

***SOCIO-PERFORMANCE LEMBAGA KEUANGAN MIKRO DESA: METODE
PENDEKATAN PARTICIPATORY RURAL APPRAISAL (PAR)***

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ABSTRACT

The main objective the establishment of microfinance institutions is to help overcome the poverty population. It means that the establishment of micro finance institutions should be able to provide the need of capital to increase incomes of poor people, either from agricultural activities and other economic activities, such as trading or handicraft industrial. But the study by the Center for Pancasila Economic Studies (PUSTEP) UGM found the opposite conclusion. Kokap Kulon Progo have a program of microfinance is the most complete (a national, region, or village program) but has the highest poverty rate in the district of Kulon Progo, approximately 50.58% (BPS Kulon Progo, 2008 and Mubyarto 2004). This raises a question "How do socio-performance micro-finance institutions in Kokap, especially in Hargorejo village? So this study wants to answer that question with empirical evidences. This study differs from other studies that have the same theme because it has a more in-depth method and involves community participation. Other studies, that have the same theme, used quantitative methods, namely measuring the social performance of a microfinance institution in terms of numbers and without involving community participation. That causes the this research results can be thoroughly tested in the field more than other studies that use only quantitative methods. The results of this study is that socio performance of Microfinance Institutions in Hargorejo villag., Kokap, Kulon Progop can be seen from these institutions multiplier effects to increase employment opportunities, poverty reduction, improvement of family incomes, improved access and quality education, improving access and quality health care, increased ownership of assets and production factors , increasing the organizational capacity, changes in relationships (patterns) of social relations within the family and society, empowering women, changing patterns of consumption and savings, changes in relationships (structure) of production and distribution of products, and increased involvement in decision making

Keywords: Socio-Performance, Microfinance Institutions, Participatory Rural Appraisal Method Approach (PAR)

PREFACE

The main objective of the establishment of MFIs is to help people overcome poverty. It means the establishment of MFIs should be able to provide the capital needed to increase incomes of poor people in them, either from agricultural activities and other economic activities outside agriculture, such as industrial or handicraft bakulan. However Review Potential Studies Establishment of Microfinance Institutions (MFIs) by Center for Economic Studies of Pancasila (PUSTEP) Gadjah Mada University in cooperation with the District Government Kulonprogo produces the opposite conclusion. Sub Kokap Kulon Progo MFI has the most complete program (a national program, region, or village) but has the highest poverty rate in the district of Kulon Progo is 50.58% (BPS Kulon Progo, 2008 and Mubyarto 2004). This raises a question "How do socio-performance micro-finance institutions in sub Kokap and how to improve the strategy?" Of course to answer this question requires accurate data and involve the community. This study differs from studies that have the same theme for a more in-depth method and involves community participation. Other studies that have the same theme using quantitative methods, namely measuring the performance of a microfinance institution in terms of numbers and without involving community participation. That causes the results of this research can be thoroughly tested in the field more than other studies that use only quantitative methods. In addition, the research examined the impact of acts of this produced a noticeable impact on poverty alleviation through the development of MFIs. From all the discussion above, it is

necessary to do Socio-Performance of Microfinance Institutions Village: Participatory Rural Appraisal Method Approach (PAR)

PROBLEMS

How socio-performance micro-finance institutions in sub Kokap, Kulon Progo district, Yogyakarta Province, Indonesia.

LITERATURE

Microfinance Institutions

Microfinance program focusing on the expansion of economic activities and improve the living standards of the client by providing the necessary financial services. Also facilitate the development of micro-finance small businesses. Microfinance can be defined as offering financial services like savings, loans and transfers of funds to lower class economic community that can not access regular banking services (Wilson, 2003). Although the main purpose of Microfinance Institutions (MFIs) is to improve the economic status of poor people, most of the MFI to expand its target to provide the impact for society more broadly. Because the households that were targeted MFIs are part of the community and the broader economy, the impact is felt by households will also impact on society at large. Microfinance is regarded as one of the most logical approach to alleviate poverty because it directly touches the bottom of the grassroots community, sustainable, able to involve a broad segment, and build capacity ekonomi clients.

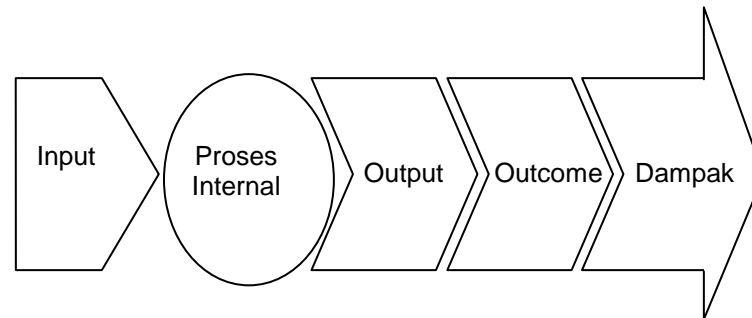
Microfinance Processes

Most of MFI bring diverse social mission, such as expanding access to financial services, poverty alleviation, women empowerment, building community solidarity, or enhance economic development. Social performance indicates the extent to which the MFI is able to achieve the objectives of this set. The concept of social performance does not only focus on the final impact, but also provide a framework for understanding how social goals can be achieved, namely:

1. The purpose and objectives of MFIs
2. MFI Activities
3. Output MFI
4. Outcome MFI
5. Impact MFI

Microfinance Evaluation

Assessment of social performance (social performance) is a process whereby an organization benchmarking between actual social performance with social missions that have been previously established (Copestake, 2005). Mission and objectives of social performance is not just directed at target groups but also to the stakeholders concerned. Because the object of social performance assessment is a process, then this measurement can be applied at various stages of social-impact causal chain, ie a model that describes how an impact can be created from a program. Based on this model, the impact of a program initiated from the organization that later transformed input through internal processes and then be output. Output produced outcome, whereas outcome impact. Graphically, the social-impact causal chain is presented as Figure 1 below.

Picture 1. *Social Impact Causal Chain*

Assessment of social performance is used to evaluate how large the benefits are felt by receiving the credit for increasing the level of welfare. This assessment includes analyzing whether the system is built and the instruments used have been completely in accordance with social goals. Social performance assessment also evaluates the outcomes generated by the program.

Social performance assessment can be done only at one point in time (one time assessment) or can also be done on an ongoing basis (on-going process). Social performance is an interpretation of social mission into practice organizations. Social value of microfinance relates to how financial services improve the lives of the poor, the poor, and their family to be able to access wider opportunities in society. To create these values, the social objective of MFIs including the (Misra, 2006):

1. Increasing the number of services to the poor, not including those who are receiving credit, on an ongoing basis
2. Improving the quality and accuracy of financial services available to clients target through a systematic assessment of specific needs
3. Creating benefits for clients of microfinance, including the families and communities associated with the client. This benefit also includes a client is to expand social networks, reduce uncertainty, increase revenues, and the fulfillment of basic needs.
4. Improving the social responsibility of MFIs to our employees, clients and community it serves.

Social performance measurement includes not only tujuan and outcome but also how the actions and corrective measures taken by the LMM to achieve specified outcomes. Social performance assessment is not only focusing on the impact end. The purpose of the assessment is to determine whether the MFI provides facilities for themselves to achieve social objectives defined, by monitoring how far the destination is reached, and evaluate the extent of information available to improve existing operations.

Social Performance Assessment Method

There are a variety of methods and tools (tools) to assess social performance. In developing these methods and tools, preferably beginning with the identification of the dominant variables and with limited coverage (IFAD, 2006). With this method, will be observed the significance of a variable to the object of observation. Most studies have failed because of using too complex models with large amounts of data, resulting in the observation can not be done in a focused way. Broadly speaking, there are three methods to assess the social performance of microfinance, namely:

Quantitative approach to each individual client

This method relies on surveys to obtain data. From this survey data can be obtained from the quantitative data in a standard format which can then be analyzed with statistical tools. Output from this analysis is a parameter that can be used as reference for how big the effects produced by micro-finance. (Adi, 2008).

Qualitative information on each client.

In this method, the data obtained through in depth interviews or case studies. This method can dig up the information in narrative form that can provide detailed information about how clients use microfinance services (Adi, 2008).

Qualitative information based on the group through participatory research program (Participatory Rural Appraisal/PRA) .

Participatory Rural Appraisal research methods are research methods that involve community participation in solving problems and determine strategies for the future, action / implementation of strategies that have been discontinued, and a review of actions that have been conducted to determine the strategy the next step, so that in one study there some of the more advanced the rotation cycle (Adi, 2008)

Previously Research

In 2004, studies ever conducted Potential Studies Establishment of Microfinance Institutions (MFIs) by Center for Economic Studies of Pancasila (PUSTEP) Gadjah Mada University in cooperation with the District Government Kulonprogo (Mubyarto, 2004). The objective is to identify the study hamlets / villages in the district of Kulon Progo that states "need" MFI services as well as "ready and able" to manage it based on past experience. The results of this study recommends that the development of the MFI preferably at the lowest level, namely the hamlet, as well as other results that the district has Kokap MFI is the most complete program (a national program, region, or village) but has the highest poverty rate in the district of Kulon Progo 50.58 % (BPS Kulon Progo, 2008 and Mubyarto 2004). The results showed no gap between the main goal the establishment of MFIs to overcome poverty with the review, stating that the village has the most complete MFI program proved to have the highest poverty rates.

General Description about Hargorejo Village, Kecamatan Kokap, Kabupaten Kulon Progo, Propinsi Daerah Istimewa Yogyakarta (DIY)

Hargorejo Village is one of the villages in the district Kokap, Kulon Progo Regency, Yogyakarta Province (DIY). Hargorejo addition there are four other villages in kecamatan Kokap, namely Hargowilis, Hargomulyo, Kalirejo, and Argotirto. (BPS Kulon Progo, 2008). Hargorejo village has an area of 15,432,970 hectares. The village is bordered by the Village Hargowilis Kokap District in the north, the village of Tawang district in the south Compassionate, west of the village Hargomulyo Karangturi sub-districts and villages east of Loving. Hargorejo village has 16 hamlets, namely Mount steamers, Mount Rejo, Ngaseman, Sambeng, Tejogan, Songkrek, West Selo, Selo East, Kliripan, Pandu, Anjir, Penggung, Krengseng, SIndon, Ngulakan, and Kriyan. According to the village in 2009 monograph, Hargorejo has 11 585 inhabitants with a total of 2700 households. number of poor people in the village is 1061 Hargorejo family head.

Various programs have actually implemented the central government to reduce poverty, one of them through microfinance institutions that target poor people and filing requirements, among others, must have a business. Bank financial institutions operating in the district of Kulon Progo is Bank Rakyat Indonesia, Yogyakarta Regional Development Banks, Rural Banks (BPR) Market Bank, ODA Shinta Son, and BKD. While non-bank financial institutions are pawnshops, Rural Business Enterprise Loan (BUKP), and Cooperative Market (Koppas) (Mubyarto, 2004). Since the year 2008, microfinance institutions have been established in each village as Kulon Progo district, namely MFI Binangun.

THE RESEARCH PURPOSES

To know the socio performance of Microfinance Institutions in Kokap district, Kulon Progo district, Yogyakarta province, with a view to increasing the MFI multiplier effect of employment opportunities, reducing poverty, increasing family incomes, improved access and quality education, improving access and quality health care, improving asset ownership and factors of production, increase organizational capacity, changes in relationships (patterns) of social relations within the family and society, empowering women, changing patterns of consumption and savings, changes in relationships (structure) of production and distribution of products, and increased involvement in decision making

RESEARCH METHOD

Research Approach

This study used qualitative research (Qualitative study). The qualitative approach seeks to achieve the research objectives through the excavation of primary data in the form of the views (perceptions) of the parties related to the MFI. This approach will analyze and clarify the causes of socio-economic changes that are perceived as the impact of MFIs and the factors that affect the improvement of socio performance of MFIs.

Data Collection Methods and Procedures

- a. *Secondary Data Review*
Review of secondary data needed to obtain data related to the picture (profile) and socio-economic development in the operational area MFIs and micro credit management through the MFI in each unit. These secondary data will complement and refine the analysis (discussion of) the findings of a primary data mining.
- b. *Structured Interview*
Conducted interviews with structured questionnaires to the respondents who came from customers and non customers MFI MFI (community members).
- c. *Indepth Interview*
Depth interviews were conducted on respondents who considered the key person to dig deeper data, which can not be revealed in other data collection procedures.

Data Analysis

To create a model of performance improvement of socio MFIs need to involve public participation in district Kokap, Kulon Progo district, Yogyakarta province. PRA is an information-gathering techniques and the introduction of community needs involving direct and active community participation. Three outputs are expected from the results of the analysis method of Participatory Rural Appraisal (PRA) is understanding the problem of performance improvement of socio MFI, model design performance improvement of socio MFI, and the phasing of innovation activity during the next 1-3 years in order to improve the socio performance of MFIs. The steps in this PRA is (Adi, 2008):

- (1) Identify Problems and Opportunities Improving Socio-MFI performance
Consists of an inventory problem, the priority problem, the problem analysis, and mapping problem.
- (2) Identify the need for innovation
Aiming to overcome the existing problems and take advantage of available opportunities.
- (3) Analysis of innovation opportunities
- (4) Clarification of the problem and re-identification of innovation needs
- (5) Analysis of probability of failure or success of innovation
- (6) Financial Analysis

RESULTS

Since its establishment in 2008, the Binangun microfinance institutions in the village of Hargorejo already have 734 members with 242 active members of the people. The initial capital of USD 831.232 million have been successfully playing the loan of USD 3.13925 billion (a total that has been circulated). The number of female borrowers as much as 30% of the total borrowers. Total bad loans amounted to 4.18%.

Binangun Microfinance institutions in the village of Hargorejo, Kokap district, Kulon Progo Regency has been able to reduce poverty and increase household income. The number of poor families decreased from 1117 in 2008 head to 1061 head of the family. Population's average income rose by 3.448%

from USD 435 000, - to Rp 450,000. However, this income is still below the needs for decent living in Yogyakarta, which is USD 828 548. Binangun microfinance institutions have not been able to improve access and quality education, reduce unemployment, increase the ownership of the assets and factors of production. This can be demonstrated with the increase of unemployment amounted to 4.89% from 1439 inhabitants in 2008 to 1509 inhabitants in the year 2009. The number of residents who had assets of production as shown by residents who have livelihood as a self-employed and farmers / ranchers are for 1312 inhabitants in 2008 rose slightly (3.81%) to 1362 inhabitants. The lack of improvement or decline in quality of life in the village post Kokap establishment of microfinance institutions, indicating its low socioperformance.

However, socioperformance microfinance institutions in the village of Binangun Hargorejo perceived both by its customers. This can be seen from the average of their assessments of value 7.5 (maximum value 10). From interviews with village officials can be concluded that although socioperformance Hargorejo MFIs in the village is still minimal, but has a positive impact on society, the MFI can improve the venture capital community, can reduce dependence on middlemen and moneylenders, and increasing access to education and health.

In terms of services, the customers gave an average rating of 7.8 which is believed by the MFI clients, both MFI management, supervision and control MFI felt went well, the service friendly, quick and precise, lending rates are not burdensome, and access to easy loans . even 100% of customer respondents said they would propose another loan if the debt is cleared. Of course, accessibility is due to the terms of the loan very easily, ie the borrower must be located and domiciled in Hargorejo. Having a business in the territory Hargorejo, fill out and sign the application, submit a guarantee or collateral in the form of proof of vehicle ownership, not a problem with other financial institutions in Hargorejo, and complete other administrative requirements. Interest on loan in the LKM Hargorejo Binangun village is very low, ie 1% per month, where the average interest rate on bank loans or other institution is 1.5 to 2%.

According to the customers, things that need to be improved by Binangun micro finance institutions Hargorejo village is a need to increase the speed of loan disbursement, an increasing number of loans allowed, MFIs are expected to not discriminate on the client, and the socialization of lending programs need to be increased again. On the other hand, the MFI board plans to innovate with the launch of the group credit, ie credit disbursed to groups of small businesses in the region Hargorejo with recourse system and was accompanied by the MFI Hargorejo Binangun village.

CONCLUSIONS

From the above findings can be concluded that the villagers desperately need Hargorejo existence Binangun microfinance institutions to increase their income. But apparently socio-MFI performance Hargorejo Binangun village is still very low. This needs to be evaluated together, either by the board, customers, and government. With complete cooperation by all relevant parties, is expected Binangun MFIs can improve their social performance, by reducing poverty in rural Hargorejo.

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