



APPLYING DEVELOPMENT INDEXING TO BUMDESA IN BATANG

**By:
Ayu Bulan
Program Officer, Bina Swadaya**

Development Indexing for Evaluating the Qualitative Impact of BumDesa with SE Spirits in Batang District (Indonesia)



BumDesa

Badan Usaha Milik Desa

Village Owned Enterprise;

75,000 villages

US\$ 4,6 billions state budget in 2017

Minister Regulation No. 39 Year 2010 on village-owned enterprises.

Act No. 6 of 2014

Government Regulation No. 43 Year 2014 About the Implementing Regulations of Law No. 6 of 2014 about the village



Bina Swadaya's facilitated social enterprises that were the subjects of measurement survey were 3 units of BUMDesa (from 10 units developed in 10 villages) that have been assisted in Batang District, Central Java:

- 1) BUMDesa Wira Usaha in Karang Tengah Village, Subah Sub-district: soymilk, groceries, waste bank, oyster mushroom
- 2) BUMDesa Kebumen Mandiri in Kebumen Village, Tersono Sub-district: ecotourism kampung opak, organic fertilizer.
- 3) BUMDesa Ngudi Karaharjan in Ngadirejo Village, Reban Sub-district: waste bank, ecotourism

Facilitating Bumdesa's facilitators



Facilitating Bumdesa's strategic planning



ENVISIONED PROGRESSION OF BUMDES WITH SOCIAL ENTREPRENEURSHIP CHARACTER

Growth and Establishment

Development and Organization Facilitation

Self-Reliance and Organization Strengthening

Phase I :

Identify the needs and raise community motivation

- ✓ Village Governments, Farmers, Entrepreneurs and Households, especially working peasants, have no assets, live below the poverty line, limited knowledge and skills to participate effectively in the markets and government.
- ✓ Establish a Village-Owned Enterprise (BUMDes) as a business entity owned by the Village.
- ✓ Raise the village community motivation to form a group.
- ✓ Establishing a forum for communication among the communities.
- ✓ Establish a Village Cooperative that consists of community groups

Phase II:

The Village Government recognizes the need to develop the village potentials based on farmers, entrepreneurs and households.

- ✓ Village Governments, Farmers, Entrepreneurs and Households start a business by cooperating and maximizing the role of BUM Desa (Village-Owned Enterprise).
- ✓ Farmers and community members, who are unable to manage their potential, are facilitated to be able to maximize the productivity of their potentials.
- ✓ Begin to own assets through groups that can be used for the benefit of community production.
- ✓ Villages play an active role in sharing capital through ADD for BUM Desa.
- ✓ Get facilitation to create various products (product diversification).
- ✓ Farmers and communities increase their skills and knowledge through group-based training.

Phase III :

Village Governments, Farmers, Entrepreneurs and Households are aware of the need for capacity building in running businesses within the BUM Desa (Village-Owned Enterprise) organization

- ✓ Farmers and rural communities are accustomed to creating opportunities from their potential.
- ✓ Being able to cooperate with group members or cooperate with other groups to build local or outside village marketing network systems.
- ✓ Being able to invite the village government to cooperate through the groups.
- ✓ Establishment of an integrated system for the Cooperative, BUM Desa and the Community Groups supervised by the villagers, village government and district government.
- ✓ Every household has a side income to increase its family's living standard.
- ✓ The village community improves its knowledge and skills.

Phase IV :

Village Governments, Farmers, Entrepreneurs and Households begin the phase of self-reliance.

- ✓ Being open to cooperate with other parties (Private Bank, Government Bank, Rural Bank, SKPD /Local Government Working Unit and other entrepreneurs)
- ✓ Building and having full confidence from the Community and Village Government to implement its vision of mission as BUM Desa, Cooperative and SHG.
- ✓ Village communities are able to meet all the needs of their lives.
- ✓ Being able to continue to innovate in improving the quality and quantity of production

The Purpose

To develop the Development Index model for BUMDesa with SE spirit in Indonesia.

To measure the development index of 3 BUMDesa being facilitated by Bina Swadaya in Batang District.

Step of the Study

1. Studying BUMDESA's Vision, Missions, and objectives
2. Formulating aspect of development Index for Bumdesa with SE spirit
3. Formulating and Testing questionnaire
4. Measuring the Development Index of 3 BUMDesa
5. Re-Formulating Development index Model for BumDesa

Methodology

- The Focus Group Discussions (FGDs) were held with the management (Chairman, Secretary and Treasurer) of BUMDesa
- Surveys using questionnaire
- Observation

Development Elements for BUMDesa (1/3)

- A. Institutional/Social Infrastructure: Cohesion and institutional development. Aspects that build the institutional elements are organization, administration, leadership, management system (Standard Operating Procedure) and self-management.

- B. Capital/Financial infrastructure: Source and capital adequacy. Aspects that build capital is the source and capital adequacy, support of the SHGs in capital development of KSU (Multipurpose Cooperative), and support of the KSU in the capital development of BUMDes.

Development Elements for Bumdesa (2/3)

C. Business/production Infrastructure: size of business and marketing: aspects that build the elements of the scale of business and marketing are business plan, business products, capital sources, asset value, asset growth, efficiency and supply chain equity, marketing network, business turnover, profit, and profit growth.

D. Participation/Inclusive Community Empowerment. Aspects that build this elements are public recognition and gender.

Development Elements for Bumdesa (3/3)

E. Environment and its Conservation: Aspects that build this elements are business activities and its impact, waste management of production, and understanding and application of organic elements in the business.

F. Development of Local Specific towards creative economy. Includes: applied technology and local potentials.

Performance Category

Based on the above descriptions, there are 6 variable, 19 sub-variable, and 3 levels with a total of 100 points that build the development index of BUMDesa with Social Entrepreneurship Character.

- If the total point of measurement result is below 40, then the performance of BUMDes is still in the Growing category and requires strengthening.
- If the total measurement results are between 40 – 80, then the performances of BUMDes are Developing, and
- if the total measurement result is more than 80 is called self-reliant.

The Results (1/2)

No	Assessment Aspects	Wirausaha	Kebumen Mandiri	Ngudi Karaharjan
A	<i>Institution/Social Infrastructure: cohesion and institutional development (25)</i>			
1	Organization (5)	5	4	4
2	Administration (5)	5	2	2
3	Leadership (5)	5	4	2
4	Management System (5)	2	2	2
5	Self-management (5)	4	4	4
B	<i>Capital/Financial Infrastructure: Sources and Capital Adequacy (15)</i>			
1	Source and capital adequacy (5)	3	4	3
2	Support of SHGs in the capital development of KSU (Multipurpose Cooperative) (5)	2	2	2
3	Support of KSU in the capital development of BUMDes (5)	1	1	1
C	<i>Business/Production Infrastructure: Size of Business and Marketing (20)</i>			
1	Business Planning and products (5)	4	4	4
2	Value and growth of assets (5)	4	1	2
3	Efficiency and supply chain equity, and marketing network (5)	3	3	3
4	Turnover and growth of assets	3	1	1

The Results (2/2)


No	Assessment Aspects	Wirausaha	Kebumen Mandiri	Ngudi Karaharjan
D	<i>Participation/Inclusive Community Empowerment (15)</i>			
1	Recognition and participation of community and government (8)	7	5	5
2	Gender (7)	1	3	2
E	<i>Environment and Its Conservation: Application of Organic Farming & Waste Management (15)</i>			
1	Business activities of BUMDes and their impacts on the environment quality (5)	3	4	4
2	Waste management of business production of BUMDes (5)	3	5	2
3	Organic understanding and application in the business of BUMDes (5)	4	5	4
F	<i>Development of Local Specifics towards Creative Economy (10)</i>			
1	Applied Technology (5)	3	4	2
2	Business development based on local potentials (5)	4	5	5
	Total	66	63	54
	Overall level	Developing, still require empowerment	Developing, still require empowerment	Developing, still require empowerment

Conclusion

Development Indexing results of three BUMDesa, namely Wira Usaha, Kebumen Mandiri, and Ngudi Karaharjan that are being developed by Bina Swadaya in Batang Regency, Central Java - Indonesia are 66, 63, and 58 respectively.

These figures reflect that the Development Index of BUMDesa with Entrepreneurship Character developed by Bina Swadaya are still in the phase of Developing.

Thank You



Villages are the roots of a 'big tree' called 'Republic of Indonesia'. With well-developed, healthy and self-reliant villages, the big tree 'Republic of Indonesia' must also be well developed, self-reliant, healthy, and strong.
(Bambang Ismawan- the Founder of Bina Swadaya)