consists of both primary and assistant trainers; the competencies and experience between them vary widely. Generally, AWD's primary trainers are both experienced and technically sound but their availability for the short-term training courses depends on their other teaching and work responsibilities. To respond to a training request, AWD frequently puts together a team comprised of both its primary and assistant trainers and the training results are often less professional.

Training Packages

a. AWD's strongest training package is its Business-Ready Entrepreneur Course (204 hours). The aim of the course is to equip participants with proper attitudes and technical skills needed to select and successfully operate a small enterprise. The course materials cover entrepreneurial attitude development; practical business planning, decision-making and management; bookkeeping and cash-flow management; and simple marketing and promotional strategies.

This package was designed by an expert in business psychology and consequently the motivational and attitude-formation components are especially strong. The course is essentially a capsulization of AWD's regular three-year educational program. According to AWD sources, approximately 70% of this course's graduates are currently engaged in their own small enterprises. Those we spoke to appeared very enthusiastic about the curriculum, trainers and overall course value. The graduates were utilizing the bookkeeping, management and marketing/promotional skills acquired and their enterprises were reportedly doing quite well despite being fairly new.

We feel that the skills and attitude-development techniques taught in this course, though intended for budding entrepreneurs, would be useful for upgrading NGO SSE development staff so they might extend relevant assistance to their individual clients. Some of the course material, somewhat biased towards commercial and service sector entrepreneurial skills, might have to be adapted to meet a particular NGO's program needs. Additionally, the effectiveness of this course, like all of AWD's training packages, depends greatly on the capabilities and experience of the trainers. NGOs should specifically request the best primary trainers available for this, and all of AWD's other short-term courses.

b. Other AWD training packages of potential use in upgrading NGO SSE staff capabilities include Training for Entrepreneur Trainers (304 hours), Accounting (42 hours), and Marketing Management (48 hours). The materials for these courses are sufficient, though not exceptional, and their effectiveness again largely hinges upon their presentation by AWD's more experienced trainers.

Overall Program Strengths

a. AWD has its own campus and training facilities as well as offering short entrepreneurship training courses that could be useful to many NGOs.

b. AWD trainers utilize participatory training methods and materials similar to those used in NGO training centers. Furthermore, AWD trainers themselves have strong economics and business management backgrounds, including more technical aspects of small business management such as accounting, financial management and marketing, areas in which NGOs are generally weak.

c. AWD has a strong program in developing personal entrepreneurial attitudes, instincts and behavior in a systematic fashion, another general weakness of NGO SSE development programs.

d. AWD also has experience assisting small business groups through its own formal three-year program. AWD students are required to establish their own small enterprises using AWD credit and AWD monitors their progress and problems and offers consultation when required. This experience provides useful input to AWD's training programs and probably parallels many NGO field experiences.

Weak Points

a. AWD is a new institution and not yet well-known amongst NGOs. Furthermore, because AWD was established by an Indonesian corporate magnate, Probosutedjo, it might tend to be boycotted by NGOs on rather arguable "moral grounds."

b. AWD does not have a regular training team to handle its shorter training courses. When a specific training request is received, AWD forms a training team from its own regular instructors and available on-call trainers. As not all of AWD's staff possess equal training abilities, this sometimes affects the quality of the training.

c. AWD does not have dormitory facilities at its campus which would cause difficulties for participants who have come from outside Jakarta. Such participants must arrange their own accommodations or use facilities rented by AWD specifically for them.

d. AWD training packages are generally designed based upon experiences teaching its own students and are not subjected to regular and systematic need assessments of intended participants. This might cause problems for training NGO staff whose own clients and problems are multifarious.

e. AWD's training packages target the individual entrepreneur and not the beneficiary group or UB. As long as NGOs only provide assistance to such groups, AWD's courses will not be of much use.

6. PAN ASIA RESEARCH AND COMMUNICATION SERVICE

Pan Asia Research and Communication Service was founded in Jakarta in 1976 as a public relations firm. Since then, Pan Asia has attracted a number of former NGO program staff, trainers and researchers, and has broadened its own activities to include research, personnel recruitment, management consulting, and training. Pan Asia's training experience and expertise covers comprehensive business management, entrepreneurship and training for trainers. Of Pan Asia's five regular trainers, three have had more than five years' experience in management and entrepreneurship training as well as actual SSE development field experience. They are all well-versed in participatory training methods and are frequently requested to assist with management and entrepreneurship training courses offered at other institutions. Some Pan Asia trainers moonlight as instructors at STW, AWD, and the University of Indonesian Management Institute, among others.

All of Pan Asia's training programs are conducted on a client request basis, and because Pan Asia does not currently have its own training facility, the client must usually arrange the training location.

Training Methodology

Pan Asia's training programs are all conducted using participatory techniques. A curriculum is devised through discussions and need assessments of the intended participants' experience, problems and

expectations. Actual training is conducted utilizing structured experiences, games, role-playing, simulations and case studies to equip the participants with the desired knowledge, skills and character traits. Evaluation of Pan Asia's training course is carried out during and at the end of the course. Follow-up activities and monitoring are scheduled based upon actual clients' requests.

Training Packages

As previously mentioned, Pan Asia training strengths lie particularly in comprehensive business management and entrepreneurship. However, even in these areas, Pan Asia does not offer a set training package. The overall experience and expertise of Pan Asia's training staff allows the institution considerable flexibility to really design its training packages to suit the respective client's needs, so rarely are any two training packages exactly alike. Pan Asia adapts its management and entrepreneurship training packages according to three basic factors: the scale and form of the clients' enterprise(s) (it is small or large? individual or group?); the type of enterprise to be developed (service, commercial/trading, industrial/manufacturing, agricultural, or other); and the level of participants' experience and capabilities.

The materials used by Pan Asia are quite professional, usually called from the best of the assorted training institutions in which the staff has worked. Sometimes, Pan Asia designs its own materials based on particular staff expertise and occasional innovations in entrepreneurship and/or management training or theory. Pan Asia also offers training courses in leadership and communications skills, and participatory community development.

Overall Program Strengths

a. Pan Asia's training teams is composed of individuals of broad academic backgrounds who have considerable experience and expertise in entrepreneurship training, including its psychological, management, economic and social (beneficiary group) aspects.

b. Almost all of Pan Asia's program staff and trainers have had previous experience working in NGO programs, both actual CD and SSE development field experience, and as NGO training staff. They thoroughly understand the objectives, approaches and respective needs of many NGO program activities. This facilitates their utilizing appropriate methodologies and materials to upgrade NGO SSE development programs.

c. Each of Pan Asia's training courses is specifically designed to meet a particular client's request and needs. This helps to increase the relevance of the material offered and overall effectiveness of the training course.

Weak Points

a. Not having its own training center, Pan Asia is wholly dependent upon client requests and allocated training facilities in offering its training courses.

b. All of Pan Asia's program staff and trainers also work in other part-time jobs as well as carrying out their current responsibilities at Pan Asia. Consequently, their time and flexibility is limited and hampers their ability to respond to training requests outside of Jakarta.

c. Pan Asia is a private, profit-oriented institution and so to date has had no institutional connections with NGOs or donor agencies. Furthermore, this often creates philosophical obstacles towards effective cooperation with the above groups.

Some Conclusions

From the preceding descriptions and assessments of small business and entrepreneurship training institutions and programs, we can draw the following conclusions:

1. Small business and entrepreneurship training programs can be classified into three major approaches:

Managerial and Technical Business Skills, in which the focus is on providing necessary business management, accounting and marketing skills to the small entrepreneur. LPPM exemplifies this approach and is the most professional. LSP's marketing package is also good, while STW, AWD and Pan Asia also offer such components in their training packages.

The Beneficiary Group Approach, in which the emphasis is on the formation and development of support groups as a means of overcoming poor communities' socio-political and economic problems. These training programs develop skills in group administration, financial management, production skills and marketing. Pusdiklat/Bina Swadaya is the foremost practitioner of this training approach though it is also found in LSP's courses and those of many other NGO training programs, such as YIS, Bina Desa, CUCO and LP3ES.

The Entrepreneurial Character-Building Approach, in which the basic assumption is that proper business attitudes, instincts and behavior are the first things that must be developed in a successful entrepreneur. Such traits as personal drive, perseverance, self-confidence, ability to set goals and take risks, and the use of money as a measure of success are addressed through this approach before consideration is given to provision of more technical operational skills. STW, AWD and Pan Asia include this approach as a strong feature of their training programs.

Most training centers that offer regularly scheduled courses no longer conduct systematic need assessments of their intended participants as an important feature of participatory adult education. Their increased training experience has not led them to refine and improve their participatory methodologies but rather to rely on their own expertise in designing training curriculums and materials. This is true of Pusdiklat/Bina Swadaya, LPPM, AWD, STW and LSP.

- c. Only a minority of the training institutions have programmed post-training monitoring of participants' progress and problems. The majority, including LPPM, AWD, STW and Pan Asia, view their responsibilities as over at the conclusion of the training course. Further post-training monitoring and assistance becomes the responsibility of the participants' sponsoring institutions. None of the training institutions we reviewed had a comprehensive system by which to measure the value of its training material in increasing participants' capabilities to provide SSE development assistance upon returning to their field duties.
- d. Most of the training institutions are currently facing problems maintaining and upgrading their training standards. Many have lost their best training staff due to high upwards and outwards mobility. Only LPPM, because of its financial security and staff depth, maintains a fixed full-time professional training staff. At other institutions, even the best training packages are sometimes less effective because the current training staff are less capable and experienced than their predecessors.
- e. Most NGOs are unaware of the existing small business and entrepreneurship development training programs available in Indonesia. They know about programs at Pusdiklat/Bina Swadaya or LSP or LPPM, but not when such programs are offered and not the programs offered by other institutions.
- f. Despite the above weaknesses, some of the stronger training packages reviewed might be of considerable use in upgrading NGO SSE development staff capabilities. LPPM's 13-week course could be useful, especially for the simple accounting and auditing systems. Given the participation of experienced trainers, the specific courses at LSP, STW and AWD would also be useful. Pan Asia's training flexibility makes it a good choice if its best training staff is available. Course costs are not prohibitive, ranging from between \$300 to \$1,300 per participant for the assorted courses. The more professional institutions, LPPM and Pan Asia, charge the most. However, we did not find an institution with strong training programs in product development and design, a very common need among NGO SSE staff.

SECTION FOUR: CONCLUSIONS AND RECOMMENDATION

Common NGO SSE Program Weaknesses

It has been shown through the assorted case studies that NGOs have some common weaknesses and needs that will have to be addressed before their SSE development programs can truly begin to respond to the numerous problems facing small entrepreneurs in Indonesia. These common weaknesses are summed up as follows:

a. Almost all NGOs are dependent to some degree on outside sources of funding, usually from foreign donor agencies. This dependency occasionally disrupts SSE program assistance continuity because such programs tend to become contingent upon available funds and when such funds expire the implementing NGOs often do not have the internal financial capacity to continue provide needed assistance. However, more importantly, NGOs cannot afford to pay large staff salaries and so are less likely to attract highly-qualified experienced personnel. NGO staff development is often done internally, occasionally through training opportunities at other institutions, but most frequently through basic on-the-job learning. Still, staff mobility is high because once NGO staffpeople have risen from fieldworkers to "middle management"/technical support positions, there are very few opportunities for further advancement. If they cannot be promoted nor receive significant salary increases, the most experienced NGO staffpeople leave either to become private consultants, start their own businesses, join the private sector or sometimes the government. Due to this constant "brain drain", it might be said that most NGO SSE program staffpeople and trainers today are less qualified and experienced than their predecessors of five years ago.

b. According to several long-time NGO staff, donor agency program officers and observers of developments in the Indonesian NGO community, the increasing availability of donor agency funding has also had a somewhat negative impact on overall NGO program planning and strategy in recent years. In the mid- to late-1970s when donor assistance was not as readily available, NGOs reported spent considerably more time and effort

on overall program planning and staff development than is the case today. Individual programs tended to be smaller and more focused, and field staff were more carefully trained and monitored. Today the trend seems to have shifted from maximizing sparse resources to producing visible outputs. Less attention is reportedly being paid to developing qualified staff and designing cohesive sustainable programs in accordance with institutional capabilities. Now the trend seems to be producing programs amenable for donor agency funding and then finding the staff to fit these program needs. Program cohesiveness and sustainability are often compromised.

c. Many NGOs do not have a clear or sophisticated concept of what is involved in SSE development. They view their programs as "income-generating activities" without seriously considering the long-term economic viability of such activities or what is actually required to establish sustainable small enterprises and successful entrepreneurs. Some NGOs working through beneficiary or pre-cooperative groups seem to view the formation of these groups as an end in itself and a mark of the NGO's program success. To some NGOs, the development of successful individual entrepreneurs ("mini-capitalists") seems almost antithetical to their program objectives.

d. Even those NGOs with a comprehensive vision of SSE development requirements frequently do not have the institutional or staff capabilities (or commitment) to provide meaningful technical assistance or problem-solving consultations to individual entrepreneurs. Generally, their assistance stops at the beneficiary group level.

e. NGO staff lack technical business skills and experience, specifically small business management, accounting and financial management, product development and design, and marketing capabilities. NGOs rarely employ hard economic practicalities as determining factors in program planning and/or routine consultations. Rarely too are program activities accompanied by relevant market research and/or feasibility studies, even for problem-solving purposes.

f. Perhaps because they themselves lack solid business instincts and experience, NGOs are generally weak in motivating individual entrepreneurial attitudes and behavior, or they fail to recognize where such motivation is needed, or important for their clients' business success.

g. Few NGOs act to develop economies of scale through their SSE programs or look for ways of linking their clients to larger economic sectors. Nor do many NGOs seek to utilize the established private sector or available government infrastructure and services to their program's advantage. Furthermore, not enough consideration is given to replicating or institutionalizing successful programs.

h. There is a general unwillingness amongst NGOs, especially larger well-established ones, to cooperate on issues of mutual concern, to share information and resources and to learn from each other's program successes and failures. Sadly enough, only when their respective institutional existences are threatened, as they see happening with the proposed government regulations on "community organizations" (Ormas), are NGOs prepared to work shoulder to shoulder.

Overall Benefits

It has been shown that Indonesian NGOs employ a variety of assistance strategies in their SSE development programs. Almost all such programs stress the formation of beneficiary or pre-cooperative groups as a mechanism for developing community self-reliance, participation, joint productive activities and group revolving credit funds. NGOs also provide technical assistance to such groups, including motivation, organizational and management skills, credit management and bookkeeping skills, training in productive skills, technological innovations to increase productive capacity and efficiency, and marketing. Some NGOs provide seed capital to group revolving funds and later opportunities for larger credit amounts for productive activities.

Despite their many program weaknesses cited above, current ongoing NGO SSE development programs are producing a variety of benefits, frequently among very poor micro-entrepreneurs not yet being reached by government services. NGOs' overall flexibility and participatory development philosophy allows them to work closely with some small entrepreneurs, particularly in the informal sector, who tend to be quite apprehensive of a government presence. Because of NGOs' stress on a group approach in their assistance programs, the socio-political benefits--increased equity, popular participation, self-reliance and self-esteem of the entrepreneur, and broader community spread effects-- are more noticeable and often cited by client groups, though rather difficult to measure. Actual economic benefits, such as increased personal income and productivity and the creation of additional employment opportunities, also result from some NGO programs. However, these benefits are also difficult to measure because many NGO-assisted entrepreneurs still do not keep accurate records of their individual business/financial transactions.

Lobbying efforts by some larger NGOs have had some positive, though still minor, effects on national government policy towards small entrepreneurs. Those NGOs that maintain good government relations on local and regional levels have been more successful in providing security and credibility to their often-marginal clients and also have frequently been able to utilize government facilities and services.

What Really Works?

During the course of this study we have seen that NGO clients possess a wide range of individual characteristics and abilities, are engaged in numerous different small enterprise activities, and face an assortment of problems--personal, socio-economic and environmental. The NGOs themselves have different institutional capabilities and also divergent, often rather vague, program objectives. Consequently, it is impossible for us to state categorically what is the ideal package of assistance components to be applied in producing the desired results from NGO SSE development programs. There are too many variables involved for a single model to be applied with consistent success.

However, after analyzing the assorted data collected during this study—looking particularly at NGO SSE assistance components, accrued benefits, remaining problems and program weaknesses--there are a few critical factors that appear to contribute to establishing successful and sustainable small enterprises, particularly those run on a individual, not a collective, basis.

a. SSE assistance program planning should embark from a solid understanding of what is involved in sustainable small enterprise development and should take into account the specific needs of the client group(s), the NGO's own assistance capabilities and the desired program objectives. Enterprise feasibility studies and program implementation based on hard economic practicalities are important factors in achieving sustainable enterprises. A combination of assistance components--formation of active beneficiary groups, technical business assistance and skills training, opportunities for credit and active lobbying/advocacy--relevant to a specific situation, and with a NGO's institutional capabilities, appears to be most effective in producing substantive results.

b. Efforts to provide motivation and develop proper business attitudes in individual entrepreneurs are extremely important. Those entrepreneurs we visited who were most successful--whether in Tasikmalaya, Klaten or Surabaya--had achieved their success largely because they appeared to be more driven, displayed more initiative and had better business instincts than their neighbors, not because of specific NGO assistance.

c. NGOs must be prepared to provide monitoring, consultation and problem-solving assistance to their clients until the point at which the clients have mastered the necessary skills and are sufficiently established in their enterprises to conduct business entirely on their own. This means that NGO staff must be able to identify small business problems and offer appropriate and practical solutions to the respective entrepreneurs and that each staff person's client group must be of manageable size.

d. NGOs must have strong product development, promotional and marketing capabilities in order to provide meaningful assistance to small producers and manufacturers because these areas are the most common pitfalls. Determination of product viability, cost-benefit analyses, market research and enterprise feasibility studies are important components of the above capabilities.

What Should Be Done

Indonesian NGOs must ultimately realize that two crucial objectives of any small enterprise development program are the development of successful entrepreneurs and the establishment of sustainable enterprises. Active beneficiary groups can assist in the achievement of these objectives by offering security and support to marginal members, providing small credit opportunities through revolving funds, and functioning as raw materials suppliers and marketing channels. However, ultimately the success of an individual small enterprise will hinge upon the motivation, initiative, business savvy and overall capabilities of the entrepreneur involved and his/her ability to best utilize the opportunities afforded by the beneficiary group. We frequently met micro-entrepreneurs who were still struggling despite being members of a seemingly successful beneficiary group.

Therefore, NGOs must begin to move beyond the beneficiary groups and provide assistance directly to the individual entrepreneurs. Management and bookkeeping skills currently directly for group application must be tailored for practical use by the small entrepreneurs in their own businesses. Clearly the provision of individual business consultation will require a far greater commitment from the NGOs as well as an increase in the technical capabilities of their own staff. NGO SSE development staff must be able to provide motivation and encourage entrepreneurial attitudes and behavior, offer instruction in practical small business management, bookkeeping, product development and design, cost calculation and pricing, and finally promotional and marketing skills. Ultimately, NGO staff must be able to provide relevant consultation and problem-solving assistance to the individual entrepreneurs and currently they lack the skills and experience to do so.

The upgrading of current staff capabilities through training is one cost effective solution. As we have seen, several capable training institutions exist in Jakarta which offer numerous small business and entrepreneurship courses of particular value to NGOs. Good training packages exist in simple accounting and auditing systems (LPPM), small business management techniques (LPPM and Pan Asia), marketing (LSP), development of pre-cooperative UB groups (Pusdiklat Bina Swadaya), and development of entrepreneurial attitudes and behavior (STW, AWD, and Pan Asia). Selection of the most appropriate training courses should be based upon which acquired skills are most relevant and applicable to a particular NGO's program activities and needs. It should be remembered that NGO SSE development staff are generally young (25-35), lack technical skills and experience, and are highly mobile (maximum involvement 5-10 years). Consequently, the most practical training programs would be those that provide a maximum of relevant technical skills that could be applied and developed in actual field duties.

In addition to the need for overall staff upgrading, NGOs must begin to consider alternatives for promoting long-term sustainability of the small enterprises they assist. NGOs must increase efforts to seek compatible relationships with the established private sector, especially as marketing channels for small enterprise products. Ways in which small enterprises can themselves be linked through symbiotic production and marketing relationships and the establishment of firm linkages to larger economic sectors must be more thoroughly researched. Though cooperation with the private business sector may be initially unpalatable to many NGOs, we feel it is a needed step to improve overall NGO SSE program success and sustainability.

Cooperation between NGOs themselves must also be increased in the area of small business development. Communication channels must be opened and sharing of relevant program information and experience stepped up. NGOs might begin to investigate ways in which their respective strengths might be joined in common program efforts and how specific programs successes--product designs, production efficiency measures, marketing strategies--might be replicated by other NGOs in other areas.

What USAID Can Do

a. USAID can make available funds for upgrading NGO staff skills at some of the small business and entrepreneurship training courses offered at the various institutions reviewed here. Attention should be paid to how such training is relevant to a particular NGO's program goals and how the knowledge and skills acquired will be utilized in the NGO's SSE development activities. Special attention should be given to training courses providing entrepreneurship motivational skills, practical bookkeeping, product development and marketing. The NGOs wishing to have their staff trained at some of the institutions should specifically request the best trainers for the desired courses to ensure maximum training effectiveness.

b. USAID might request some of the earmarked outreach funds in USAID's \$4 million grant to LPPM be utilized to adapt LPPM's 13-week Small Business Appreciation Course to better suit NGO needs. Such funds might also be used to adapt LPPM's simple cash entry only accounting system (CEOS) to a variety of small enterprises--rural producers and manufacturers, agricultural processors and animal-raisers, small fixed and mobile vendors. Such adaptations should also include field tests and relevant instructional methodology for the assorted target groups. This accounting system would provide an initial and practical tool for NGOs to offer their clients as a means of separating personal and business assets and a mechanism for measuring small enterprise profitability.

c. USAID/Jakarta can request that USAID/Washington sponsor a comprehensive evaluation of local NGO SSE development programs along the lines of similar studies conducted in Brazil, Honduras, Upper Volta and other countries (refer to past cable communication: STATE 105370 and JAKARTA 17368). Two candidates for such an evaluation would be Bina Swadaya's pre-cooperative UB program and LP3ES' small industries development (PIK) program because both programs have been underway for several years, employ a variety of assistance components, are implemented by established, well-respected Indonesian NGOs and have received USAID

funds. The results of such in-depth evaluations would provide invaluable resource material for improving ongoing SSE development programs and aiding in future program design, implementation and evaluation.

d. In considering future SSE development program funding requests, USAID should inquire into the NGO's staff capabilities in providing more individual consultation to small entrepreneurs, the NGO's marketing capabilities, program evaluation standards and prospects for developing sustainable small enterprises. This would at least get NGOs thinking about these crucial factors.

e. USAID might consider sponsoring a Small Enterprise Development Workshop in Jakarta, similar to the November 1983 USAID workshop in Washington, D.C. Such a workshop would draw together NGO SSE program planners and practitioners, private sector small business professionals, entrepreneurship trainers and educators, and PVO and donor agency staff. The overall purpose of the workshop would be to stimulate discussion and cooperation on issues relating to small enterprise development. Specific issues for discussion might include:

- What are the major goals and benefits of SSE programs? What are NGOs trying to achieve?
- What are important considerations for program planning, implementation and evaluation in the achievement of those goals and benefits?
- How might current NGO and private sector resources be jointly used to increase overall SSE development program effectiveness?

Particular attention should be paid to developing a concept of what SSE development programs entail, considerations for effective program planning, and how to increase cooperation amongst NGOs, and between NGOs and the private sector. Two possible outcomes of such a workshop might be the establishment of a small enterprise development resource center with information about past and ongoing SSE development programs, relevant

training courses, product design and marketing information, and secondly, the collective design of a comprehensive SSE development training package, aspects of which might be applied to address the specific needs of any particular NGO. This training package would be initially implemented by a team drawn from the various training centers, each offering his institution's strong training components.

The responsibility for the workshop design and curriculum might be offered to a small team, possibly comprised of Alwyn Young of LPPM, Utomo Dananjaya of STW and either Bambang Ismawan or Methodius Kusumahadi of Bina Swadaya, with input from USAID SSE specialists. The facilitators for such a workshop should be neutral SSE development experts with experience managing broad mixtures of participants. Discussion papers might be solicited from a few individuals--Zaenuddin of LP3ES/Klaten, Alwyn Young or Prajitno Djojopawiro of LPPM, and Adi Sasono of LSP would be possible candidates.

100

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