

UNIVERSITY OF SOUTHAMPTON

FACULTY OF SOCIAL, HUMAN AND MATHEMATICAL SCIENCES

Division of Sociology and Social Policy

**Microcredit Programmes in Development in Rural Indonesia:
Gender, Cultural, and Religious Perspectives**

by

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ABSTRACT

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MICROCREDIT PROGRAMMES IN DEVELOPMENT IN RURAL INDONESIA: GENDER, CULTURAL, AND RELIGIOUS PERSPECTIVES

Moch. Agus Junaidi

The overall aim of this research is to evaluate how a UN funded group-based microcredit programme was implemented (considering Javanese culture and Islamic teaching) and what impact it had on achieving gender equality in rural Indonesia. The research seeks to form a comprehensive assessment and understanding the interconnection of gender, Javanese culture and Islamic teaching in the functioning of local savings and loan groups (Affinity Groups/ AGs) established as part of an IFAD funded project in Eastern Java (Participatory Integrated Development in Rainfed Areas/ PIDRA). This research demonstrated that AG can be analysed by hybrid organisation theory, due to its combination of multiple logics, value systems, stakeholders, and goals/missions. As a case study, the research applies a combination of qualitative research methods: document analysis (review of documents), focus group discussion (FGD), and semi-structured interviews. The fieldwork was conducted over three months (April-June 2012). Semi-structured interviews were conducted with 38 participants; 8 PIDRA team representatives and 30 AG members. The study shows that poverty indicators, socio-cultural and religious aspects both influenced the initial process of AG formation i.e. selection of villages and identification of intended beneficiaries of AG members. Strengthening institutional capacity through the formation of AGs, a Federation of AGs, and a Rural Development Institution (RDI) helped the AG members to be involved in various aspects of decision-making in rural development. The findings also confirm that Javanese culture and Islamic teaching influenced AG members' views and behaviours with respect to gender and microcredit activities; and these aspects have had an impact on the continuity of microcredit programmes. However, although the microcredit programme delivered by the AG had a transformative impact on women's ability to earn incomes benefits and gender awareness, they tended to increase their workload.

Keywords: *Microcredit, Affinity Group, Hybrid Organisation, Gender, Javanese Culture, Islamic Religion*

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Research Thesis: Declaration of Authorship

Print name:	Moch. Agus Junaidi
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Title of thesis:	Microcredit Programmes in Development in Rural Indonesia: Gender, Cultural, and Religious Perspectives
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I declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

<p>I confirm that:</p> <ol style="list-style-type: none"> 1. This work was done wholly or mainly while in candidature for a research degree at this University; 2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated; 3. Where I have consulted the published work of others, this is always clearly attributed; 4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work; 5. I have acknowledged all main sources of help; 6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself; 7. Either none of this work has been published before submission, or parts of this work have been published as: [please list references below]:

Signature:		Date:	10 April 2019
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Definitions and Abbreviations

Abangan	:	A term for a group of Javanese Muslims who are practising Islam in a more syncretic, way thought the orthodox group. This means that they are Muslim, but still oriented to native Javanese animism and ancestral tradition
Affinity Group(s)/ AG(s)	:	A group-based microcredit mechanism established during the PIDRA project in 2000-2008 in rural Indonesia. AG refers to the similarity and proximity in lifestyle among the group members which gives a basis for social interactions.
Arisan	:	A form of traditional rotating saving and credit association in Indonesia
Aurat	:	Genitalia and other parts of the body to be clothed as required by Islam (the intimate parts of the human body that need to be covered by clothing)
Abaya	:	Islamic clothing worn by Muslim women (essentially a robe-like dress that covers the whole body except the head, feet, and hands)
BAPPENAS	:	<i>Badan Perencanaan Pembangunan Nasional</i> (National Development Planning Agency)
BI	:	Bank Indonesia
BKP	:	<i>Badan Ketahanan Pangan</i> (Food Security Agency) in Indonesia
BPD	:	<i>Badan Permusyawaratan Desa</i> (Village Consultative Body)
BPMD	:	Community Empowerment Agency (<i>Badan Pemberdayaan Masyarakat Desa</i> /BPMD)
BPS	:	<i>Badan Pusat Statistik</i> (The Central Statistics Agency - Republic of Indonesia)
BRAC	:	Known formerly as the Bangladesh Rehabilitation Assistance Committee and then as the Bangladesh Rural Advancement Committee and now Building Resources Across Communities
Bupati	:	Mayor or Head of District/ Regency (Kabupaten)
Camat	:	Head of Sub-District
Continuity of AG	:	The term of 'continuity' means continued operation of AGs after the PIDRA project ended (even without funding support from IFAD). According to the data collected in 2012, nine of AGs had been established in Village X that include four Men's and five Women's AGs within the PIDRA project period; and there was a women's AG has been formed (as a replicated group) after the PIDRA project ended (Source: AG, 2001)
COSOP	:	Country Strategic Opportunities Programme
Dapur, Sumur, Kasur	:	Javanese proverb about women – literally meaning 'the role of women in conducting domestic work i.e. kitchen (dapur):

	: cooking, well (sumur): cleaning house, and mattress (kasur): reproduction'
DEPTAN	: <i>Departemen Pertanian</i> (Department of Agriculture)
Desa	: Rural area (village) under a Sub-District Authority
Diba'an	: Islamic gathering for the <i>celebration of a baby's birth</i>
Doa/ Du'a	: Supplication/ invocation/ prayer
Dusun	: The smaller authority of local government under the village (or Sub-Village)
Dzikir/ Dhikr	: Prayer/ worship in remembrance of God (Allah)
FBOs	: Faith-Based Organisations
Federation	: Association of AGs at the village level
GBHN	: Broad guidelines of state policy of Indonesia (GBHN stands for <i>Garis-Garis Besar Haluan Negara</i>)
GDP	: Gross Domestic Product is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly).
Gender	: A social construct which emphasises differences in the social, cultural, and psychological construction of men and women regardless of their biological characteristics.
Gender Equality	: The same rights and opportunities between men and women involved in microcredit programme (e.g. accessing loans and gaining life-skills training), leading to sustained women's empowerment.
Gotong-Royong	: The spirit of working together or collective actions or mutual cooperation or mutual community self-help
Gubernur	: Governor or head of province
Hadith or Sunnah	: Narrations concerning the words and deeds of the Islamic Prophet Muhammad (Peace Be Upon Him/ PBUH)
Haji/ Hajj	: Pilgrim/ Pilgrimage to Mecca
Halal	: Permissible in compliance with Islamic rules
Haram	: Proscribed, not in compliance with Islamic rules referring to any act that is forbidden by Allah/ God
Hukum Adat	: Customary Law
IFAD	: International Fund for Agricultural Development
IFIs	: International Financial Institutions
Ikhtilat	: Intermingling between men and women
Infaq	: Etymologically infaq means to spend wealth for a certain purpose. Included in this meaning is the infaq given by kafir (Qur'an 8:36). According to syariah, infaq means to spend wealth for a certain purpose as guided by Islam.
Kabupaten	: A type of administrative area (Regency) managed by the

	local government. Generally, the areas are dominated by agricultural or forest areas and characterised by farming
Kamituwo	: Sub-village coordinator (government officer/ staff) in a village
Kanca Wingking	: Javanese proverb about women - literally meaning 'friend at the back or women are always following men'
Karang Taruna	: Youth Organisation at village level (Village Youth Association)
Kejawen	: A belief or tradition that is primarily adopted by Javanese (Javanism)
Kekeluargaan	: Sense of family togetherness
Kelurahan	: Urban areas under a Sub-District Authority
Kerja Bakti (Bersih Desa)	: Communal works in the village
Kodrat	: God's will (one's 'God-given nature and spiritual propensity)
Kota	: City
Kyai or Ajengan	: Religious/ Muslim leader (male) – if female called 'Nyai or Bu Nyai'
LKMD	: <i>Lembaga Keamanan Masyarakat Desa</i> (Village Public Safety Institution)
Lurah/ Kepala Desa	: Head of Village
Mahram	: Islamic term for persons who are forbidden for marriage
MDGs	: The Millennium Development Goals
MFIs	: Microfinance Institutions
Modin	: Village Islamic Official (Division of Religious Affairs at the village government level)
Mudharabah	: A kind of business where two parties who are qualified to enter into a contract where one partly gives the capital and the other his or her services (i.e. the abilities, capabilities, capacity, skills and doing of all sorts of work required by such a business, termed as effort or labour) and they (both partners in Mudharabah) share the profit according to their mutual lawful/ legal agreement
Muslim	: A male Muslim
Muslimah	: A female Muslim
Musyawaharah Mufakat	: Discussion leading to consensus/ mutual agreement
Ngaji	: Reading and recitation of the Qur'an
NGO	: Non-Governmental Organization
Niqab	: A face veil covering all but the eyes
Pancasila	: Indonesian state philosophy or Ideology that consists of five guiding principles (or sila) for Indonesian people's life: Belief in God, Nationality, Humanity, Democracy, and Social Justice

PBUH	: Abbreviation of ' <i>Peace Be Upon Him</i> ', a phrase that Muslims say after uttering or hearing the name of the Islamic Prophet Muhammad
Pengajian	: The Islamic gathering where Muslim people meet and communicate, mainly to recite the Qur'an together (communal recitation of Qur'an) or listen to the teaching of Islamic scholars to enhance their spirituality
Pengajian Akbar	: A big Islamic religious gathering
Pertahanan Sipil (HANSIP)	: Civil Defence
PIDRA	: Participatory Integrated Development in Rainfed Areas
PKK	: <i>Pembinaan Kesejahteraan Keluarga</i> (Family Empowerment and Welfare)/ Dharma Wanita
PNPM	: <i>Program Nasional Pemberdayaan Masyarakat</i> (Indonesia's National Programme for Community Empowerment)
PPL	: <i>Petugas Penyuluh Lapangan</i> (Extension Officer) – staff from the Food Security Agency or Department of Agriculture
Priyayi	: A term for a group of Javanese Muslims who are practicing Islam and a form of mysticism originating from Hindu-Buddhist doctrine
Puasa/ Sawm	: Fasting during the month of Ramadan
Qur'an/ Al Qur'an	: The central religious text of Islam, which Muslims believe to be the revelation and word of God (Allah SWT) providing verbal divine guidance and moral direction for mankind
RDI	: Rural Development Institution
Rentenir	: A person or group who offers small personal loans at high rates of interest (Traditional Moneylender)
Riba	: The Islamic term for usury or excessive interest
Rukun or Guyub	: Harmony
Rukun Tetangga or RT	: Neighbourhood Association
Rukun Warga or RW	: Community and Neighbourhood Association
Sadaqah/ Shadaqah	: Etymologically shadaqah means correct. According to syariah, shadaqah means a good deed, including spending wealth/properties only to seek the blessing from God (Allah SWT)
Santri	: A term for a group of Javanese Muslimah who are practicing Islam in a more orthodox manner (purer Islam/ Muslim learners)
SEO(s)	: Social Enterprise Organisation(s) which involve a hierarchical ordering of social and economic value.
Sesajen	: Offering rituals, such as flowers, food, clothes and incense is part of Javanese culture, which originated from Hinduism

	and Buddhism
Sharia	: The moral code and religious law of Prophetic religion which declared a certain deed to be Islamic law (Syari'a or Syaria'h or Syariah)
SHGs	: Self-Help Groups
Sholat/ Salat	: Performing ritual prayers in the proper way five times each day
Slametan/ Syukuran	: A tradition of a thanksgiving ceremony to which relatives or neighbours are invited, which begins with a prayer together (praying to offer special gratitude)
SMEs	: Small and Medium Enterprises
SOLID	: Smallholder Livelihood Development
Sustainability of AG	: The ability of AGs to be maintained at level of Self-Help Groups (SHGs). For example: the AG members can access loan to support their businesses (earning a better income from their business)
SWT	: Abbreviation ' <i>Subhanahu Wa Ta'ala</i> ' in Allah SWT, Glory and Exalted is He. Saying this phrase is seen as an act of reverence and devotion towards Allah among Muslim
Syahadah/ Shahadah	: Sincerely reciting the Muslim profession of faith
Syirik	: Acts of worship directed to other than God (Allah SWT)
Tahlilan	: A term used for the Islamic gathering for the commemoration of the dead/ deceased (remembrance of God - there is no one worthy of worship except Allah; praying for deceased family members; asking for God's forgiveness and assistance). It is usually done on the first day, seventh day, 40-day, and 1000-day of death
Tenggang Roso	: Recognising the difficulties of others
Tepo Seliro	: Considering the feelings of others
Ukhuwah Islamiyah	: Solidarity and unity amongst Muslims
UKM	: Cooperatives and Small and Medium Enterprise Development/SMEs Agency (<i>Dinas Koperasi dan Pengembangan Usaha Kecil Menengah/UKM</i>)
UNDP	: United Nation Development Programme
UN	: United Nations
Ustadz	: Male Muslim scholar
Ustadzah	: Female Muslim scholar
UUD 1945	: <i>Undang-Undang Dasar 1945</i> (The 1945 Constitution of the Republic of Indonesia)
Walikota	: Mayor of a City
Wanita (Wani Ditoto)	: Javanese proverb about women - literally meaning 'women's

	willingness to be regulated and controlled by men'
Waqaf	: The donation of land, buildings or money as an endowment, the profits from which are given away as charity (an Islamic tradition)
WISEs	: Work Integration Social Enterprises
Women's Empowerment	: Women's experience of increasing economic stability and social security leads to improved self-confidence and ability to engage with microcredit programme as the community development initiatives, including: controlling loans, participating in training, economic benefit, decision making and the division of labour within the family.
Zakat/ Zakah	: Alms or charity tax to benefit the poor and needy
Ziarah/ Nyadran	: Visiting sacred graves for pursuing spiritual guidance relating to people's actions

Chapter 1: Introduction

1.1 Introduction

On a global scale, the purpose of development initiatives is to increase economic growth, well-being, empowerment, gender equality and to eliminate poverty. As time has passed, development strategies have shifted from a top-down to a bottom-up approach (Chambers, 1997, 2004; Reddy and Heuty, 2005), Reddy and Heuty, 2005). This has encouraged the implementation of participatory approaches, for development strategies to be effective. For example, facilitating people's participation (Becker et al., 2003; Chambers, 2004; Fraser et al., 2006) and encouraging people's contribution to the decision-making process (Hoque and Itohara, 2009) are expected to lead to the improvement of development initiatives for greater results and contributions to society. Among community development initiatives, group-based microcredit programmes (microcredit) have been recognised by development agencies as one of the development approaches that can offer poor people access to financial services, with the objective of improving their quality of life (Pitt and Khandker, 1998; Ledgerwood, 1999). In addition to a financial intermediation function, microcredit also offers a social intermediation function and thus promises to be a key strategy in the eradication of poverty, contributing to the achievement of sustainable development goals (Ghatak and Guinnane, 1999; Robinson, 2001; Elahi and Rahman, 2006; Banerjee, 2008; Worthen, 2012; Fouillet et al., 2013).

However, studies in Indonesia and other developing countries have indicated that microcredit programmes do not necessarily result in livelihood improvement, large scale poverty reduction, women's empowerment, or gender equality (Goetz and Gupta, 1994; Schuler et al., 1996; Amin et al., 2003; Parmar, 2003; Holvoet, 2005; Fritzen, 2007; Pandolfelli. et al. 2008; Garikipati, 2008; Akotey and Adjasi, 2016). Several studies argue that assessments of the benefits of microcredit only look at the economic aspects, and overlook other dimensions, such as social and cultural aspects (Izugbara, 2004; Drolet, 2010; Worthen, 2012). For example, Izugbara (2004) argues that microcredit programmes have failed to help women exit from their culturally defined boundaries, because their strategy focuses on increasing disadvantaged women's access to economic activity, it

leaves behind the critical issue of women's subordination and gender inequality. Likewise, Ganle et al. (2015) suggest that the advantages and disadvantages of lending to female borrowers are influenced by social and cultural elements of a society in which microcredit programmes are implemented.

In its progress, consideration of non-economic aspects is also critical for the sustainability of microcredit programmes, such as gender differences, cultural and religious practices. Goetz and Gupta (1996) found that achieving gender equality was the main challenge in microcredit programme, especially in patriarchal societies, where men have higher positions and greater power than women. A case study of the Grameen Bank in Bangladesh, Rahman and Milgram (2001; p.51) pointed out that the operation of microcredit programmes in Bengali society, which has a "*larger structure of patriarchy*", has led to an "*entrenchment of patriarchal hegemony*", thus creating "*new forms of domination over women in [Bengali] society*". The phenomenon of a patriarchal system indicates that the implementation of microcredit programmes might weaken women's social position within the household and community spheres. In addition, religious teachings have increasingly been recognised as important factors that need to be considered in microcredit programmes. In Islam, for instance, Rahman (2007) and Obaidullah and Khan (2008) point out that the practice of interest payment in microcredit is prohibited due to its similarity with excessive interest (*Riba*).

Indonesia has a long history of money lending mechanisms (including both traditional and commercial microcredit systems), which goes back to the end of the nineteenth century. During the Dutch colonial period (approximately 300 years from 1645 to 1945), there were two mechanisms of traditional microcredit, namely *Rentenir* (a form of informal 'loan shark' providing credit at high rates of interest) (Dimiyati, 1997; Nugroho, 2001; Munro, 2003) and *Arisan* (Rotating Saving and Credit Associations/ RoCSCAs) (Vonderlack and Schreiner, 2002; Johar and Rammohan, 2006). Commercial microcredit institutions were also established during the Dutch colonial period, for example *Bank Rakyat Indonesia* (BRI) (Schmit, 1994; ARCM, 2009; BRI, 2014). Existing microcredit programmes in Indonesia show the efforts of the Indonesian government to provide credit to poor people. However, various technical problems have been faced in the implementation of both traditional and commercial microcredit mechanisms, for instance; the use of interest (usury/ *Riba*), which is prohibited according to the moral, ethical, and religious teachings

of Islam (Schrader, 1997; Rahman, 2007; Obaidullah and Khan, 2008); and potential borrowers lack sufficient collateral relevant to the provision of microcredit and high transaction costs (Ledgerwood, 1999; Mcguire and Conroy, 2000; Matin et al., 2002). Furthermore, in the reformation era (1998 - until now), the government continued to initiate partnership networking programmes with various International Financial Institutions (IFIs) to accelerate development projects e.g. the International Fund for Agricultural Development (IFAD) (Miyashita, 2000).

IFAD is a United Nations (UN) agency, founded in 1977 as an IFI to finance agricultural development projects in developing countries aimed at eliminating rural poverty, improving food security and empowering poor rural women and men (IFAD, 2004a, 2008). In its operations, IFAD has provided funding to over 900 development projects around the world, including in Indonesia, namely: the project of Country Strategic Opportunities Programme (COSOP), Community Empowerment in Rural Areas, and Smallholder Livelihood Development. The partnership networking programme between Indonesia's government and IFAD has been established since 1980 and has focused on developing smallholder agriculture and promoting participatory development. One of these partnership programmes is a group-based microcredit programme (known as the Affinity Group (AG)), which was funded from 2001 to 2008 as part of the Participatory Integrated Development in Rainfed Areas (PIDRA) project in rural Indonesia (IFAD, 2004a, 2008). After the PIDRA project implementation ended in 2008, IFAD did not provide on-going financial support to the AGs. The reason was that the majority of the groups had been transformed into Self-Help Groups (SHGs); and were able to achieve their continuity conducting microcredit and life-skills training activities (IFAD, 2004a, 2008; BKP, 2011). Continuity means that AGs continue to exist operate microcredit programmes without receiving external funding (e.g. funding support from IFAD after the PIDRA project ended in 2008). The meaning of continuity for AGs transformation (become SHGs) is very crucial because (1) microcredit programme has contributed on the sustainability of the AG members livelihoods. The term of sustainability refers to the ability of AGs to be maintained at level of SHGs, e.g. the AG members can access loan to support their businesses (earning a better income from their business); (2) learning process in AGs through trainings to improve the AG members' knowledge and skills; and (3) preserving Javanese culture and Islamic teaching in the AGs activities that strengthens a sense of unity within society. Indonesia government through the Food Security Agency (BKP)

evaluated the usefulness of the PIDRA project in implementing community development programmes and handling poverty issues. The PIDRA project approach was replicated in the Smallholder Livelihood Development (SOLID) project from 2011 to 2018 in Maluku and North Maluku province, Indonesia (BKP, 2011).

The overall aim of this research is to evaluate how a UN funded group-based microcredit programme was implemented in rural Indonesia (considering Javanese culture and Islamic teaching) and what impact it had on achieving gender equality (especially related to women's empowerment). For the purpose of this study, gender equality refers to equality between men and women in terms of controlling loans, participating in training, decision making and the division of labour within the family which is related to women's empowerment. In addition, the objectives of this research are: (1) To describe the initial stages of AG formation, the involvement of actors in AG formation and the contribution of Javanese culture and Islamic teachings to the identification and selection of AG members; (2) To explore how Javanese culture and Islamic teachings have affected the activities and continuity of AGs; and (3) To examine whether and how the microcredit programme and AG membership has had a transformative impact on gender equality, especially related to women's empowerment.

The theoretical and conceptual approach

I used the theory of hybrid organisation as a theoretical lens for explaining the emergence/ formation of AG as a group-based microcredit programme. Hybrid organisations consist of combinations of multiple elements (i.e. logics or forms) and multiple value systems (e.g. trust or negotiation), often have various and conflicting goals, and involve a variety of key stakeholders (Battilana et al., 2012; Seelos & Mair, 2012; Battilana & Lee, 2014). By applying a framework model of hybrid organisations, I argue that the AG, a form of microcredit organisation that combines managing loans, savings and life-skills training, can be considered a new type of hybrid organisation, due to its unique combination of two different logics (i.e. logic of development/ social values and the logic of economic profits).

Several important key concepts are used in this research. Firstly, a microcredit programme is defined as a group-based microcredit programme with a strategy to provide financial and social intermediation aimed at poor people through economic and

social development (a new perspective of people's empowerment) (Ledgerwood, 1999). Secondly, development implies a process of change aimed at creating a better life for all people in all sectors of life (i.e. people-centred development) (UNDP, 2013a). Thirdly, gender is referred to as a social construct and is used to investigate women's empowerment and gender equality (Rakodi, 2012a). Fourthly, Javanese culture refers norms, traditions, values, and practices (i.e. mutual cooperation or *Gotong-Royong*) in the Javanese community ((Rao, 2005). Fifth, Islamic teaching is concerned with concepts of gender roles, religious activities, and *Riba* in Islam (Rahman, 2007).

I used a case study approach, based on qualitative methods for collecting relevant data, including document analysis/ review of documents, focus group discussion, and semi-structured interviews, using the conceptual framework for qualitative data analysis suggested by Miles et al. (2014). The research is based on a case study of the Participatory Integrated Development in Rainfed Areas (PIDRA) project focusing on a village X in Blitar, East Java, Indonesia. The village was selected based on the high number of rural poor who were involved in AG's activities, as well as the strong tradition of the local people in practising Javanese culture and Islamic teachings in their daily lives (further information on the selection of field site is provided in Chapter 5, Section 5.2).

1.2 Research Questions

In order to pursue my research aims, I pose the following research questions:

Research Question 1: What were the important elements in AG formation in the PIDRA project? What role did local culture and religion play in the formation of AGs?

In this study, I describe how the AG as a group-based microcredit mechanism was initially established and assess the extent to which microcredit programmes reached the rural poor as the intended key beneficiaries of the PIDRA project. I identify all the actors that were involved in the PIDRA project and discuss their roles in AG formation. I explore how Javanese culture and Islamic teachings influenced the identification and selection process of AG members and whether and how they affected the inclusion of both men and women in the AGs.

Research Question 2: How have Javanese culture and Islamic teachings affected the activities and continuity of AGs?

I examine whether and how Javanese culture and Islamic teachings shaped the activities of AGs. I describe the main activities of AGs, including the mechanism of microcredit and provision of life skills training. I analyse the process of AG meetings to give a sense of members' experiences and feelings with respect to how Javanese culture and Islamic teachings affected the activity and sustainability of AG.

Research Question 3: What impacts have Javanese culture and Islamic teachings had on AGs' aim of achieving gender equality? What impact has gender inequality had on the involvement of women in the microcredit programme?

In this study, I explore the interconnection between microcredit provided through AG membership and gender in the context of Javanese culture and Islamic teachings. I also investigate whether the institutional arrangements and access to low interest loans through AGs have had an impact on gender equality. These impacts include: controlling loans, participating in training, economic benefit, decision making and the division of labour within the family.

1.3 The Contribution to Knowledge

There has been extensive research on microcredit (Ledgerwood, 1999; Otero, 1999; Robinson, 2001; Elahi & Rahman, 2006). Although links between gender and microcredit, cultural values and microcredit, and religion and microcredit have been identified, there is a lack of understanding of how these are interconnected in microcredit programmes. This thesis adds to conceptual knowledge about the role of gender, culture and religion in microcredit programmes for the effectiveness of development strategies. The potential of these knowledges for policy and practice may be relevant, for example involving Islamic bank to accommodate the aspect of Islamic teaching in microcredit programmes (such as the prohibition of interest rate (*Riba*) in saving and loan mechanisms). This study also contributes to empirical understanding of the formation and practices of group-based microcredit programmes, by revealing the interaction between gender relations, local culture, and religious beliefs in an Indonesian microcredit programme as a development strategy.

1.4 Thesis Outline

Chapter 1: Introduction

This chapter outlines the overview of the research, which focuses on the important role of microcredit as a key community development strategy to accelerate poverty reduction.

Chapter 2: Theoretical chapter

This chapter discusses the theory used to support the research, especially the role of theory in qualitative field research. This chapter also explains the application of hybrid organisation theory as a theoretical lens for understanding the AG as a group-based microcredit.

Chapter 3: Literature review

This chapter critically engages with the concept and theoretical understanding of development by giving an overview of different approaches to development and how these have changed over time. It also discusses gender, culture, and religion identifying current understanding of how these are interconnected with microcredit as a strategy of development.

Chapter 4: Research context

This chapter describes the research context, giving an overview of Indonesia's development. It also provides a brief history of microcredit programmes, the issues, and the IFAD roles in the PIDRA project to illustrate the complexity of achieving development goals in Indonesia.

Chapter 5: Research methods

This chapter outlines the research methodology, including the research philosophy and the qualitative methodology used. This chapter also explains the process of entering the field site and problems encountered during the fieldwork.

Chapter 6: The establishment of AGs

This chapter presents the findings resulting from the fieldwork, providing an overview of the initial process of AG formation in rural Indonesia.

Chapter 7: AG activities

This chapter discusses the stages of AG formation and identifies elements of Javanese culture and Islamic teachings that have shaped AG activities (e.g. group meetings), as well as assessing their impact on group continuity.

Chapter 8: The impact of the AGs on achieving gender equality

This chapter examines the interconnection between microcredit activities in AGs and gender equality, in the context of Javanese culture and Islamic teachings. It also discusses whether and how involvement in AG activities has had a transformative impact on gender equality, especially related to women's empowerment.

Chapter 9: Conclusion

This chapter summarizes the empirical findings obtained from this study and its contribution to the future research related to development studies.

Chapter 2: Theoretical Chapter

2.1 Introduction

The AG main initial element in the PIDRA project was a group-based microcredit programme developed under the influence of various development stakeholders at the rural level which aimed to provide access to financial services for the rural poor. The formation of AGs was more complex and dynamic than its counterpart group known as the SHG (BKP, 2010). AG has similarities characteristics with SHG that represents local culture and religious boundaries, involves relationships based on mutual trust, support, and non-exploitation, as well as being constructed on the basis of particular social principles (e.g. homogeneity, self-reliance, and voluntarism), particular structural features (e.g. common origin and family bloodline), a similar livelihood base (e.g. income and job), and gender bonds (e.g. all women, all men, and mixed) (Fernandez, 2007).

The distinct characteristics of AGs in the PIDRA project is that after the grants were given (by IFAD during the PIDRA project in rural Indonesia from 2001 to 2008), investment in institutional capacity-building was provided, to ensure that the fulfilment of social needs and the expectation of economic improvement were given equal weight (Fernandez, 2005, 2007). Also, local cultural customs and values build effective financial and organizational management, alongside AG social roles (Fernandez, 2007). Examining the AG needs to use the relevant underpinning theory. Gilbert (2007) argues that theory is an analytical way in which relevant conceptual tools are problematized and used to examine and explain particular social phenomena. Explanation of complex social phenomena in systematic social empirical research may be best facilitated when there are interlinked relationships between the collected research data and theory building (Hartley, 2004; Musson, 2004; McDonald et al., 2004; Steyaert and Bouwen, 2004; Bryman, 2012).

This chapter aims to discuss the theory used to underpin this research. I begin by explaining the role of theory in qualitative field research, acknowledging that such research is not only based on historical empirical data, but is also formed by theory construction and the researcher's theoretical perspective (Musson, 2004). Then, I continue by describing hybrid organisation theory as consisting of multiple logics and the various categories and activities in a hybrid organisation which responds to these logics. I

explain the contradictions (paradoxes) in hybrid organisations, which include paradoxes of outcome, performance and change (Jay, 2013). Finally, I explain the application of hybrid organisation theory as a theoretical lens for understanding AGs as a group-based microcredit mechanism using the framework model proposed by Battilana and Dorado (2010), Jay (2013), Ebrahim et al. (2014), Battilana et al. (2015), Eldar (2016), Mair et al. (2015), and Santos et al. (2015).

2.2 The role of theory in qualitative research

The importance of theory in research has been highlighted in many references (Hartley, 2004; Musson, 2004; McDonald et al., 2004; Steyaert and Bouwen, 2004; Silverman, 2005; Bryman, 2012). Musson (2004) states that theory needs to be introduced in the context of research and researchers need to be able to balance the use of theory in their research. Bryman (2012, p.20) argues that theory has a critical role in social research because *'it provides a backcloth and rationale for the research that is being conducted. It also provides a framework within which social phenomena can be understood and the research findings can be interpreted'*. Theory can guide researchers to highlight the quality of relationships and the complexity of social phenomena in qualitative research (Steyaert and Bouwen, 2004); and to examine the fundamental issues in social research (Silverman, 2005). Hartley (2004) also points out that careful theory construction prevents research bias and enhances research validity because researchers are required to integrate theory and method. Therefore, theory helps researchers to deal with the data collected, as well as building and informing its meaning.

Theory is defined in various ways as *'a set of concepts to define and explain some phenomenon'* (Silverman, 2005, p.99); *'an explanation of observed regularities'* (Bryman 2012, p.21); *'the set of interconnected ideas'* emerging from *'the process of systematically formulating and organizing ideas to understand a particular phenomenon'* (Boss et al., 1993 cited in Tavallaei and Abu Talib, 2010, p.572); or *'a way of understanding that operates without variation in every context'* (Kincheloe et al., 2002, p.168). The connection between theory and research is more ambiguous and not entirely straightforward in qualitative research compared to quantitative research.

In qualitative research, specifically, Bryman (2012) states that understanding of a social phenomenon can be acquired through researcher's use of concepts and adoption of a

theoretical perspective. Moreover, the research itself can be used to generate and test the theory used as a background to the qualitative research. This means that *'the literature becomes significant at later stages of helping to inform theoretical ideas as they emerge from the data and as a way of contextualizing the significance of the findings'* and shaping researcher understanding in the research field (p.385). Also, in qualitative research, the researcher's use of theoretical concepts and the prolonged research period can enrich the collection of data. Gilbert (2007) and Ritchie (2003) suggest that theory is a critical element in social research, which is based on a combination of the theoretical insights of the researcher, social investigation (i.e. the collection of data) and the appropriate methodological design for gathering the relevant data.

I apply the lens of hybrid organisation theory in this research. An organisation is widely conceived of as a group of people having a common goal based on shared beliefs, values, identity, and actions. Hybrid organisations combine both social (i.e. non-profit) and economic (i.e. profit) purposes (Rawhouser et al., 2015; Battilana et al., 2015). Eldar (2016, p.6) argues that social enterprises, such as credit providers for low-income borrowers (i.e. microfinance or microcredit institutions), which today provide financial services to millions of poor customers in developing countries, have been effective in providing financial support for achieving development goals such as improved access to capital, increased economic productivity, job creation, and improved borrowers' well-being. Here, I argue that the establishment and operation of AGs encompassing socio-economic-cultural elements may lead to a process of change, tensions, and negotiation. Taking a case study of a group-based microfinance organisations, I categorized AG as a hybrid organisation (commonly referred to as a social enterprise) because of its various goals (i.e. economic and social empowerment). The use of hybrid organisation theory and its role in this research are explained in the following section.

2.3 Hybrid Organisation Theory

The hybrid organisations concept, introduced by organisational scientists such as Hannan and Freeman in 1989, emerged due to changes in social-structural conditions which involve four important aspects, namely, trust, relational network, leadership, and formal government (Ménard, 2004). Frenkel and Shenhav (2006) state that in management and organisation studies, recognising cultural differences within an organisation is critical.

Billis (2010) argues that hybrid organisation theory developed to highlight tensions between social and commercial goals and community domains, while Seelos and Mair (2012) argue that the emergence of hybrid organisations, such as social enterprises, is one of the innovative approaches that challenged the 'traditional approach' of poverty-related development programmes. For example, the Grameen Bank programme, conceived of as a social business intended to eliminate poverty and enhance gender equality and women's empowerment through its microcredit activities.

Hybrid organisations have been defined as '*institutional structures of production*' (Ménard, 2004, p.346), or '*a cooperative game with partner-specific communication*' (Grandori and Soda, 1995, p. 185 cited in Ménard, 2004, p.351). Haveman and Rao (2006) state that a hybrid organisation integrates institutional logics, which can be defined as '*taken-for-granted beliefs and practices that guide actors' behaviour in fields of activity*' (Battilana and Lee, 2014, p.402) or '*socially constructed sets of material practices, assumptions, values, and beliefs that shape cognition and behaviour*' (Besharov and Smith, 2014, p.365). Once institutionalised, these logics produce a unique identity for an organisation and are essential to promote and drive the transformation and reconstruction of any organisation (Tracey et al., 2011).

Hybrid organisations have to align with the interest of multiple principal stakeholders (Ebrahim et al., 2014; Besharov and Smith, 2014; Markman et al., 2016); and must be based on trust (McEvily, 2011). They undertake various and diverse activities, and have multiple and often contradictory goals (Besharov and Smith, 2014; Markman et al., 2016) and spaces of negotiation (Battilana et al., 2015). Battilana and Lee (2014) comprehensively define hybrid organisation as a combination of various organisational forms (i.e. charity and business form in social enterprises) with diverse activities, structures, processes and meanings. Santos et al. (2015, p.36) claim that '*hybrid organisations pursuing a social mission while relying on a commercial business model have paved the way for a new approach to achieving societal impact*'.

Based on the above explanation, I am applying hybrid organisations theory to the AGs because it is consisting of combinations of multiple elements (i.e. logics, forms) and multiple value systems (e.g. trust, negotiation), involving various key stakeholders, and often with various and conflicting goals. Hybrid organisation helps me to address the issue of AG formation, operation, continuity, and gender relations. For example I used the

theory of hybrid organisation as a theoretical lens for explaining the emergence/formation of AG as a group-based microcredit programme. An AG which can be categorised as hybrid organisations because they were formed by involving various actors/developmental stakeholders on the basis of multiple institutional logics and to reconcile different goals (i.e. economic and social missions). An explanation of various aspects of hybrid organisation will be highlighted in the following discussion.

2.3.1 Hybrid Organisation: The Institutional Logics

Institutional logics are combined in hybrid organisations as an innovative solution to multifaceted problems (Jay, 2013). In organisations, the institutional logics influence and assist the behaviour of actors and solidify their actions (Tracey et al., 2011; Battilana and Lee, 2014; Besharov and Smith, 2014). Besharov and Smith (2014, p.366) suggest that there are two ways that multiple institutional logics can be assessed: '*compatibility, or the extent to which the institutional of multiple logics within an organization imply consistent organizational actions*', and '*centrality, or the extent to which these logics manifest in core features that are central to organizational functioning*'.

In hybrid organisations, multiple institutional logics can be combined and usually varied depending on the organisational focus, such as social enterprise, health care, cultural industries, life sciences, professional services and manufacturing (Besharov and Smith, 2014). For example, in the case of microfinance institutions (MFIs), Battilana and Dorado (2010, p.1419) found that two institutional logics apply: a '*development logic*' - the social mission of helping the poor and a '*banking logic*' - profit orientation to support organisational operation and continuity. MFIs are, in their view, a new type of hybrid organisation that combines these two logics in an unprecedented way (the use of development and banking logics in commercial microfinance institutions is shown in more detail in Table 1).

Table 1. Comparison of Banking, Development, and Emerging Commercial Microfinance Logics (Source: Battilana and Dorado, 2010, p. 1423)

Characteristics	Banking Logic	Development Logic	Emerging Commercial Microfinance Logic
<i>Goals</i>	Deriving a rent or profit	Development and poverty alleviation	Increasing the access of the disenfranchised to financial services while fulfilling fiduciary obligations toward depositors and investors
<i>Target population</i>	Clients are customers and seen as more or less risky sources of income	Clients are beneficiaries and seen as more or less “deserving” of support	Clients are customers and seen as micro-entrepreneurs
<i>Management principles</i>	Maximizing profit while fulfilling fiduciary obligations not only to investors but also to depositors	Maximizing the impact of donor funds on development and poverty alleviation	Striking a balance between maximizing access of the disenfranchised to financial services while fulfilling fiduciary obligations toward depositors and investors

Similarly, in group-based microcredit programme, Seelos et al. (2010) found that the logics of development (i.e. social impact) and banking (i.e. lending activities) were used to establish SHGs as Social Enterprise Organisations (SEOs), which involve a hierarchical ordering of social and economic values. SEOs are one type of hybrid organisation (Seelos et al., 2010, Battilana and Dorado, 2010; Edgar, 2015; Santos et al., 2015), which dates back to the 19th century in models known as ‘*cooperatives or mutual companies*’ (Santos et al., 2015, p.37). SEOs are defined as ‘*new ventures that are characterized by targeting poverty and poverty-related social needs as their prime objectives*’, whether they adopt a for-profit or not-for-profit legal form (Seelos, et al., 2010, p.3). SEOs use ‘*commercial activities as a means toward social ends*’ (Ebrahim et al., 2014, p.97), to address social problems by adopting social or environmental missions (Santos et al. 2015). Waldron et al. (2016) state that SEOs’ focus can be on various issues (e.g. the environment, poverty, and education), and that they can take several forms (e.g. individuals, non-profits, and for-profits), and occupy diverse industry positions (e.g. internal or external). SEOs’ size and operation can be small and local, large and global, or somewhere in between, with their task being to provide benefits to a community (Corbett, 2016). Considering the above reviews, I argue that the AG can be considered as a hybrid organisation due to its dual logics (i.e. economic profits and social values).

2.3.2 Elements of Hybrid Organisations

Billis (2010) argues that in the theory of hybrid organisation, there are several important elements, including identification of 'ownership', in terms of decision-making accountability, the organisation's core principles or '*the rules of the game*' (governance), operational priorities, and human resources. Battilana et al. (2012) suggest that hybrid organisations may need to make innovations, such as in legal status, professional training and access to capital, in order to balance the trade-off between their economic and social mission.

According to Mair et al. (2015, p.716), governance in hybrid organisations is fundamental to maintain institutional plurality, as well as to protect the hybrids from risks and the pressure of multiple demands from various and distinct stakeholders. Ménard (2004) argues that the modes of hybrid governance (known as institutional arrangements) determine the governance characteristics of a hybrid organisation, for example whether specific forms of authority are required to develop tighter coordination with more control but also implying more dependence. McEvily (2011) also suggests that trust is an important key for hybrid organisations, especially in decision-making. Such a strategy emphasises the logic of compatibility among interrelated concepts more than a logic of opposition among distinct options.

Battilana et al. (2015, p.1661) argue that another important element in hybrid organisations is called social imprinting, defined as '*the founding team's early emphasis on the accomplishment of the organization's social mission*'. Taking a case study of work integration social enterprises (WISEs), social imprinting enabled founders to allocate responsibility for both social and economic activities in the hybrid organisations by recruiting permanent staff with a social work background and by designing systems and processes oriented to the social mission. This can help hybrid organisations to achieve their goals.

2.3.3 Challenges in Hybrid Organisations

According to Ménard (2004), there are several problems related to hybrid organisations, include how to secure coordination, how to arrange recurrent and secure contracts, and mechanisms for maintaining control and solving potential conflicts. According to Battilana

and Dorado (2010), in the case of microfinance institutions, the main challenge faced is how to balance the banking and development logics to avoid 'mission drift'. Also, as all decisions are made by the central office apart from individual lending decisions, how the actors handle tensions among institutional logics becomes a critical challenge in commercial microfinance institutions. In addition, Ebrahim et al. (2014) argue that the multiple logics implemented in hybrid organisations often lead to contradictions and risks to the mission of an organisation, as its success is measured based on multiple dimensions. For example, in the case of SEOs such as microfinance institutions, success is measured based on the criteria for financial performance, for which are well-established, and social performance, which is complicated and compatible common benchmarks are lacking. SEOs also often have multiple and conflicting interests, derived from their multiple principle stakeholders. Therefore, the task of governance in SEOs is a key challenge, influence whether the SEO is able to appropriately emphasise, align and prioritise those interests, as well as to manage the trade-off between its social and economic missions. Therefore, Markman et al. (2016) emphasise that the institutional forces and logics, government policies and social movements may all play significant roles in supporting or hindering the sustainability of SEOs, practices in accordance with achieving balanced environmental, social, and economic performance. Therefore, it is critical that the philosophical and cultural tensions and operational challenges are acknowledged by hybrid organisations.

Mair et al. (2015) further argue that the achievement of successful hybrid organisational governance still remains in question, specifically with respect to selecting, prioritising and integrating multiple institutional logics, as well as directing, controlling, and managing an organisation's accountability. Other challenges faced include the tensions between social welfare and markets, the risk of losing aims and values in the pursuit of efficiency, and sustaining the organisation's core businesses without drifting from their missions (Ebrahim et al., 2014). Organisational culture and talent development also become challenges in hybrid organisations. To overcome this challenge, an approach that is usually used in this type of organisation is to hire candidates with particular working experience, to reduce unnecessary conflict, or to employ inexperienced candidates and train them, to reduce the risk of mission drift (Battilana et al., 2012).

2.3.4 Paradoxes in Hybrid Organisations

Paradoxes refer to the existence of contradictory but interrelated features and tensions that exist concurrently and persevere over time (Smith and Lewis, 2011). Jay (2013) states that, due to the combination of multiple institutional logics in hybrid organisations, there are two paradoxes that need to be navigated for them to be successful. These are the paradoxes of performance and outcomes. These two paradoxes require processes of sense making and changes which can be critical in hybrid organisations. The paradox of performance, or the '*service paradox*', emerges from the demands of dual services - client and public missions, and remains hidden in an organization. The paradox of outcomes emerges from the ways performance is measured, which can generate biases in defining the success and failure of hybrid organisations.

The paradox of performance emerges when actors in organisation attempt to carry out contradictory roles and activities, due to tensions between the identity and goals of individual actors who may have social and/or economic missions (Lewis, 2003). Within hybrid organisations, the paradox of performing often occurs due to differences in the perspective of actors, which lead to tensions, influencing organisational performance and conformity, as well as management control and support (Conforth, 2004). This paradox may appear in hybrid organisations with multi-faceted institutional logics and dimensions, resulting in contradictions and tensions in providing quality service to multiple principle stakeholders - internal and external, with social and/or economic missions (Devine, 2003). For example, in MFIs, the paradox of service that underpins the trade-off between poverty elimination and financial self-sufficiency may lead different visions of success and failure, where steering MFIs toward financial sustainability could limit the availability of economic capital or loans accessible to the poor (Tucker and Miles, 2004). Thus, the logic of the continued operation of MFIs is not only based on the financial stability of the organisation, but also the needs of the poor, to ultimately result in poverty alleviation and reduced inequality (Devine, 2003).

Lewis and Smith (2014) state that the paradox of outcomes emerges from performance outcomes, which may differ depending on the levels and phenomena addressed and may be contradictory or consistent. They argue that, ideally, the paradox of outcomes is resulted to achieve sustainability (i.e. achieving short-, immediate- and long-term goals without compromising the ability to achieve future-goals) and exceptional performance

(i.e. flexibility and control, meeting internal and external stakeholder demands). Thus, in organisational studies, four paradoxes are identified: the '*paradox of learning (knowledge), belonging (identity/interpersonal relationships), organizing (processes), and performing (goals)*' (Smith and Lewis, 2011, p.383). Smith and Lewis stated that learning paradoxes surface as '*dynamic systems change, renew, and innovate*' (p.383), while belonging paradoxes emerge from the complexity and plurality that characterise hybrid organisations and may create identity tensions between individuals, collectives and groups. Organising paradoxes emerge from the multiple processes and complex systems required to attain the desired outcome. Performing paradoxes result from competing strategies and goals. All these paradoxes can spur tensions, for example, between learning and performing paradoxes which emerge from the desire to construct future capabilities without impeding current success. Tensions emerging from learning and belonging paradoxes indicate conflicts between '*the need for change*' and '*the desire to retain a developed sense of self and purpose*', while tensions between organizing and learning emerge '*in organizational capabilities that seek focus and efficiency while also enabling change and agility*' (p.384). Finally, because of these paradoxes, leadership is important in hybrid organisations, such as social enterprises, with a need to appoint leaders who are able to assist and manage the opposing social and financial missions (Smith et al., 2012).

2.3.5 Types of Hybrid Organisation: Emergence of the AG as a type of SEO

Foss (2003) categorised hybrid organisations from the organisational and economic perspectives into external and internal hybrid categories. External hybrids are '*market exchanges infused with elements of hierarchical control*', while internal hybrids are '*hierarchical forms infused with elements of market control*' (p.331). Mair et al. (2015, p.713) classify hybrid organisations into conforming hybrids, which '*rely on the prioritization of a single institutional logic*' and dissenting hybrids, which '*use defiance, selective coupling and innovation as mechanisms to combine and balance the prescriptions of several institutional logics*'. They argue that SEOs can be classified as conforming hybrids, as they may prioritise one institutional logic either social or economic logic. SEOs are dissenting hybrids when both commercial and social welfare logics are prescribed and adopted in their processes and activities. From their study on 70 SEOs with a survey method, they found that hybridity is applied in conforming hybrids as

'symbolic reasons to expand the scope of their external legitimacy' and is adopted in dissenting hybrids 'for substantive reasons.' (p.715). They reported that SEOs that fit into the dissenting hybrid classification include microfinance or microcredit institutions, which adopt two different institutional logics non-profit (social) and for-profit (commercial).

Examples of SEOs include educational institutions (e.g. the Khan Academy), environmental organisations (e.g. South Pole Carbon Ltd) (Santos et al., 2015); and MFIs (e.g. Grameen Bank) (Battilana and Dorado, 2010; Santos et al., 2015); and SHGs (Seelos et al., 2010). Battilana et al. (2012) and Waldron et al. (2016) argue that microcredit organisations are a type of SEO that has long existed, predominantly with a social mission (e.g. poverty alleviation, social empowerment) but depending significantly on commercial profits (i.e. from saving and loans for productive activity) to sustain their operation. When new loans can be carefully managed, they argue, both economic profit and the desired social impact can be achieved.

In addition, Ebrahim et al. (2014, p.84) state that in SEOs, there are two ideal types of hybrid based on two dimensions of accountability '*what value to seek*' and '*who is to benefit from*', the organisations activity, which they label differentiated and integrated hybrids. Differentiated Hybrids (DHs) are defined as SEOs in which the activities for achieving the social mission are separate from those for generating the economic revenue. In this case, the profits from the economic activities are utilised to support the social activities and mission. Integrated Hybrids (IHs) are those SEOs in which activities intended to achieve the social and economic missions are inseparable, i.e. commercial and social activities are linked to create profit and accomplish the social mission. Both types of hybrids may face mission drift risks, due to the systematic prioritizing of profit, through, for example, increasing investment in the commercial activities. However, they suggest that three main strategies can be employed to reduce the risk of mission drift and maintain hybridity, including '*monitoring the relationship between social and commercial activities; developing appropriate control strategies for monitoring manager performance; and enacting meaningful forms of downward accountability to beneficiaries*' (p.94).

Although SEOs as hybrid organisations may offer benefits for fulfilling both economic and social aims, Santos et al. (2015, p.38) argue that such organisations can also be considered to be '*fragile organizations*'. Taking a case study of commercial MFIs, if the MFIs give more priority to their profit activities (i.e. financial performance) than non-

profit activities (i.e. social performance), there will be a greater drift of their social mission, of which borrowers may become the main victims. However, if the MFIs give more priority to social performance than financial performance, the risk of failure to sustain the organisation is greater, which also has damaging impact on borrowers. Therefore, keeping a balance between economic and social missions remains a big challenge for SEOs. Santos et al. (2015, p.40) suggest that the role of SEOs in capitalist society is as *'value spill overs - the increases or decreases in value to economic agents outside a specific transaction (usually called externalities in economic language)'*. There are two categories of value spill overs, either as *'an automatic result of the commercial activities'* or as *'contingent on the development of additional interventions'*, through training, awareness raising and mentoring to generate social impacts and overcome *'transaction obstacles and the degree of overlap between clients and beneficiaries'*, including *'inability to pay for a product or service'*, *'difficulty of access to customers (e.g. population in remote villages)'*, and *'unwillingness to pay due to a value perception mismatch'* (Santos et al., 2015, p.42-43).

2.4 Conclusion

The purpose of this chapter has been to offer an underpinning theoretical framework for this study. I use the lens of hybrid organisation theory to provide an appropriate perspective for exploring the phenomenon of the AG in the PIDRA project in Indonesia. Like MFIs or SEOs, it is believed that the formation process of AGs has been influenced by multiple institutional logics, i.e. social (development) logic and economic (banking) logic. Further, both the formation and operation of the AG involve inherent tensions and challenges, relating to governance, cultural barriers and/or mission drift. Earlier studies of hybrid organisations have acknowledged these two significant logics and the fundamental tensions in microcredit institutions, as well as the responses that encompass or arise from those logics and tensions (Batillana and Dorado, 2010; Ebrahim et al., 2014). This study engages these two perspectives in theorising the empirical findings gathered from the field and explores the tensions emanating from the emergence and activities of the AG as a group-based microcredit mechanism. The ideal types of hybrid organisations defined by Seelos et al. (2010); Batillana et al. (2012) and Ebrahim et al. (2014) are used to identify and explain the connection between the emergence and development, tensions encountered, and governance of the AG. This model may also throw light on how the AG as an SEO needs to tackle the paradoxes's tensions and governance issues it faces in order to maintain its success and continuity.

Chapter 3: Literature Review

This chapter critically reviews various relevant literatures to obtain a more comprehensive view of previous research on development and group-based microcredit programmes, enabling me to justify the research context by understanding the existing knowledge. Thus, this chapter discusses some important questions related to development initiatives and programmes, especially related to a group-based microcredit as an important development strategy. Firstly, I start this chapter by investigating the discourse of development initiatives and programmes aimed at poverty alleviation. In this study, poverty is defined as a lack of the resources needed to fulfil essential physical and non-physical needs - such as health, education, and standard of living - to live an adequate standard of life. I then discuss changes in the development approaches and why they happened. Secondly, because discrimination between men and women remains one of the main problems in development, I then discuss gender concepts and issues, and the debates around gender vis-a-vis culture and religion. Thirdly, I examine the relationship and interconnections between religion, culture and development. The process of merging and engaging between religion and culture, also known as acculturation, raises the question as to whether this acculturation can lead to the success or failure of development initiatives, which is discussed in this section. Fourthly, among the initiatives of community development, microcredit programmes (specifically group-based microcredit programmes) are seen as a development approach which provides both financial services and social intermediation to rural poor people. I thus investigate the debates over the benefits and drawbacks of microcredit programmes to alleviate poverty, as well as the interconnections between microcredit and gender, religion and culture. Careful consideration is given to the idea that culture and religion provide important moral values and guidance which influence and characterise people's behaviours and actions, particularly with respect to gender and microcredit. Having reviewed the existing literature, I focus on the gaps that exist in the literature, which this research is aimed to uncover and fill by exploring whether there are interconnections in the way that group-based microcredit programmes here are affected by gender, cultural practices (Javanese culture), and religion (Islamic teaching).

3.1 Discourses of Development

This section examines the concept and issue of development. Different views on what development should focus on are introduced, ranging from economic development to the improvement of human well-being. Changes in development approaches (e.g. from top-down to bottom-up approaches) are also discussed in this section. Some key questions discussed here are: does participation play an important role in development, and if so, what are its significant features? what are the obstacles that discourage local community participation in development? By carefully sequencing the '*significance of*' and '*obstacles*' to participation in development, this section presents participation as a dynamic process with regards to the issues of gender, culture and religion.

3.1.1 Shifting Paradigms in Development Approaches

The term 'development' has shifted in meaning at different times, in different places and among different people. Initially, the notion of development implied as a continuous progress in real income per capita through increasing the amount of resources available and the level of productivity, represented as economic growth (Willis, 2005; Suri et al., 2011; Burghilea, 2012). Concepts of development as growth can be traced from the debate about growth from the classical economic perspective that emerged in the eighteenth century. This begins with a concept of growth as occurring when the economic system is able to achieve the division of labour necessary to increase productivity and incomes (Hechter and Horne, 2003; Smith, 2013). The influence of Keynes' thinking also stressed the importance of demand in encouraging economic growth through the optimisation of investment and capital productivity (Blinder, 2008; Robinson, 2013). Kingsbury et al. (2004) argue that, due to the increased use of technology within all sectors of the economy, development was equated with industrialization, modernization and westernization.

However, there has been a growing drive to find alternatives to the paradigm of development that not only highlight economic growth, but also lead to social development. One common approach used in assessing the effect of development on welfare is the distribution of growth in the economy (Tanzi and Chu, 1998). This considers the income distribution, which usually measures how equitably a resource is distributed in a population. The Gini Index, for example, measures the income distribution and social

welfare function of people in a country (FAO, 2006). Besides income distribution, the impacts and outcomes of development in a country can also be measured by looking at the poverty level (Chambers, 1995; Coudouel et al., 2002; May, 2012). Although development must consider economic growth, the equity aspect in development remains important and has implications for social dimensions in implementing development programmes.

The basic human needs approach can also be applied to seek an answer to the challenges of the equitable development paradigm (Lerner, 2001). The basic human needs approach not only refers to attainment of human needs in terms of social-economic aspects, but also the basic needs of people as human beings (i.e. human rights, education, and democracy), making people the subject of development. Therefore, one of the most significant current discussions in the field of development studies is improving human wellbeing, which can be done by building human capabilities and expanding people's opportunities to improve their livelihoods (Sen, 1990, 1993). Chambers (1997, 2004) and Rakodi (2012a) also argue that development refers to the process of change in a variety of aspects of human society, not only focused on the acquiring or improving of wealth and power, but also the achievement of well-being by enhancing the human condition. Within this concept, development is essentially regarded as a continuous dynamic process based on an expectation that life cannot only be more prosperous, but can also create a better life for all people in all sectors of life (Rapley, 2007; Peet and Hartwick, 2009).

There are two different approaches applied to development, namely top-down and bottom-up approaches (Chambers, 1997, 2004; Kothari, 2001; Alcock, 2004). In general, the top-down approach emphasises decision-making by central authorities or governments, with the exclusion of local communities (Alcock, 2004). This argument is supported by Kothari (2001), who stated that the top-down approach establishes systematic planning in the development process, which enforces people to participate in project implementation rather than in project identification and assessment. This approach has been criticised in practice, as it fails to address local needs or to recognise local knowledge (Chambers, 1997, 2004; Reddy and Heuty, 2005). Chambers (2004) points out that increased involvement of local people in development initiatives to a certain extent provides them with positive impacts from development programmes. Supporting this argument, several studies have attributed the success of development

programmes to participation by community members who are committed to taking part in the entire development process, including identification, implementation, monitoring and evaluation (Korten and Klauss, 1984; Nyaguthii and Oyugi, 2013).

The concept of people-centred development was widely promoted by the United Nations Development Programme (UNDP) in the 1990s, by which development achievement was measured using the Human Development Index (HDI) indicators, such as life expectancy, education, and income (UNDP, 2013a). Along with this concept, participatory approaches in development become very important. These are also intended to achieve sustainable development (Anand and Sen 2000; Robert et al., 2005; Rauschmayer et al., 2011). The significance of participation in development and obstacles to it are explored in the following section.

3.1.2 The Significance of Participation in Development

In a broader context, participation is seen as a process where local people cooperate and are willing to participate in a programme with other development stakeholders, such as the government, Non-Government Organisations (NGOs) and other social organisations in the community (Reddy and Heuty, 2005; O'Flynn, 2009). Specifically, participation is considered a key aspect in development, which provides opportunities for poor people to have greater influence and control over the development process (Cornwall, 2000).

However, Cornwall criticizes that in most development paradigms, people's participation has not been explicitly identified as the fundamental pillar of development programmes.

She also argues that the meaning of 'participation' is vague and has multiple interpretations, which have been used to suit varied interests, positions and viewpoints within the development mainstream. As Cornwall and Brock (2005; p.1046) acknowledge, these terms have become 'development buzzwords', and in the development mainstream *'politically ambivalent and definitionally vague, participation has historically been used both to enable ordinary people to gain agency and as a means of maintaining relations of rule'*, in particular to preserve the *status quo*, among others things due to political uncertainty. From the definitional discussion above, it is clear that participation can provide an opportunity and a platform for local communities to express and justify their potential, particularly in the decision-making process related to development initiatives that might affect their lives.

Participation is also highlighted as an important factor in microcredit programmes as one development approach, as Chowdhury (2008) demonstrated in a study on microcredit programmes in Bangladesh. This study examined the effect of participation on women's entrepreneurship development at the household level. An evaluation of microcredit programmes was based on descriptive statistical analysis of 920 household questionnaires. The results showed that group members' participation was able to enhance the capital of existing businesses and promote women's entrepreneurship at the household level. Similarly, a study of 2000 rural households in Bangladesh (Mahmud, 2003) suggests that participation of rural women in microcredit programmes enabled access to resources, enhanced mobility and increased involvement in household-decision making. Other studies have also reported the positive contribution of rural women's participation in microcredit programmes (Mckernan, 2002; Ahmed et al. 2011). These studies indicated that women's participation in microcredit programmes has enabled them to earn additional income, helping them to be more independent and more financially stable in their families, and contributing to their socio-economic development.

Participation is also related to the mobilisation of effort and local resources, which initiates communication among programme stakeholders, creates local-level awareness, and ensures a programme design that is better suited to what intended beneficiaries need (Finsterbusch and Van Wicklin, 1987; Oakley, 1991, 1995). The experience of the participation of rural women in a microcredit programme in Bangladesh shows that, by taking part in such programmes, rural women can enhance their empowerment, as indicated by their active involvement in and contribution to the decision-making process in their families (Pitt and Khandker, 1998; Hoque and Itohara, 2009). Supporting this idea, Leeuwis (2000) points out that in order to build a strong relationship between development stakeholders, mutual cooperation is vital to improve project sustainability and to develop a sense of project ownership.

To achieve this, participation must include the involvement of local people in every stage of development activities, as well as providing opportunities to build their capabilities and increase their responsibilities. Participation of the local community in development projects generates relevant information (such as the problems faced by local people; and the infrastructure they need) that cannot be provided by external development stakeholders - which is likely to make a project successful. An example of this is the case

study undertaken by Sumarto et al. (2004) on the impact of household participation in the implementation of Social Safety Net (SSN) programmes intended to reduce the level of poverty due to the financial crisis of the late 1990s in rural Indonesia. The study demonstrated that the high level of household participation in the SSN programme, particularly in the microcredit programme, had provided significant benefits to poor households, such as securing higher consumption levels and reducing vulnerability to poverty.

3.1.3 The Obstacles to Participating in Development

Given the importance of participation, the involvement of local people in various development programmes can be used to bridge the social gaps among development stakeholders and poor people. However, these efforts often face obstacles. According to Oakley (1991, 1995), the obstacles to participation are structural (e.g. political structure), administrative (e.g. the attitudes of the authorities) and social-economic (e.g. mentality, culture, and economy).

Firstly, in the case of structural obstacles, the political structure or system of a given society can positively or negatively affect participation in the development process (Oakley, 1991; Tosun, 2000; Bebbington et al., 2006). In a country where the government centrally controls the direction and decision-making, this limits the potential for an open and people-centred participation in development. In this situation, a top-down approach has been used in the decision-making process with no or very limited participation from community representatives. Such condition often caused inadequate problem identification due to insufficient information or consultation on issues faced by the local communities. For instance, Bebbington et al. (2006) revealed that development programmes were delivered by central government and neglected local community aspirations during the New Order regime in Indonesia (1967-1998). Furthermore, the imbalance of power distribution in the political context causes the loss of genuine participation by local communities, which has negatively affected development projects (Oakley, 1991; Zakus and Lysack, 1998; World Bank, 2006). Structural obstacles indicated by the dominance of governance control over development programmes have discouraged local community participation in various development programmes.

Secondly, administrative obstacles include a lack of strong support from the central authority to provide and enforce opportunities to participate at the local level, as well as the lack of political will by local government officers to enforce legislation related to participation in development initiatives (Oakley, 1991). A study about community-driven development on Java Island, Indonesia, by Dasgupta and Beard (2007) showed that over-control by local elites greatly reduced the degree of community participation because of their domination in rural politics and economics. This reflects the attitudes of the authorities toward local people, where the authorities often considered the local people as the objects of development or a source of information rather than the subjects or actors in development initiatives, due to the limitations of local people's knowledge or their educational background.

Finally, in the case of social-economic obstacles, Beard (2005; 2007) argues that social-economic aspects, e.g. religion, culture, gender, and economic status, influenced individuals' behaviours in the exchange relationships or in the participation level in development programmes. Therefore, social obstacles (such as gender, culture and religion) to participation require more attention. Also, as a key concern of this thesis, participation in microcredit programmes needs to be seen as a dynamic process which facilitates learning, action and achievement of goals to support community empowerment. From the reviewed literature, participation in such programmes can provide an alternative discourse to enhance the power or knowledge of local people. This means that participation is not only restricted to information sharing or consultation, but also includes a comprehensive approach that allows people to participate from the problem identification stage through to programme evaluation. The following section discusses gender, culture, religion and development in more detail.

3.2 Gender, Culture, Religion, and Development

This section examines and investigates the links between gender, culture, religion, and development. This leads to a broader discussion on the issue of gender, culture, and religion, as they have been controversial and much disputed subjects within the development field. The first section examines the concept of gender and its significance in development. The idea that women and women's issues must be integrated into development to ensure gender equality and opportunities for women to participate in

development programmes is discussed. The following sections explore whether and to what extent both religion and culture play to support development programmes, especially to strengthen and enhance social and economic aspects of a community. This analysis informs the final section, which interrogates the relations of and tension between religion and culture in development.

3.2.1 Gender as a Key Issue in Development

With the evolving definitions of the concept of participation, there have been substantial changes at the social policy level which emphasises gender equality in development. In general, the term gender refers to a social construct which emphasises the differences in the social, cultural, and psychological construction of men and women, regardless of their biological characteristics (Lindsey, 2011). Historically, gender issues in development emerged after the 1975 international women's conference on Equality, Development and Peace. The agenda focused on integrating women through equitable economic development (Chen, 1995; Zinsser, 2002; Moser, 2003). From this, the approaches of women in development (WID), women and development (WAD), and gender and development (GAD) sought to promote the equality of men and women. WID concepts emerged as a challenge for women to break free from patriarchal barriers and achieve economic independence, with the hope that they can become involved in development (Rathgeber, 1990; Moser, 2003). The aim underpinning this view is to address the material needs of women within the existing gender order based on the sexual division of labour and resources, as well as to improve women's participation in their own development. Thus, the WID approach emphasised the need to integrate women into the development process by giving them extensive consideration and appreciation in development policy and practice. This reflects a commitment to realising gender equality by ensuring women's equal access to and opportunities in education, employment, and the political and public sphere. Moser (2003) argues that these can be achieved by acknowledging women's triple role - reproductive, productive, and community managing - through direct government intervention.

Meanwhile, the WAD concept focuses on women, and acknowledges them as an important factor in the development process, mainly with respect to economic and productive activities (McIlwaine and Datta, 2003; Kambhampati, 2004). This concept

tends to address the relationship between women and the development process rather than strategies for the integration of women in development. However, there are criticisms of both the WID and WAD concepts, which relate to the absence of a full-scale analysis of the patriarchal process, production, and the subordination of women, neglect of women roles, and the limitations of women's access in development (Razavi and Miller, 1995) or culture (Chua et al., 2000). Another criticism is associated with the prominent focus on women's economic activities/roles, limiting the development focus to income generation projects (Rathgeber, 1990; Koczberski, 1998).

The GAD concept, initiated after the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1981, emphasised the frameworks of gender roles and gender relations in development (Reeves and Baden, 2000; Moser, 2003). The GAD view proposes a holistic perspective looking at all aspects of women's and men's lives related to development issues (Rathgeber, 1990; Moghadam, 1998; Parpart, 1993; Razavi and Miller, 1995; Kambhampati, 2004). The GAD concept also focuses on integrating women and men in achieving gender equality and empowerment in development programmes (Chua et al., 2000; Kambhampati 2004). Moreover, on 8 September 2000, GAD became the international commitment among United Nations countries to promote and obtain gender equality and women's empowerment, through the establishment of the Millennium Development Goals (MDGs) in the UN Millennium Declaration¹ (Neimanis and Tortisyn, 2003; Sachs and McArthur, 2005; World Bank, 2012a; United Nations, 2015). In this context, gender relations between men and women are viewed and acknowledged as active agents of development rather than as passive clients or development objects, thus providing them an opportunity to actively participate and enhance their social role in society to promote the equality of men and women. Therefore, development policies and institutions need to ensure gender equality and opportunities, directly or indirectly, in all stages of the development process (Snyder et al., 1996; Razavi, 1997; Mehra and Punj, 2004) and in all sectors-economic, social, political and cultural (Moser, 2006).

In terms of gender concept in religion, Raday (2003) stated that, despite the fact that their core teachings provide a basis for gender equality, the monotheistic religions actually promote men's dominance over women and the exclusion of women from the public sphere. Therefore, the idea of gender equality, which emerged in the beginning of

the 20th century, often creates dispute within religions and has become a major issue in the development field (Rouhana, 2003; Sachedina, 2003; Salbi, 2003; Vohra, 2003). There has been evidence presented that religion and ideology strongly influence the construction of gender in society (Rathgeber, 1990; Razavi and Miller, 1995; Chua et al., 2000). In Islam, for instance, there have been different perspectives on gender. The Qur'an² (Al-Hilali and Khan, 2011) and Hadith³ (Nawawi, 1999) revealed that men are superior to women, "as mentioned in the Qur'an chapter An-Nisa [4]; verses [34]⁴ that *men are in charge of women*". This concept deals with the Islamic legal views of gender relations that men are entrusted with the guardianship (*Qiwama*) of women.

However, other Muslim groups have diverse interpretations of the relevance and meaning of male superiority. Conservative Muslim groups argue that men are superior to women because men have more physical strength, which is needed for protecting women (Jawad, 1998). Jawad further claims that men have strong leadership characteristics which enable them to rule over women who are said to tend to be weak and more emotional. Reform Muslim groups, in contrast, suggest that men's superiority is only applicable within a patriarchal system or should be interpreted contextually (Rahman, 2009). However, Beatty (1999) argues that, in practice, there is heterogeneity in Islam, with many streams or divisions leading to different approaches toward gender. For example, in the case of 'syncretic Islam' as practised in Javanese society, there is a tendency to put men in a higher position than women. Dewi (2012) adds that, in Javanese Muslim society, the identity of Javanese Moslem women and the concept of gender have been widely influenced not only by 'the nature of Islam' but also by 'the political configuration'. She notes that, in the pre-colonial period of 'syncretic Islam', Javanese Muslim women, particularly Javanese noblewomen, had very limited power and position. However, since the beginning of the 20th century, pioneered by Islamic reformist movements organisation (such as Muhammadiyah), Javanese Muslim women have increased their power and social position, eventually through participation in leadership.

In terms of social interaction, Islamic teachings (Qur'an⁵) advise gender segregation at public events at which nonfamily members are present to prevent the interaction of opposite sexes (intermingling/ *Ikhtilat*⁶). *Ikhtilat* has been defined by Islamic scholars as free mixing of the opposite sexes in a public space in which 'intimacy' and 'informality' may occur between them (either in the form of speech, sight or signals) (van Geel, 2012;

Wagemakers, 2012; Osman et al., 2013; Pamungkas, 2015). Conservative Muslim scholars agree that this is needed to prohibit any form of physical contact between men and women, as this is considered unlawful (*Zina*⁷) (Haddad et al., 2006); to maintain women's chastity and virtue (Alhazmi and Nyland, 2010). However, reformist Muslim scholars allow some social interaction between men and women, as long as there is adult supervision and where women wear modest clothes that cover their *Aurat*⁸ (e.g. women wearing Islamic clothing 'abaya' and veil 'niqab') (Haddad et al., 2006; Dewi, 2012; van Geel, 2012; Osman et al., 2013). In addition, in the case of the Javanese community, due its heterogeneity, there have been counter arguments from different variants of Javanese Muslims, who believe that Islamic clothing is not necessarily a must (Woodward, 1989, 1996; Beatty, 1999; Dewi, 2012). van Geel (2012) further adds that *Ikhtilat* is allowed within Islamic regulations and in certain circumstances, such as in a professional environment (e.g. banks, hospitals), and in an educational environment. Islamic teaching also emphasizes women's activities in the public environment (as mentioned in the Qur'an⁹). Both conservative and reformist Muslim scholars are, however, agreed that women are only allowed to appear in the public sphere if they are accompanied by their '*Mahram*¹⁰' (Metcalf, 2006; Pamungkas, 2015), or if it necessary for them to go outside (Wagemakers, 2012).

In the family context, Islamic teaching regulates gender difference as a natural consequence of the roles of husbands and wives (Barlas, 2009). Conservative Muslim scholars regard women's role in the domestic environment and men's role in the public environment as due to the natural God-given differences of abilities between men and women (Jawad, 1998; Barlas, 2009). Furthermore, Jawad (1998) argued that if a woman needs to do paid work, her job should be gender appropriate, so as to not violate Islamic obligations, and not interfere with her domestic responsibilities. In this regard, women can work or take part as financial providers of the household as long as they uphold the Islamic principle of partnership between husbands and wives, and remain obedient to and respect their husbands. From this perspective, Islamic teaching concerned with religious obligations¹¹, which view that there is no difference between men and women in their capacity as servants of God. However, both men and women are believed to have the same potential and opportunity to contribute to the household economy, and this promotes gender equality.

In terms of family roles, specifically in Javanese society, gender differences are recognisable. Koning (2005) and Kreager and Schröder-Butterfill (2009) state that even though Javanese society is known for its nuclear-bilateral family system (a family group consisting of two parents and their children (one or more)), more authority is still given to men than women due to gender ideology. Furthermore, Koning (2005) claimed that in rural Java communities, the prevalent gender ideology considers that women should be obedient to their husbands, supportive to their parents, and only work at home.

Nevertheless, the role of women in the household economy is important, Sakai (2010, p.414), for example, argues that *“Women in Central Java have traditionally played an important role in the economy, supporting the household income... These patterns of economic partnerships in Java have remained relatively unchanged over decades”*.

Javanese people have a strong commitment to intergenerational support toward family members (Kreager and Schröder-Butterfill, 2009). For instance, Schröder-Butterfill (2005a, 2005b) found that dependence on spouses or daughters is preferred among elderly Javanese, who report ‘awkward’ (*Sungkan*) or ‘shameful’ (*Malu*) feelings if they have to ask for support from their daughters-in-law, grandchildren or siblings. Kreager and Schröder-Butterfill (2015) added that, in terms of the provision of care and companionship to elderly people, the majority of the Indonesians prefer daughters over sons, which causes a higher burden on women. Therefore, I argue that the concept of gender in Javanese society is likely to affect and shape Javanese women’s involvement in any development initiatives.

However, relatively high levels of women’s autonomy and gender equality in Javanese society have also been noted. Stoler (1977) argues that during the colonial and post-colonial era (1830-1870), rural Javanese women gained economic independence from their husbands, because they were involved in paid employment (i.e. the agricultural sector and handicraft industries). Nevertheless, their contribution to the household income relative to men’s (husband’s) income was underestimated by society (due to the existing of a patriarchal system). Furthermore, Philips (2010) stated that the debates over gender equality and cultural diversity revealed tensions due to misleading stereotypes of culture claimed as heritage or traditions. Culture influences and shapes the patterns of ‘women’s work’ and ‘men’s work,’ expectations on behaviours and attributes pertinent to women or men, and their relations in household and in society.

From the above views, emerged that the integration women and gender in development is crucial to seek and promote gender equality. In this context, gender equality refers to the same rights and opportunities between men and women involved in microcredit programme (e.g. accessing loans and gaining life-skills training), leading to sustained women's empowerment. Women's empowerment means women's experience of increasing economic stability and social security leads to improved self-confidence and ability to engage with microcredit programme as the community development initiatives, including: controlling loans, participating in training, economic benefit, decision making and the division of labour within the family. Furthermore, the promotion of gender equality and women's empowerment is recognised as essential to development progress and may stimulate the achievement of sustainable development (Reeves and Baden, 2000; Moser, 2006). However, in practice, gender issues are more complex. Other factors, such as religion and culture, often clash with each other or with gender equality approaches. For example, the cultural and religious values that continue to exist in a patriarchal system become barriers to women's right to equality (Raday, 2003). The fact remains though that women can be at the centre of action and decision-making processes, which would, it is suggested, empower them to achieve a better social status in society. Thus, it is necessary to analyse the extent and effect of women's participation in development programmes.

3.2.2 Cultural Aspects in Development

Cultural aspects and diversity in the past were considered as an obstacle to development. However, as the globalisation process gradually changed society to become more diverse and interconnected, culture is now seen by some as a driver for sustainable development (Bokova, 2013). In the Intergovernmental Conference on Cultural Policies for Development in Stockholm-Sweden (1998), UNESCO underlined the relationship between and the importance of culture and sustainable development. This was stated in its Action Plans on Cultural Policies for Development, "*sustainable development and the flourishing of cultures are interdependent*" and "*...cultural diversity, being a treasure of humankind, is an essential factor of development*" (UNESCO, 1998; p.2). Through this declaration, UNESCO has advocated that member States recognize culture's contribution to development policies at national and international levels (UNESCO, 1998). This was further strengthened in 1999 through the International Conference of Culture Counts -

Towards New Strategies for Culture in Sustainable Development in Florence-Italy organised jointly between UNESCO and the World Bank. This event highlighted that culture is a powerful factor for sustainable development and economic growth. As stated in the report, “...the value of culture also provides the building blocks of identity and belonging, moulds attitudes to work, saving and consumption, motivates political behaviour and inspires collective action. Thus, culture affects development actions and conditions its viability. It can provide dynamic resources for successful development or, if ignored, provoke development failure.” (UNESCO, 1999; p.8).

To a certain extent, however, culture can be a hindrance in promoting equality and sustainability, and in strengthening the social capital, social cohesion, and stability of a society. Thus, aspects of culture may contribute to the success or failure of implementing a development programme. For example, Rakodi (2011a, 2012a) noted that aspects of culture such as gender and ethnicity can result in social exclusion where people experience discrimination or have limited (or no) access to improving their well-being. Specifically, Stoler (1977) mentioned that Javanese *adat* (customary law) recognizes the divisions of labour are allocated among all the household members (men and women), but authority is not. In addition, Javanese rural societies have a tradition based on their socio-economic ties, namely the dominance of men control over women in term of ‘public domain’, while women only adjust to the ‘domestic domain’ (Stoler, 1977; p.85). Javanese culture also requires women to adopt a high level of obedient behaviour - particularly adherence to their husbands’ and parents’ wishes. Explicitly, there is a Javanese idiom which is deeply rooted in Javanese culture, ‘*Swargo Nunut, Neroko Katut*’ (women follow men to heaven and to hell) (Munir, 2000, p.46), indicating that women’s fate is in men’s hands, thus women must follow and obey men.

Although often neglected in development initiatives, cultural aspects are accommodated in many and may be used as a tool for development (Byram and Kidd, 1978; Soós, 2008; Hanson, 2009; Jones, 2013). For example, the Javanese cultural art form (*i.e. Wayang/* puppet shows) has been utilised by Indonesian local government to convey development messages in educational programmes (Jones, 2013). Prawiranata (2013; p.12) agrees that “in the context of modern Indonesia, culture is about supporting and strengthening communities to develop a creative culture and economy”. From the above discussion, it is evident that cultural aspects influence development, as people with different cultures

tend to have different preferences, attitudes and behaviours. Culture may also affect how development programmes are focused and organised, as well as how and to what extent society can be involved. Thus, there is a growing recognition among development stakeholders, that cultural diversity need to be taken into account in later development policies and initiatives. Therefore, this study investigates how Javanese culture influences and interacts with microcredit programmes and how they might become more effective vehicles of socio-economic development in rural society.

3.2.3 Religion and Its Significance in Development

Religion, which is generally known as a set of core beliefs, guidance, and teaching, is embodied in most individuals' daily lives (Platvoet, 1990), is a part of an individual's identity (Hoffstaedter, 2011), and is also reflected social institutions (Rakodi, 2012a). Although there are debates over whether religion needs to be acknowledged or not in development, most agree that religion has had an influence in development and in political, economic and social aspects of communities, and some believe that it can improve individuals' social roles (Marshall and Keough, 2005; Tomalin, 2007a, 2007b; Rakodi, 2011a, 2011b, 2012a). For instance, Rakodi (2011a, 2012a) argues that religion is an important factor in people's social lives, influencing their behaviour and actions in society. Rakodi (2012a) adds that religious teaching can provide principles, values and beliefs in a society, based on how the believers perceive the characteristics of a good society, the aims of development, and the best ways to accept transformation (change). Potentially, in the context of development, religion may provide substantial foundations of social capital in building a society (Fukuyama, 2001; Crow, 2002; Rakodi, 2012a), and a powerful motivation for people in what they do or practice (Ter Haar, 2011).

Rakodi (2011a) also stated that religion plays an important element in affecting or influencing either priorities and policy goals or the design and implementation of development programmes. For example, a society with a patriarchal social system where religion and traditions limit or exclude women from leadership positions is likely to counteract and challenge the development goal of female empowerment. Rakodi further added that, as religion also influences development actors' views of well-being and their search for greater prosperity, there may be positive relations between religion and development. For example, in Islam, it is specified in the Qur'an¹² that a Muslim must

work to overcome poverty, such as through obligatory religious giving *Zakat Maal* (normally 2.5% of wealth annually above a minimum (*Nisab*)) and forms of voluntary giving/ donation (e.g. *Sadaqah*, *Infaq*, *Waqaf*). These may potentially provide a means for reducing poverty and inequality, coherent with development programmes aimed at providing financial aid for poor people to escape from poverty.

Furthermore, Rakodi (2012a) provides a guide on how to bridge religion and development by understanding the dimensions of the links between religion and development, which include personal, social and organisational dimensions. Firstly, the personal dimension is related an understanding of the meaning of religion to individuals and its influence on their views, motivations and actions. Second, the social dimension is linked to how religion interacts with social and political aspects of a society. In these regards, religions provide sources of moral and ethical values and beliefs that are transmitted to religious followers. When religion is combined with other factors (e.g. cultural traditions and gender), these are likely to influence the religious follower's attitudes and behaviours and the characteristics of social organisations. Thus, religious followers may practice their religious practices in their daily lives and try to spread them through religious organisations to engage with all aspects of their society. Finally, the organisational dimension concerns the vision, objectives and activities of religious and other organisations.

Religion provides values and moral guidance toward a better life and development initiatives, either as an individual or as a member of the religious-based organisations in a society (Candland, 2000; Bradley, 2005; Lunn, 2009; Kaplan, 2010; Ter Haar, 2011; Ashta and De Silva, 2011; White et al., 2012). For instance, Candland (2000) reported that in the form of religious associations, religious values were expressed through development initiatives, which were able to promote and enhance social capital in a community. For example, *The Nahdlatul Ulama (NU)* is one of the biggest Islamic organisations in Indonesia. It believes that God (Allah) blesses everyone, regardless of religion or race and uses religious values based on the Qur'an and Hadith as the foundation for its community development activities, particularly the five principles of rights in society. These consist of the right to practice one's religion, the right to access education, the right to life, the right to work, and the right to marry. Considering the characteristics of communities in Indonesia, the NU has adopted these principles to promote and contribute to rural

development initiatives. Involving Islamic Community Leaders (*Kyai*) and Islamic Boarding School (*Pesantren*) are two other elements in the NU's implementation of development initiatives. Both *Kyai* and *Pesantren* are respected by local communities and play important roles as sources of Islamic religious teaching and as community centres.

Religious values are also seen as an important factor in supporting social cohesion, enhancing development strategy, and influencing the success of development programmes (Berg, 1999; Pramanik, 2002; Lunn, 2009; McGregor, 2010; Jones and Petersen, 2011). For instance, in a study of 700 households in Malaysia (Pramanik, 2002), it was demonstrated that implementation of the Islamic core value of justice with fairness (*al adl wa al ihsan*) through the New Economic Policy (NEP) has enhanced the quality of life, reduced the level of poverty, and increased job opportunities. In the case of the Javanese community in Indonesia, the majority of the population (more than 90%) are Muslim, and are generally categorised as *Abangan* (Muslim but still oriented to native Javanese 'animism' and ancestral tradition), *Santri* (Muslim learners), and *Priyayi* (Muslim elite (aristocrats) but still practicing a form of mysticism originated from Hindu-Buddhist doctrine) (Geertz, 1976). Specific traditions reflecting the cultures of their environment as a result of a syncretic process (or a blending of different religions) with pre-Islamic beliefs (e.g. Hindu, Buddhist, and animist beliefs) (Geertz, 1957, 1976; Hilmy, 1999).

Beatty (1999, p.3) argues that in the Javanese case, the 'syncretism' process needs to be seen as '*a systematic interrelation of elements from diverse traditions, and an ordered response to pluralism and cultural difference*' yet '*a dynamic and recursive process*'. Beatty believes that varieties of Javanese Islam today 'are difficult to distinguish based on their religious-social categories' (i.e. *Abangan* or *Santri* or *Priyayi*) due to the heterogeneity of communities and cultural diversity. He argues that Islam in Java needs to be distinguished on the basis of its relationships with other spiritual practices (e.g. Islamic piety, Mysticism, Hinduism and folk tradition) rather than identified with distinct groups. He found that practical Islam in Java emphasises rituals more than beliefs, with even pious Muslims often practising both Islam and non-Islamic based cultural traditions. Thus, in this study, why and in what circumstances religious backgrounds and religious values (Islam) further or hinder the microcredit programme and the behaviour of microcredit group members, are investigated.

3.3 Microcredit as a Development Strategy

This section examines the concept of microcredit and how it differs from microfinance, leading to a re-examination of interpretation of microcredit as an important development approach to poverty alleviation. Various aspects of microcredit and how it impacts on development are therefore critical to be further reviewed. The discussion is further expanded upon by exploring the relation between microcredit and gender, to establish how gender is understood and reflected in a microcredit programme and analyse how a microcredit programme may strengthen or lessen gender equality. This section also attempts to analyse the debate over the interactions between cultural aspects, religion (Islamic teaching) and microcredit programmes. By examining the debates over microcredit vis-à-vis poverty alleviation, gender, culture and religion, it is argued that a new interpretation and understanding of their interconnections can be constructed.

3.3.1 Description of Microcredit

In recent years, the microcredit has been widely used to refer to the financial services offered to poor people who have difficulty in accessing loans from conventional financial institutions e.g. bank (Khandker, 1998a; Yunus, 2011; Maes and Reed, 2012; Banerjee, 2013). Lack of sufficient collateral to meet the requirements of the banking system and the high transaction costs associated with small loans makes poor people unattractive as a target market for formal banking systems (Ledgerwood, 1999; Mcguire and Conroy, 2000; Matin et al., 2002). In response, Muhammad Yunus initially introduced microcredit in 1976, through the Grameen Bank, which provides small loans without collateral to the poor in Bangladesh. He successfully proved that poor people are credit-worthy and can use banking services. The Grameen Bank has been able to respond to the failure of formal financial services to reach the poor (Yunus, 2011).

The terms 'microcredit' and 'microfinance' are often used exchangeably. According to Otero (1999; p.8), '*microfinance is the provision of financial services to low income poor and very poor self employment people*'. In its progress, microfinance engages with complex financial services (e.g. insurance, pensions, and payment facilities), and offers financial services to relationship based banking for individual entrepreneurs and small businesses. On the other hand, Ledgerwood (1999) mentioned that microcredit refers to specific financial services (small loans) for poor people who lacking access to bank

services, typically linked to group based models. In addition, Robinson (2001) and Elahi and Rahman (2006) describe microcredit as a strategy to enable poor people to be involved in economic and social development through financial intermediation (e.g. saving and loans) and social intermediation (e.g. education and vocational training). These two definitions overlap in so far as the basic concepts of both microcredit and microfinance target the poor as beneficiaries of financial services. However, the financial services in microcredit programmes may not only focus on loan distribution and recovery, but also provide life-skills training which are linked to efforts to improve the quality of human resources. From this perspective, microcredit gives an opportunity to people who are denied access to formal financial institutions (bank) and provides a new perspective intended to empower people. Thus, improving access to microcredit programmes for poor people offers a potential for establishing and expanding income-generating activities and facilitating productive self-employment, which can become critical elements to be included in development strategies (Segrado, 2005).

Microcredit programmes may include group-based lending systems, village banking systems and individual lending systems (Cull et al., 2007). Group-based microcredit programmes have been widely promoted and adopted (Bhatt and Tang, 2007); and recognised by development agencies as one of the development approaches that can offer poor people access to financial and social services to improve their quality of life (Pitt and Khandker, 1998; Ledgerwood, 1999). Here, in this study, I focus on group-based microcredit programme which provides financial services (e.g. saving and loans) linked to wider capacity building (e.g. life-skills training) for the rural poor.

3.3.2 Functions and Positive Impact of Microcredit

Microcredit is seen not only as a way of alleviating poverty (Otero, 1999; Hulme, 2000; Remenyi, 2002; Littlefield et al., 2003; Banerjee, 2008); but also a means of empowering women (Barr, 2005; Mcguire and Conroy, 2010; Fouillet et al., 2013). These aspects are discussed below:

a. Poverty alleviation and improvement of well-being

As explained in the previous section, one of the most significant and controversial debates relating to microcredit is whether, and to what extent, microcredit is successful

in alleviating poverty. In terms of income, group-based microcredit programmes aim to provide benefits both to household and business incomes through financial supports (loans) and trainings, thus adding to a borrower's wealth, which is linked with other associated benefits (e.g. improved well-being, expanded trading and market activity, and improved health/education) (World Bank, 1998; Khandker, 1998a; Anderson et al., 2002; Amin et al., 2003; Shirazi and Khan, 2009; Chan and Ghani, 2011; Hamad and Fernald, 2012). For example, in Bangladesh, (Khandker, 1998) indicated that the group-based microcredit programmes enable the group members (especially women) to increase their income from agricultural activities and create productive capital through self-employment in non-farm activities. Shirazi and Khan (2009) focused on the economic improvement of households involved in microcredit programmes associated with the Pakistan Poverty Alleviation Fund (PPAF). The findings show that groups of borrowers had successfully moved from low to higher income groups, while groups of non-borrowers had remained poor (in the same poverty condition). Hamad and Fernald (2012) reported that group-based microcredit programmes in Peru provided improvements for women borrowers in terms of income, asset ownership, and business size. Similarly, Dupas and Robinson (2013), and Rokhim et al. (2016) claimed that microcredit activities have increased incomes, as indicated by increased saving by poor people.

Studies by Akotey and Adjasi (2016) in Ghana, Diro and Regasa (2014) in Ethiopia, and Hossain (2012) in Bangladesh, confirmed that loans from microcredit programmes have been used to finance economically productive activities, increasing borrowers' incomes due to a significant increase in business revenues. Similarly, in Indonesia, recent studies by Brock (2013), Farida et al. (2016) and Rokhim et al. (2016) discovered that borrowers' incomes significantly improved after joining microcredit programmes. Brock (2013) found that in programmes in South Sulawesi provided by the Coral Reef Rehabilitation and Management Program (COREMAP), micro-loans are utilised for developing small businesses as an alternative income to fishing. Farida et al. (2016) also found a positive impact of a microcredit programme (i.e. *Kredit Usaha Rakyat/KUR*) in increasing the income of borrowers by 28.8% compared to non-borrowers. Rokhim et al. (2016) show that microcredit provided for female entrepreneurs by *Yayasan Cinta Anak Bangsa (YCAB)* in Jakarta had impacts on expanding trading and market activity, and increasing the income of borrowers by 48.3% through investment in business activities.

In terms of employment, Chan and Ghani's (2011) research on the *Amanah Ikhtiar Malaysia* (AIM) microcredit programme showed that the loans have contributed to increase job opportunities for poor people by creating new small businesses (e.g. grocery store) or by supporting their current business (e.g. purchase of wooden boats/*Sampan*). Similarly, Arouri and Nguyen (2016) found that a microcredit programme in Egypt increased employment opportunities for women by 30%, reducing the employment gap between men and women, and improving women's access to additional jobs.

In terms of well-being, studies from the World Bank (1998) and Deloach and Lamana (2011) reported that microcredit had a positive impact due to the use of loans (or the additional income benefits) for different expenditure types. They found that loans from microcredit programmes are allocated by borrowers to improving children's health, food consumption, and smoothing household consumption in the case of unforeseen economic shocks. Hamad and Fernald (2012) found that income generated from microcredit financed activities has contributed to improving family health and nutrition. World Bank (1998) and Goldberg (2005) stated that microcredit is also being used to improve the education of borrowers' children. These improvements can enhance the well-being of borrowers' families/households or borrowers themselves.

The improvement of incomes, the creation of jobs, and high levels of saving have had a significant impact on borrowers' well-being and household economy, and diversification of their livelihoods. Thus, it is seen that microcredit programmes have demonstrated positive findings of poverty reduction, particularly for poor people. These examples demonstrate that microcredit programmes can play an important role in programmes and policies for poverty eradication, and achieving economic and social development. There seems to be a consensus that microcredit is an antipoverty instrument that can be an effective tool for poverty alleviation in a development context in many low-income countries. This is in line with the arguments of Woller and Woodworth (2001) that microcredit is one of the grass-roots approaches, in terms of providing access to financial services for poor people, that appears to have a role in future development planning and policies.

b. Women' Empowerment and Gender Equality

Several studies show that, besides addressing poverty alleviation, microcredit programmes have contributed to empowering women and increasing gender equality. For example, Hashemi et al. (1996) found that, in Bangladesh, women's participation in microcredit programmes (i.e. Grameen Bank and BRAC) can empower women. They claimed that women's empowerment can be seen from an increase in their *'ability to make purchases and major household decisions, their ownership of productive assets, their legal and political awareness and participation in public campaigns and protests'*. Their research also showed that, after participating in microcredit activities, women were able to *'negotiate gender barriers, increase their control over their own lives, and improve their relative positions in their households'*, exercise *'control over their assets and incomes'*, and reduce their vulnerability to domestic violence (Hashemi et al., 1996, p.650).

Microcredit programmes also help women to build social capital, contributing to their empowerment (Mayoux, 2001, 2002). In addition, microcredit programmes have provided women with a forum (e.g. group meetings and group training) to interact in and to share information related to economic or social issues (building solidarities), which can all then potentially create collective action for social change (e.g. participation in local politics) (Sen, 1990; Kabeer, 1994, 2005). Furthermore, Kumar et al. (2015) showed that women who accept and use microcredit provided by Grameen Bank became more empowered, as indicated by their improved confidence. A more recent study by Orso and Fabrizi (2016) added that, due to the increase in women's participation in microcredit activities through the process of group formation and frequent group meetings, microcredit activities have been able to increase interaction and social-economic networking.

According to Young (1997), women's empowerment resulting from participation in microcredit programme needs to be seen at an individual level (e.g. contribute to household decision-making) and at a collective level (e.g. women work together as a group to change social structures unfavourable to women). Kabeer (2001) and Garipati (2013, p.556) suggest that women's empowerment can be conceptualised as *'comprising both the processes that increase women's agency and the outcomes that embody this agency'* (see Table 2). Khader (2014) argues that microcredit programmes empower

women in two different ways, one being 'welfare agency' where women are able to enhance their own welfare, and the other 'feminist agency' where women are able to identify and challenge sexist social norms. Kulb et al. (2016) contend that women's empowerment need to be seen as a multidimensional and broad concept, including social, financial, political, and health empowerment. They distinguish three distinct phases of women's empowerment resulting from microcredit activities, namely enlightenment, group movement, and empowerment. The phase of empowerment implies that women's experience of increasing economic stability and social security leads to improved self-confidence and ability to engage with community development initiatives.

Table 2. Distinction between 'the process' and 'the outcomes' of empowerment (Source: Kabeer, 2001, p.81)

Process	Outcomes
Decision to access loans	Enhanced sense of self worth
Access to loans	Increase in perceived economic contribution Enhanced role in minor decisions
Decisions about loan use/repayment	Enhanced role in major decisions Exercise of purchasing power Mobility in the public domain
Decisions about loan-funded activities	Political participation
Labour contribution in loan-funded activities	Reduction of domestic violence
Marketing of loan-funded products	Increase in women's savings and assets
Accounting control	Reduction of gender gap in well-being Reduction in gender gap in education
Training	Greater social inclusion
Group participation	Self-reliant livelihoods

Many studies have reported that microcredit programmes are mainly aimed at women to empower them, as experiences of involving women have shown their excellent capacity to properly manage loans and credit repayments, and found that they are more committed than men in microcredit activities (Kabeer, 1994; Khandker, 1998a; Yunus, 2007). For instance, The World Bank (1998) stated that group-based lending offers support to women both with respect to economic security and life-skills training. Thus,

besides the positive impact of women's economic improvement, their contribution in decision-making within their households has also increased. More recent studies have also showed that lending to women may lead to their improved agency and result in their empowerment due to the improvement of their role in the household economy (Garikipati, 2008; Khan et al., 2013; Qazi et al., 2013; Al-Mamun et al., 2014; Islam et al., 2014; Adnan et al., 2015; Chliova et al., 2015; Pal and Dutta, 2015; Kulb et al., 2016; Porter, 2016; Bahta et al., 2017). In addition, Schuler et al. (1996), Karim and Law (2016), Gordon (2016), and Panda (2016) all found that group-based microcredit programmes had reduced domestic violence against female group members.

Furthermore, participation in microcredit programmes has enabled women to setup their own small-scale businesses at home without hindering their domestic work. A study by Hamad and Fernald (2012) showed that group-based microcredit programmes in Peru revealed that the benefits achieved by women exceeded those achieved by men because of their better credit ratings, leading to sustained women's empowerment and increased gender equality. I tend to agree that the strategy of loans provided in microcredit programmes will be more effective if they are aimed at women. This is supported by Swain and Wallentin (2009), who claimed that although there are some socio-cultural factors (e.g. cultural values, religious norms, and gender relations) which influence women's participation in group-based microcredit programmes, they were able to perform better both on microcredit activities and household work. Swain and Wallentin (2014) also found a significant link between group-based microcredit programmes and women's empowerment (i.e. their autonomy and self-confidence in decision-making in the family and community).

Ghatak and Guinnane (1999) also found that group-based microcredit programmes can facilitate group members to share the responsibility for lending and promote mutual support in microcredit activities, resulting in high repayment rates and cost-recovery interest rates. They argue that the distribution of loans to the poor in a group collectively provides a guarantee in the form of joint liability, based on the principle of solidarity among group members; particularly, with respect to responsibility for on-going loan repayments. Milanov et al. (2015) argues that group-based microcredit programmes create strong relational ties, especially among members of female microcredit groups, which positively contribute to improving their economic performance (i.e. creating

entrepreneurs). Another study by Osmani (2007) also indicated the positive contributions of the microcredit activities of the Grameen Bank in Bangladesh in enabling poor rural women to improve their bargaining position within their households. In addition, Karim (2008) suggested that the Grameen Bank programme in Bangladesh has enhanced women's knowledge and skills (e.g. managing money and keeping accounts), helped women to make business proposals/plans, and improved women's confidence to speak in a forum (e.g. group meetings).

Buvinic et al. (2013), Arat (2015), and Arouri and Nguyen (2016) argue that improving women's access to economic opportunities and employment contributes to their increased self-reliance and empowerment, leading to greater gender equality. Therefore, I am arguing that there is a correlation between empowering women and achieving gender equality. In the case of microcredit programmes, many studies have revealed that women's empowerment has led to a decreased gender gap, for example with respect to education and well-being (Kabeer, 2001; Gobezie, 2013; Dineen and Le, 2015; Wattoo et al., 2015).

3.3.3 Critical Assessment of Microcredit

However, there is also a broader critique of microcredit programmes, especially from a feminist perspective. Firstly, it is suggested that women borrowers who became entrepreneurs are overworked. Isserles (2003) argues that through microcredit programmes, borrowers may become overworked and overburdened as entrepreneurs in order to make a profit and repay their loans. Often, if profits decline, borrowers may actually end up with a worse quality of life and more debts. She also believes that seeing empowerment in a microcredit programme as the goal of development results in only assessing the ability of borrowers to make profits (or generate income).

Secondly, it is argued that access to microcredit might exacerbate inequality. Chongvilaivan and Kim (2013) stated that a potential driver of gender inequality is income inequality, where women tend to have limited access to sources of incomes (e.g. jobs, resources and capital ownership). For instance, a study of 4495 rural households that participated in the group-based microcredit programme (Al Amana) in Morocco (Crépon et al. 2011) found that, due to the domination of men in group-based microcredit programmes, the bargaining power of women within their households remained

unchanged and no effect on women's empowerment was observed. This was because few women (35% of the total members) had participated and loans had mostly been given to men (65% of the total members). Their findings revealed that, although women are involved in the microcredit programmes, they still have limited access to leadership, mobility and decision-making. The positive effect of microcredit programmes on women's income maybe hard to detect if the income of women is regarded as part of the family income. Karim and Law (2016b, p.756) also revealed that in Bangladesh, male dominance and '*gender ideology*' (i.e. *attitudes toward gender-specific roles, rights, and responsibilities*) in the households have a significant influence on women's active participation in microcredit programmes.

Likewise, Rankin (2001; p.32) stated that a microcredit programme "*does not guarantee transformative processes and, on the contrary, may further entrench gender inequality. Obstacles to women's empowerment (and emancipatory social change), then, lie not in lack of finance capital, but in the persistence of subordinating gender ideologies*". Within this view, although loans in microcredit programmes were mostly given to women, men still controlled the disposition of loans and the use of income generated from loans (Rankin, 2001; Karim, 2004). Rankin and Karim also argued that women's access to loans did not enable them to become more generous and independent, instead resulting in increased workloads and dependence on lending institutions. Kabeer (1994) reported similar findings. Supporting this idea, Kabeer (2001) stated that female borrowers who used the loans for home-based productive activities (e.g. grocery, poultry, tailoring) have double or triple their previous workload, since they have to fulfil their household duties while also managing their businesses. Although microcredit programmes can increase women's incomes, therefore, they can also reinforce women's subordination and disempowerment (Karim, 2004; Al-Amin and Chowdhury, 2008). For example, a failure to repay loans can create ill relations among borrowers or between borrowers and staff (Woolcock, 1999), a heavier debt burden and an increase in violence against women debtors in the family and community spheres (Karim, 2004). These negative effects were due to the presence of gender and social norms that governed intra-household relations, lessening women's bargaining power and preventing their economic autonomy (Sharif, 2004; Panda, 2008; Guérin et al., 2013; Tory and Martinez, 2014; Khader, 2014; Ali et al., 2015; Karim and Law, 2016b).

From a cultural point of view, microcredit programmes have faced constraints and opportunities in achieving gender equality. For example, Kabeer (1994) focused on the importance of cultural aspects (e.g. gender roles) in microcredit programmes in Bangladesh. She found that women in agrarian societies were required to be involved in domestic and agricultural activities, and contributed more of their income to household well-being than men. Another study in Ghana by Ganle et al. (2015) showed that social-cultural norms associated with the existing patriarchal system (e.g. women's limited control over their assets, women's lack of access to assets through inheritance) affect the impact of any microcredit programme. Their findings confirmed that, although lending money to women may pave their road to empowerment, *'in a culture in which women have little control over their loans and income from their investments, it is a singularly poor environment to give out credit to women to start-up new businesses'* (p.344). Asamoah and Amoah (2015) reported that the cultural values of commitment (e.g. commitment to repayment, commitment to saving) influence microcredit practice, trust among group members, and the behaviour of borrowers. PutuAstawa et al. (2015, p.117) also found that using the cultural value of harmony (*Tri Hita Karana*), which relates to prosperity (i.e. harmony among people, harmony with nature, and harmony with God), has made a positive contribution towards loan repayment and financial performance, leading to increased women's empowerment and gender equality in a microcredit programme in Bali-Indonesia.

Thirdly, microcredit programmes may fail to improve the borrowers' welfare, actually worsening poverty. For example, Norwood (2005) and Shankar (2007) argue that there are various technical problems faced by individual borrowers, such as not having sufficient collateral, high transaction cost of loans, loan repayments indiscipline, and uncertainty about interest rates. Such conditions limit the ability of a microcredit programme to reach poor people and improve their welfare, as well as affect its sustainability. A study in Bangladesh by Jahiruddin et al. (2011) shows that microcredit programmes can actually worsen poverty due to unexpected situations, such as a delayed return on investment, losses in the early stages of a business, or using loans for emergency purposes and household expenditure. Borrowers who were categorised as relatively less poor tend to overcome this situation by paying off loans by optimising other productive resources, such as livestock. However, those who were categorised as the extreme poor are often unable to repay their loans because they have limited access

to productive resources. Norwood (2005) and Banerjee et al. (2015) also claimed that, based on the economics of a small business and its tiny profit, microcredit programmes have no beneficial impact on eliminating poverty, improving children's education or health, and empowering women.

Fourthly, programme may stimulate corruption and nepotism. Borrowers must bear not just the cost of a loan and interest payment, but also invest a significant part of their time in the group activities mandated by the microcredit programmes, such as attending group meetings on a regular basis (Ali, 2008). Marulanda et al. (2010) added that systematic fraud (e.g. corruption, loans granted only to members who have family ties) and over-indebted borrowers have contributed to the failure of microcredit programmes in Latin America. These factors have become fundamental problems for such programmes because the difficulty of turning a profit on loans led to their unsustainability. In this context, the misuse of loans, additional administrative costs and the failure of borrower to repay may lead borrowers into more debt and potentially affect the sustainability of groups. Such conditions have caused some microcredit programmes to fail to reach a sufficient level of profit and achieve self-sustainability, resulting in microcredit groups collapsing where no growth is achieved either in the capital assets of the groups or in the number of borrowers. Levin (2012), Islam and Walkerden (2015), Roy and Kase (2015), and Al-Azzam (2016) agree that corruption has become one of the main problems in microcredit programmes, causing unbalanced distribution of loans, creating mistrust between donors and borrowers, breaking relationship-ties and fostering dissatisfaction among borrowers.

Fifthly, groups may experience crisis due to lack of member participation. Marr (2002) stated that lack of participation in group meetings may cause deterioration and disruption of information shared among members, resulting in the destruction of group social cohesion and, potentially, leading to the failure of microcredit groups. She found that inactive participation of group members was due to their failure to repay their loans (e.g. due to shame, business failure, unprofitable investment), the sanctions given by groups (e.g. assets confiscated, fines, suspension of next loans), and replacement of social collateral (e.g. group visits) with financial and physical collateral. This study further demonstrated that there was a decrease in participation of the group members after their failure to repay loans/receipt of sanctions, eventually having a negative impact on

the sustainability of microcredit activities. Other unexpected problems can also affect the dynamics of microcredit groups, such as being trapped in the local money-lender system and loan repayments being suspended due to socio-economic pressures (e.g. being ashamed of misusing group loans to cover medical expenses for family members who were sick or expenses of those who were migrating) (Woolcock, 1999). Khuntia (2014) found that group-based microcredit programmes to Dalit women in India have trapped them into more debt, increased their mental stress and contributed to their over work at reduced wages at the cost of their own free-time. Ganle et al. (2015) also found that female borrowers become more vulnerable and even disempowered after failing to repay their loans due their lack of control over their investments and earnings from the loans or utilisation of loans for non-productive activities (i.e. for direct household consumption).

Sixthly, access to microcredit may create household conflict. It can cause a shift in the balance of power between women and men in terms of their economic contribution to the family. Unfortunately, this situation often creates marital conflict, when men pressure their wives to use loans from microcredit programmes for the needs of their household (Haile et al., 2012). Recent studies by Bajracharya and Amin (2013), Hughes et al. (2015), Murshid (2016), and Shariar (2016) showed that women's active participation in microcredit programmes did not necessarily correlate with reduction of male domestic violence, due to differences in men's gender ideologies or the viewpoint that loans cannot change people's mind-sets/attitude toward violence.

3.3.4 Microcredit and Cultural Aspects

A study by Prawiranata (2013) confirmed the relation of culture and microcredit programmes. This study focused on rural villages in the Kapetakan and Gebang areas, in which the Sundanese and Javanese cultures are very strong. For instance, Prawiranata draws attention to the cultural values of Sundanese and Javanese 'mutual cooperation (*Gotong-Royong*) and thanksgiving ceremony (*Slametan*)' in relation to life events (e.g. birth, circumcision, marriage, and death ceremony), special events (e.g. Islamic celebration), social integration (e.g. villager gatherings/ *bersih desa*), and unusual events (e.g. departing for a long journey, moving house, harvests, good fortune, and healing illnesses). He found that within the context of microcredit programmes, *Gotong-Royong* has been incorporated and transformed into business solidarity among the members of

SHGs, leading to a strengthening of relationships in the groups. Furthermore, using the concept of *Gotong-Royong*, the microcredit programme was aimed at enhancing collective welfare over an individual gaining wealth. In terms of *Slametan*, this practice did not have any relation to microcredit programmes; therefore the creditors have explicitly prohibited the use of loans for *Slametan* purposes. Yet, most of the borrowers considered *Slametan* as important, especially at the start of any activities (e.g. starting an agricultural or non-agricultural business), to obtain blessings for success, often causing them to misuse the loans. This study revealed that cultural values have a great influence on a borrower's behaviour and the use of their loans.

Recent studies in Indonesia have confirmed the correlation between culture and microcredit. A study in Flores, Indonesia by Monostorty (2015) revealed that the cultural traditions of 'women position' and 'male and female power distribution' in matrilineal and patriarchal societies have had a significant impact on microcredit performance and borrowers' behaviours. For instance, matrilineal cultural traditions (e.g. female autonomy) have contributed more toward women's' empowerment than patriarchal cultural traditions. Specifically in Javanese society in Indonesia, Prihatinah (2005) noted that microcredit schemes have internal and external constraints strongly manifested in the operation. The evidence from three districts of Central Java shows that there were two types of the microcredit schemes constraints: the first, weaknesses of the microcredit schemes themselves, such as incomplete and misdirected indicators for success, small size of available loans and long duration of repayment terms. The second, the socio-economic aspects of sustainability, including the economic conditions which do not allow market access to poor women and cultural manipulations which result in overburdens to women. Both diminish the role of the schemes as a poverty solution. This study suggested taking on more financial responsibilities causes overburden for poor women and does not reduce inequality of poor women. Based on the reviews above, I argue that culture needs to be considered as one of the critical factors in microcredit programmes. As stated by Hollis and Sweetman (1998; p.1888), "*...the failure of a particular organizational form does not indicate that the culture prevents all microcredit, but rather that the structure of the microcredit institution (MO) needs to be moulded around the underlying cultural norms and institutions*".

3.3.5 Microcredit and Religion (Islamic Perspective)

Studies on religion and microcredit have been growing rapidly in the last decade. Ashta and Da Silva (2011) review's found that some findings confirmed that religious beliefs have negative impacts on the sustainability of microcredit, particularly where religious traditions are strong. On the other hand, given the emergent thinking on the practice of microcredit programmes based on Islamic teachings, there is debate on whether conventional microcredit programmes have positive outcomes (Shahinpoor, 2009).

In general, there is an assumption that microcredit programmes are not compatible with the basic principles of Islamic religious teachings. For example, a study of the loan process in the microcredit market in Jordan (Dutta and Magableh, 2006) found that Islamic religious beliefs and other factors (e.g. social responsibility, availability of local microcredit providers, application costs) have significantly affected the borrowing process and credit rationing. Conservative and devoted Muslims, moreover, have very little opportunity to secure loans from microcredit programmes due to religious reasons. This is because they consider that interest repayment, transaction costs and the value of collateral in the loan application process are not in accordance with Islamic law. Within this view, there appears to be a contradiction in the implementation of microcredit programmes between a conventional loans system and a religious-based loans system. In addition, there is an indication that religious beliefs play a critical role in microcredit borrowing demands, as suggested in a study conducted by Uddin and Barai (2016), who argue that the integration of Islamic teachings in microcredit practices has helped the poor to escape from poverty through income-generation activities.

Microcredit programmes are seen as a practice of a conventional economy, comprised of a variety of financial services for people who are considered non-bankable, mainly because they lack the guarantees that can protect a formal financial institution against a loss risk (Ahmed, 2002a). To achieve long-term sustainability and to reach a large number of clients, microcredit programmes have implemented a range of variable loan costs, including transaction costs and interest payments. However, Islamic teaching prohibits interest payment that is equated to *Riba*¹³ based on Islamic law¹⁴ (it is also mentioned in the Qur'an¹⁵) (Chapra, 2006; Khalil, 2006; Rahman, 2007; Obaidullah and Khan, 2008).

In the past, microcredit programmes and Islamic beliefs have often conflicted, causing tension amongst Muslims, who have addressed the conflicts in different ways. Firstly, some refuse to participate in a high-interest microcredit programme, as shown in a case study from Nigeria (Mhammed and Hasan, 2008). They found that the majority of microcredit offered has a very high-interest rate (from 5% to 100%). With the majority population being Muslims, most refused to participate in the interest-based microcredit due to the *Riba* prohibition in Islamic beliefs. The concern over *Riba* influenced their behaviour toward microcredit transactions in a way that affected their personal consumption and productive activity. Second, withdrawing from a high-interest microcredit programme is shown from Bangladesh (Karim, 2008; Kaleem and Ahmed, 2009). These studies demonstrated that Grameen Bank charged a high interest rate on loans given to rural poor women, who were mostly Muslims. This created disputes due to the use of interest (*Riba*) payment, as this is prohibited in Islam; and thus religious and local leaders requested the husbands of female borrowers to halt the loan repayments.

However, participation in a low-interest microcredit programme due to its positive outcomes is shown from Indonesia (Prawiranata, 2013; Nazirwan, 2015). Prawiranata (2013) found that, due to the limited infrastructure of Islamic microcredit institutions, the Muslim borrowers accept *Riba* on microcredit programmes. Muslim borrowers in these communities sought the help of *Kyai* or *Ajengan* (a male religious leader) and a traditional Islamic boarding school (i.e. *Pesantren*), to counteract this issue. Although Muslim borrowers in these communities have a deeply held belief that *Riba* is prohibited in Islam, these religious leaders provided wisdom that borrowers can tolerate interest due to the unavailability of non-*Riba* microcredit services in the villages. Supporting this study, Nazirwan (2015) suggested that the availability of *Baitul Maal Wat Tamwil*/ BMT (Islamic microcredit institutions) has enabled poor and marginalised Muslims to access credit based on the Islamic law (i.e. using a profit sharing system instead of interest rate in the saving and loans mechanism). In this regard, the existence of BMT was not only to support and enhance the borrowers' economic status and self-reliance but also at the same time to enhance their religious devotion by enabling them to Islamic law (i.e. avoiding *Riba*). These studies showed that although, there have been tensions between Islamic beliefs and microcredit, both aspects can also be concurrently implemented.

Another example of the mutual relationship between Islamic beliefs and microcredit is reported by Prihatinah (2005), who provided an example of a non-*Riba* microcredit programme in West Java - Indonesia, called Smallest Credit (*Pembiayaan Sangat Kecil/PSK*), established by Sharia People's Credit Bank: *Dana Mardotilah (Bank Perkreditan Rakyat)* in 1992. This microcredit programme aimed to provide loans for informal sector enterprises (e.g. small home businesses, petty trades, food retailers, traditional market traders) using the principles of *sharia* (no interest/no *Riba*). She stated that, consequently, this microcredit system has provided an alternative solution to address the ideological conflict between religious beliefs (prohibition of *Riba*) and the economic activity of borrowers. Furthermore, to enhance the level of trust between borrowers, the credit provider often held Islamic religious meetings (i.e. *Pengajian*) as a forum for communicating Islamic principles related to business and economic activities. This may potentially create a deeper partnership relationship between credit providers and borrowers. Microcredit practice can also follow Islamic teachings, by collecting and managing *zakat* and other religious donations (e.g. *Waqaf, Shadaqoh*) and then using these funds to provide interest-free loans (*Qard-Hasan*) to the poor and the community. Other Islamic values can also be adapted to the microcredit system, including partnerships (*Shirakat*) on the basis of profit sharing. These practices thus potentially may eliminate the exploitative conventional lending system and traditional moneylender practices (Ahmed, 2002a; Obaidullah and Khan, 2008; Atia, 2011; Nazirwan, 2015). Therefore, I argue that using religion as a guide and a moral compass for life can influence people's behaviour and has become an important factor that needs to be considered in microcredit programmes.

3.4 Conclusion

This chapter has covered an extensive range of literature on the topics investigated within this study. Changes to approaches in designing effective development strategies have resulted various innovations in development practices. One of the main discussions in this chapter focused on changes to poverty alleviation and women's empowerment initiatives through group-based microcredit programmes. The literatures have identified and reported findings and critiques of microcredit programmes, and how the microcredit programmes supported by development stakeholders contribute to the success or critiques of development programme. Later sections dealt with the socio-cultural factors

relevant to microcredit programmes. These are gender, cultural values, and religious teaching that may influence the emergence, operation, and continuity of microcredit programmes. These factors have been controversial and created disputes in development studies, whether as a constraint on or a supporting factor for achieving women's empowerment and gender equality. To date, however, there has only been limited research that addresses the interconnection between gender, Javanese cultural values, and Islamic religious teaching in group-based microcredit programmes, issues that will be addressed in this study.

Chapter 4: Research Context

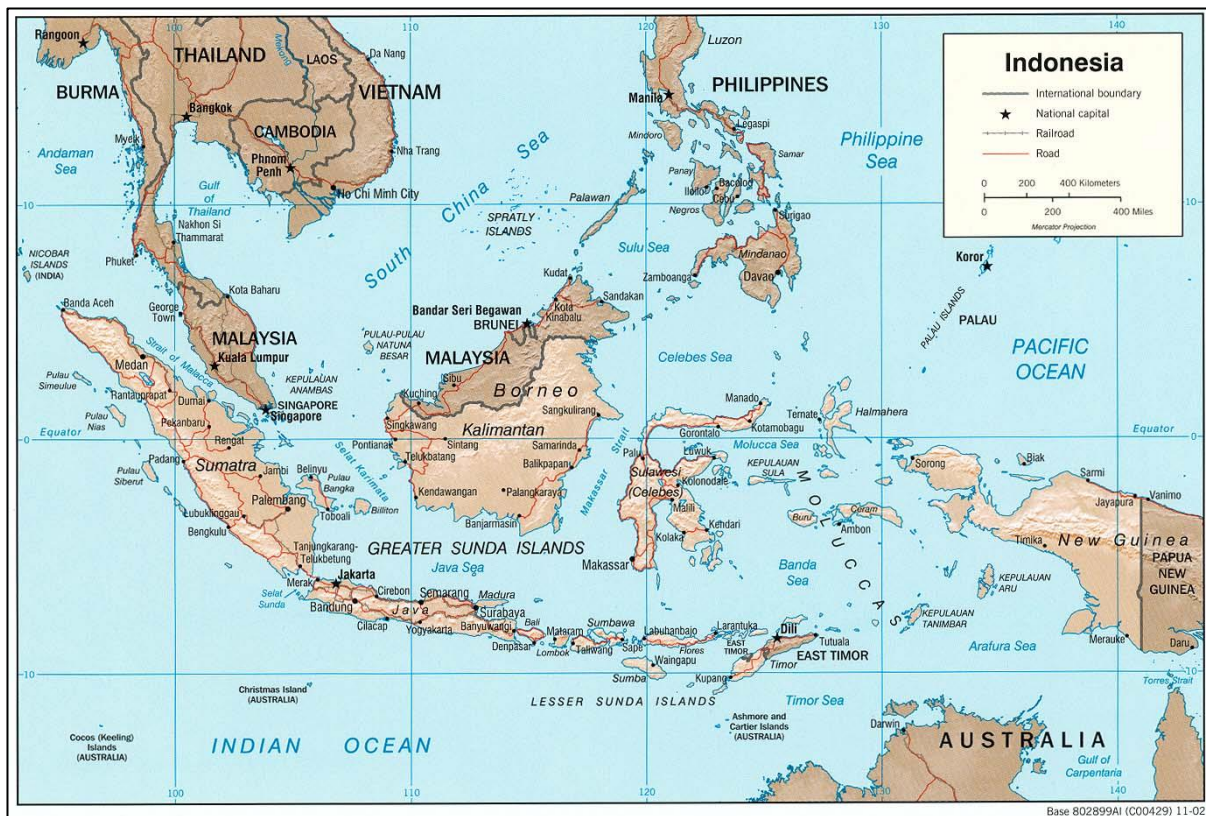
'Unity in diversity' is an appropriate expression to describe the various communities in Indonesia. With a population of 252 million, Indonesia was the fourth most populous country in the world, in 2013 (BPS, 2013). Although the country is rapidly industrialising, in 2013, according to Statistics Indonesia (*Badan Pusat Statistik/ BPS*) (BPS, 2014), about 46.7% of its population live in rural areas and their lives depend on the agricultural sector. The agricultural sector, as a key strategy in national development, has been able to contribute to improving the welfare of Indonesian people (Deptan, 2009). As of 2015, approximately 28.5 million people (about 11% of the Indonesian population) were living in poverty¹⁶ (BPS, 2016a). Therefore, poverty alleviation programmes became a major part of development strategy in Indonesia.

This chapter gives an overview of Indonesia's development. Various data are presented based on literature and reports published by Statistics Indonesia to understand the current priorities of development in the rural areas of the country; for example, geographic, demographic, and economic information. Moreover, the backgrounds of religion, local culture and gender relations are also explained to get an idea of their role in Indonesia's development. Then, a brief history of microcredit programmes in Indonesia is provided to learn about microcredit issues and its implementation. Finally, the interventions of IFAD, particularly by establishing the AG in the PIDRA project as a poverty reduction programme, are outlined, to illustrate the complexity of development programmes in Indonesia.

4.1 An overview of Indonesia's development

Indonesia is well known as an archipelago country consisting of 13,487 islands with 34 provinces spreading over five main large islands and four archipelagos (Figure 1). There are 1,340 ethnic groups and more than 2,500 distinct languages spoken in Indonesia (BPS, 2010; Safitri et al., 2016). Local languages (e.g. Javanese, Sundanese, and Minangkabau) are used for same ethnic group communication, while the Indonesian language is used for more formal and official purposes like governmental issues and for communication between different ethnic groups (Smith-Hefner, 2009; Safitri et al., 2016).

Figure 1. Map of Indonesia (Source: BPS, 2013)



Economic growth¹⁷ in Indonesia cannot be separated from the changes in the economic conditions of the country (ADB, 2006a; van Zanden, 2012; BPS, 2012b, 2013). For instance, van Zanden (2012) published data that showed that the lowest rate of economic growth occurred in 1998 when the Indonesian economy was in a deep recession at -17%, leading to the slowest growth it had ever experienced. In 2011, the Indonesian GDP¹⁸ growth had increased to 6.49%; this fell slightly in 2012 to 6.23%, and by the first semester of 2013, the GDP was growing again by 8.22% (van Zanden, 2012; BPS, 2013). Looking at the performance and stability of Indonesia's economic growth, gives new hope that the country's economic growth will be able to survive and increase in the future.

The economic success of households in rural Indonesia is mainly reliant on the agricultural sector as a primary source of income (Booth, 2000; Lowe and Ward, 2007; McCulloch et al., 2007). Specifically, the Central Statistics Agency Republic of Indonesia (known as *Badan Pusat Statistik/BPS*) reported that the agricultural sector (e.g. food crops, horticulture, plantation agriculture, and livestock) contributed to 13.6% of the 2012 (total Indonesian GDP) (BPS, 2012a, 2013). However, rural people in Indonesia are also at highest risk for experiencing poverty, with about 10.5 million rural people (4% of the total

Indonesian population) living in extreme poverty in 2016 (BPS, 2016b). Therefore, poverty problems in rural areas have become the main focus of successive governments. IFAD confirms that the highest incidence of rural poverty in Indonesia is found in the eastern islands where the agricultural sector represents the core income of households, as well as in dry land farming areas throughout Indonesia (IFAD, 2004a, 2008). In 2013, about 38 million poor people working in the agricultural sector (34% of all those working in all sectors) were found to be twice as vulnerable to poverty as those working in other sectors (e.g. industry, trade and services) (BPS, 2013).

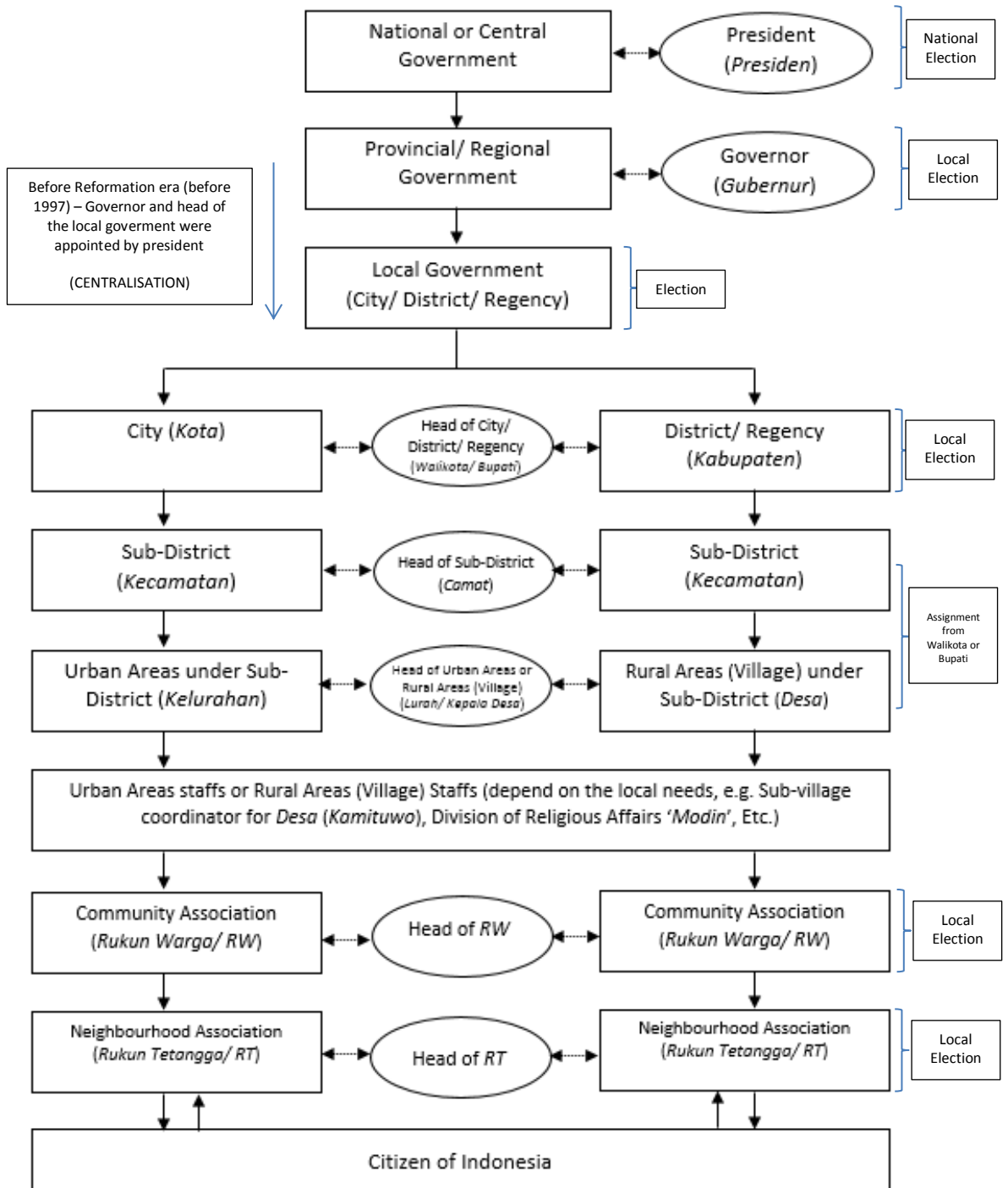
Indonesia also faces a number of other challenges, including a low level of human development¹⁹, caused by a low-level of or lack of access to education, as well as a low level of income. According to UNDP (2013b), the Human Development Index (HDI)²⁰ of Indonesia in 2012 ranked at 121 out of 187 countries and the country was categorised medium human development. This rank indicated the need for further improvement in the three basic dimensions of human development (i.e. a long and healthy life, access to knowledge and a decent standard of living). In addition, lack of gender equality awareness is one of the problems that prevail in rural Indonesia. This can also be seen from the Gender Inequality Index (GII), which reflects gender-based inequalities in three dimensions - reproductive health, empowerment, and economic activity (Indonesian GII rank is fairly low in 2013 - 105 out of 188 countries) (UNDP, 2013a).

Indonesia is making progress towards achieving the first of the Millennium Development Goal (MDG) targets of alleviating poverty and hunger, (halving the proportion of people whose income is less than 1USD per day), which has already been met. The Indonesian government aimed to reduce the proportion of extreme poor from 13.33% in 2010 to 8-10 % in 2014 (BAPPENAS, 2010). The data indicated that Indonesia made a good progress in achieving the first target of the MDGs. However I argue that poverty reduction strategies should also focus on increasing the income of poor and near poor groups. Since poverty mostly occurs in rural areas (62.24% (from 14.09 million) of poor people are living in rural areas (BPS, 2016a)), boosting the growth rate of the agricultural sector and improving the income of the rural poor through new Small and Medium Enterprises (SMEs) and supporting them with microcredit programmes is crucial to the economy of rural people (Grant, 2005; World Bank, 2008; BAPPENAS, 2010; Klasen, 2010; Suryahadi et al., 2012). The following section explains the structure of the Indonesian government.

4.2 The Structure of Government in Indonesia

To understand how development programmes are implemented in Indonesia, we need to know the governmental structure, which reflects different institutions from central to local government. This section explains the current structure of Indonesia's government. In the period of the Old and New Orders (1945-1966 and 1967-1998 respectively), the government adopted a centralised system, thus all programmes, policies and budgeting were designed by the national governments. The regional governments have limited authority in their governance, which - to some extent - can cause failure or ineffectiveness to fulfil the specified targets (Martowijoyo, 2004; McCarthy, 2004; Beard, 2005; Pepinsky and Wihardja, 2011). For example, the microcredit program that was allocated for rice cultivation (BIMAS) in 1966 experienced failure due to centralized policy making (Martowijoyo, 2004). However, as the decentralised system was adopted in the reformation era (after 1998), the regional governments have their own authority to manage their regions. Thus, they are able to design and propose programmes or budgets relevant to the needs of local people (Silver et al., 2001; Duncan, 2007). The changes in political structure in Indonesia are classified as taking place before and after the amendment of the 1945 constitution (known as UUD 1945) - the source of all regulations in Indonesian (MPR, 1945). The government structure in Indonesia (after the reformation era until now - 2018) is shown in Figure 2.

Figure 2. Hierarchical levels of government in Indonesia (Source: BPS 2012a, 2013)



The political structure has undergone significant changes during the reformation period (after 1998), especially decentralisation to local governmental levels, including city (*Kota*) or district (*Kabupaten*), sub-district (*Kecamatan*), and village (*Kelurahan/ Desa*) (Fitriani et al., 2005). Previously (before 1998), the head of *Kota* (*Walikota*) and *Kabupaten* (*Bupati*) were elected by President (centralisation regulation). Since 1998 until now, they are elected by the local people who meet the following criteria: (1) an Indonesian citizen

(showed by personal identification (*Kartu Tanda Penduduk/KTP*) and voter notification card), (2) 17 years of age or older, and (3) a resident of *Kota/ Kabupaten* where the election is held (SEKKAB-RI, 2004). The election guidelines are also similar to both *Kelurahan* and *Desa* (Vilages) governmental level. In the case of electing the head of the Community Association (*Ketua Rukun Warga* or RW) and the head of the Neighbourhood Association (*Ketua Rukun Tetangga* or RT), both are selected by the local people through mutual consensus (*Musyawaharah Mufakat*). To achieved mutual consensus, all resident (17 years old or older) can vote for the candidates by raising their hand (or using ballot box). For the candidate with the most votes, he/she will be selected as the head of RW or RT.

According to the Indonesian regulations numbers 22/2004 (SEKKAB-RI, 2004) and 2/2008 (MENKUMHAM, 2008), the local government has the autonomy to establish a Village Consultative Agency (*Badan Permusyawaratan Desa/BPD*). The decentralization regulation is aimed to accommodate the aspirations of rural communities, and to monitor administration at the village level. There are also several formal community institutions, such as the Village Public Safety Institution (*Lembaga Keamanan Masyarakat Desa/LKMD*), Civil Defence (*Pertahanan Sipil/Hansip*), Family Welfare Programmes (*Pembinaan Kesejahteraan Keluarga/PKK*), and Youth Organisations (*Karang Taruna*).. Besides formal community organisations, there are also informal organisations based on social and religious activities, such as *Arisan*, *Diba'an* (Islamic gathering for the *celebration of a baby's birth*), *Tahlilan* (Islamic gathering for the commemoration of the dead/deceased), *Slametan*, and *Pengajian*. These informal organisations help the local governments in promoting development programmes, and in maintaining local culture, tradition and religion.

4.3 The Role of Gender, Culture, and Religion in Indonesia's Development

With the existence of multiple religions and local cultures, Indonesia has a unique identity as a multi-religious and multi-ethnic nation. This is reflected in public and state life through religious and social activities in the society. However, in the early stage of Indonesia's development, gender, cultural values, and religious teachings were often neglected. Firman (2002) and Hill (2014) claimed that during the New Order regime (1967 - 1998), the majority of developmental programmes in Indonesia focused on building

infrastructures to support economic, social, and agricultural development (e.g. irrigation and roads). Also, developmental programmes were instructed centrally by the government (using a top-down approach), thus not much attention was given to the needs and characteristics of local people. This section explains how and to what extent gender, cultural values, and Islamic teachings shaped development in Indonesia.

4.3.1 Gender Mainstreaming in Indonesia's Development

Historically, the pioneer of women's emancipation in Indonesia was 'Raden Adjeng Kartini', well-known as Indonesia's first feminist in 1900 (Taylor, 1976). Then, on 22 December 1928, through the first Indonesian Women's Conference (*Kongres Perempuan Indonesia ke-1*), the Women's Organization Cooperative Body (*Badan Kontak Organisasi Wanita*) was established and became the pioneer of the Indonesian Women's Movement (Soewindi, 1997; Arjani, 2003). During the Old Order regime (1945-1966), Indonesia acknowledged equality between men and women, as outlined in the UUD 1945 (MPR, 1945), which states that '*all citizens have equal status before the law*', implying that men and women are equal according to Indonesian regulations.

During the New Order Era (1967-1998), the government formulated regulations that women and men have equal rights, obligations and opportunities in development through the Broad Guidelines of State Policy (or GBHN) (MPR, 1988). This indicated that men and women as the actors and objects of development should be included in all stages of the development process. Since then, the Indonesian government has started to acknowledge the importance of gender to development and has introduced several policies to enhance women's role in development. These include women's labour protection, development of women's organisations, development of a socio-cultural climate that supports the advancement of women, and improvements to the dual roles of women and men in the family and society (Soewindi, 1997). Although gender issues were outlined in Indonesia's Constitution, I argue that the implementation of gender equality has not run smoothly and optimally, as it is rarely used as a reference point for problem-solving activities intended to tackle gender disparities.

During the Reformation Era (after 1998), the Indonesian government has made gender mainstreaming a national policy in respect of development practices (Schech and Mustafa, 2010; Leonie, 2012), for example, the Presidential Instruction (*INPRES*) of the

Republic of Indonesia No.9/2000 about gender mainstreaming in national development (Arif et al., 2012). This regulation has been used as a strategy to integrate gender into national development programmes and policies (SEKKAB-RI, 2003; Schech and Mustafa, 2010; Febriany, 2012). In this context, gender mainstreaming as a strategy was pursued by the government at all levels through public policies to accelerate the achievement of gender equality e.g. the establishment of a National Commission on Violence Against Women (KOMNAS PEREMPUAN) (Arif et al., 2012). Indeed, I argue that this policy supports the implementation and integration of gender equality, and requires equal opportunities for men and women to participate in development programmes in Indonesia.

In respect of political participation, for example, after the 1999 elections, there was a slight increase in women's participation in the People's Representative Council or *Dewan Perwakilan Rakyat/DPR* (Parawansa, 2002). Parawansa reported that, however, the number of women was not equally distributed in each DPR commission, due to the patriarchal culture that limits the quota provision for women. Then, in 2003, the Indonesian Government issued Law No.12/2003 about the National Election, which in one article (Article 65) imposed a 30% minimum quota for women's representation in legislative affairs (SEKKAB-RI, 2003). This indicates that women's opportunities to be involved in practical politics are now more open, although the law does not fully provide women with a chance to be nominated as representatives of the people. According to the Asian Development Bank (ADB, 2006a), soon after the 2004 general elections, a 30% 'quota' for women in political party recruitment started to be achieved, indicated by an increase in the percentage of women's participation in political positions at all levels, as outlined in Political Parties Law No.2/2008 (MENKUMHAM, 2008). There are opportunities for women to enter the political arena. For example, Megawati Sukarnoputri became Indonesia's fifth president on 23 July 2001, despite the Islamic doctrine and the majority view of the Muslim population in Indonesia that a woman should not be the leader of a country (Robinson, 2004).

In terms of the economic and social sectors, the Indonesian government designed several national poverty strategies with respect to gender mainstreaming, implemented by working together with several international development institutions e.g. the IMF and the World Bank (Schech and Mustafa, 2010; Yumna, et al., 2012). Moreover, the Indonesian

government has formulated five-year development plans (2000-2004) intended to achieve the MDGs, especially by including gender mainstreaming in the National Poverty Reduction Strategy (*Strategi Nasional Penanggulangan Kemiskinan/SNPK*) (BAPPENAS, 2008). In 2007, the Indonesian government started to focus more effort on promoting gender mainstreaming in anti-poverty programmes through policies, programmes and institutions, for example 'the National Programme for Rural Community Empowerment - Mandiri' (*Program Nasional Pemberdayaan Masyarakat Mandiri Perdesaan/PNPM Mandiri*) (Yumna et al., 2012). In this context, I argue that the active involvement and participation of men and women in developmental programmes will determine their success to improving their living standards.

4.3.2 Cultural Aspects in Indonesia's Development

In recent decades, local socio-cultural contexts have been associated with development, particularly as an idea and a way of balancing development approaches and strategies (Sillitoe and Marzano, 2009). Integrating local cultural values in utilising various development approaches can support local development performance in all aspects of life and this strategy can also be used to ensure that the national policy to promote sustainable development is relevant to local need. This section explains the importance of cultural aspects, and their role in shaping and influencing local communities' involvement in development.

Indonesia has varying cultural values which influence the characteristics of local conditions, social structures and traditional values. It is important to consider cultural values in rural developmental programmes. In Java, for example, the spirit of mutual cooperation (*Gotong-Royong*) was adopted as a key element in the implementation of developmental programmes in rural areas which has been able to enhance the participation of local people and allow people to unite in a spirit of togetherness (Antlöv, 2003, Bowen, 1986; ; IFAD, 2004, 2008; Beard, 2005, 2007; Rao, 2005; Dasgupta and Beard, 2007). Rao (2005) argues that the community self-help (*Gotong-Royong*) is a norm widely acknowledged in rural Indonesia, where it is rooted as the foundation of village society and legitimates if labour demands in rural developmental programmes. He illustrates the point by contrasting how conceptions of nationalism in Indonesia and India created 'Symbolic Public Goods (SPGs)'. Indonesia emphasized collective action (*Gotong-*

Royong) by the poor, while India emphasized democratic decentralization (the Panchayat system) by the Gandhian ideology of '*Gram Swaraj*' (self-reliant villages). The result shows that Indonesia has delivered public services more efficient than India did, but at the cost of democratic freedoms and voice.

Furthermore, based on evidence from a study about cultural values and economic growth in Asia including Indonesia, several indicators of local cultural values (e.g. trust, respect, cooperative spirit (*Gotong-Royong*), and self-reliant), have a significant influence on economic development (Khan et al., 2010). For example, in Javanese society (Indonesia), the elders within the family members commonly take the major role in providing mutual support (*Gotong-Royong*) in the family to obtain intergenerational interdependence (Kreager and Schröder-Butterfill, 2008). Several aspects of Javanese culture that have been fully rooted as traditions in rural communities become embedded in wider Indonesian culture, including 'mutual cooperation (*Gotong-Royong*)', 'mutual respect (*Tepo-seliro/ Tenggeng-roso*)', mutual consensus (*Musyawah Mufakat*)', and 'ethnic plurality and high tolerance' (Adlhiyati and Herdyanto, 2014).

The *Musyawah Mufakat* is a discussion that is leading to consensus/ mutual agreement which reflects the traditional decision-making rule and demonstrates a democratic method of problem solving and decision-making (Brandt, 1997; Pareek, 1988). According to Koentjaraningrat (1967), the institution of *Musyawah* encompasses discussions to develop a general consensus and agreement amongst all community groups (men and women) in a village. The aim is to reach *Mufakat* (a unanimous decision) either by approaching both the majority and minority to create the required rectifications in their respective opinions or by integrating the conflicting perspectives into a new viewpoint. Moreover, Logsdon (1978; p.95) stated that "*Musyawah is an important philosophy of life in Indonesia and it is classified as the ethic of community consensus-building*".

From the above explanation, I argue that development policies need to pay more attention to local cultural values. For example, *Gotong-Royong* activities as a result of a cooperative spirit highlight the feeling of 'neighbourhood' in the Indonesian society. In addition, *Musyawah Mufakat* is mostly implemented with respect to discussion the community-based planning priorities and strategies. This means that it is necessary to understand how local cultural values influence or shape the success of a development programmes, and to what extent incorporating these values improves the on local people

in development. The following section examines the contribution of religion in Indonesia's development.

4.3.3 The Contribution of Religion in Indonesia's Development

Religious beliefs consist of various dimensions of commitment to human religiosity, including deeds, words, beliefs, attitudes and obedience to religious teaching (Clarke, 2011; Rakodi, 2012a). According to the Indonesian constitution, the state guarantees freedom of religion for every citizen to embrace and worship according to their own religion/ belief (MPR, 1945). This principle emphasises that the role of the State through the Ministry of Religious Affairs is to develop a religious community based on the teaching and values of religion to give direction to the life of the nation. The Indonesian government recognises six official religions: Islam, Christianity/Catholicism, Protestantism, Hinduism, Buddhism, and Confucianism, to one of which everyone must express allegiance (DEPAG, 2013). According to the Indonesian census in 2010 (BPS, 2012a), the majority of the Indonesian population embraces Islam - accounting for 87% of the total population. However, different religions have influenced the economic, political, social and cultural life in Indonesia.

There are the different ways in which religion (especially Islam) is supporting development. Firstly, it may provide spiritual guidance. In the context of development, the Indonesian Government often seeks help from the Muslim religious leaders, asking them to speak out to convince their followers to be involved in development initiatives (Federspiel, 1985). This indicates that Muslim leaders can be important agents in encouraging people to make a significant contribution to development. For example, Pinglé (2005) focused on involving the leaders of the main Islamic Faith Based Organisations (FBOs) in Indonesia (*Nahdatul Ulama/NU* and *Muhammadiyah*) in economic development. Pinglé added that their collaboration subsequently shaped people's actions concerning development and modernisation, as well as helping to ensure that development schemes and projects reached the targeted groups. Both these Islamic FBOs, for instance, actively engaged with the *Zakat* (Islamic charity) programme - as one of their primary strategies for reducing poverty - to reach the poorest people; as well as collaborating with regards to developing gender concerns to improve women's participation in the public sphere (Pinglé, 2005).

Secondly, religious bodies contribute to the provision of education. For example, Fuad (2004) found that integrating Islamic moral values in the development process through providing a good education system (e.g. Islamic boarding schools (*Pesantren/Madrasah*)) and an excellent health service (e.g. Islamic hospitals) has helped Muslims to eliminate poverty and to enhance their knowledge. Asadullah and Chaudhury (2010) and Bagir and Abdullah (2011) claimed that religious knowledge gained from an Islamic education system creates an Islamic identity, increases social cohesion among Muslims, and creates a generation that exercises intellect, faith and piety.

Thirdly, religion may provide a foundation for political process. Epley (2002) stated that *NU* (established 31 January 1926) and *Muhammadiyah* (established 18 November 1912), have played a central role in Indonesian politics since the 1970s, specifically in the Reformation Era since 1998. For example, they are able to mobilise their members to support (or reject) any development initiatives established by the government. Moreover, several religious political parties (about 20 Islamic parties in 1999) aim to support community development and empowerment (Baswedan, 2004).

Fourthly, religion may provide space for women. For example, Mulia (2007) stated that *Fatayat NU*, as one of the main women's Islamic social organisations, has made a significant contribution to providing basic health and education. Female members have been able to apply Islamic teaching and moral values in practice to support community development in Indonesia at all levels. However, in some cases in Indonesian families, daughters received lower education and other investments than their brothers due to social norms of virilocality (daughters move away (*following their husband*) from their parents upon marriage) (Levine and Kevane, 2003).

Also, religious organisations have provided financial services. Ali (2004) and Clarke (2011) stated that the influence of Islamic values in economic development is through the establishment of financial services (e.g. banks and credit organisations) on the basis of Islamic law/*Shariah* (e.g. no *Riba*/interest-free and profit-sharing). For instance, *Muhammadiyah* and *NU* sought to help poor people to minimise their vulnerability to poverty through the implementation of Islamic shariah e.g. distribution of Islamic alms (*Zakat and Sadaqah*), management of Islamic endowment (*Waqaf*), and setting up of Islamic savings and loan cooperatives (e.g. *Baitul Maal Wat Tamwil/BMT*). Seibel (2007, p.6), however, argues that in Indonesia, "*Islamic, unlike conventional, rural banks, have*

failed to prove themselves as efficient and dynamic providers of microfinance services. Unsupervised Islamic, like conventional, cooperatives are an outright menace to their member-shareholders and depositors, who risk losing their money”.

Finally, religion may contribute to strengthening family welfare. In terms of social aspects, religious beliefs and family welfare are linked within the family and community. Kreager and Schröder-Butterfill (2007) stated that Javanese people, who are majority Muslim and have strong family networks, are actively involved in economic activities, while maintaining their traditional economic activities (e.g. farming and local trade). They added that younger generations have often migrated to different areas within local, regional or international boundaries to sustain or improve their family position in terms of local status and wealth hierarchies, in the benefits of their increased prosperity may be shared with the elderly (as part of the Islamic religious teaching ‘dutiful to parents’ - QS. An-Nisa:36²¹).

Thus, through its teaching and guidelines, Islam is said to have contributed in economic, social and political aspects that relate to development in Indonesia. Yet, at a certain point, re-engaging with and acknowledging the importance and potential of Islam, with respect to other factors, such as local culture or traditions, are needed to achieve a more critical and holistic form of local development. It is clear that through its core values, teaching and practice, religion can influence believers on how they accept and initiate development as a transformation process (Ali, 2004; Sakai 2010; Clarke, 2011). For example, Ali (2004b) stated that Indonesian Muslim leaders and scholars during the New Order period integrated the Islamic religion into various development programmes such as providing financial services (microcredit) on the basis of Islamic law/*Shariah* through the establishment of Islamic banks (e.g. *Bank Muamalat Indonesia/BMI*); and provision of education services through *Pesantrens* (i.e. Islamic boarding schools). On this basis, I argue that integrating religion and development is essential to meet many of society’s needs.

4.4 An Historical Overview of Microcredit Programmes in Indonesia

The following section provides an overview of microcredit programmes in Indonesia, in the context of political changes in different government eras. Indonesia was one of the first countries to develop commercial microcredit services through financial institutions in

all regions (Patten et al., 2001). Historically, it has a long track record of money lending systems (both traditional microcredit and commercial microcredit), particularly in rural areas. This can be traced back over five periods, the Pre-colonialist, Colonial, Old Order, New Order, and Reformation periods, which are described below.

4.4.1 Microcredit in the Pre-Colonial Period (1200-1645)

In Indonesia, the practice of traditional microcredit can be traced back approximately four hundred years, before the Dutch colonialization period (Pre-colonial period started around 1200s) (Schrader, 1999). Schrader added the initial mechanism of microcredit money lending categorised into two levels, namely: lower level of microcredit (included money lending and indigenous banking) and upper level of microcredit (referred to short-term loans in cash or kind to be repaid after the next harvest). The credit suppliers were various semi-professional lenders (e.g. village headmen and traders), mainly Chinese moneylenders (or *Chinese Minding*). They provided small-scale instalment credit to farmers on standing crops (called as *Ijon* or *Idjon*), or loans to villagers, traders or small artisans, with an interest rate of 12-24 % per year and high sums required as collateral in 1200-1645. Gerber (2013) added that *Ijon* sometimes 'disguised' the loans as productive credit where by impoverished people could obtain cash to operate their farm activities. However, if borrowers could not pay off the loans, the moneylenders started taking advantage of the unfavourable condition of peasants, such as advances on crop sales and deliberately acquiring their land.

4.4.2 Microcredit in the Colonial Period (1645-1945)

During the colonial period (approximately 300 years from 1645 to 1945), microcredit systems (money lending) in rural Indonesia have existed and sometimes lead to the most brutal debt-slavery (Gerber, 2013). Gerber explains that many poor people were strapped into monoculture cash crop production because it was easy to access credit for this purpose. However, the high-interest rate on this credit caused impoverished people to stay in perpetual debt to their creditors, sometimes over generations, implying continued working for them (slavery). During the colonial period in 1645-1945, capitalism has grown, thus interest-bearing and collateral-based credit systems have shifted and became associated with the modern market economy in order to shape the economy in

Indonesia. During this period, many smallholders were forced to take out loans from moneylenders (usually well-off farmers and the rural elite) and to use their land as collateral, especially in areas with a high share of private property (e.g. West and East Java). Schrader (1997) stated that moneylenders commonly practiced usury - charging very high-interest rates - which constituted an offence against religious teachings and morality and resulted in increased prejudices against moneylenders.

The form of traditional moneylending in Indonesia that still exists in the colonial period is *Rentenir*. *Rentenir*, literally derives from the word '*Rente*' meaning interest. This has a close meaning to *Riba*, both in the selling and buying of loans and saving transactions (Munro, 2003). According to Nugroho (2001), *Rentenir* (also known as '*Lintah Darat*' or '*Loan Shark*') is an informal credit provider who provides cash mainly to poor people. In the long term, borrowers are trapped in bondage interest slavery due to extremely high-interest rates which make it difficult for them to payback their loans. Nevertheless, most poor people in Indonesia borrowed cash from a *Rentenir* despite its high-interest rate (e.g. 28% per month), as it is easy to access and fast to process (Dimiyati, 1997). Dimiyati found that most of the *Rentenir* in Indonesia, who are categorised as *Muslim Abangan*, did not have a good understanding on Islamic teachings about the prohibition of *Riba*. They believed that it was not a big sin to take advantage of other people by charging a high-interest rate, as long as borrowers are willing to repay or to borrow from them.

During the colonial period (1645-1945), there were also informal saving and loans arrangements, which were among the oldest and most established saving institutions in the world, namely *Arisan* (Geertz, 1962; Berger, 1989; Besley et al., 1993; Vonderlack and Schreiner, 2002; Varadharajan, 2004; Miguel et al., 2005; Amar, 2010; Lasagni and Lollo, 2011). According to Vonderlack and Schreiner (2002), *Arisan* is a small group who meet to make fixed contributions at given intervals, where each member gets the pool. Those who have yet to receive the pool are savers, and members who have received the pool are debtors. In practice, *Arisan* is an informal financial institution that offers low transaction costs and encourages regular savings. In Indonesia, *Arisan* groups are also often used to disseminate information or promote government programmes and to strengthen community solidarity (Geertz, 1962; Wibowo and Munawar, 2002; Amar, 2010). However, this arrangement has limited scope and continuity because it is based on

the social relationships rather than financial discipline (Lasagni and Lollo, 2011). Millions of Indonesian people participate in *Arisan*, which is not specifically for the poor, but for everyone who is willing to join, e.g. at work, in a social group, and at the village level. Johar and Rammohan (2006) found that *Arisan* is commonly known as one of the most popular forms of women's gathering in Indonesia, in which women's participation is both voluntary and by invitation. They added that *Arisan* is not regarded primarily as a lending organisation but rather one of the social activities in both rural and urban areas in which women can participate, and which they can use as means of information sharing, as well as of financial management.

The first commercial bank in Indonesia was established in 1895 by Raden Bei Aria Wirjaatmadja in Purwokerto, Central Java, known as 'De Poerwokertosche Hulp en Spaarbank der Inlandsche Hoofden' (*Bank Bantuan dan Simpanan Milik Kaum Priyayi Purwokerto* or *Bank Priyayi*). This bank provided money lending mainly for upper-class Javanese people (*Priyayi*) (Charitonenko and Afwan, 2003; BRI, 2014). In the following year *Lumbung Desa* (Rice Barn) and *Bank Desa* (Village Bank), were established in rural Java, aimed to provide loans and saving services for villagers during the rice planting and harvesting time. These banks were also introduced to prevent villagers from becoming involved in money-lending at high-interest (Sukarno, 2000; Baskara, 2013). According to Robinson (2001), by 1910, 12,542 *Lumbung Desa* had been established, mainly in the areas where paddy farming was very important (e.g. Java and Madura).

This was followed by the establishment of the *Rural Credit Agency (Badan Kredit Desa/BKD)* in Java and Madura, and *Lumbung Pilih Nagari* in West Sumatera in 1929. These were village-owned banks which provided loans on commercial terms. Approximately 5,000 were estimated to be operating at that time, with a focus on providing credit as financial intermediation. Later, in 1938, BKD was assigned to *Algemeene Volkscrediet Bank (AVB)*, which then subsequently changed its name to *Bank Rakyat Indonesia (BRI)* (ARCM, 2009). Schmit (1994) claims that the AVB provided the foundation for the credit manuals which are currently used in modern banks (e.g. *BRI Unit Desa*), such as *Kredit Umum Pedesaan (KUPeDES)* or Multi-purpose Rural Credit) and *Simpanan Pedesaan (SIMPEDES)* or Rural Saving). He further added that during the colonial period, the rural commercial microcredit systems were highly supervised by the central authorities and needed to comply with strict regulations. From the above

explanation, it can be seen that microcredit mechanisms in Indonesia have changed progressively (from the traditional microcredit (moneylender) mechanism to commercial microcredit systems), and are used to provide financial support and to accelerate development.

4.4.3 Microcredit in the Old Order Period (the President Sukarno Regime 1945-1966)

After the first Cooperative Congress on 12th July 1947, 'Cooperative Credit' (*Koperasi Kredit*), called '*Bank Pertolongan Tabungan*' (or Bank of Aid and Savings) was established to provide low-interest loans to peasants, thus stopping them borrowing from money lenders. After that, *Koperasi* began to grow rapidly, driven by cultural practices (e.g. *Gotong-Royong*) relevant to the principle of *Koperasi*. Then, in 1992, the *Koperasi* movement was officially legitimised by the Indonesian government as an economic model, that aims to develop members' potential and economic capacity, and to strengthen the people's and the national economy (Soetrisno, 2003).

In the Old Order period, all banking systems were nationalised and centralised, in response to the turmoil of the political and economic situations. However, the banking system overall remained uncontrollable and could not operate efficiently - possibly due to a high inflation rate (more than 600%) (World Bank, 2014). Baskara (2013) stated that the financial policy during this era was able to eliminate all foreign ownership of or involvement in the banking system and also to support the nationalisation of Dutch-owned banks. Despite this, there was not much improvement in microcredit programmes provided by the banking system. Furthermore, development in the agricultural sector in rural areas was focused on improving rice production to achieve self-sufficiency in rice and to reduce rice imports (Robinson, 2001). For this purpose, President Sukarno established a three-year plan from 1959 to 1962 (known as the *Padi Sentra Credit Programme*). This programme provided loans for farmers to finance their rice production (Supadi and Sumedi, 2014). However, due to several problems, such as lack of design, poor economic performance, and operational problems (e.g. collateral requirements), this programme failed to achieve its goals, and was subsequently terminated (Roekasah and Penny, 1967; Supadi and Sumedi, 2014). The microcredit programme in the Old Order period thus experienced a major change and was used as one of the means for delivering development programmes.

4.4.4 Microcredit in the New Order Period (the President Suharto Regime 1967-1998)

In the New Order period, President Suharto faced many challenges, mainly combating high inflation resulting from Sukarno's regime. Thus, he purposely fostered decentralisation of the financial system by establishing regional banks to provide funding for regional economic policies. The aim was to promote and enhance the growth of the financial system and agricultural development (Robinson, 2001). In the case of financial improvement, by 1970, Suharto's government had established 300 Rural Credit Agency (*Badan Perkreditan Rakyat/BPR*) in 27 provinces (Baskara, 2013). Baskara (2013) added that one of the purposes of BPR was to provide loans to foster the intensification of rice cultivation, as part of the agricultural developmental programme known as Mass Guidance Programme (*Program Bimbingan Masal/BIMAS*), which was established in 1966. With this programme, the government aimed to motivate farmers to use new technology and inputs, including high-yield varieties of rice, to increase rice production (Martowijoyo, 2004).

In the BIMAS programme, BPR (currently known as *BRI Unit Desa*), through the Agricultural Production Cooperative (*Koperasi Produksi Pertanian/KOPERTA*), gave low-interest credit (3%) to farmers in the form of inputs (e.g. fertiliser, insecticide, and seed) with collateral based on the outcome of the farming process (Supadi and Sumedi, 2014). The successful outcome of this programme was the increase of rice production by 5% annually, Indonesia became self-sufficient in rice (Simatupang and Timmer, 2008). However, this programme was terminated in 1968 due to problems of low credit repayment, high area coverage and the government's budget deficit, which limited the extension of credit for agricultural inputs (Supadi and Sumedi, 2014).

In 1984, the *BRI Unit Desa* introduced a commercial microcredit programme to replace subsidised credit (*BIMAS*), called *KUPEDES*. This offered non-subsidised credit to individuals at an affordable interest rate (i.e. 1.5% flat rate), and aimed to develop or enhance viable microenterprises. The credit provided was in the range of less than IDR 500,000 (£25) to more than IDR 5 million (£250) (Hartungi, 2007). As a commercial microcredit product, *KUPEDES* borrowers must provide sufficient collateral (e.g. land certificate and buildings certificate) to cover the value of the loan (Maurer and Seibel, 2001; Maurer, 2004). Further in 1986, *BRI Unit Desa* launched the *SIMPEDES* savings

programme (with the amount of saving varying from less than IDR 25,000 (£2.5) to more than IDR 5 million (£250)) also aimed at rural people (Hartungi, 2007). Both the *KUPEDES* and *SIMPEDES* programmes showed remarkable progress, generating profits within the third year of operation, and in 2003, recording 30 million savers and 3.2 million borrowers (Maurer, 2004). Since then, *KUPEDES* and *SIMPEDES* have become known as two of the most successful microcredit products.

4.4.5 Microcredit in the Reformation Period (after 1998)

In the financial crisis of 1997-1998, many financial institutions were technically bankrupt and had to be assisted by restructuring and refinancing programmes, as was the case in the majority of the banking industry. However, the majority of *BRI* microcredit clients continued to believe in the financial services offered by the *BRI Unit Desa*. The ability of *BRI* to sustain its existence during the financial crisis has proved that microcredit programmes are essential to economic stability in Indonesia. *BRI* is thus known as one of the pioneer formal financial institutions concerned with developing microcredit programmes in Indonesia (Johnston, 2007). After 1998 (until now), group-based microcredit programmes were also established, based on a gender equality principle, for instance the Small Farmers Development Program (SFDP) (Panjaitan-Drioadisuryo and Cloud, 1999). In this programme, women were given low-interest loans and life-skills training (e.g. leadership, business planning, business operation and management). These activities encouraged self-employment among women to generate additional family income and improve their capability. This enhanced women's contribution in household decision-making (e.g. family planning and children's education).

After the financial crisis, many commercial banks experienced severe debts and destruction, except for those that focused on microcredit and rural financial institutions. This led many commercial banks to launch microcredit services, such as Danamon Bank, with the Danamon's Saving and Loans (*Danamon Simpan Pinjam/DSP*), or BUKOPIN Bank with the '*Bukopin Swamitra*' programme (Baskara, 2013). These programmes aimed to provide soft loans with prudent management and a customer-centric product for SMEs. In 2000, 'The Movement for Microfinance Development' programme (or *Gema PKM*) was established; this consisted of government agencies' representatives and aimed to further enhance the scope and capital funds for microfinance, as well as to urge *Bank Indonesia*

(BI) to publish a specific regulation governing the presence and management of MFIs in Indonesia. In addition, by the end of 2000, Islamic MFIs based on the Sharia principle emerged in Indonesia, along with many commercial banks that launched a Sharia unit or created a new bank based on Islamic principles. They provide credit services for Muslim customers without complex collateral requirements; for example, for running a micro or small business, for housing or household needs, based on Sharia law: a profit-sharing system, and interest-free loans (no *Riba*) (Martowijoyo, 2004).

Further, in the reformation era, the government also obtained support from international development institutions (e.g. World Bank, UN, ADB) and NGOs (e.g. *Bina Swadaya*) in the implementation of microcredit programmes (Miyashita, 2000). These organisations provided funding to support such developments. In 2002, for example, through 10 different government agencies, the Indonesian government established 16 microcredit programmes aimed at poverty reduction, with a total budget of more than US\$ 300 million (Ismawan, 2006). Most of these programmes focused on the establishment of MFIs and SHGs by providing both subsidised credit and training (capacity-building). The programmes included the revolving fund provision for saving and credit unit (*Usaha Simpan Pinjam/USP*); saving and credit groups (*Kelompok Simpan Pinjam/KSP*); Microfinance Institution (*Lembaga Keuangan Mikro/LKM*); and the Rural Income Generation Project (*Proyek Peningkatan Pendapatan Petani-Nelayan Kecil/P4K*). During the implementation of these programmes, about 800,000 MFIs and 650,000 SHGs were established. However, due to the use of subsidised credit, most of the MFIs and SHGs were not sustainable and many of them experienced operational difficulties (ADB, 2006a; Ismawan, 2006).

The history of money lending systems and microcredit programme in Indonesia indicates a great demand for the development of various microcredit programmes (ARCM, 2009; BRI, 2013). However, Rosengard et al. (2007) and Takahashi et al. (2010) argue that microcredit programmes are experiencing technical difficulties in managing microcredit, in part because of an information gap between financial institutions and borrowers (especially women). For example, Asmorowati (2004) states that female participation in microcredit programmes in Java was limited due their limited access to financial capital. In this context, I argue that microcredit can be used to finance business activity that can

generate profit, but on the other hand faces serious challenges associated with its operational management, especially providing financial services to women.

4.5 An Overview of IFAD and the PIDRA Project in Indonesia

This section gives an overview of IFAD's roles in rural development and the PIDRA project in Indonesia. Previously, most IFAD projects had focused on food insecurity and hunger due to the failure of food production. In the last decade, the strategic frameworks of IFAD have included improving rural food security and nutrition, and enabling rural women and men to overcome poverty.

4.5.1 IFAD Roles in Rural Development at the International Level

With new opportunities and challenges facing the rural poor in the global context today, IFAD has implemented strategies and instruments to achieve a greater and more sustainable impact in development (IFAD, 2011a). For example, during its operations, IFAD works with rural poor people and governments. This has become IFAD programmes' main innovative feature in various development programmes in developing countries (IFAD, 2008). Integrating a mix of local traditional knowledge and modern technology for creating social mobilisation and building social capital have also become two key dimensions in the work of IFAD towards the alleviation of rural poverty, e.g. the formation of SHGs based on microcredit programmes (IFAD, 1999, 2000, 2001, 2012). In this research, I argue that through group-based microcredit, the operation of microcredit programmes can be managed better, enabling the continuity of programmes to be maintained.

To date, about 169 countries have become IFAD's operation areas, with an emphasis on country-specific solutions; for instance, with the objectives of promoting poor rural people's access to development; eliminating poverty, hunger and malnutrition; raising people's productivity and incomes; and improving the quality of their lives (IFAD, 2011c, 2015). One of the IFAD flagship programmes was finance development programmes in the form of 'microcredit programmes' (IFAD, 2014). Through low-interest loans, IFAD has collaborated with other development stakeholders to design and implement such programmes in environments with diverse natural, socio-economic, and cultural conditions, with the objective of enabling poor people to overcome poverty. For example,

IFAD has been active in Bangladesh for more than 30 years, with a focus on enabling poor people who live in vulnerable areas to better adapt their livelihoods to climate change; helping small producers and entrepreneurs to obtain profit from an improved value chain and greater market access; and economically and socially empowering marginalised groups, including poor rural women (Alam, 2014). Similarly, improving poor people's access to economic and social resources has become the main feature of IFAD's strategy in India (IFAD, 2011d). Promoting rural development to combat poverty has also become the main strategy of the IFAD project in Pakistan since 1978 (IFAD, 2009).

Despite the positive impact of implementing SHGs in IFAD programmes, problems and issues have been raised in certain areas (IFAD, 2004a; Syahyuti, 2007; Liamzon, 2016). For example, IFAD (2004a, p.36) found that, besides corruption, problems of "*poor supervision, misuse of village funds and personality conflicts*" cause group failure. Liamzon (2016) reported, that although IFAD-supported projects have fulfilled the target number of SHGs, forming good quality SHGs was a failure in India due to a lack of strategies for maintaining the continuity of the SHGs, thus several SHGs ceased to exist. More detailed problems and issues of IFAD projects in different countries are listed in Table 3.

Table 3. Summary of problems and issues in IFAD projects in various countries in the Asia and Pacific Region (Source: Liamzon, 2016; p.30)

Country	Issues and Problems	Country	Issues and Problems
Bangladesh	No exit strategy for sustainability of SHGs; Lack of training for social organizers; SHGs have no vision or objectives nor do they know why they have been organized; Need to evolve parameters for empowerment; Too much power vested in manager; Relatively high drop-out rates for groups and members; Competition for group funds with too many SHGs and too little credit funds; Intensive supervision and monitoring by NGO staff essential to building RPO capacity	Laos	Need more support for capacity building for planning and implementation
Cambodia	Need to encourage the formation of farmers' associations	Maldives	Reasons for failure: inappropriate community development strategy, vague project design, insufficient capacity building inputs; delayed release of funds
China	Weak institutional capacity of women's groups; Unclear tasks of Village Implementation Group (VIGs) and questions on their composition.	Pakistan	Need for more efforts to organize reasonable number of village organizations (VOs)/women's organizations; Inadequate involvement of women in planning/implementation of activities; Need to address women's issues; WOs should be oriented more towards income generating activities, rather than just social sector needs; Need to sensitize VOs to deepen social mobilization process; Lack of clear understanding among VOs of self-reliance, sustainable development, networking and strategic planning
India	Need for exit strategy for sustainability of SHGs; Need for continuing support, training, group strengthening; Inadequate links between SHGs and other village institutions; Need for SHGs to make themselves heard by government and within the village; Focus on quantity, not quality, of SHGs; More women staff needed for forming and facilitating SHG processes; Need to form SHGs into clusters and federations; Need to develop SHGs' self-monitoring capacities; No leadership rotation plans; Lack of leadership training, especially for women leaders; Lack of awareness among many SHGs of basic SHG concepts; Need to ensure equitable power distribution, including gender balance, in Village Development Committee (VDCs)	Philippines	Need for alternative mechanisms to sustain activities of people's organizations (POs); Around a third of POs at a low level of organizational maturity
Indonesia	Institutional strengthening needed; Low level of SHG capacity/ maturity; Inadequate knowledge/ confidence to become pro-active SHGs	Vietnam	Questions of sustainability of project specific village institutions at community level
Kyrgyzstan	Cumbersome registration process for new cooperatives		

According to the table above, IFAD projects in various countries in the Asia and Pacific Region have experienced various problems and issues. For example: there are issues related to the sustainability of group-based microcredit programmes in Bangladesh, India, and Philippines, while in other countries (i.e. Indonesia and Laos), institutional

support for capacity building is needed. In this context, I argue that the IFAD aim of rural development providing equal opportunities for men and women requires the provision of life-skills training to improve their capacity, so they can determine the direction of their lives for better futures. The following section introduces PIDRA project in Indonesia.

4.5.2 The Participatory Integrated Development in Rainfed Areas (PIDRA) Project in Indonesia

The implementation of developmental programmes has its own dynamics, which are intended to lead to changes for the affected communities since Indonesia has received financial aid from IFAD (IFAD, 2004a, 2008). Looking back at the historical partnership project between IFAD and the Indonesia government, which started in 1980 and continues today, the initiation of the IFAD programmes was a response to the problems faced in the agricultural sector like inadequate agricultural support services, rural infrastructure, and human resources (IFAD, 1997, 2004a, 2008, 2012).

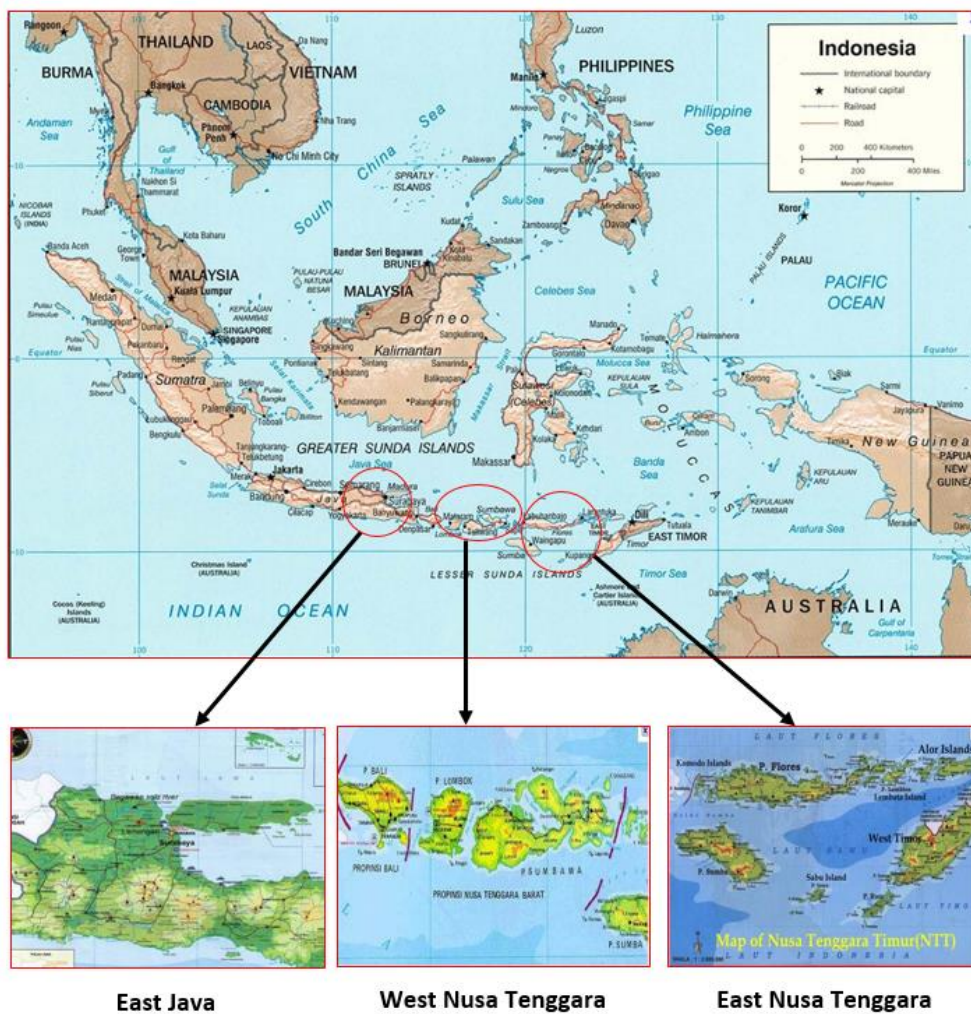
Considering the importance of the agricultural sector to Indonesian society, IFAD designed a special programme mission, which then became a strategy of rural development and poverty alleviation programmes from 2001 to 2008 (known as the PIDRA project). The PIDRA project was a response to the financial crisis that occurred in 1997-1998 in Indonesia. After the financial crisis, Indonesia produced two crucial policies (Indonesian Government Regulations number 22 and 25, 1999), which devolved central government powers and responsibilities to local government in most areas of government, including the agricultural sector (Deptan, 2009). This led to some decentralisation of agriculture; for example, management of agricultural resources. Since then, the Indonesian government has continued a joint programme with IFAD to enhance rural welfare, mostly by increasing agricultural productivity and achieving rural development, which is intended to provide employment and reduce the level of rural poverty (IFAD, 1999, 2000, 2001, 2012).

The PIDRA project was fully funded by IFAD and effectively started on 31 January 2001. The main feature of the PIDRA project was establishing AGs which were intended to facilitate the participation of local communities, taking into account local cultural values, religion, and gender, in order to overcome rural poverty in Indonesia. AGs as group-based microcredit programme were initially established and implemented based on an

affinity group model through the PIDRA project in rural Indonesia (IFAD, 2004a). This project operated for eight years (from 2001-2008), divided into two stages: Stage one (2001- 2004)²² consisted of four phases, including the phase of Identification and Establishment (Phase-I); the phase of Stabilisation (Phase-II); the phase of Weaning and Independence (Phase-III); and the establishment of the Federation and Rural Development Institution (RDI) (Phase-IV). Phase I and Phase II focused on increasing the capacity of communities through the AG formation, providing technical support (life-skills training to AG members and assisting them to undertake small scale income-generating activities. The training was designed based on the group members' needs, where the training modules were given to the group members, including: basic training (e.g. organisation management and managerial skills) and advanced training (e.g. technical and business/entrepreneurship skills) (life-skills training will be discussed more detail in Chapter 7, Section 7.2.2). The majority of the AGs were set up in phase-I in most villages (2001-2002). At the end of stage I (phase IV), the Federation (the AGs association at the village level) and Rural Development Institution/RDI (a formal organisation that was formed during the PIDRA project to plan and to make decisions for development programmes at the rural level). The Federation and RDI were established in Village X on 20th April 2005 (The Federation and RDI will ebe discussed more detail in Chapter 7, Section 7.1.3). The existence of the Federation and RDI was crucial to bridge business networking among the AGs' members and to accelerate development programmes at the village level (the establishment of the Federation and RDI will be discussed more detail in section 7.1.4). For example, the PIDRA project providing fund and working with the Federation and RDI for a road improvement project for the village (a road improvement project will be discussed more detail in Chapter 7, Section 7.1.1). Stage two (2005-2008)²³ emphasised generating income beyond the subsistence level through micro-enterprises, and improved marketing for achieving a sustainable increase in productivity (IFAD, 2001, 2004a, 2004b, 2008).

The key strategy in the PIDRA project was consistent with Indonesia's development priorities that aimed to help poor people to overcome poverty and to reduce inequality through participation, community empowerment, and institutional capacity-building based on a gender perspective (BKP, 2011). The PIDRA project focused on the remote areas and marginal land of the eastern part of Indonesia, such as East Java, West Nusa Tenggara, and East Nusa Tenggara (Figure 3) (BKP, 2009).

Figure 3. IFAD's operation of the PIDRA project in Indonesia (Source: BPS, 2013)



In addition, the working principles in the PIDRA project were based on partnership development, knowledge management, policy dialogue, and impact assessment to improve the incomes, food security and living conditions of low-income households, as well as promoting the conservation and the improvement of natural resources (IFAD, 2004a). In the process, the PIDRA project used a combination of top-down and bottom-up approaches by involving local people and development stakeholders (e.g. rural governments, facilitators, rural poor people, and religious and social leaders). After the PIDRA project completed in 2008, there was governmental/ organisational changes between 2008 and 2012, for example: a women's AG (replicated AG) was formed in 2011. A women's AG was able to replicate another group (inter-generational or replicated group). These diverse groups provided challenges and contributed to achieving gender equality, especially related to women's empowerment. Moreover, the majority of AGs have gradually expanded to be SHGs, which causes many rural development stakeholders

in the village were entrusted to the AG members. Although there have been issues and problems during the PIDRA project implementation (e.g. the low level of AG capacity) (Liamzon, 2016), the PIDRA project in Indonesia successfully achieved its target of educating communities to be self-sufficient and self-sustaining even after the project had finished, as claimed in the IFAD official documents (IFAD, 2004a, 2004b, 2008).

4.6 Conclusion

Responding to the problem of poverty as a multidimensional phenomenon, Indonesia has much experience in implementing microcredit programmes as a development strategy (especially starting in the New Order Period from 1967 to 1998). When a financial crisis hit Indonesia's economy in 1998, microcredit programmes became one of the major priorities of the government, as part of their wide-ranging financial reforms. Along with the dynamics of economic, social and political systems in Indonesia, microcredit programmes have evolved and provided significant changes for the poor in the last decade. The PIDRA project initiated and shaped the transformation of individual lending to financial and social intermediation by establishing a group-based microcredit programme (between 2001 and 2008). Such an approach is intended to provide opportunities to both individuals (especially the Affinity Group (AG) members) and rural communities to undergo development. Yet there have also been problems and issues that have occurred during the implementation of the PIDRA projects (e.g. tension between IFAD programmes and local values related to gender, culture, and religion).

Chapter 5: Research Methods

This chapter describes the research strategy and design, the research method and the data collection techniques. The first section begins a discussion of philosophical considerations and explains the choice of a case study approach and particular methods with a focus on the three data collection methods used: document analysis, focus group discussion (FGD) and semi-structured interviews. The second section describes the data analysis undertaken in this study. The final section details the process of entering the field site, discussing my experiences as a researcher and outlining the ethical issues considered during the research fieldwork.

5.1 Research Philosophy

Ontology and epistemology are terms very commonly used in social research. Bryman (2012) states that ontology is concerned with - what is the nature of (social) reality?, whilst epistemology is concerned with - how can we acquire knowledge of the 'social' and of what nature is that knowledge?. According to Saunders et al. (2009), ontology and epistemology are the foundations of our approach to a research question, which can range from a positivist stance (deductive and more scientific views - '*counting and measuring*', quantitative research methods) to interpretivist stance (inductive 'reasoning views - observational qualitative research methods). From the ontological perspective, this research is described as constructionist, meaning it is based on the assumption that social reality is generated through social interaction and can be understood by investigating subjective accounts of social action (Bryman, 2012).

The implementation of AGs in the PIDRA project involved the integration of gender, cultural values and religion, a process which requires a complex qualitative assessment and might be difficult to measure quantitatively due to the need to interpret social aspects of the implementation and operation of the microcredit programmes.

Quantitative methods such as a statistical analysis would not be able to examine the findings comprehensively. Therefore, the use of qualitative approach is more suitable and insightful to understand and explore the research topic. In this study, a combination of the collected data and existing theoretical concepts were used to identify meaningful implications, reasons and phenomena of the AG. In this approach, a research procedure

produces descriptive data in the form of 'opinion' (transcribed into written texts) from people who are observed in their natural setting. Bryman (2008, p.385) states that "*The social world must be interpreted from the perspective of the people being studied, rather than as though those subjects were incapable of their own reflections on the social world*". Thus, in this study, several research instruments, such as FGD and semi-structured interviews, were used to collect the opinions and perceptions of respondents toward the research topic and questions. Also, by using a qualitative approach as the principal researcher instrument was able to analyse and construct the object studied in more contextual and comprehensive investigation.

5.2 Entering the Field Site

This section focuses on my actual research experiences during my stay at the field site. It starts from the fieldwork preparation, choice of the field site, entering the village, and ethical considerations.

5.2.1 Fieldwork Preparation

Before doing fieldwork, various preparations were made to reduce the chance of unexpected occurrences that might happen and which would have disrupted activities during the fieldwork. Three months prior to my arrival for data collection fieldwork in Indonesia, I had contacted the *Badan Ketahanan Pangan/BKP* (Food Security Agency) as the implementing agency of the PIDRA project, which was structurally under the Ministry of Agriculture. Because of limited access to and information on the PIDRA project management at the national level, I used two strategies to get in touch with the BKP. Firstly, I contacted the list of BKP's staff by sending emails to their email addresses listed on the Ministry of Agriculture of the Republic of Indonesia's official website²⁴. From this process, I successfully managed to communicate with the director of the *BKP*. Secondly, I contacted one person who was working at the National Development Planning Agency (*Badan Perencana Pembangunan Nasional/BAPPENAS*), Republic of Indonesia. I obtained her email address from my colleague who was working as a member of the finance staff at BAPPENAS. The reason why my colleague recommended this contact was because she worked with and had responsibility related to the PIDRA project budgeting. The

assumption was that she 'may know' the names of those who are responsible for the PIDRA project at the national level.

From these processes, I successfully contacted the two members of staff of BKP - chairperson and a vice chairperson - who were responsible for the PIDRA project at the national level of government in Indonesia. During this period, I carried out intensive communication and maintained good relations with them to help me in organising a more detailed plan for the fieldwork activities. The main purposes of this process were to request formal permission for undertaking fieldwork, to seek information on the AG model and the PIDRA project, and to request the recommendation of an appropriate field site for the research, based on the research objectives and questions. As a researcher, the process of contacting the national PIDRA project team was very challenging because of my unawareness of the person in charge who could provide me with valid information relating to the PIDRA project in Indonesia. Moreover, the complex bureaucracy in the governmental system also proved to be a challenge, particularly the difficulties I experienced in contacting the person responsible for the national PIDRA project through the official phone or email provided on the BKP or Ministry of Agriculture official website.

In this case, although there was a technical problem in contacting the PIDRA project management at the national level - that is, it took considerable time to enter into formal communication - I was able to secure permission to conduct fieldwork in Indonesia. At this stage, I had already received official confirmation and approval by email from the BKP at national level. Obtaining a research permit from the Indonesian government was a crucial requirement for me to be able to conduct the research. I then followed this up by sending confirmation of my travel arrangements and expected date of arrival in Indonesia to commence the fieldwork activities. Prior to my arrival in Indonesia, we agreed to pre-arrange a meeting in Jakarta.

I went to Indonesia to conduct fieldwork in early April 2012. Since I was heading to my home country, I was already familiar with the culture and the environment, thus the problem of culture-shock and pre-departure anxiety were minimised. My concerns were more related to whether the methodology that I had designed would be suited to the circumstances at the field site. I also had to remain aware of any unexpected conditions; for example, an unwelcoming attitude of the villagers or unfriendly government officers, who could prevent me from conducting the research smoothly. After my arrival in

Indonesia, I had a meeting with the chairperson and a vice chairperson - as representatives of the national PIDRA project management at the *BKP* office in Jakarta. On that occasion, besides requesting formal permission to conduct research on the PIDRA project, I also explained to them about the purpose of the research proposal and the fieldwork activities process, as well as interviewing them as key interviewees. Their responses were positive and they supported my research activities by providing administrative assistance. This included assisting me to gain formal permission and a letter of recommendation from the overall PIDRA project's network to local governments in all regions of Indonesia.

Finally, on behalf of the Indonesian government, the *BKP* agreed and granted me formal permission to conduct fieldwork in Indonesia. Aside from formal permission, I also asked for a recommendation of a village as an appropriate research site for a case study of AGs in the PIDRA project. The reason for only working at one village site was because of the limitations of research funding and the constraints on the time frame of the study, as well as a number of technical issues, such as difficulties of access, as the majority of the PIDRA project villages were located in very remote areas. Although this study was approved by government officials and the PIDRA management, there was no compulsion (obligation) for the participants to participate in this research (see consent form - Appendix 4-5-6).

5.2.2 Choice of the Field Site

Based on the discussion between me and the national PIDRA project management, East Java province was recommended as the fieldwork site. This was because - according to the PIDRA official report at national level - this area shows varied AG performance (from successful to less successful AGs), differs from other provinces (e.g. West Nusa Tenggara and East Nusa Tenggara) in terms of the continuity of AGs, their contribution to poverty alleviation, and their impact on rural community development since the PIDRA project was introduced in 2001 (IFAD, 2004a, 2008; *BKP*, 2009). Before following the recommendation to study PIDRA in East Java, I further reviewed several official PIDRA project documents (e.g. monitoring and evaluation reports of the PIDRA project) in three different provinces (East Java, East Nusa Tenggara, and West Nusa Tenggara). Specifically, I reviewed information related to the performance of the PIDRA project, the detailed location of the target areas, the topography of the locations, the characteristics of local

people, the accessibility of possible field sites, the presence of group-based microcredit programmes, and AG activities. The PIDRA project in the three provinces differs because local cultural and religious aspects differ, for example: East Java reflects Javanese culture or a Muslim community, while East Nusa Tenggara and West Nusa Tenggara reflect the Sasak culture and a Hindu community. Taking into consideration the researcher's cultural and religious characteristics - I am Javanese and Muslim - as well as access to the research site, I decided to choose the East Java province as the field site for my research.

Following this decision, I then visited the East Java province PIDRA project office in Surabaya to ask for a recommendation of the most suitable area for the fieldwork. As the work pattern of the PIDRA project was top-down structure, the process of obtaining formal permission for fieldwork in East Java was relatively easy (without any technical problems related to the formal permission). Then, following my arrival at the *BKP* office at the provincial level, I presented and discussed my research proposal with the PIDRA project management, as well as interviewing the chairman of the PIDRA project because of his strategic role in PIDRA project implementation in East Java. He then granted me formal permission and a letter of recommendation to be given to the chairman of the PIDRA project at the district level. Moreover, he also supported me by offering me access to official documents related to the progress of the PIDRA project in all the districts in East Java.

The PIDRA official documents report that six districts in East Java were targeted areas: Pacitan, Ponorogo, Trenggalek, Tulungagung, Blitar and Lumajang (BKP, 2010). From the discussion I had with the chairman of the PIDRA project management at the provincial level, I gained a general overview and a better understanding of the current project situation of the PIDRA project at the district level. Based on the discussion, Blitar district was recommended (by the chairman of the PIDRA project management at the provincial level) as the fieldwork location in my research. The reason was because according to the official report from BKP (BKP, 2009), the overall performance of the AGs in PIDRA project in Blitar district was considered to have successfully contributed to poverty alleviation and rural development in Indonesia. A systematic error that leads to an incorrect in determining district (selection bias of the fieldsite) based on the recommendation of the chairman of the PIDRA project at the provincial level was very likely occurred, for example the study of AGs in Blitar district is not representative of Indonesia (only the interest of

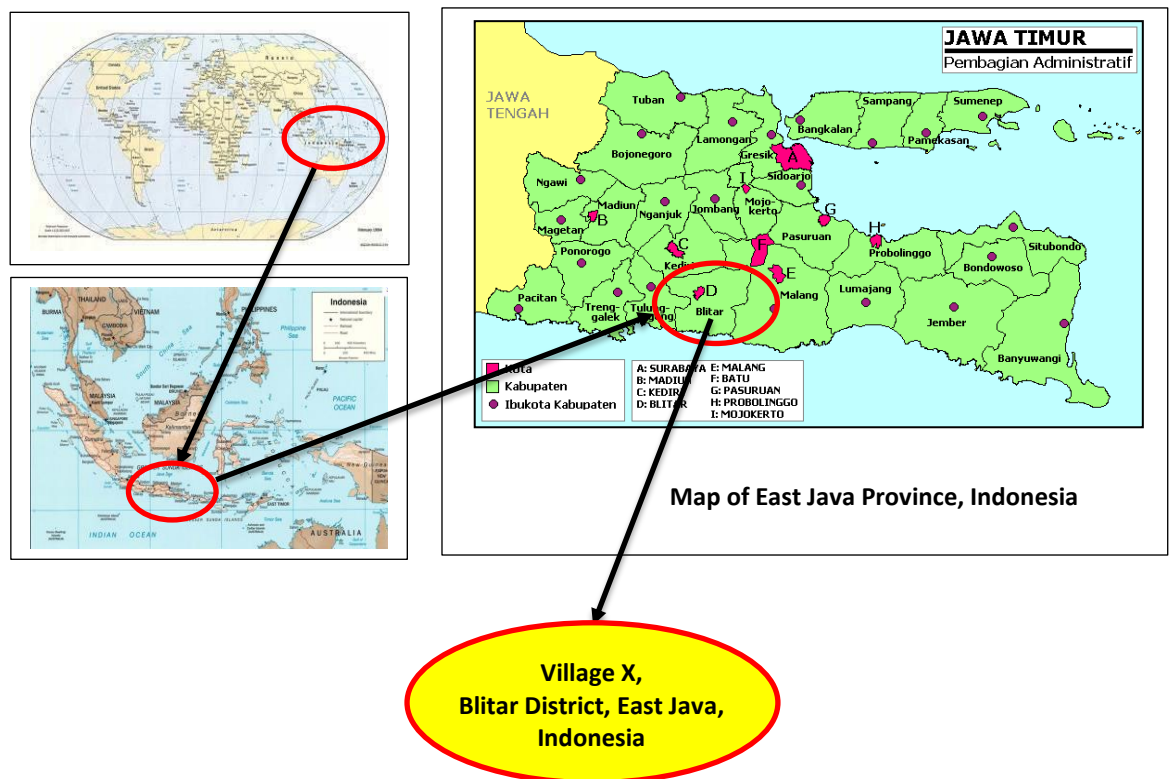
government). Some strategies to combat this bias, include: 1) I strived to minimize bias by trying positively and constructively conducted every stage of research; 2) I learned multiple information sources about AGs in PIDRA project, e.g. I spent about one week in the PIDRA office in East Java province studying several official reports of the PIDRA project.

Following a similar process of obtaining formal permission and a letter of recommendation, I visited the BKP office in Blitar district, at the time the PIDRA office. I had a meeting with the chairman of the district PIDRA project management to acquire more detailed information about potential villages that could be chosen for fieldwork sites. Although I obtained formal permission officially from both the national and provincial government levels, it did not mean that carrying out the fieldwork would subsequently be an easy process. As an outsider (a person from a different region) and an insider (Muslim), it was compulsory for me to register with the National Unity and Politics Agency (*Badan Kesatuan Bangsa dan Politik/BAKESBANGPOL*), which would be used by the local government to monitor all my activities during fieldwork. In practice, I had to submit several documents related to my research activities, including passport, letter of support from the University of Southampton, research ethics document, research proposal, and official letter from the PIDRA project management. This process was a formal procedure that I had to follow based on the local public policy to minimise unexpected occurrences or impacts of the research activities, such as disruption to local communities.

I conducted a meeting with the PIDRA project team in the Blitar district to decide a village for my research. There were several considerations involved, such as the fact that the rural poor had been involved in AGs and the microcredit programme, as well as the local people having strong cultural traditions and religious values (Javanese culture and Islamic teachings). Another consideration was the overall performance of the AGs which were able to maintain microcredit programme (majority of AGs still existed). In this study, a single village was selected due to the consideration of several technical aspects that were important to my research. First, there were AGs experiencing a diversity of group outcomes, such as an AG that failed to continue their activities (ceased to exist group); AGs that still existed (existing group); an AG that experienced a transformation as a mixed group (transformed group); and an AG that was able to replicate another group (inter-

generational or replicated group). These diverse groups provided challenges and contributed to achieving gender equality, especially related to women's empowerment as mentioned by Goetz and Gupta (1996). Second, accessibility of the field site as the majority of the PIDRA projects was located in very remote villages where access to public transportation and road infrastructure were lacking. From the discussion above, I have chosen 'Village X' as the research site because of ease of accessibility and consideration of safety aspect (Figure 4).

Figure 4. Map of the field site (Village X), Blitar district, East Java Province, Indonesia (Source: BKP, 2009)



5.2.3 Entering the Village

Before entering 'Village X', I decided to make a preliminary visit by visiting the head of the village (*Kepala Desa*). I explained the purpose of my coming to this village, which was to conduct research for three months. Although *Kepala Desa* was the first local person that I met (for gaining formal permission for the fieldwork), this did not affect my relationships with the villagers or the data collection. Since I had obtained permission from the national to district government levels, *Kepala Desa* also gave me formal permission to conduct research in this village. I then asked for his recommendation of the key people who have

strong influence in the village; for instance, social leaders (a person who is appointed by the villagers due to his/her charisma and deep knowledge about the village traditions); and religious leaders (a person who is appointed by the Muslim villagers because of his/her charisma and devotion to Islam). I then visited these people in their homes to introduce myself (as a newcomer) and to establish social relations with the local people. This strategy was very useful, as it helped to reduce my levels of anxiety and uncertainty before commencing the fieldwork.

Next, I made a preliminary visit about one week before I went to stay in the village during the fieldwork. In that time, I travelled on a daily basis by motorcycle from the city centre to the field site as I did not yet have accommodation in the village. I began this journey early in the morning (at 6am), carried out my observations of people in the village during the day, and then travelled back to the city centre in the evening (at 6pm). According to Jorgensen (1989; p.14), "*Participant observation aims to generate practical and theoretical truth about human life grounded in the realities of daily existence*". I observed the social life of the villagers to gain a deeper understanding of their daily routines. Sometimes, I also interacted with others to learn about the rural community's daily life, such as communal work in the village (e.g. *Kerja Bakti* and *Bersih Desa*). This process allowed me to investigate the local culture formed in the rural community (e.g. *Gotong Royong*), to try and obtain a good understanding about the life of rural people from their perspective and to be close to the rural people. Through this process, I had the opportunity to involve myself in daily conversations, meetings, and other activities that allowed me to capture information and data related to my research topic. The preliminary visit was useful for me and helped me to make the necessary preparations before entering the village. Moreover, I also became better accustomed at identifying the village areas during this period, which helped me to become familiar with the field site.

During this time at the field site, I met people with a strong social influence on the local community, thereby showing my respect for their culture and beliefs (e.g. *Kepala Desa*, the village officers; and the social and religious leaders). I explained to them that my arrival in this village had been approved by the local government authority for research purposes without any interest other than conducting fieldwork research. I also took this opportunity to conduct informal interviews with them regarding the significance of AG formation and how AGs related to gender, local culture, and religion.

Considering the technical aspects of conducting fieldwork, such as time effectiveness, ease in reaching the participants, and transportation issues, I decided to stay in the village after a week of field site orientation. My first impression when I moved to 'Village X' was that my neighbours were not welcoming, as they considered me an outsider (a person from a different region). They also felt that, as an urban dweller, I would not respect or understand their local traditions. Initially, they were very cautious, spoke carefully and tended to be introverted, which shows awkwardness in social relationships. To minimise this, by greeting and introducing myself, I reassured them that I am also an insider (Javanese and Muslim - although I cannot speak in all Javanese dialects). It was my strategy to be close to the villagers in order to try to understand their lives and to avoid gaps between me and them, e.g. I could learn their local dialects. I could also gain more information and data that I transferred to my research diary, while the local people also had an opportunity to informally communicate their feelings, problems, ideas and aspirations related to AG activities without feeling pressured.

In practice, I needed advice from the village government officers and the religious and social leaders on which house to rent during the period of fieldwork. Looking at the importance of the local culture and religious values in the field site, I decided to rent a house from a villager located close to the village office. This house had not been occupied for a long time by the owner because she had moved and settled permanently in another city, and the house was well maintained by her sister who lived next door. The reason I chose to stay in this house was due to its proximity to the village offices, as the centre of local government and rural community activities, helping me to access and obtain data/information from the village government quickly. Although I stayed in a place close to the centre of local government, the villagers were welcoming, as they had been informed by other villagers that my presence in this village was for conducting research. My accommodation did not affect participants' responses to my questions (especially when I did semi-structured interviews).

During my stay in the village, I needed a local guide to guide me during the fieldwork, so I ended up recruiting two guides who could speak the language and understand the daily customs of the rural people, i.e. language, geographical area and local culture. The criteria for selecting local guides were one male and one female, a good standard of speaking Javanese and Indonesian, a high school student or graduate, immediately

available, understanding of the study site and other villages (surrounding field site), and affordable within my budget constraints. The role of the local guides was crucial, as they facilitated me to meet participants, accompanied me during the interview sessions, translated Javanese languages (the local dialects I did not understand) into the Indonesian language (*Bahasa Indonesia*), and helped me to acquire a better understanding about people's lives in rural Java. Although both local guides always accompanied me during the fieldwork activities, on certain occasions, one of them (male or female) was unable to accompany me for various reasons e.g. he/ she had help parents with the harvest. When this occurred, I tended to direct the local guide who was able to accompany me to visit and interview participants of the same gender. I did this to show my willingness to respect Javanese cultural practices and Islamic religious values, where a gathering of males and females without sibling ties (*Mahram*) was forbidden (taboo).

The first thing I did when I lived among the villagers was to build social interaction by visiting the nearest neighbours around the house where I lived, particularly AG members accompanied by the local guides. I introduced myself as a student and researcher (outsider) and explained the purpose of my stay as being to conduct research during my time in the village. As I do not originally come from the field site, the translation of Javanese languages to *Bahasa Indonesia* or English proved a challenge. This process was very difficult for me because the villagers speak a number of different dialects, with different accents, and pronunciation of their day to day lives. Given my limited understanding of the Javanese dialects (I only understood the *Ngoko* Javanese dialect), the local guides were very helpful, as they understood various Javanese dialects and could translate the words or sentences that I did not understand. For example, the local expression for 'you' in the Indonesian language is '*Kamu/ Anda*', while in Javanese languages is '*Awakmu/ Kowe*' (*Ngoko*); '*Sampeyan*' (*Krama Andhap*); or '*Panjenengan*' (*Krama Inggil*).

On some occasions, I attempted to follow the daily routine of villagers to gain information and data related to the AG and microcredit programmes by visiting them in the farming area, traditional market and rural café (*Warung*). Another opportunity to obtain trust and acceptance from the rural community was by practising the Islamic religion properly. As I am a Muslim, I am aware that the majority of Javanese have a strong Islamic faith that has been rooted and implemented in everyday life. Addressing this situation, I often got

involved in Islamic activities together with the villagers in their daily routines, such as praying in the Muslim prayer room/mosque (*Masjid*) five times a day. Moreover, I was involved in Muslim gathering activities (*Pengajian/Tahlilan/Diba'an*) that were practiced on a regular basis (weekly or monthly) by the villagers. I was also invited by the villagers who maintained local traditional activities, such as *Slametan*, which is intended to send up prayers to their ancestors. I conducted these activities as part of my research strategy to create a closer relationship with the rural people and create the impression that although an outsider, I was able to adapt and feel comfortable with the rural environment, local traditions, and religious values, as well as living harmoniously among the villagers.

However, conducting the fieldwork was a challenge for me as an outsider conducting research in such a remote area where access to public transportation and road infrastructure is lacking. Researcher objectivity was also a challenge in conducting the fieldwork. One of the key fieldwork characteristics is the development of a mutual relationship and good communication between the researcher and the participants. Along with the intensity of interaction and length of time in the field site, my objectivity as a researcher may have faded. At certain times, I felt that I had lost my identity as a researcher and turned into 'insider' who had adopted local values (going native). To overcome this situation, I contacted my supervisors to discuss and provide suggestions related to the fieldwork activities. With this strategy, my objectivity as researcher could be quickly corrected or restored (in case there were inaccuracies of information/data).

Other challenges in conducting the fieldwork may also have come from myself (as a researcher) and/or the participants. Firstly, my personal background and values. As a Javanese Muslim, I have had long exposure to Javanese culture, traditions, and education systems, both at home and at school. Having a high educational background (i.e. Postgraduate Level in Rural Sociology) has provided me with the advantage of having knowledge about the lifestyles of rural people in Indonesia. In addition, my experiences as a facilitator in community developmental programmes at the local to national level, involving both national and international development stakeholders, has shaped my understanding and professionalism associated with diverse socio-economic factors influential on people's lives. These conditions may influence my choice of techniques to solve research problems, coming from my own strengths or weaknesses (intentionally or

unintentionally) in defining the appropriate combination of methodology, research designs and research questions. This may have influenced the quality of data collected and the results. Therefore, it was critical for me to remain open-minded, to acknowledge and constructively utilise criticism, and to become self-critical in a constructive way. Secondly, there were challenges arising from the participants' experience. In certain cases, participants were inconsistent and contradictory during interviews, particularly in answering 'sensitive' questions. I also felt that it was difficult to overcome the challenges of asking sensitive questions to participants, for example: asking very poor people about their poverty. To avoid such situations, I had to ask well designed questions, give equal/more attention during the interview process, allow participants to communicate their perspectives and thoughts, and identify any inconsistencies or contradictions throughout the interview to follow up with the participant or others.

5.2.4 Ethical Considerations

I implemented ethical conduct in this research to respect the rights and privacy of the rural community, particularly those people who are research participants. According to Miller et al., (2012; p.1), "*the complexity of researching private lives and placing accounts in the public arena raised multiple ethical issues for the researcher*". In addition to being aware of the importance of ethical issues in this research, I followed a formal ethics process. Therefore, the process of my fieldwork was guided by the major principle of ethical conduct of research as stated in the '*Code of Ethics and Risk Assessment for Research Involving Human Subjects*' from the University of Southampton²⁵.

After I obtained ethical approval from the Faculty Ethics Committee, I started to implement the checklist on the document 'Risk and Ethics Assessment' during fieldwork. I explained the consent form to participants for gaining their permission before conducting interviews. Obtaining participants' consent was the first task that I undertook when I entered the village. I found that meeting with the villagers face-to-face was an appropriate approach to obtain people's respect. I was aware of the right of participants to be well informed about the research when they agreed to become involved.

I had several valuable personal experiences from conducting fieldwork in 'Village X', Indonesia. Spending my time living among the villagers for three months gave me an understanding of the real life of villagers who live in remote rural areas. I took part in

mutual social interactions with the rural people; particularly through my relationships and sense of brotherhood/sisterhood with neighbours in the village, which became very close (e.g. by attending religious and social gathering activities). At the end of my stay in this village, I held a farewell meeting with the research participants and visited my neighbours' houses to say goodbye. According to Javanese tradition, as an outsider who is younger than the majority of the participants, it was compulsory for me to visit older people's homes. Therefore, I visited their houses one by one to show my respect to their culture and religious values. I also visited the house of *Kepala Desa*, as well as the homes of the social and religious leaders. On this occasion, I had the opportunity to extend my thanks and appreciation to all the people who had participated and contributed during the fieldwork. I also requested their contact details, including home address and phone number, for future communication. This was important for me, as I promised to keep in touch with them after the fieldwork activities ended. They also expressed a wish that the personal relationships we had developed would be maintained in the future.

5.3 Case study and Choice of Data Collection Methods

The implementation of the PIDRA project in a rural area in the Blitar district of Indonesia was chosen as a case study in this research. Yin (2013) states that the use of case studies is not only to describe 'the object under study', but also to thoroughly clarify 'how and why' the existence of such cases may occur. Stake (2005) notes that a case study aims to reveal the distinctiveness or uniqueness of the characteristics of the case studied. The main focus of the case study in this research is therefore AG formation as the basis for group-based microcredit programmes in a rural Indonesia. Everything related to the case, such as the nature of AGs, AG activities, and other matters associated with and affected by AGs were investigated, to comprehensively explain and understand the characteristics of AGs. However, there are several weaknesses of this case study: Firstly, it is not scientific. Case studies are viewed by some as less scientific or pseudo-scientific because they rely on the subjective interpretation of the researcher which may lead to questioning about the validity of the research results. Secondly, they are generalization problems. Since both the issue and the number of studies are very small, the generalization ability related to the research findings from a case study is low. Moreover, due to the case study being descriptive, it may not contribute to identifying ways of overcoming problems.

Thirdly, the cost of case studies is relatively high, due to the depth of information excavated for the case study. The excessive time and thought for a doing case study is much more than for large-scale studies, considering that the case study only produces limited data.

Nevertheless, Patton (2002) explains that a case study is a research method that is able to develop an understanding of complex issues and strengthen understanding of knowledge that has been previously known. The advantage of a case study is that it has the ability to reveal the real life of the contemporary and a general view of a certain case. Therefore, the results of a case study can connect directly between the experience of readers who are unfamiliar with the case and facilitate them to easily understand the real state of a complex situation. The key strength of the case study approach is that it gives the opportunity to use multiple data sources and combinations of several research methods (known as triangulation). The following sections explain some components of the qualitative research method implemented and how they functioned during the fieldwork in this research.

5.3.1 Document Analysis (Review of Documents)

Before doing fieldwork, understanding the concept of the AG and the implementation of the PIDRA project through several documents was important. As a resource and topic of information which focuses on facts and content to record social reality, a document represent the elements of causal effects, including authenticity, credibility, representation and meaning (Scott, 2006; Bryman, 2012). Moreover, Bowen (2009; p.28) states that '*Document analysis is a systematic procedure for reviewing or evaluating documents - both printed and electronic (computer-based and Internet transmitted) material and, like other analytical methods in qualitative research, document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge*'. Looking for the important documents, I started to identify various documents relevant to my research topic, such as the PIDRA project documents, documents related to AGs, and BKP/ Ministry of Agriculture reports (refer to Table 4). These documents were related to government policies and regulations on microcredit programmes and rural development. I reviewed several documents

related to the PIDRA project, particularly those concerned with the group-based microcredit programme and its significance to rural development.

In practice, I collected several official PIDRA project documents or archival records related to AGs published by IFAD, some of them available online and some not. To access documents online, I used Google Scholar or visited the official website of the institutions, for instance, IFAD²⁶, Grameen Bank²⁷ and Microcredit Summit Campaign²⁸. For documents that were not available online, I contacted related institutions that published relevant documents. For example, to obtain the PIDRA project's official reports in Indonesia, I submitted my request (formal permission by letter) directly to *BKP*, Ministry of Agriculture, and the PIDRA project team in Indonesia. In addition, I also critically analysed non-official documents relevant to AG activities, such as notebook that I produced during the PIDRA project (see appendix 13). I used these documents to record the reality associated with AG activities related to implementing microcredit programmes in Indonesia. This process gave a significant and comprehensive understanding, useful for selecting the research methods to be employed during my fieldwork. Examples of official documents for document analysis in this study are given in Table 4.

I also used the document (notebook) belonging to the AGs to learn about the activities that took place when the project was implemented. Due to lack of data management of the AGs, I only found notebook belonging to one AG (Group of Dewi Sartika -1) which recorded the group's activity since 2001. This group had been able to maintain the notebook properly (as the group archives), while other groups were unable to maintain these documents (most of the documents had been lost). From the documents, I found that the learning process of the AGs in performing microcredit and training programmes were recorded by the group administrator by handwriting. There were four AGs established during 2001. At this period, it was compulsory for every AG to record the group's activities in the notebook, including loan and saving programmes. Finding the group's notebook was a challenge due to the technical aspect of group data management i.e. lack of storage and extreme tropical weather (wet and dry season), causing damage to the notebook.

Table 4. Examples of official documents analysed

Documents Selected	Sources	Information From Documents
IFAD annual reports (year 1997, 1999, 2000, 2002)	IFAD, 1997 IFAD, 1999 IFAD, 2000 IFAD, 2002	IFAD's operation (from 1997-2001); IFAD programmes in Indonesia (including the PIDRA Project); history of the PIDRA project in Indonesia; the formation of Affinity Groups (AGs)
Rural finance: small amounts making a big difference	IFAD, 2004a	The history of the PIDRA project; the stage of the PIDRA project; guides to AG formation
Indonesia's strategic vision for agricultural and rural development	ADB, 2006a	Indonesian economic growth, women's participation in political sphere (evidence); microcredit programmes in Indonesia; issues related to the sustainability of Self-Help Groups (SHGs)
IFAD's efforts and achievements in equality and women's empowerment: corporate level evaluation	IFAD, 2009	The example of IFAD programmes in Pakistan (the aims, the performance, and progress of IFAD projects)
Progress report 2009: Participatory Integrated Development in Rainfed Areas	BKP, 2010	The performance and the progress of the PIDRA project in three different provinces in Indonesia (i.e. East Java, East Nusa Tenggara, and West Nusa Tenggara)
A roadmap to accelerate achievement of the Millennium Development Goals (MDGs) in Indonesia	BAPPENAS, 2010	Indonesia's development targets (e.g. poverty elimination, community empowerment, and gender equality)
Republic of India (Country Strategic Opportunities Programme)	IFAD, 2011d	Examples of IFAD programmes in India (the aims, performance, and progress of IFAD projects)
Stories from the field (Sustainability and more: how building local institutions keeps communities thriving)	IFAD, 2012b	IFAD strategies and experiences in community empowerment, especially improving women's participation through SHGs (AGs)
Statistics Indonesia	BPS, 2013	An overview of socio-economic data in Indonesia

5.3.2 Focus Group Discussions (FGDs)

According to Litosseli (2003; p.24), *'The focus group elicits information in a way which enables the researcher to find out why an issue is salient to the participants'*. I adopted FGD because the research topic was part of a social phenomenon (rather than being concerned with private matters), rooted in the participants' environment. Besides a relevant research topic, I was also interested in observing social interaction and looking for participants' (individual or group) experiences, like how people felt about AGs.

Moreover, FGD was used in this research for several reasons. Firstly, I was looking for a range of ideas or feelings that people had about key issues, particularly AG formation - an issue which considers aspects of gender, Javanese culture, and Islamic teachings.

Secondly, I was trying to understand differences in the perspectives of different groups of people regarding the AG as the basic for a group-based microcredit programme and a means for achieving rural development. The FGDs involved people (men and women) from various groups of the rural community on-site; i.e. rural officers, social and religious leaders, former facilitators and representative of the villagers who were AG members. Although participants in the FGD were mixed, the presence of men and women in one forum did not affect the implementation of the FGD, because all of the FGD participants were educated people, including the representatives AG members, one of whom stated she was confident in expressing her ideas during the FGD:

Although I am a woman, I feel confident for attending the FGD as the representative of the AG. The reason was because I was involved in several life skills training during the PIDRA project. I was used to discussing and expressing my opinion with other participants (including male participants) (FGD, Participant R-15)

In the FGD process, the topics of discussion were about microcredit programmes, gender issues, local culture, and religious values in rural communities, especially during the formation of AGs in the PIDRA project. The participants were able to raise some issues related to the research topic that they considered to be important and significant in various aspects of rural development e.g. the impact of microcredit programmes on gender equality. It was delivered in the Indonesian language, and I took the opportunity become the moderator of the FGDs, but it was being accompanied by male and female local guides to facilitate translation of the Javanese dialects used by participants. My role as a moderator was not a problem with gender issues (with respect to male and female participants), because all of the participants recognised my presence in the village as a researcher conducting research related to AGs. Moreover, I had also met the participants to establish who was willing to be a participant in FGDs, by presenting them with 'the Consent Form for the Focus Group Discussion (FGD)' (see appendix 5).

In practice, a non-probability sampling method (the snowball sampling technique) was applied to select participants for the FGDs. The success of this technique depended greatly on information about the participants obtained from key persons who had been asked/ interviewed previously (e.g. the local PIDRA team and the head of the village). For

example, with the district authority's permission and recommendation, I attended a village officers' meeting in the village hall, accompanied by local guides, to explain my purpose for conducting fieldwork in the village. On this occasion, I described the various stages of my research (e.g. fieldwork preparation and entering the field site), the research objectives, and the methods to be used to obtain data and information about AGs and their significance to rural development. During the discussion, I asked the meeting participants to recommend people who had been engaged in AG activities at the village level and who might be willing to be involved as participants in FGD. From this process, a list of potential candidates for FGD participants who were representative of villagers (including people from ten AGs) in Village X was obtained. The criteria of FGD participants used were gender (balanced proportion between male and female), age (adult), resident (people who live in Village X), and involvement in the PIDRA project or AGs activities.

In my research, various groups of the community in Village X that were concerned with rural development programmes and AG activities became the unit of analysis (the key target of participants who relates to a case study of AG formation). There were only ten AGs in Village X of which approximately a third of adult residents in the village were members, and I studied all ten AGs (see Table 5 and Appendix 9). I used a snowball sampling method to recruit a variety of different participants for the FGDs and interviews with criteria include: people from every AG (total 23 people from ten AGs (9 male and 14 female)), the former local PIDRA team (5 people including head of village (1 male), social leader (1 male), 1 religious leader (1 male), and 2 former facilitators (1 male and 1 female)), and government officer at village level (1 secretary of village (male) and 1 sub-village coordinator(male)). 23 of the 30 people were members of existing or previous AGs, many of those associated with the Federation, Rural Development Institution (RDI) and local government, but ordinary members were also selected.

However, even the key target participants were carefully chosen (by using a snowball sampling technique), sampling bias could be arisen from a non-representative sampling unit. To minimise the sample bias (in the list of potential FGD participants), I further verified the list of potential FGD participants (who meet the criteria above) to various groups in Village X that were concerned with rural development programmes i.e. AG members, social and religious leaders, and former facilitators. After conducting this process, there was no significant difference in the potential candidates for participants

recommended to be invited to a FGD. Finally, I collated a list of the participants (30 people - 14 men and 16 women) who agreed to be participants in a FGD and provided them with general information about the research.

The next step was to schedule a FGD (details of time - 15 April 2012 - and location - in the village hall) and I then invited the 30 people who had agreed to take part in a FGD representing various groups of the community in Village X e.g. village officers, social and religious leaders, representatives of AGs, and former staff facilitators (the criteria of FGD participants mentioned above). The first FGD was scheduled in the afternoon, midday, but not all the invited participants attended the meeting (only 10 participants from 30 invited), because some of the participants were still working in the farming area and doing their daily work activities. Following this, there were suggestions from the attending participants to schedule another FGD after working hours or in the evening (about 7pm) to engage more participants. I agreed to follow up this idea and arranged another FGD involving all 30 participants representing various groups in Village X. Technically, I divided this into two FGDs (15 participants (mixed gender) per session). Although information and knowledge about gender equality were obtained through life-skills training during the PIDRA project, there were concerns that male participants would be more dominant in expressing their opinions than female participants during the FGD sessions. I also explained to all participants that the representatives of various groups in Village X that were concerned with rural development programmes and AG activities had an equal right to 'speak' during the FGD.

To accommodate participants, I conducted two FGDs sessions in different places where participants felt comfortable (approximately 60 minutes for each FGD). With the FGD participants' permission, I took notes and recorded (using a voice recorder) the topics discussed in FGD. I then transcribed and translated the interview scripts from Javanese into Indonesian and English. Then the translations were checked by a proof reader with a good level of proficiency in Indonesian and English to ensure that the translation retained the original intended meanings. I split the participants into two focus groups (based on the distribution of their homes). Group one comprised those who live in the west area of the village and group two comprised participants who lived in the east area of the village. This division was based on *Musyawahar Mufakat* among participants and took into consideration the participants' house location and distance to the FGD location. I

conducted the FGDs in two different locations - at participant A's house (venue-1) for group one (2nd FGD attended by 15 participants) and at participant B's house (venue-2) for group two (3rd FGD attended by 15 participants), on a different day. I conducted FGDs involving the selected participants using the FGDs' guide (see Appendix 7).

In this study, FGDs were applied to stimulate information and data in a way which would enable me to find out the problems and the expectations of participants regarding AG formation and group-based microcredit programmes. Moreover, FGDs were a useful method for enabling me to pay attention to how participants talk about AGs and how they use their own words when reporting to illustrate the points discussed - such as on AG formation, gender, Javanese culture, and Islamic teachings and their relevance to microcredit programmes. Furthermore, FGDs also provided an opportunity to understand the perspectives of different groups of people about rural development based on their own perceptions. However, FGDs lasted a limited time, which did not provide a fair opportunity for all participants to express their opinions. Therefore, I complemented the information (data) from FGDs with other methods (e.g. semi-structure interviews).

5.3.3 Semi-Structured Interviews

Semi-structured interview was one of the qualitative methods which was applied in this research for data collection. According to Yin (2013), interviews are one of the qualitative methods most widely applied in case studies. One of the advantages of interviews is the flexibility to ask about a certain research topic between the interviewers and interviewees during the interview process. Specifically, Mason (2002) notes that qualitative interviews are very much dependent on interviewees' views and interpretations, which can be constructed or reconstructed during the interview itself (a specific form of social interaction). There are different types of qualitative interviews, including structured interviews, unstructured interviews, and semi-structured interviews (Bryman, 2008a). Technically, structured interviews have limited in flexibility to discuss topics, while unstructured interviews have freedom to express the ideas discussed because there are no interview guides. This study employed semi-structured interviews because of their flexibility to address specific issues referring to the theoretical context of a certain topic. Bryman (2012; p.438) further explains that in conducting semi-structured interviews *"the researcher has a list of questions or fairly specific topics to be covered*

(which may not follow on exactly in the way outlined on the schedule); and the interviewee has a great deal of leeway in how to reply".

The PIDRA project involved various development stakeholders at every level of government hierarchy - national, provincial, district and local (village). To facilitate the process, I did two stages: Firstly, I asked formal permission to carry out my research to the head of BKP (the PIDRA project management) at every governmental level. This process was a formal procedural mechanism regulated by the Indonesian government for those who want to conduct fieldwork in Indonesia. From this process, I received formal permission from the head of BKP at every governmental level to conduct research related to the PIDRA project. Secondly, I carried out semi-structured interviews with a representative of the PIDRA team at every government level (8 participants). In total, I conducted semi-structured interviews with 38 participants associated with AGs (Table 5), 30 of them were FGD participants.

Table 5. List of research participants were interviewed (Source: AG, 2012)

No	Status of participants	Group of participants	Number of participants	
			Male	Female
A. List of research participants were involved only in a one-to-one interview				
1.	Government officers at national level	Ministry of Agriculture	2	
		National Planning Agency	1	1
2.	PIDRA project officers	Chairman of the PIDRA Project (BKP) in Indonesia	1	
		Vice Chairman of the PIDRA Project (BKP) in Indonesia	1	
		Chairman of the PIDRA Project (BKP) in East Java Province	1	
		Chairman of PIDRA Project (BKP) in Blitar District	1	
Sub Total			7	1
B. List of research participants were involved in both a FGD and a one-to-one interview				
3.	The Local PIDRA team	Head of Village X	1	
		Social leader/ Head of Rural Development Institution	1	
		Religious leader/ Treasurer of Rural Development Institution	1	
		Facilitators - Local villager	1	
		Facilitators - BKP officer		1
4.	Government officers at village level	Secretary of Village X	1	
		Sub-Village Coordinator	1	
Sub Total			6	1
5.	The Affinity Groups			
	AGs (existing)	Heads of AGs	1	3
		Members of AGs	1	3
	AGs (ceased to exist)	Head of an AG	1	
		Members of an AG	2	
	AG (mixed - male and female AG)	Head of an AG	1	
		Secretary of an AG	1	
		Member of an AG	2	1
	AG (replicated - a women's AG which has led to the setting up of a new women's AG with young members)	Head of an AG		1
		Secretary of an AG		1
		Treasurer of an AG		1
		Members of an AG		4
Sub Total			9	14
Total			22	16

The selection of participants for semi-structured interviews was also based on purposive sampling methods. The success of this technique depended greatly on the initial contact and the connections made between the researcher and the participants in FGDs at the village government level. The semi-structured interviews were conducted with FGD participants who agreed to be interviewed in-depth (individually) about their AG activities (Table 5). I explained the consent form to participants for gaining their permission before conducting interviews. In this study, all FGD participants agreed to be interviewees for semi-structured interview (30 people - 14 male and 16 female). As I had met the interviewees during FGDs session, conducting semi-structured interviews became more flexible and I was able to create a friendly environment during the interview. However, problems during the interview session often occurred due to the lack of experience of the majority of participants, who had never been formally interviewed; such as feeling nervous. To deal this problem, occasionally, I made a quiz to participants by asking questions related to AGs activities in Village X, and gave a gift (in the form of souvenirs/ keychains from the UK) to participants who could answer the quiz.

I conducted the interviews in Javanese (local dialects) and/or Indonesian (*Bahasa Indonesia*) languages. With the participants' permission, I took notes and recorded (using a voice recorder) the topics discussed in every interview session. I then transcribed and translated the interview scripts from Javanese into Indonesian and English. Then the translations were checked by a proof reader with a good level of proficiency in Indonesian and English to ensure that the translation retained the original intended meanings. Every participant was interviewed at a time and place which was convenient for them, for example, at the participant's office, in the participant's house, in the farming area, or in the village hall. The majority of participants expressed their preference to be interviewed in their own homes after working hours to avoid interrupting their daily activities. Each interview lasted for about 60 minutes. During the interviews, I used the semi-structured interviews guide, which aimed to translate my research questions into interview questions (see Appendix 8).

5.4 Data Analysis

I conducted the data analysis process by applying two strategies: Firstly, preliminary data analysis was carried out at the field site in Indonesia while conducting the fieldwork. I noted and recorded (using a voice recorder) the topics discussed in FGD and interview sessions. I then conducted the process of coding. I divided the data into two different coding techniques, namely: coding as indexing (data reduction) and coding as a conceptual device (data expansion)²⁹. I also used memos and diaries during my fieldwork in order to assess research progress, identify emergent ideas, and sketch out the research strategy. I applied this strategy to summarise and make analytic sense of the collected data, helping me to organise an overall impression of the research results (examples of the coding process can be seen in Table 6). The preliminary data analysis during the data collection process gave me a chance to think about the existing data and develop strategies to collect further relevant data. Moreover, this process was used as a correction technique, leading to further data analysis for things that I was unable to observe during fieldwork; for example, the reason for corruption issues was explained by a participant during an informal discussion in a farming area. Secondly, data analysis was conducted when I returned to the UK. After completing the data analysis, all the data were sorted and classified based on the data sources; namely, data collected from the document analysis, the FGDs and the semi-structured interviews.

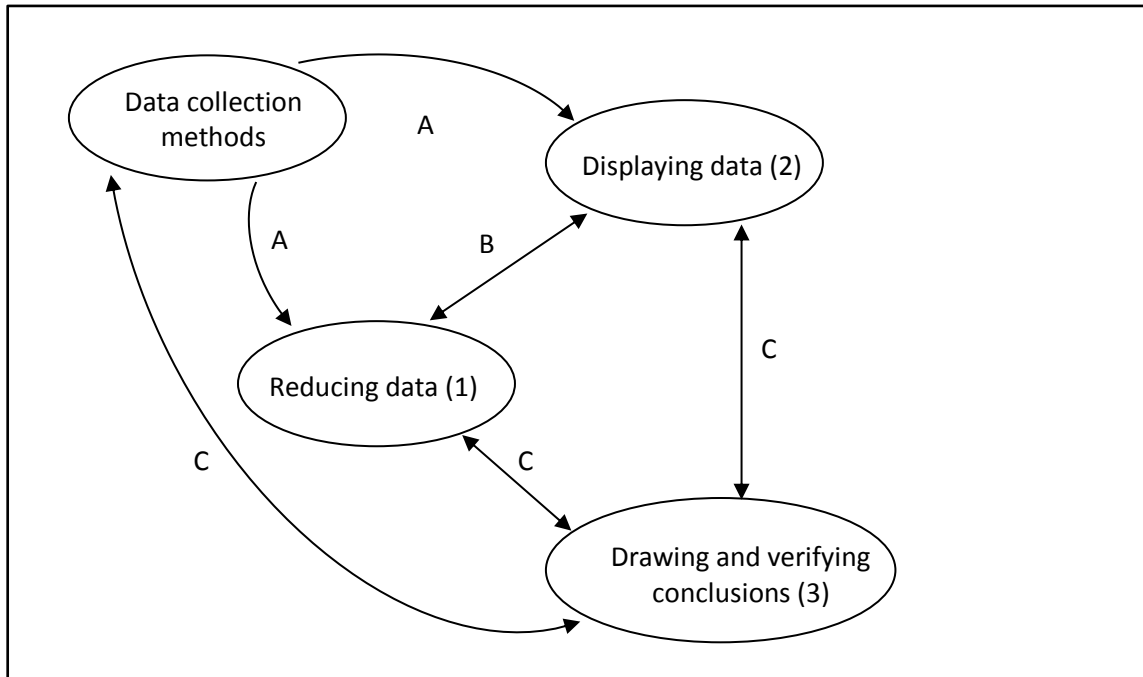
Table 6. Examples of the coding process

Original Transcription	Coding as Indexing	Coding as a Conceptual Devices
<p>At the beginning of the PIDRA project, various development programmes were promoted by government and facilitators, particularly encouraging the poor to come in groups in order to alleviate poverty at village level. Then, the rural poor were selected through methods for determining the category of the poor based on a combination of the UNDP indicators and the local people's perspective (known as wealth ranking methods). After the PIDRA project ended, several of the AGs remained in existence, which could demonstrate the sustainability of the AGs. As the poor were actively involved in the microcredit programme, they became independent, especially in managing their business. (Semi-structure interview; Participant R-4 (a male who was the chairman of the PIDRA project at the district government level)).</p>	Reason for joining an AG	AGs represent rural poor people who were determined the category of the poor based on a combination of the UNDP and local people's perspective
<p>I decided to become involved in an AG because I believed that the activities in this group would give me an opportunity to learn something new through informal education (life-skills training) facilitated by the PIDRA project. At the beginning of the process, I was very tired physically because of participating in various training activities during the PIDRA project period (e.g. training in leadership and entrepreneurship). It was because several training sessions were conducted in the afternoon after I finished my work on the farm. At that time, I did not understand the purpose of training that was held on a regular basis (monthly). It was because I could not directly enjoy its benefit in terms of economic impact. But now, I have realised that there were significant benefits for me, after experiencing along journey of a learning process through the various life-skills trainings which successfully increase the AG members' capacity building and their social position in the community, so that many rural development programmes could be entrusted to them. (Semi-structure interview; Participant R-11 (a female who was the head of a woman's AG)).</p>	Reason for joining an AG	Part of the learning process was through life-skills training to increase the capacity building of the AG members
<p>During the PIDRA project, I think the gender issue became a concept which was very dominant in increasing the economic and social impact for women in the family and the AG in this village. For example, when I was involved in the saving and loan activities (microcredit) in the AG, I could borrow money from the group for buying seeds and fertilizer in the growing season. Microcredit programmes helped my family to manage our farming business sustainably. I also saw that there was a change in cultural and social value among women toward a more positive direction, where the role of women in society was not regarded as inferior to that of men, but they have equal opportunities. For example, the participation of women in village activities (the role of women in the rural development institution, who have been involved in the planning and decision making process of rural development). (Semi-structured interview; Participant R-14 (a female who was the treasurer of a Rural Development Institution)).</p>	Reason for joining an AG	Equal opportunity for men and women to access credit through the AG to support their business and contribute to rural development (gender issue in rural development)

Source: Data from semi-structured interview with the AG members (2012)

I also adopted Miles et al. (2014) concept of qualitative data analysis which consists of three processes: 1) reducing data (or data reduction), 2) displaying data, and 3) drawing and verifying the conclusion (Figure 5).

Figure 5. Conceptual framework for qualitative data analysis (Source: Miles et al., 2014)



A. Data Reduction

I applied the data reduction method by carrying out a process of selecting and simplifying raw data that come from written records collected during the fieldwork. According to Bryman (2012), data generated from interviews and discussions (qualitative data) is usually unstructured information. In this case, the data needs to be analysed to derive conclusions. After the data collection process, I identified the key themes which had a special meaning related to the research topic, such as the significance of AG formation, building a new local institution, capacity building/ life-skills training, and the role of SMEs. In this research, I carried out a data reduction process to determine the conceptual framework of the research, the research problems, and approaches to further data collection methods. In this regard, I expressed the key concepts by assigning labels to the data, such as 'the AG represents the rural poor', 'training as a learning process to increase the capacity building', and 'saving and loans activities to support gender equality in rural

development'. The process of data reduction was continued after the fieldwork activities, until the completion of the final research report.

B. Displaying Data

I used structured information that gives the possibility for drawing conclusions and taking action through displaying data. I presented the data visually in the form of matrices, networks, graphs and figures. For example, I displayed the process of obtaining loans from microcredit programmes that were managed by AG. To understand the saving and loans process, I visualised the data by displaying a combination of figures and networks. This method was particularly useful for me to combine structured information, so that the data looked compact, interactive, accessible, and easy to understand.

C. Drawing and Verifying Conclusions

From the beginning, the process of collecting data, reducing data, and displaying data was on-going; the final step that needed to be done was drawing and verifying conclusions. I started to find the meaning in the data, noting the regularity of annotation, as well as writing up the possibility of cause and effect configurations from the beginning of the data collection process. I considered the process of drawing a conclusion which was initially a 'preliminary conclusion'; I then extended this to a more detailed final conclusion. I then verified the conclusion by triangulating or cross-examining the data obtained through different qualitative approaches e.g. combining data analysis from the FGDs, semi-structured interviews, and documents.

To support valid and reliable conclusions, I also used qualitative content analysis. According to Krippendorff (1989), content analysis is a research technique for making replicable and valid inferences from a text (or other meaningful matter) in the context of their use. Similarly, Zhang and Wildemuth (2009) state that qualitative content analysis emphasizes an integrated view of speech/ text and its specific context. In line with these arguments, Hsieh and Shannon (2005; p.1278) argue that "*qualitative content analysis is defined as a research method for the subjective interpretation of the content of text data through a systematic classification process of coding and identifying themes or patterns*". Two approaches are used in content analysis, namely inductive and deductive approaches (Elo and Kyngäs, 2008). Firstly, a inductive approach (data moves from the specific to the general) is recommended when there is not enough knowledge about a phenomenon.

Secondly, a deductive approach (data constructed in relation to a previous theory or model, therefore, data moves from the general to the specific) is used when the structure of analysis is operationalized on the basis of previous knowledge.

In practice, I used qualitative content analysis as a research method for subjective interpretation of the content of the text data through a systematic classification process of coding and identifying themes or patterns. I also implemented an inductive approach in the content analysis, based on an assumption that there was not enough knowledge about phenomena related to the research objectives. For example, the text data from official IFAD documents and data from the interviews with 30 participants were used as data and compared in relation to understanding the aspect of gender relations before and after AG formation. The IFAD documents and interview texts were sorted into several content areas related to gender analysis and these aspects were put to participants using questions such as, are men and women equally integrated in AGs? How do men and women in AGs differ?; and how do you think participation in AGs affects people's perspectives on gender differences in Indonesia? (Detailed examples of the content analysis process about gender relations between men and women in Indonesia can be seen in Table 7). This method reflects a retrospective approach relies on the recollection of the respondents, how they remember and describe how things have changed. I used retrospective approach as a strategy to assess outcomes and impacts the pre- and post-PIDRA project situation. Then, these impacts can be used to trace the influential variables were observed retrospectively, for example the impact of AG formation on the group members in women's socio-economic status and gender relation. However, the disadvantages of retrospective approach was research bias due to blind measurement without knowing what variables to measure. Another weakness of retrospective variable measurement was objectivity and reliability of data caused lack explanation of how to obtain complete data.

Both the IFAD documents and the interview scripts were read thoroughly several times to obtain a comprehensive understanding of the impact of the AG on group members, with an emphasis on gender equality. The texts related to gender equality from the IFAD documents and the participants' opinions were extracted and brought together into one text, which constituted the unit of analysis. The text was then divided into 'meaning units' and 'summarised meaning units' to gain a general understanding and a key point from the

original text or statement from participants. The summarised meaning units were abstracted and labelled with a code. The whole context was considered as a unit of analysis when summarising and labelling meaning units with codes. The various codes were compared, based on differences and similarities between the categories which constituted the manifest content.

Table 7. Examples of the content analysis process about gender relations between men and women in Indonesia

Documents	Meaning Unit	Summary of the Meaning Unit	Code
IFAD Document	'Gender relations in Indonesia strongly favour men' (IFAD, 2004a; p.xviii)	Gender relations in Indonesia favour men	Men always dominate women (patriarchal system)
Semi-structured interviews	I think gender is about the relations between men and women. According to Javanese culture, gender aspects are greatly influenced by the ancient Javanese proverb, where men are always dominant over women i.e. women are associated with 'Kitchen-Well-Mattress' (Dapur-Sumur-Kasur). Semi-structured interviews with participant R-10 (a male who was a soccal leader)	In gender relations between men and women, where men are always dominant over women	Men always dominate women (patriarchal system)
	In the tradition of the Javanese Family, I believe that a woman must support the man, follow the man's wishes, and completely depend on the man, as a wife and mother. Semi-structured interviews with participant R-18 (a male who was the head of a Men's AG)	Men are leaders of households in Javanese society	Men always dominate women (patriarchal system)

Source: Data from semi-structured interview with the AG members (2012)

5.5 Conclusion

In this study, I applied a combination of qualitative methods that emphasize the search for description and meaning of a social phenomenon through the application of social scientific procedures systematically for data collection. After obtaining permission and access from the relevant government agencies at national to local levels, I was able to collect data about AGs and the PIDRA project from one village in East Java. As a researcher, I had to adapt and develop some measures to overcome the challenges that emerged during the fieldwork e.g. visiting the nearest neighbours around the house where I lived accompanied by my local guides was 'compulsory' to build social interaction. Also, considering that the object of this research was a social phenomenon, involving humans (human behaviour) as participants, I had to comply with the necessary ethical requirements. The following chapters explore in detail the empirical findings obtained from the data gathered and analysed using the methods previously explained.

Chapter 6: The Establishment of AGs

This chapter examines how a group-based microcredit programme based on an affinity group model was initially established and implemented through the PIDRA project in rural Indonesia, and how the approach continued to operate, and whether and how it took into account salient characteristics of Javanese culture and Islamic teachings. The first section investigates how various actors were involved in AG formation in the PIDRA project and how their roles had an impact in AG formation. The second section describes the extent to which this microcredit programme selected appropriate villages and reached the rural poor as intended AG members in the PIDRA project. The last section explores how Javanese culture and Islamic teachings influenced the identification and selection of AG members.

6.1 Actors in AG Formation

As the main feature of the PIDRA project in Indonesia, the initial process of AG formation was crucial. Various actors from the national to local government levels were involved as development stakeholders (in the PIDRA project team), with the main task of establishing a microcredit programme based on AGs. Initially, the management of the working pattern of the PIDRA project was performed a top-down, while the PIDRA project at the local government level was conducted by a bottom-up approach (involving local communities) (IFAD, 2008). Several state institutions (as the actors) at national governmental level were involved to support PIDRA project, including: 1) Village Community Empowerment Board (*Badan Pemberdayaan Masyarakat Desa/ BPMD*) for development and community empowerment (facilitating training about community development, gender, group dynamic (organization), leadership, financial management (microcredit management), and book-keeping); 2) Department of Human Settlements and Infrastructure Areas (*Dinas Permukiman dan Prasarana Wilayah/ DPPW*) for technical planning activities infrastructure development and supervision of development activities (facilitating training about infrastructure development); 3) Research Institute for Agricultural Technology (*Balai Penelitian Teknologi Pertanian/ BPTP*) for activities related to information technology, technology demonstrations, development of biodiversity and coordination with programme implementation (facilitating training about agricultural innovation); 4) Department of Agriculture (*Dinas Pertanian*) to support the implementation programme

of the improvement in agricultural production of food, fruit and vegetables (facilitating training about agricultural system); 5) Department of Forestry (*Dinas Kehutanan*) to support natural resource management activities including agroforestry (facilitating training about natural resources and agroforestry management); 6) Department of Fisheries and Marine Resources (*Dinas Perikanan dan Sumberdaya Kelautan*) to support the activities of the management of coastal areas and fishery processing technology (facilitating training about marine and fisheries resources); 7) Department of Animal Husbandry (*Dinas Peternakan*) to support the health of livestock, increase in livestock population, and vaccination (facilitating training about livestock management); 8) Department of Plantation (*Dinas Perkebunan*) to support the cultivation and processing technology of plantation crops (facilitating training about plantation management); 9) Department of Industry and Commerce (*Dinas Perindustrian dan Perdagangan*) to support the quality improvement of the processed products, quality control of agricultural products, equipment processing, and marketing (locally and regionally) (facilitating training about agricultural marketing); 10) Regional Investment Coordinating Board (*Badan Koordinasi Penanaman Modal Daerah*) to support investment and processed food industries (facilitating training about entrepreneurship); and 11) Department of Cooperatives and SMEs development (*Dinas Koperasi dan Pengembangan Usaha Kecil Menengah/ UKM*) to support the development of cooperative management, capitalization and marketing results (facilitating training about cooperative management) (BKP, 2009, 2010).

The PIDRA project management in Indonesia was jointly managed by BKP staff as the PIDRA project coordinators (and representatives of the Indonesian government) and consultants from IFAD (as representatives of the donor institution). Due to the scope of the national programme, the PIDRA team was generally responsible for managing all activities related to the PIDRA project at the national level (IFAD, 2008). The key task³⁰ of the national PIDRA team was to manage coordination and consolidation of the PIDRA project implementation from national to the district government levels. The PIDRA project management at the provincial and district government levels followed a similar pattern to the national PIDRA team, due to its nature of Indonesia's centralised bureaucracy (a top-down structure). The PIDRA project management at the provincial/district government level was managed by BKP staff, according to the PIDRA project regulation. The PIDRA team formation at the provincial government level was

officially approved by the Governor (*Gubernur*), while the PIDRA team at the district government level was officially approved by the Mayor (*Bupati*). These teams were generally responsible for managing all the activities related to the PIDRA project in their territory, supported by a technical team drawing from several government agencies³¹ at the provincial and district levels i.e. Food Security Agency/ BKP (BKP, 2010).

Looking at their strategic roles, these institutions were involved in planning, organising, implementing and evaluating the PIDRA project, focusing on AG formation. At this point, the implementation of the PIDRA project appeared to be a top-down approach, due to the structure of the work pattern directed from the central (national governmental level) to the local governments (province, district, and village governmental level). However, along with the development of participatory mechanisms, which required the participation of the entire PIDRA project implementation structure in management activities, a bottom-up approach was also needed to ensure a common understanding among all the development stakeholders, including the local communities.

I am studying the institutional logics which focus in the operation of the PIDRA project in managing a group-based microcredit programme based on an AG model and involving various actors or development stakeholders with multiple goals, diverse human resources and different operational priorities. My study reflects that the institutional logics influence and assist the behaviour of frontline actors, as well as solidify their actions within local organisations as mentioned by Tracey et al. (2011); Battilana and Lee (2014); and Besharov and Smith (2014). The vice chairman of the PIDRA project in Indonesia as a PIDRA official explained:

'The PIDRA project team involved the representatives of BKP officers at national, province, and district level. At the village government level, there is a local PIDRA team representing various groups that were concerned with rural development programmes e.g. community leader and public figure. Then, the local PIDRA team selected the key target of AGs members. This mechanism reflects a combination of top-down and bottom-up approaches in rural development' (Semi-structured interviews, participant R-2)

According to participant R-2, he mentioned that the local PIDRA team involved various groups that were concerned with rural development programmes (including the representative of the village government (village officer), two influential village people (social and religious leaders), and two facilitators from local people who had previously been involved in community activities). This team helped in the selection process of AG

members by accommodating the combination of global (i.e. UNDP criteria) and local perspectives on the identification of AG members. Their involvement also reflects various elements of various groups in the communities. The active involvement of local people in development initiatives to a certain extent ensures a better impact, because more people were involved in development programmes, and this indicates that there was a shifting development paradigm from a top-down to bottom-up approach as mentioned by Chambers (2004).

6.2 The Initial Stages of AG Formation

This section outlines how the local PIDRA team identified the villages in which to work and reached the rural poor as the intended key target members in AGs in the PIDRA project, before the AGs were formed. The combination of global (i.e. UNDP criteria) and local perspectives on the identification of the AG members reflects various elements of hybrid organisations. The identification processes of AG members were examined to gain an understanding of the importance of AG formation in the context of rural development.

6.2.1 Selection of the Villages

The identification process of AG members started with the selection of villages in the PIDRA project areas. Using criteria and guidelines issued by the PIDRA team at the national and provincial levels, the PIDRA team at a district level identified, selected and decided the villages that meet the required criteria. For example, according to UNDP (2010), villages as suitable PIDRA project locations were: topography (highland villages in dry land/rainfed agricultural areas); demography (the proportion of poor people in the village over 18%); the composition between male and female should be balanced or the proportion of women over 10%; and a commitment from the village or local government to implement the PIDRA project activities.

Although the PIDRA team designed the criteria for the selection of PIDRA villages involving various groups that were concerned with rural development programmes at the district level, not all the villages in each district were chosen as target locations. Due to lack of information about the villages' characteristics in Indonesia, several villages that met the criteria for the selection of PIDRA villages according to UNDP criteria (as mentioned above) were selected as the PIDRA project locations. However, adjustments to

the village's criteria were made to meet in choosing the target villages of PIDRA project. When the district PIDRA team had difficulties in finding a target location (village) that fitted the required criteria, it was assumed that the higher the altitude of a village and the more difficult it was to access public infrastructure, the higher the proportion of poor people it contained. The chairman of the provincial PIDRA team (male) explained:

'Data in villages located under the provincial government were managed conventionally due to the poor quality of human resources available to manage data. In this context, the PIDRA project had no commitment to use the standard criteria and was possibly less precise in choosing the target villages. The PIDRA projects were only concerned with project implementations, because the availability of a government budget follows the state budget mechanism (Semi-structured interviews; Participant R-3).

In an interview with Participants R-3, he argued that because the criteria for site selection were not always applied correctly, some villages were chosen which were not really suitable as target villages. In some cases, it was possible to identify a target village which was not based on the criteria determined by the PIDRA project team. For example, there were villages where residents were not very poor and had a standard of living above the average from their farming business, but had still been chosen as target villages for the PIDRA project. On the other hand, there were other villages where people were classed as very poor based on their social-economic conditions, but were not included as target locations of the PIDRA project. Decisions were made by the PIDRA project to identify the required number of villages and implement the PIDRA project (in line with the annual budget disbursement mechanisms managed by the national government). These findings demonstrate that the formation of AGs, as one type of hybrid organisation or SEO, needs to acknowledge various assumptions and values which can influence people's perception and behaviour (Besharov and Smith, 2014) and accept various organisational processes in order to achieve the social mission (Santos et al., 2015).

Village X was chosen by the district PIDRA team because it met the requirements as a target location for the PIDRA project. The people in this village were predominantly ethnically Javanese and lived in impoverished conditions, characterised by low-incomes and a lack of education. As most of the villagers were working in the dry-land agricultural sector, they faced difficulties in managing their agricultural business because of the limited availability of natural resources. Moreover, the topography of this area was dominated by highlands, but an irrigation system to support the expansion of agricultural production was lacking. This village was located in a remote area where there was a lack

of rural infrastructure, such as roads, electricity supply, markets, financial institutions, education and health facilities. These conditions had impeded the development process.

The identification of the target location was followed by the identification of target participants in AGs at the village level (BKP, 2009). Firstly, the district PIDRA team undertook an orientation project by visiting possible target villages. Secondly, the district PIDRA team conducted an initial meeting with village officers and representatives of the rural community. These processes were aimed at introducing and disseminating new concept of development programmes sponsored by the Indonesian government and IFAD in the form of the 'PIDRA project'. This opportunity was also used to establish a local PIDRA team for the implementation of the PIDRA project in a village. The chairman of the PIDRA project in Blitar district mentioned:

'Prior to the implementation of the PIDRA project, my team (the district PIDRA team) visited several villages to disseminate the PIDRA project. We held meetings (community engagements) with rural people and offered them the opportunity to get involved in the PIDRA project (i.e. those communities groups developed by the local PIDRA team)' (Semi-structured interviews, Participant R-4)

The reason for involving local people in the local PIDRA team was that it was hope that they could contribute to the success of the PIDRA project, as they were already knowledgeable about the daily situation and the dynamics of real life in their community. In addition, it was hope that this would avoid errors in targeting participants who already had social interactions with each other in their daily routines. Also, by giving local people the opportunity to take part in the various stages of the PIDRA project, it was hope that local people's participation would be increased (i.e. community engagement as mentioned by participant R-4 above). The involvement of local people is a substantial factor in the implementation of the PIDRA project, particularly with respect to the formation and operation of AGs. As involvement, it was thought, might determine the success or failure of an AG. As stated by Lewis (2003) and Conforth (2004), from the perspective of the performing paradox, actors within hybrid organisations may adversely influence the organisational performance and conformance, or management control and support, particularly if there is tension among actors or mission drift.

Key development stakeholders, officially identified at the rural level, were involved in the local PIDRA team. Their involvement had an important influence on the selection process

of AG members (i.e. the head of village was involved in the PIDRA project planning at the local level). The head of village X (male) stated:

'I attended the meeting which discussed about the PIDRA project in this village. Since I was appointed as a member of the local PIDRA team, I was involved in the identification of target participants in AGs, including identifying the poor in every Sub-Village (Dusun)' (Semi-structured interviews, Participant R-7)

To begin the identification process of AG members, a meeting was held in the village hall by the local PIDRA team and community representatives from every *Dusun*¹. The aim of this meeting was to reinforce and strengthen the local PIDRA team's commitment that the PIDRA project would be implemented and that funding would be allocated for development programmes in their village. The meeting also aimed to implement the criteria of rural poor that had been set by the local PIDRA team (by mutual agreement) to select participants in the AGs. The aim of this meeting was to receive feedback from the participants about the criteria used, the selection of candidates, and the schedule for the next meeting that would be held at the *Dusun* level.

Prior to the meeting at the *Dusun* level, the local PIDRA team assisted by the head of the *Dusun*, and the village officers, re-checked the preliminary data on the target participants in the PIDRA project listed in the output from the previous meeting. The data re-checking process was important because it was considered important the appropriate target participants in the PIDRA project was based on the criteria determined by the local PIDRA team. The process of listing and categorising of the rural poor was also extremely sensitive, such a selection process can potentially cause dissatisfaction among others who consider themselves poor, but are not included in the list.

After the re-checking process, the targeted participants were invited to attend *Dusun* meetings. During these meetings, they were provided with more detailed information about the PIDRA project and its association with rural development. At the same time, they were asked whether they wanted - or did not want - to participate in the PIDRA project. According to the interview with participant R-11, this process offered a great opportunity for the target participants to decide, without any coercion from any parties. In the context of participatory approaches, this process represents an innovation for

¹ *Dusun* is the smaller authority of local government under the village

building the capacity of local people by giving them an opportunity to take part in every stage of a new development project. The head of a women's AG mentioned:

'When I was invited to the PIDRA project meeting for the first time, I attended the meeting because of the benefit of the project to the rural community. There was no pressure from other people. I realized that this project also offered positive programmes for rural development e.g. microcredit and training activities' (Semi-structured interviews; Participant R-11).

6.2.2 Criteria for Potential AG Members

The intended AG members in the PIDRA project were poor men and women, in order to accelerate poverty reduction and introduce gender awareness among rural people in Indonesia. There were therefore two criteria which determined how to select potential AG members. First, that they should be poor. The PIDRA project team implemented 'the wealth ranking methods' - a method used to determine the poor based on the indicators of poverty developed by the UNDP (UNDP, 2010; BKP, 2011; Duclos, 2011; Alkire and Santos, 2014). For example, people who were categorised as poor should meet the following criteria: 1) low-income level (e.g. people who worked as part-time farm workers); 2) low educational level (e.g. people who had not finished school/only finished elementary school education); and 3) lack of infrastructure in the house (e.g. people who live in houses without electricity and with dirt floors, and who have difficulty accessing clean water). The chairman of the national PIDRA team explained:

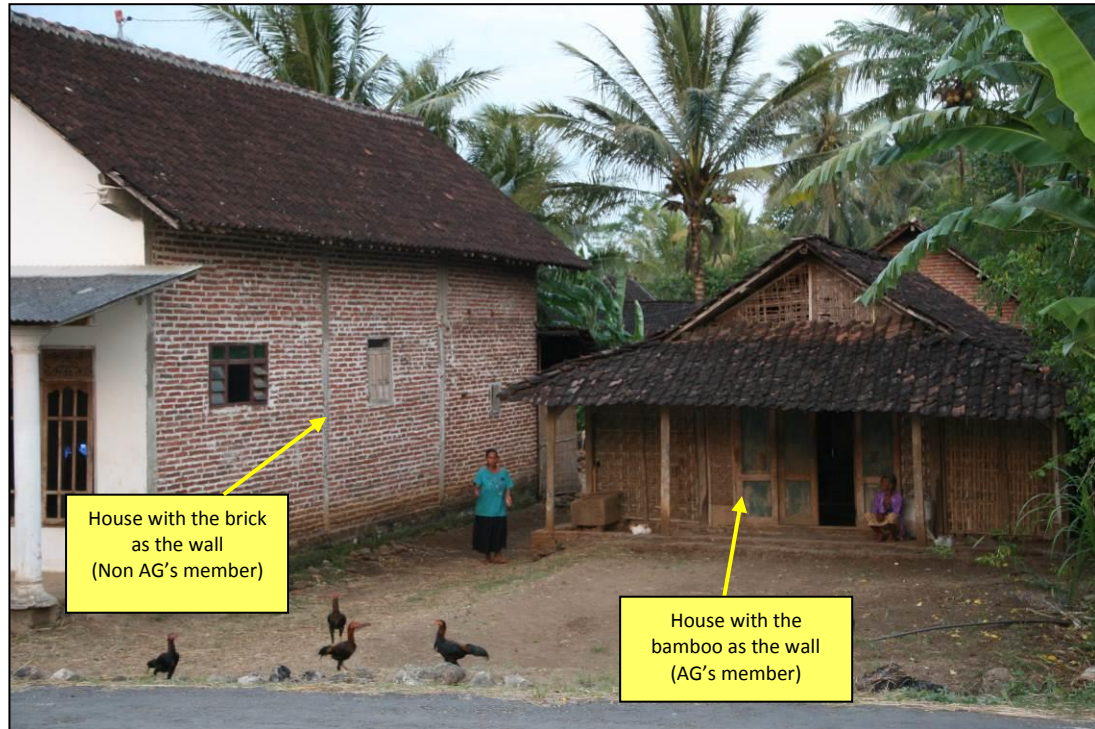
'The criteria of poor people (men and women) who became the AG members in the PIDRA project was determined based on poverty indicators from the UNDP, including health, education, and living standards' (Semi-structured interviews; Participant R-1).

In Village X, the criteria used to determine the rural poor were: 1) people who were categorised as having a low education level as they had problems with literacy and numeracy; 2) lack of quality housing indicated by the condition of the house e.g. a house with bamboo walls and an earth floor (Figure 6); and 3) low family income level², defining people as poor if they struggled to finance their lives (e.g. small farmers, farm workers). The output of the application of these criteria was a list of the rural poor according to the

² Income category per month: Low Income = IDR < 1.000.000 (<£50); Medium income = IDR 1.000.000-2.000.000 (£50 - £100); High income = IDR > 2.000.000 (>£100) (£1=IDR 20.000). The regional minimum wage in Blitar district, East Java, Indonesia in 2015 is IDR 1.260.000 (£60) per month or equal to IDR 42.000 (£2) per day (<http://www.blitarkab.go.id/2012/06/292.html>)

UNDP's poverty indicators (based on data available in the BPS at the district/village government level). This data was then used as a reference for a further selection process following the second criteria.

Figure 6. House quality of the AG members (Photo was taken by researcher in 2012)



To obtain an in-depth understanding of the term 'rural poor' in the community, broader meanings of the poverty dimensions were explored. When I questioned participants about the poverty criterion, based on their own views, some were unwilling to answer because the issue of poverty was a very sensitive one based on their Javanese culture. For example, the Javanese culture of '*Sawang-Sinawang*', the habit of mutual respect for themselves or other people's circumstances. Some participants simply expressed their understanding of the criteria of being identified as 'rural poor', although they identified several possible indicators of poverty and did not always agree. For example, a woman who belonged to a mixed AG said that the criterion of poverty is indicated by poor housing conditions (i.e. due to lack of financial capability and poor living). She mentioned:

'I replaced my husband (who had died) as the member of the AG (Mixed group). Before joining the AG in 2002, the condition of my house was simple, the ground floor was without ceramic (dirt floor); the walls were made from bamboo, and I did not have a permanent bathroom/ toilet (I always go to the river for bathing purposes)' (Semi-structured interviews; Participant R-17).

However, a member of a men's AG said that the criteria of poverty is associated with educational background because low educational status resulted in difficulties in accessing better jobs, limiting the capacity to earn a better income.

'I did not finish my primary school education. Since then, it has been difficult for me to access further education. I am aware that my low educational background was associated with my job and status as a rural poor person'. (Semi-structured interviews; Participant R-21 (male))

The large number of dependents in a low-income family was also identified as a cause of poverty, by a member of the women's AG studied. Also, the fact that she was living in a rural (dry land) area and could only depend on the agricultural sector as her main source of income, meant that her low-income was insufficient to fulfil the family's basic daily needs.

'I have a big family where I am living with my mother, my husband and five children. I and my husband are working as farm workers (part-time job) in this village'. (Semi-structured interviews; Participant R-30 (female))

The second criterion was based on the knowledge of the representatives of local people who were members of the local PIDRA team (i.e. social and religious leaders). Besides being the rural poor, the key target participants in AGs were people who were willing to be active in community and religious activities. These people, it was considered, should have self-awareness and willingness to join the PIDRA project. In Village X, the key potential participants in the AGs were those men and women who actively contributed and participated in community activities initiated by the rural government. The male social leader explained:

'I recommended the villagers (men and women) who were categorised as the key target participants of the AG, such as those actively involved in community activities (e.g. Slametan and Arisan)' (Semi-structured interviews; Participant R-10).

Due to the characteristic of the village as a Muslim community, the active contribution and participation of men and women in religious activities became a criterion for selection of target participants in the AGs. In Village X, the religious leader believed that the more often people make social contact through religious activities, the better social control can be. This was mentioned by the religious leader below:

'I encouraged rural people who were actively involved in religious activities (e.g. Pengajian/ Tahlilan/ Diba'an) to join in the AG' due to them having already known each

other which can create the mutual trust among them (Semi-structured interviews; Participant R-9).

The use of a combination of global (i.e. UNDP) criteria and local perspectives for the identification of the key target of AG members above raised debates among the local PIDRA team members. There was an agreement among the local PIDRA team members that the selection process of potential participants in the PIDRA project based on the criteria of rural poor, the involvement of villagers in the community and religious activities. However, there was a case in Village X that the identification of AG members only based on UNDP or local peoples criteria. The testimony below shows that despite the disputes among the local PIDRA team members about the use of the criterion on selecting AG members, the local PIDRA team finally selected participant R-23 as one of the key targets of AG members to fulfil the minimum number of the group members in an AG (maximal 16 people per group). This consideration was only based on the main indicator of poverty (poor villagers), without considering the local perspectives of the local PIDRA team (e.g. the involvement of villagers in the community and religious activities). A man who had belonged to an AG which had ceased to exist explained:

'I had never been involved in the community and religious activities before I joined in the AG. Due to my social-economic status of being a poor villager (i.e. working as a farm worker) with a low family income level, I was selected to become a key target participant in an AG by the local PIDRA team' (Semi-structured interviews; Participant R-23).

6.2.3 Phase of Identification and Establishment of AGs (Phase-I)

The formation of AGs consists of four phases, namely: a phase of identification and establishment (Phase-I); a phase of stabilization (Phase-II); a phase of independence and weaning (Phase-III); and the establishment of the Federation and Rural Development Institution (RDI) (Phase IV). This section only describes a phase of identification and establishment (Phase-I) as the first stage of the AGs formation, while other phases are discussed in chapter 7 (AG Activities), section 7.1 (Institutional Strengthening of AGs).

Strengthening community-based institutions

In general, the phase of identification and establishment of AGs took 0-5 months (BKP, 2010). This phase started by empowering rural poor people (men and women) through a process of strengthening community-based institutions. AGs members were composed of individuals who interacted with each other, due to the similarity of their life

circumstances as poor people who lacked the basic necessities of human needs and living standards. IFAD stressed that AGs were established as a way of strengthening communities: “*empowering poor communities by establishing self-help Affinity Groups*” (IFAD, 2008; p.8). According to BKP official report (BKP, 2010), the term of ‘Affinity’ was used for the people involved in the groups in reference to the similarity and proximity of lifestyles among group members. Physical proximity between group members living in the same geographical area in rural Indonesia tends to increase the possibility of social interaction and joint activities. Additionally, a shared Javanese ethnicity and Muslim identity among the group members creates social solidarity oriented to improving their living standards. Consequently, the proximity and similarity of life among group members play an important role in AGs as it helps hold them together and gives a basis for social interactions (*Gotong-Royong*). This was mentioned by the social leader (male):

‘For a long time, the characteristics of the way people live in this village was well known as producing a harmonious society. Rural people are willing to give mutual help (Gotong-Royong) and share mutual respect among each other. As the social leader, I was responsible for maintaining the Javanese values that exist in the society, including for the AG members’ (Focus Group Discussion; Participant R-10).

The above statement reflect the majority of participants’ views that *Gotong-Royong* becomes a key element in the implementation of developmental programmes in rural areas which allow people to unite in a spirit of togetherness. The spirit of *Gotong-Royong* in microcredit programmes, help the AGs to maintain and strengthen solidarity among their members. Due to their circumstances, the AG members in Village X were previously marginalised and excluded from development. Once the PIDRA project was implemented, AG members were allowed to determine their priorities through a participatory planning process e.g. savings, loans, and life-skills training. Thus, the AG can be considered as a hybrid organisation, due to the adoption of innovative approaches such as microcredit and training activities (with consideration of Javanese culture and Islamic teaching) to alleviate poverty and to achieve gender equality in rural Indonesia.

In Village X, the identification of AG members also sought to accommodate poor people who had been involved in pre-existing social and religious activities before the PIDRA project was implemented in this village e.g. *Arisan* and *Pengajian*. The reason was to provide an opportunity for them to be more involved in community development programmes through the PIDRA project. These include community participation in the

process of identifying the problems and potential that existed in the community, decision-making about alternative solutions to address these problems, problem solving, and evaluation of the social changes that occurred as a result. *Arisan* and *Pengajian* were identified and optimized as the entry point to improve the capacity of poor communities at the rural and institutional levels to achieve self-reliance and continuity. As the facilitator (female) mentioned:

'The presence of the PIDRA project was expected to evoke the spirit of rural community through the Affinity Groups. The PIDRA project engaged with various group of societies as development stakeholders at the rural level e.g. Arisan and Pengajian. These groups were common social and religious activities that could be involved in the PIDRA project (Semi-structured interviews; Participant R-10).

In the process of identifying potential participants, thus, the local PIDRA team required sufficient experience to identify the groups that had already grown naturally as the basis of community activities in the area. The social leader and the head of RDI stated:

'As a member of the PIDRA team, I identified people who were already involved in community activities (e.g. Arisan and Pengajian) as the target participants in the PIDRA project. This was to accommodate local wisdom in the village' (Semi-structured interviews; Participant R-10).

He described that the idea was that the AG members in Village X could be interconnected through common social and religious activities, which provided the basic for the accumulation of social capital through establishing AGs. Religious and social activities reflect key demands in community development programmes. Rakodi (2011a) argues that religion is an important element in people's social lives, influencing their priorities and goals related to development programmes. Therefore, using the above mentioned criteria, AGs were established with 15-25 members in every group. The main activities of AGs included microcredit (savings and loans) and life-skills training (the mechanisms are explained in Chapter 7, Section 7.2.1 and 7.2.2).

The role of facilitators

In its operation, microcredit and training programmes were assisted by facilitators. The facilitators were recruited by the district PIDRA team. In a Village X, a female facilitator was a member of staff from the government institution (BKP), and a male facilitator was a local villager who had previously involved in community activities (e.g. *Karang Taruna*). During the PIDRA project period, the facilitators received a wide range of life-skills

training, facilitated by the PIDRA project e.g. they received training in organizational and financial management, community empowerment and gender training, capacity building training, and entrepreneurship training. The facilitator from BKP (female) mentioned:

'I was appointed as the facilitator of the AG programme by the district PIDRA team. I was selected by the district BKP office to be specially trained on community empowerment (including gender awareness training). These programmes helped me to assist the AGs to be self-reliant (Semi-structured interviews; Participant R-6).

The main task of the facilitators was to assist the AG members to understand their common objectives and help them to plan, organise, and deliver activities. As the facilitators had received intensive training from the PIDRA project, they assisted the AGs in performing microcredit activities (e.g. savings and loans). Facilitators also delivered life-skills training to the members of the AGs, such as agricultural innovation and entrepreneurship training. Through this process, facilitators encouraged the AG members to develop productive economic activities that were oriented towards improving their quality of life. This ethos was illustrated by a man who served as an AG facilitator:

'At first, when I became the facilitator for the AG programme in this village; I was confused, as I did not understand the characteristics and the desires of members. I conducted a simulation by applying the role-playing method for all members to try and find out their expectations from the future. Improve their self-confidence through microcredit and training programmes for a better life' (Semi-structured interviews; Participant R-5)

The facilitator (R-5) was a local villager who had previously been actively involved in *Karang Taruna*. Before the PIDRA project was implemented, he had graduated from a university and become actively involved in various rural development programmes intended to mobilize the participation of rural people (especially the younger generations), two of which were an agricultural training centre and an environmental conservation programme. Due to his qualifications, the district PIDRA team chose him as a facilitator for the PIDRA project in Village X. He mentioned that AG programme was very important, as it addressed the issues faced by the rural poor in rural development. According to him, providing motivation for AG members through microcredit activities was crucial in allowing them to build up the courage to express their personal opinions and to provide ideas on how to solve agricultural problems. In addition, life-skills training was essential to provide opportunities for the members to improve their knowledge and skills before they started micro-enterprises. This statement echoes the official IFAD

document (IFAD, 2004a; p. xvii), which claimed that the PIDRA project wanted ‘*address the needs of the poor, as defined by the poor*’. The training programmes provided to the AG members were also coherent with Liamzon (2016), who suggests that it is important to identify the necessary training to be given to group members.

The dynamics of the AGs in Village X, Indonesia

According to the data collected in 2012, nine AGs were established in Village X between 2001 and 2003 (four Men’s and five Women’s AGs). A tenth group was formed in 2011. In 2012, seven of the groups that were formed between 2001 and 2003 still existed, one had ceased to exist, one had transformed into a mixed group, and one had be newly founded in 2011 (see Table 8). As my study did not cover data published after 2012 about the AGs activities, the limitations of this study only describe a phase of identification and establishment (Phase-I) of AGs in Village X until 2012.

Table 8. AGs in Village X, Indonesia in 2012 (Source: AG, 2012)

No	Name of the AG	Formed	Type of the AG	Total members	Status of the AG in 2012
1.	BL	17-Apr-2001	Men	15	Ceased to exist in 2007
2.	DS-1	17-Apr-2001	Women	25	Existing*)
3.	DS-2	01-Jan-2011	Women	20	Existing*)/ Replicated
4.	SM	17-Apr-2001	Women	16	Existing
5.	SD	09-Agt-2001	Men	11	Existing
6.	LS	10-Mar-2002	Women	15	Existing
7.	GR	14-Mar-2002	Mixed	19	Existing **)/ Transformed
8.	KL	18-Mar-2002	Women	17	Existing
9.	SR	18-Mar-2002	Men	22	Existing
10.	SMK	25-Mar-2003	Women	18	Existing
				178	

Note: *) *The women’s AG which has led to the setting up of a new AG with young members; **) previously a men’s AG, this has changed into a mixed AG*

The above table shows that several AGs in Village X originally set up in 2001/2 had experienced a change, for example, DS-1 (*the initial group name*) was formed in 2001, and DS-2 (*the initial group name*) was a new group that was established in 2011 by DS-1 (both DS-1 and DS-2 were still exist in 2012). DS-2 was formed from a women’s DS-1 with different group members (known as an AG replication). The replication of the AG indicates that the group and its members had been able to convince other community

members (mostly young women) to form a new group because of the potential benefits, for example: being involved in microcredit and training activities. A woman who had belonged to an AG which replicated stated:

'I was inspired by my neighbour who was head of a women's AG. She had a strong work ethic and her hard work contributed to the family income. She also has the skills to manage the AG and oriented to improve the members' welfare. I learned a lot from her, especially how to set up a new business and establish social networks. For that reason, I joined as a member of the AG' (Semi-structured interviews; Participant R-27).

The inter-generational AG (i.e. a group of DS-2) encourages social interaction processes among the rural poor and gives the opportunity to group members to explore their own experiences and to understand the interests of others. Another example is 'the GR group' (*the initial group name*), an AG in Village X which experienced a transformation. Initially, this group was a men's AG, but then changed into a Mixed AG, due to the composition of group members. For instance, when one of group members died, and there were no male family members, a female family member (wife or daughter) could take the place of the deceased male group member to maintain the group continuity. This provides clear evidence (as mentioned by participant R-17 below) that there was a process within the group to maintain its steadiness and that the group was able to understand and interact with any conditions needed to keep the group alive, including the membership of women, even though this changed the group's original status. This was described by a female participant who was the member of a mixed AG:

'My late husband was a former member of the AG. He contributed to the group to plan a group business. However, before he realized his dream, he passed away. The head of the AG offered me (as his wife) to replace my husband's membership as a group member (because I have not had a son in my family). The reason was my husband still had productive financial assets in the group (in the form of group business)' (Semi-structured interviews; Participant R-17).

However, there was also a group which did not survive (ceased to exist in 2007) due to internal conflicts, namely BL (Men's AG) - (*BL is the initial group name*). The conflict was mainly related to financial management, such as no transparency in the budget allocation and inequality in the distribution of financial services. These conflicts led to poor solidarity and trust among the group's members; therefore, the disbanding of the AG was unavoidable. While other groups (e.g. SM, SD and others - (*SM and SD are the initial group name*)) still exist to the present day because they can manage the solidarity of the members and maintain the microcredit programme.

Furthermore, there were problems implementing the microcredit programmes in this AG. For example, the case of ceased to exist group in Village X. Group members who were related to group leader allegedly benefited from nepotism. The ceased group also failed due to mismanagement of the finances by the group leader. A man who had belonged to the AG studied which ceased to exist stated:

'The Group leader was very dominating in all group activities, including the management of funds. For example, he was engaged in corruption, collusion, and nepotism (known as KKN - the Indonesian terms for Corruption, Collusion, and Nepotism) and only gave loans to the people in the group who had family ties to him (Semi-structured interviews; Participant R-22).

Based on the narrative above, it is clear that besides nepotism, the main reason for the dissolution of this group was corruption by the group leader (interestly, this was only a problem in one of the men's groups). This led to an imbalance in the cash flow, resulting in the deteriorating financial health in the AG. Other problems caused by the corruption were disunity and distrust among the AG members, as well as a negative impact on the local PIDRA team, which decided to stop funding the AG to prevent further mistakes, meaning that the AG could not develop any further. Such systematic fraud (e.g. corruption, loans granted only to members who have family ties) contributed to the failure some microcredit programmes more widely, as reported by IFAD (2004a) and Marulanda et al. (2010).

IFAD official documents assert that the PIDRA project was successful (IFAD, 2004a) and this claim is borne out by my study, which showed that the majority of the AGs in Village X (9 out of 10 AGs) had been able to sustain themselves (when I conducted my fieldwork in 2012), as indicated, for example, by a regular meeting being held. Several of the AGs held a regular meeting twice a month, while some met once a month for a regular meeting to perform microcredit. This indicates that the communication among AG members was quite intensive through regular meetings, with a significant effect on group cohesion and dynamics, including the possibility of accessing actual information about rural development. However, a problem did occur in one AG in Village X during the phase of identification and establishment (i.e. corruption and misuse of loans).

After the AGs had been established, the local PIDRA team followed up with an evaluation process as a basis for providing further financial assistance to the AGs. The evaluation found that further funding was crucial to support AG activities; for instance, microcredit

and capacity-building. Therefore, the PIDRA project awarded more funding (known as matching grants) for AGs which met the criteria for entering a 'phase of identification and establishment'³² (matching grants is discussed in Chapter 7, Section 7.1.1). Several achievements of AGs in phase of identification and establishment (phase-1) mentioned in the official documents (IFAD, 2004a, 2008; BKP, 2010), and these requirements had been followed in the AG notebook (AG, 2012) in Village X in 2012, namely: 1) AGs identified as an organisation; 2) AGs had a group name; 3) the group meeting scheduled regularly (monthly); 4) The AG members conducted saving regularly (I explain mechanism of microcredit in AGs on page 146, (Section 7.2.1.)); 5) AGs had a bank account; 6) The AGs' notebook maintained properly, such as attendance books, minute books, and saving books; 7) The roles and responsibilities of the AG were understood by all members; and 8) Three AG members elected as a group management board (i.e. chairman, secretary and treasurer).

6.3 Relationship between Javanese Culture, Islamic Teaching and AG Formation

This section explores how Javanese culture (i.e. *Arisan* and *Rentenir*) and Islamic teaching influenced the identification and selection of AG members.

6.3.1 *Arisan*

In Village X, the *Arisan* tradition has become part of local culture and strengthens a sense of unity within society. Based on my observations, in addition to reflecting a strong social interaction among members, *Arisan* also has an economic function, such as encouraging saving (Figure 7). The majority of research participants revealed that the motive for social interaction in following *Arisan*, for example *Arisan* as a medium for doing mutual visits, sharing information, and creating harmony among the members. Moreover, *Arisan* was a place of gathering for people to greet each other directly, which cannot be done at any other time because of their household's busyness. However, *Arisan* was also not infrequently used by some people as a place to do business and make new business friends. Many *Arisan* members carried their products, to be sold to other members, such as clothes, bags, and jewelry, as outlined by the head of the women's AG studied:

'The Arisan tradition has become a kind of culture within our society. This tradition strengthens social relationships and drives small business among the members' (Semi-structured interviews, participant R-11)

Figure 7. *Arisan* group (Photo was taken by researcher in 2012)



In addition, the winner of *Arisan* in Village X can be decided through two methods, including: first, a random draw with the winner becoming the host of *Arisan* in the next period (when the previous winner is excluded from the draw). Second, mutual agreement of *Arisan* means that the winner of *Arisan* is chosen through *Musyawah Mufakat* to establish priority to someone who had made a higher contribution to the *Arisan* group or to who needs the money. Then, the process of determining the winner continues until all the members have received the pot of money, after which the *Arisan* group can start again, either with the same or new members or disband forever. It was mentioned by a member of the women's AG studied:

'In my group, the winner of Arisan can be chosen by using either a randomly drawn or by mutual agreement until all members has become the winner (is depends on the group managing Arisan)' (Semi-structured interviews, participant R-27)

People (mostly women) who participated in *Arisan* had experience managing credit, so easily adapt to the saving and loans activities in AGs. *Arisan* had been institutionalized and strengthened by social values and local wisdom in Javanese society, and through regular social gatherings (e.g. once a month), and this was recognized by IFAD as

providing social capital for community development. It was mentioned in the document of IFAD that “*Social capital is emphasized in Development programmes*” (IFAD, 2004a; p.xx). Given the unavailability of sufficient financial capital (managed by *Arisan* groups) for conducting small businesses, IFAD recognized *Arisan* members as key target participants to be involved in AG formation. In this context, *Arisan* is a basis of social capital that had been growing in the society, operationalized in the form of a social institution which consists of a group of people (usually more than twenty members) who gather for social interaction and based on good communication among the members. This is coherent with Geertz (1962), Wibowo and Munawar (2002), Amar (2010), and Lussier and Fish (2012) who claim that *Arisan* is a social approach for strengthening community solidarity, creating neighbourhood harmony and maintaining mutual cooperation.

My study found that *Arisan* in Village X aimed at fulfilling a common need to overcome the financial problems faced by members, similar to the concept of an AG. In this context, AG formation did not displace *Arisan*, instead providing existing experience of managing microcredit activities. This was outlined by a member of the women’s AG studied:

‘I was involved as a member of Arisan before I joined the AG. I attended Arisan every month, scheduled and agreed by the group members. Arisan activities consisted of saving and credit services for the group members. The experiences in Arisan helped me to understand the microcredit activities that could be practiced in AGs, such as credit mechanisms’ (Semi-structured interviews; Participant R-12).

Based on her statement, although the mechanism of *Arisan* differed from the microcredit mechanism in AGs, with *Arisan* focusing on saving, microcredit has similarities with traditional saving and loans systems which can be used as alternative financial sources in Javanese society, although this contradicts Johar and Rammohan (2006) and Lasagni and Lollo (2011) views on the limitation of *Arisan* - which they regard not as a lending organisation but as a social activity with a financial addition. In addition, there were no formal programmes of capacity building in the form of life-skills training in *Arisan*, which makes this practice different from AGs.

Looking at the characteristic of *Arisan*, a tool where people meet together and participate in regular meeting basis, *Arisan* members were targeted as potential AG participants. In this context, *Arisan* could be used as a forum to socialise and disseminate the importance and benefits of participating in the PIDRA project, both to individual members or to the community. This resonates with Doorn-Harder (2006) findings on combining *Arisan*

activities with community development activities, such as the IFAD programme (IFAD, 2004a). The process of approaching *Arisan* members by the local PIDRA team was illustrated by a member of the women's AG studied:

'Prior to the PIDRA project implementation in this village, I was actively involved in Arisan. At that time, Arisan was an alternative traditional saving mechanism for rural people. At the Arisan meeting, the local PIDRA team (including the head of village) visited us. They introduced AGs and convinced us to join. Similarly, they also presented detailed information about the AG (i.e. microcredit programmes). Since I am eligible as a target participant, I decided to join the AG' (Semi-structured interviews; Participant R-16).

6.3.2 *Rentenir*

In the early stages of the PIDRA project in Village X, the existing traditional loans systems affected AG formation, including *Rentenir*. Before AG formation, borrowing money from *Rentenir* had become a habit of rural people when they experienced financial difficulties. It was stated by a member of the woman's AG studied:

'I borrowed money from Rentenir when I needed money for starting my farming business. I chose Rentenir because it was practical, easy, and fast. Unfortunately, I felt disappointed due to the high-interest rate imposed by the Rentenir. Since I joined an AG, I stopped it and started accessing loans with low-interest rates from my group. It helped me and my businesses' (Semi-structured interviews; Participant R-17).

Her testimony reveals that the mechanism in the *Rentenirs'* services reflects the exploitation of vulnerable poor people who can end up staying in the debt cycle due to high-interest rates. Moreover, an additional extra high-interest rate is charged to borrowers if they fail to repay their credit. In some cases, *Rentenirs* require valuable collateral for the amount of credit given, such as the certificate of a house or land. When borrowers cannot repay their debts, *Rentenirs* usually took advantage of this to 'acquire' the collaterals. Dimiyati (1997) and Nugroho (2001) term such condition, the long-term negative effects of *Rentenir*. The informant's statement also indicates that the easy to access and low interest loans provided by the PIDRA project were the main reason for joining an AG.

Rentenir usually live in the same neighbourhood as borrowers, who are able to access loans from *Rentenir* due to their familiarity. Despite the negative impression of *Rentenir* who take advantage of borrowers' difficult situations, many villagers used these loan services because of their flexibility. Loans can be easily accessed without collateral and

complex administrative procedures are not required. It was mentioned by a member of a woman's AG studied:

'I became a Rentenir's customer before I joined the AG. I tended to borrow money from Rentenir when I had an urgent need because of the flexibility they offered e.g. if I needed money to buy seeds and fertilizers in the growing season. One of the local PIDRA team members visited me personally to inform me that the AG has a small loan and capacity-building training programme. Since then, I became interested in joining the AG and I stopped borrowing money from Rentenirs' (Semi-structured interviews; Participant R-13).

Given the existing traditional moneylender mechanism, the local PIDRA team in Village X visited people who were *Rentenir* service users personally. Information about the names of people who were *Rentenir* service users were collected from community members or people who had previously been *Rentenir* service users. Usually, Javanese people who were using *Rentenirs'* services tended not to join social forums in the community, due to the 'awkwardness' (*Sungkan*) or 'shame' (*Malu*) they felt in interacting with others - because had a *Rentenir* negative image (i.e. it was unlawful act). The approach to *Rentenir* service users and the strong feeling of Javanese people (e.g. *Sungkan/Malu*) were mentioned by a social leader (male) below:

'I asked rural people about the villagers, to liaise with the Rentenir service users and offer them the opportunity to become AG members. Initially, it was very difficult because the villagers tended to keep silent (about their personal affair) and also had a negative image about loan shark and Rentenir service users' (Semi-structured interviews; Participant R-10)

6.3.3 Islamic Teaching

A set of Islamic religious rituals have long existed and been practiced by the Muslim community in Village X. For instance, Muslims gather and pray together in collective recitations that 'there is no God except Allah and that the Prophet Muhammad PBUH is His Messenger' for *Tahlilan*, *Diba'an*, *Pengajian*, or *Slametan*. The local PIDRA team adopted a different approach from the PIDRA team at the national, province, and district levels. They considered Islamic teaching to be a crucial aspect of disseminating information about the microcredit programme and AG. The local PIDRA team visited Islamic religious ritual forums to inform to the public (the majority of whom were Muslim/ Muslimah) about the formation of AGs. In practice, recruiting AGs participants through Islamic religious forums was difficult. There were two reasons: first, religion as a personal matter. All AGs members were Muslim, but they had different knowledge in

understanding Islam. Some of them were resistant to microcredit programme because the assumptions that microcredit programme related to usury (which prohibited in Islam). Second, Javanese culture as a living tradition of Javanese people. When the local PIDRA team asked about AG members' involvement in a certain Islamic religious forum, majority of participants in Village X was feeling awkwardness (*Sungkan*) or shame (*Malu*). This was illustrated by a religious leader:

'As a member of the local PIDRA team, I considered to include the religious activities to select the key target participants in PIDRA programme, such as Tahlilan, Diba'an and Pengajian. It was difficult because the level of piety was very personal. Moreover, being awkwardness (Sungkan) or shame (Malu) was the character of Javanese' (Semi-structured interviews; Participant R-9).

The local PIDRA team (facilitated by a religious leader) also organised a '*Pengajian Akbar*' inviting all Muslims in Village X, especially rural people who were members of Islamic religious groups. For the villagers who were not Muslim, they were not invited in *Pengajian Akbar*. For this event, the local PIDRA team also invited famous Muslim scholars (*Ustadz/Kyai* - male Muslim scholar or *Ustadzah/Bu Nyai* - female Muslim scholar), who were role models for the community due to their Islamic knowledge and charisma, to give a talk in the '*Pengajian Akbar*'. When *Ustadz* or *Ustadzah* delivered a talk aimed at improving religious knowledge during the '*Pengajian Akbar*', the religious leaders also asked for help from them to disseminate and encourage eligible rural people to join an AG. The head of a men's AG explained:

'As a religious person, I attended a 'Pengajian Akbar' organised by the local PIDRA team before the establishment of AGs. At that time, the local PIDRA team invited a famous Ustadz/Kyai to deliver an Islamic talk. The Ustadz also encouraged rural people to support and join in an AG which would bring benefit for people in the future. Because of my respect for the Ustadz/Kyai and as I was eligible as a target participant of the programme, I decided to join an AG' (Semi-structured interviews; Participant R-20).

The finding confirmed that such strategy was effective in providing an understanding and information about the AG programme to the villagers in Village X. This study is in agreement with other studies which reported that involving Islamic religious leader was a very effective means of convincing their followers to participate in development initiatives (Candland, 2000; Pinglé, 2005; Prawiranata, 2013).

6.4 Conclusion

This study shows that various actors from the national to local government levels were involved as development stakeholders in the PIDRA project team, with their main task being to establish the microcredit programme in Village X. A top-down approach in selection of the villages (as PIDRA project sites) was managed by the PIDRA team from the national to district governmental levels (due to the nature of centralised bureaucracy in Indonesia). On the other hand, the identification of prospective AG members at the local government (village) level was conducted by the local PIDRA team using a bottom-up approach which involved various development stakeholders and representatives of the local community. Their involvement provided a significant contribution to identifying and elaborating the importance of cultural and religious factors, as the majority of Javanese people are strongly influenced by these factors.

The initial stages of AG formation in Village X were the selection of the village and the identification of potential AG members by the local PIDRA team at the rural governmental level. In practice, a combination of global (i.e. UNDP) criteria and local perspectives were used for the identification of AG members. This method helped the local PIDRA team to select those eligible to be key target participants as AG members in the PIDRA project. The efforts to establish AGs cannot be separated from aspects of Javanese culture, for example *Arisan* (*RoSCAs*) and *Rentenir*, which are institutionalized in Javanese society. Looking at the characteristics of *Arisan* in Village X, it emerged that *Arisan* could be used as forums to socialise and disseminate the importance and benefits of participating in the PIDRA project. In addition, *Arisan* provide experience of managing microcredit activities. Similarly, *Rentenir*, the existing traditional moneylender mechanism and Islamic religious rituals (i.e. *Tahlilan*, *Diba'an*, *Pengajian*, and *Slametan*), which had been practiced by the villagers in Village X for a long time were also used to assist in the selection of participants in AGs.

In conclusion, AGs can be categorised as hybrid organisations because they were formed by involving various actors/developmental stakeholders on the basis of multiple institutional logics and to reconcile different goals (i.e. economic and social missions). Nevertheless, AGs as hybrid organisations, faced challenges in maintaining their operation, particularly implementing the organisational culture and governance requirements of a group-based microcredit programme.

Chapter 7: AG Activities

This chapter discusses AGs activities and how they are shaped by Javanese culture and Islamic teachings. The first section describes the institutional strengthening process after the AGs was established in village X in 2001. The second section explores the main activities of AGs as the basis of group-based microcredit programme, including the mechanism of microcredit programme (saving and loans) and life-skills training activities. The last section investigates the process of the AG meeting, to give a sense of members' experiences and their feelings about how Javanese culture and Islamic teaching affect the activity and continuity of the AGs.

7.1 Institutional Strengthening of AGs

After the PIDRA project was implemented in Village X in 2001, nine of AGs established between 2001 and 2008; and one of AG established in 2011 (in total ten of AGs established in Village X). After the project periods (between 2008 and 2012), the majority of groups have gradually expanded to be SHGs, which causes many rural development stakeholders were entrusted to the AG members. After the formation of AGs, several stages of institutional strengthening of AGs can be identified for understanding the dynamics of rural development from an institutional perspective, namely: a phase of stabilization (Phase-II); a phase of independence and weaning (Phase-III); and the establishment of the Federation and Rural Development Institution (RDI) (Phase IV). As my study did not cover data published after 2012 about the AGs activities, the limitations of this study only describe the institutional strengthening process of AGs in Village X until 2012. Each of the phases is described in detail in the section below:

7.1.1 Phase of Stabilisation of AGs (Phase-II)

The stabilisation phase aimed at generating the self-confidence of an AG and ensuring the continuation of an AG's activities. This phase was a continuation of a phase of identification and establishment (Phase-I) - (this phase was discussed in Chapter 6, Section 6.2.3), and took between 6 and 24 months (after the formation of AG). In the phase of stabilisation, the AG members started saving regularly and began to give low-interest loans to AG members in the form of microcredit (mechanism of microcredit in

AGs will be discussed in Section 7.2.1). According to the official documents (IFAD, 2004a, 2008; BKP, 2010) and notebook from AG (AG, 2012), the PIDRA project awarded matching grants for AGs with the mechanism of matching grants, included: 1) A matching grant awarded to an AG around 6-7 months after the group is formed and regularly added for every six months from 2001-2011; 2) The amount of matching grants was a minimum of IDR 1 million (or equal to £50) and can be increased if AG was able to increase the amount of saving of its members; 3) The AG met the category of 'group progress' assessed by the local PIDRA team at the village level, namely 'GOOD, MODERATE, and NOT GOOD'. Category of GOOD means an AG was eligible to receive 1:3 the amount of matching grants (1 amount of matching grant received by the AG and funding of 3 times the amount of saving in an AG). Category of MODERATE means an AG was eligible for 1:1 the amount of matching grants (1 amount of matching grant received by the AG and funding of 1 times the amount of saving in an AG). Category of NOT GOOD means an AG was not eligible for a matching grant, although it could be nominated 6-7 months later.

In practice, matching grants were given as 'fresh funds' intended to support self-managed AGs, to ensure the success of group activities during the stabilisation phase. Matching grants for all AGs had been unavailable since the end of the PIDRA project in 2008. AGs that were able to generate income continue to perform group business. Based on the official documents (IFAD, 2004a, 2008; BKP, 2010) that AGs in Village X were required to engaged in the matching grants activities. The notebook from AG (AG, 2012), also confirmed that the matching grants activities were indeed taking place with the requirements, namely: 1) The AG members regularly engaged in group meetings (a minimum of one group meeting per month) to perform the activities of savings, loans, and monitoring the use of credit; 2) All transactions supported by documentation which was shown and updated openly and regularly; 3) The general funds increased steadily through rotating through interest, savings and other funds by the AG members; 4) The rate of return was always consistent (above 95%, and the rate of AG meeting's attendance above 80%); 5) The AG members obtained the skills (training) to conduct a formal meeting and to educate the members on literacy and numeracy; 6) The AG members' confidence to participate in public activities increased and they were able to be AG representatives; 7) The initial steps taken to contact and hold negotiations with legal bank to provide loans directly to AGs; 8) The group engaged in community activities, such as a road construction project for the village.

According to the notebook from AG (AG, 2012), majority of the AGs members involved to a rural development programme in Village X (supported by funding from the PIDRA project), especially a road construction project for the village. From road construction project, it can be seen how Javanese culture shaped the activities of AGs, especially the sense of togetherness and mutual-aid spirit (*Gotong-Royong*) demonstrated by a participant from the community and an AG member in a road construction project. As a male participant who was the village officer he explained:

'Before the PIDRA project came into the village, the quality of the road was very poor. I think, the lack of a transportation system had become the main problem for the majority of rural people. The AGs proposed the project to the IFAD for improving public infrastructure in the village, such as roads. In 2007, this project was approved by the IFAD and had to be implemented by involving all rural people' (Focus Group Discussion; Participant R-8)

Improving the sense of togetherness through the roadwork project to improve the village's infrastructure was also mentioned by a member of a women's AG:

'The rural community, including the AG members, worked hand in hand 'Gotong-Royong' on the road construction supported by the PIDRA project. They worked voluntarily to realize better transportation to connect the farming areas to the village market' [she refers to the market which is located in the centre of the village government office] (Focus Group Discussion; Participant R-13)

Participant R-8 described that Village X had very poor public infrastructure, including the road infrastructure that connected the farming areas and the village market. In the rainy season, the road was impassable by any kind of vehicle because of its steepness and muddy conditions. It brought two advantages: firstly, public infrastructure was improved (i.e. road and transportation facilities); and secondly, social ties among rural people were strengthened by working together for mutual benefit. Similarly, participant R-13 explained that the AG members were actively involved in the project in the road work project. They worked together with the other groups of the community (i.e. village officers, social and religious leaders, and other people who were not involved in AGs) in planning, implementing and evaluating the programme. After the road work project was completed in 2007, Village X people could easily transport their agricultural products from the farming areas to the village market. The statements above emphasised that the Javanese cultural value of *Gotong-Royong* in Village X was very useful in both development programmes and microcredit programmes, specifically for strengthening the relationships and solidarity among group members and between AGs. The sense of

togetherness and mutual-aid spirit (*Gotong-Royong*) reflects an element of hybrid organisations where trust and relational networks are noted as crucial aspects of institutional arrangements which contributed to the success of development initiatives among AG members.

7.1.2 Phase of Weaning and Independence (Phase-III)

According to IFAD (2004a, 2008), the last stage of the AG programme was the independence and weaning phase, which took place over 25-36 months. In this phase, the facilitators implemented a strategy of weaning for each AG by gradually reducing their role, such as not attending AG meetings. Nevertheless, the facilitators were available to respond to the needs of the AG members, for example if an AG had a crisis and could not solve its own problems, e.g. each facilitator provided a phone number through which he or she could be contacted at any time (standby call). Moreover, the facilitators also developed strategies to help groups that did not reach the expected standard, such as by giving additional training and other support. At the beginning of the weaning process, this study found that several AGs were not ready, as they had always worked with the facilitators, i.e. microcredit management and life-skills training were technically guided by a facilitator. Over time, the AG members realised that they had big responsibilities to become self-reliant and that the facilitators would slowly separate themselves from the AG. This was mentioned by the facilitator (male):

'My role as a facilitator was to facilitate the AG to be self-reliant. In the early period of the PIDRA project (0-24 months); I gave full assistance to the AG in that I joined in the group meetings and provided technical assistance related to microcredit programmes. Then, I tried to gradually reduce my involvement in the AG activities until the group became independent' (Semi-structured Interviews; Participant R-5)

If an AG showed relevant activities at the end of the stabilisation phase (Phase-II), they were expected to become an independent group after 12 or 36 months of supervision by the facilitators. In particular, when an AG was able to access loans from a formal financial institution (i.e. a bank), it had achieved independence and was ready to be weaned off.

Several achievements of AGs in phase of weaning and independence (Phase-III) mentioned in the official documents (IFAD, 2004a, 2008; BKP, 2010), and these requirements had been followed in the AG notebook (AG, 2012) in Village X in 2012 were similar with the AGs achievements in the phase of stabilisation (Phase-II) as mentioned on

section 7.1.1. But, for this phase, the AGs achievements were added with members of a women's AG begun to put forward social issues (e.g. women were allowed to be involved as policy maker for rural development) and to take an important role in the rural community (e.g. helping their husbands to contribute to family income by carrying out microcredit activities in AG).

7.1.3 Federation and Rural Development Institution (RDI) (Phase-IV)

Federation and RDI at the village government level was formed and supported by the PIDRA project (Deptan, 2009). In Village X, the Federation is an association of AGs in a village aimed to develop networks and to ensure the AGs operations become more self-reliant. The main activity of Federation was to conduct a regular meeting (once a month) to share AGs experiences, discuss their problems, and find solutions. In addition to regular meetings, the Federation was very crucial in bridging communication and building business networks among AG members and other development stakeholders to facilitate access to the village markets.

Moreover, the role of the Federation was to promote and market the products of the AGs through the establishment of a business unit (*Koperasi*). According to the group's document, the Federation in Village X had a vision of 'creating *Koperasi* services to meet the needs of the AG members' (AG, 2012). The *Koperasi* became the centre of AG activities at the village level, as a collective business unit officially owned by all the members of the AGs. *Koperasi* provided the loan services (in the form of agricultural inputs) for the AG members with a simple mechanism. If the AG members did not have 'cash money' to buy agricultural inputs, they could apply loan to *Koperasi*. They also could pay using the instalment methods (i.e. a monthly basis instalment - maximum 12 months) or 10 times instalments) due to his status as a member of AG. Every month, there was a meeting (gathering) conducted by Federation members to evaluate the *Koperasi* business, as well as to maintain cohesiveness and social ties among members. This was described by the head of the Federation:

'I encouraged the representatives of the AGs to attend gatherings in the Federation secretariat/office (Koperasi) to maintain a sense of togetherness among their members. In the meetings, I and all the meeting's participants also monitored the progress of the group's collective business (Koperasi). The Federation with its Koperasi supports and

promotes AG members' businesses to traders e.g. selling agricultural products and salted eggs (as the main products in this village)' (Semi-structured interviews; Participant R-11)

According to the testimony above, the Federation dealt with the products (commodities) produced by AG members and became the main gateway to link group members and the traders through the *Koperasi*. With their increased ability to bargain, Federation members were able to sell their products at a better price, which had an effect in improving their incomes. By 2012, the majority of AG members reported that they were earning a better income from their business, with a positive impact on group sustainability.

Every member of the Federation was encouraged to participate in the Federation activities. Although not all the Federation members joined the Federation committee, those who were not involved in the Federation management and administration still had to be taken into account in the decision-making process, because all of the Federation members were representatives of the AGs and informed their own group about Federation programmes. For example, the Federation established an agricultural demonstration plot (*demplot*). The Federation members believed that a demonstration plot could be used to teach, experiment, and share ideas about agricultural practices in dry land farming systems (e.g. drip irrigation, new varieties, and post-harvest storage and processing). However, the information was so complex that not every Federation member felt confident passing the suggestion on to their group. A woman was a member of a mixed AG explained:

'I became a representative of the AG in the Federation. I remember when there was an idea in the Federation meeting to create a demonstration plot for agricultural innovations; I did not forward the agreement reached by the Federation to my colleagues in the AG. The reason was because my educational background (I just finished primary school) and the complicated technology, which I could not explain in detail' (Semi-structured interviews; Participant R-17)

The statement above indicates that, although the efforts of the PIDRA project implemented a participatory approach in designing the Federation (which was intended to accommodate grassroots voices), there was sometimes a problem to communicating agreements of the Federation to members of the AGs. This indicates that the capacity building through life-skills training which was given to the AG members needs to be further evaluated, especially related to the assumption that less educated AG members would or would not be capable of initiating project activities.

In addition to the Federation, the RDI was established in Village X in the early stage 2 of the PIDRA project (in 2005). According to the BKP document (2010; p.16), “RDI is a formal organisation that was formed by the village government during the PIDRA project to plan and to make decisions for development programmes at the rural level”. According to official documents, the RDI had to ensure the implementation of infrastructure programmes financed by the PIDRA and the government in a transparent and participatory manner, with priority given to the poor and women (including the AG members). In addition, the existence of the RDI was intended to encourage rural people to be actively involved in rural development (IFAD, 2004a, 2008; BKP, 2010). The RDI activities in Village X were as follows: 1) Independent planning of development programmes at the rural level by involving all development stakeholders in the village, for example, to stimulate the rural economic growth by opening of access to markets; 2) Organising IFAD’s assistance (grants funding) for rural infrastructure improvement, such as the roadwork project; 3) Managing AG assets, particularly financial and physical aid from IFAD (e.g. PIDRA’s secretariat building); 4) Maintaining microcredit programmes (e.g. saving - loan services, and life-skills training); and 5) Growing the productive assets which came from the IFAD to rural community (i.e. *Koperasi*) as a collective partnership business of the AGs.

In its operation, RDI involves various groups of rural communities as the members, including AG representatives. In this organisation, the AGs have been recognised by people as representatives of the rural poor, who have the ability to contribute to rural development. The head of the RDI (male) explained:

‘RDI in this village was developed in the early part of stage 2 in the PIDRA project (on 20 April 2005). At the time, various groups of the community (including the AG members) in the village desired the existence of an independent institution which was concerned with rural development. After that, I discussed with the head of the village, the religious leader and other groups in the village to initiate the formation of a new social institution’ (Focus Group Discussion; Participant R-10)

The existence of Federation and RDI has contributed to rural development, especially increasing rural economy and participating in the policy making of rural development. It was mentioned by the head of the Village X (R-7):

‘Since the AG was established in this village, several group members have been able to improve their quality of human resources through life-skills training. They also established a Federation at a rural level and created the business unit managed by the AG members

(known as Koperasi), to be able to drive the rural economy. Moreover, the representative of the group members who became the member of the Rural Development Institution has contributed for rural development policies' (Semi-structured Interviews; Participant R-7)

7.2 The Main activities of AGs

7.2.1 Mechanism of Microcredit in AGs

AGs' activities began with microcredit programmes, which focused on saving and loan schemes to ensure the basic capital for productive activities, development activities, and responses to financial emergencies. The AGs managed microcredit activities collectively by sharing the responsibility for lending mechanisms, promoting mutual support, and forming joint liability based on the principle of solidarity among the AG members. Every group member had to have savings in order to be allowed to apply for a loan. According to the AG notebook (AG, 2012), the saving and loan regulations of AGs in Village X in 2012, included: Firstly, in order to become a member, each person had to pay a membership fee (IDR 5.000 or £0.25/ about 1% of average monthly income of the AG members) and a compulsory saving (minimum IDR 40.000 or £2) or multiples which were used as an obligatory deposit in the microcredit programmes. Members who were unable to pay the membership fee and a compulsory saving amount (100% of the amount of money) upfront, were allowed to pay these fees in instalments during the first 4 months after joining an AG as a member. Furthermore, every member was encouraged to save regularly (in the group meeting time) according to their ability (i.e. IDR 10.000 or £1). Secondly, the members of the AG who had completely paid the compulsory savings were allowed to request loans without complex requirements such as having sufficient collateral and being able to pay the high transaction costs of the loans. The amounts of loans entertained were considered in light of the ability of the group members to repay the instalment on a monthly basis. Members could only apply for a loan if they had paid off an earlier loan completely.

Loans had to be used for productive income generating purposes, for instance setting up a new business, developing an existing business or buying agricultural inputs (e.g. seeds and fertiliser). Loans were allocated based on the need for credit, the amount of loan proposed, and the existing saving of members, as mentioned in a credit application form. The members of the AG who asked for a loan were considered according to the

regulations on savings and loans that had been agreed (by consensus) by all members. These criteria included the level of attendance in the group meetings, the regularity of saving in the AG, the ability to repay instalments (the loan record) and the use of the loan (for productive purposes). The leader of a women's AG explained:

'In providing loans for the group members, I with other group administrators (secretary and treasurer) always carried out a review of the track record of the members who proposes a loan from the AG. For example: the borrower's financial record, the use of loans, and the member's participation in the AG' (Semi-structure interviews; Participant R-24)

Similarly, the head of a women's AG described:

'For the AG members who apply for loans from the AG, they were required to complete the credit application form, including personal ID, the amount of loan proposed, the use of the loan, and the statement about the ability to repay instalments' (Semi-structured interviews; Participant R-11)

This form was assessed by the group committee (i.e. the head of an AG, the secretary, and treasurer) to decide whether it was to be accepted or rejected. If a loan application was rejected, a member could re-apply for the loan the following month following a similar procedure/assessment. A member of a women's AG described how:

'I had been rejected when I applied for credit from the group for buying fertilizer. The reason was because another member also proposed a loan at the same time and its purpose was more urgent than mine (i.e. the loan was used to buy seeds as it was the paddy planting season and the land had been tilled). I then submitted my loan application the following month' (Semi-structured interview; Participant R-12)

According to the AG notebook (AG, 2012), the sizes of loans offered to the AG members in Village X in 2012 depended on the borrower's ability to repay in monthly-instalments (a maximum of ten instalments). For example, if the total loan was IDR 400,000 (£20), the monthly-instalment paid by borrowers was IDR 40,000 (£2). The borrowers also needed to pay the loan interest (5% of the total loan received). In the case of a repayment failure at the time scheduled, borrowers had to pay a fine based on the group's agreement (e.g. the fine could be IDR 2.000 or £0.10). In each cycle of loans, the group's funds were further used to provide loans to other members or repeated loans to the same members. The money from interest and fines was utilised for the group's operational costs, such as the group administration fees (e.g. to buy stationery) and food/snacks during the regular group meetings. The AG was responsible for book-keeping management, to responsibly manage the financial transactions and activities within the group. The regulations on

savings and loans (including the amount of money) in the AG remained the same when I did fieldwork in 2012.

Group members were encouraged to be actively involved in the microcredit programme carried out during the meetings. Technically, every group member was allowed to propose a loan, as long as it met the requirements of 'the saving and loans regulations' regulated and agreed as the group consensus. After reading these regulations, in each meeting the treasurer checked one by one the names of the group members by reading aloud the attendance list and by asking whether each member had a loan that was due to be repaid, as well as if they were required to contribute compulsory savings. If a member had not paid repayment due or had violated the terms of the saving and loans agreement, the treasurer announced this loudly to all group members. For example, the treasurer who belonged to a replicated AG stated:

'In the meeting, I usually read aloud the names of members who had not paid the loan instalment. This was intended as a social control method and to act as a reminder for all members to be committed to the saving and loans regulations. This method was agreed by the group members (mutual agreement) and has been applied since the AG was established. However, several members felt ashamed when his/her name was announced in public' (Focus Group Discussion, Participant R-25)

Her statement indicates that the microcredit mechanism was implemented transparently in the AG, and the public announcement during group meetings (which sometimes embarrassed the group members in public) was used to minimize mis-management of loans by group members. However, my study shows that using social or economic sanctions on the group members who were unable to repay their loans weakened their participation in the microcredit programme. Embarrassment about the members' name being read aloud in public had led to the weak level of one member's participation in the AG activities (e.g. absence from the group meetings). Applying a personal approach to remind members who had violated the loans mechanisms would be better. This was mentioned by a member of a women's AG:

'Honestly, when my name was announced loudly in public due to lateness in paying the instalment, I felt ashamed. As a result, occasionally, I did not come to the meetings. I think there is a better way (i.e. a personal reminder) as a mechanism to encourage repayment, especially for members who have problems' (Semi-structured interviews; Participant R-29).

Besides managing savings and loans, the treasurer was responsible for overall financial management of an AG, including financial planning, writing financial reports, organizing saving and loans, and monitoring the financial cash-flow. Specifically, a loan assessment had to be conducted by the treasurer and other group administrators to manage funds allocated for the saving and loan activities. According to the AG notebook (AG, 2012), the assessment of saving and loans in the AG in Village X, included: Firstly, the group committee prioritized loans which were based on the financial record (savings and loans) of the group members. If there was no active loan in the AG, the group members were allowed to access a loan. Secondly, the urgency of a loan was based on the needs of the members. The treasurer and group administrators prioritized the loan used for productive proposed, for example developing a new business. However, if there were basic needs needed by the group member as something urgent, the treasurer and group administrators allowed the member to access the loan as a priority, such as basic needs, education, and health services. Thirdly, the group committee considered the attendance record of the AG members which was based on the members' participation in the group meeting. In practice, the treasurer and group administrators prioritized the group members who actively participated in the AG activities to receive a loan (AG, 2012).

In terms of the loan allocation, the group committee prioritized loan intended for productive income generating activities. According to my observation, the situation of average attendance at meetings and rate of loan repayment remained unchanged in 2012. Majority of AGs (nine of AGs) show that the average of attendance at meetings was high (above 80%), and rate of loan repayment was high (above 95%), except for the group that ceased to exist. However, the group committee also allowed members to access a loan as a priority, for example to pay for education and health services. The use of a loan for an unexpected purpose contradicts the purpose of microcredit programmes, which are intended for productive activities.

Figure 8. Saving and loan activities in an AG (Photo was taken by researcher in 2012)



7.2.2 Life-skills Training Activities in AGs

IFAD, through the PIDRA project, made a commitment to support AG members by providing capacity-building programmes ‘...*“with the skills and vocational training necessary to enhance their economic status within their families and communities”*’ (IFAD, 2008; p.10)’. Thus, provision of life-skills training became an additional agenda to support AG activities. In Village X, the experience of accessing loans and being involved in life-skills training reportedly supported AG members’ businesses. A member of a men’s AG described:

‘Since I joined as a member of an AG, I have received benefits from its programmes. I was able to join in the microcredit and life-skills training activities. I needed financial capital and additional skills to support my business e.g. when I experienced critical financial problems in my family and I simultaneously needed money to pay my children’s school fees as well as to operate my agricultural business’ (Semi-structured interviews; Participant R-21)

Two types of training modules³³ were given to the group members, namely: basic and advanced training. The basic training aimed to improve the managerial skills and basic knowledge of an individual or group, in order to stimulate members to participate in rural development. These trainings included organisation management (i.e. leadership, financial management, and book-keeping), literacy, and gender mainstreaming. The

advanced training aimed to improve their technical and business skills, such as agricultural innovations (i.e. organic farming, livestock, and poultry) and entrepreneurship training (i.e. SMEs and marketing). The topics in life-skills training were decided based on the group members' needs, agreed by members during a meeting. For instance, the majority of AG members worked as farmers, so required training on agricultural innovations and entrepreneurship to further expand their farming business. They also recognised that entrepreneurship training was needed if they wanted to set up a new business. In conducting the life-skills training, all the technical aspects related to the training were arranged in accordance with the *Musyawah Mufakat* principle (discussion leading to consensus).

Based on the observational evidence, the life-skills training activity was assisted by a facilitator (as a speaker) who had previously received intensive training from the PIDRA team. In addition, group members or the facilitators could propose a speaker (e.g. an entrepreneur or expert person in the agricultural business). A training session started with the speaker introducing himself or herself. Then the speaker took the initiative to create a sense of togetherness by designing a 'game' or 'ice breaker' to break the tension among participants and create an atmosphere of intimacy/familiarity among the participants. After an atmosphere of trust was attained, the speaker began with a group brainstorming session by introducing the topics and asking the participants to identify the problems and possible solutions or to stimulate any ideas related to the selected topics. For example, during the entrepreneurship training, several questions were asked to the participants: 1) What are the highest priority problems related to the initiation of a new business?; 2) How does one solve these problems?; and 3) How do these problems deal with the issue of financial capital?. The speaker also worked to stimulate participants' participation and to reach decisions and draw up plans of action during the training. Indeed, by brainstorming, two way communications between the speaker and participants could be reached naturally without any barriers. A female participant who was the facilitator from BKP explained:

'I accommodated the hope of the group members for conducting life-skills training. Usually, the planning for training was discussed in the previous meeting (i.e. training topic, schedule, and speakers). When I was the speaker, I attempted to create an atmosphere of intimacy with the group members (e.g. by ice breaking games). I also encouraged participants to share their ideas and their opinions related to the microcredit programmes' (Semi-structured interviews; Participant R-6)

The above statement indicated that the duties of the facilitators in the life-skills training were extremely important in positioning themselves as the partner of group members and enabler of the AG achieving self-reliance. Supporting this argument, a member of the women's AG (replicated group) reported that the training received from the PIDRA project was useful to increase the AG members' capacity, especially the skills needed related to their business. She mentioned that:

The training provided by the PIDRA project met my expectations and can be used to support my business, for example: entrepreneurship training. In addition to being a farmer, I also manage a grocery (as my side business) in my house (Semi-structured interview; Participant R-30)

In practice, the training session was also used to explore initiatives about new ideas and for the networking of businesses, which might be done in conjunction with development stakeholders. Before the training ended, the AG administrators (i.e. group leader, secretary, treasurer) took over the forum, read the minutes of the training (the summary of the training) and gave their conclusions.

According to one interview, the life-skills training delivered by the PIDRA team in Village X was intended to give group members an opportunity to improve their knowledge and skills. In addition, it aimed to build self-confidence and create a learning environment for AG members who had not been involved in previous training programmes. The significance of life-skills training was mentioned by the head of Village X:

'The PIDRA project was focusing on assistance for the poor people through the AG (microcredit programme). This project aims to increase AG members' motivation, improving their skills, and fostering a spirit of innovation for better living in the future. Training programmes were activities that make a positive contribution to the people's behavioural changes' (Focus Group Discussion; Participant R-7)

Life-skills training were also intended to help AG members solve problems faced by the group. For instance, initially, AG members in the field site faced a technical problem of book-keeping management. Due to their low levels of education (primary school/unfinished primary school), they had no experience in how to manage book-keeping, particularly maintaining financial records. They often made mistakes in their accounting (book-keeping), thus failing to adhere to the standard of professional accounting mechanisms used in a formal financial institution (bank). However, this problem was solved gradually after the local PIDRA team facilitated the AG members with accounting/book-keeping training. One member of a women's AG stated:

'The majority of members in my group were less educated (graduates from primary school). Since the PIDRA project encouraged the group members to manage microcredit, we have to be able to do book-keeping of the cash flow. Initially, it was very difficult. Then, the PIDRA project conducted training about accounting (book-keeping). This training helped the group members to record the saving and loan activities (Semi-structured interviews; Participant R-28)

Nevertheless, there was an indication that some AG members felt uncomfortable with the training programme, which was seen as an interruption to their routine activities. Even though various life-skills training that aimed to support the capacity building of the AG members was provided, there was no guarantee that it would succeed and that people's participation would improve. This was mentioned by a man who belonged to an AG which ceased to exist:

'Due to the high intensity of regular training, I often did not participate because of the schedule along with my routine farming activities. This also happened to other members who were not able to attend the training. Therefore, the members' participation in training was low; and this caused my group to cease to exist (Semi-structured interview; Participant R-21)

Life-skills training as an alternative of non-formal education method has been able to enhance the capacity of some AG members to create new businesses, contributing to improving the economic condition of some AG members. Participant R-18 (a male who was the head of a Mixed AG) claimed that the economic status of the members in his group increased gradually due to the profit they received from a collective poultry business. He shared the business profit with all the members every month regularly. He described:

'As a leader, I have been actively involved in AG activities since 2002, such as attending monthly meetings and life-skills training. After I attended the entrepreneurship training, I had an idea to start a group business (collective business) 'a poultry business'. There was good progress on the group business, which led to a better life for the members. I shared the profits with all the members every month' (Focus Group Discussion; Participant R-18)

The statement by the Head of Mixed AG in Village X about the advantages of life-skills training in line with the official documents (IFAD, 2004a, 2008; BKP, 2010), and these advantages had been followed by an AG (AG, 2012) in Village X in 2012, where life-skills training in the microcredit programme improved the human and social capital of the borrowers (the AG members). In addition, based on my observation, various life-skills trainings provided to AGs impacted on improving the knowledge and skills of the AG members, as well as increased their family income (for example the case of the collective poultry business - Figure 9).

Figure 9. Poultry business run collectively by a mixed's AG (Photo was taken by researcher in 2012)



7.3 Javanese Culture and Islamic Teaching in AG Meetings

Since the AGs were established, the PIDRA project required them to have monthly group meetings to manage their microcredit programmes (IFAD, 2004a, 2008). These group meetings were intended to facilitate face-to-face communications and build interpersonal relationships between group members. In this study, it was found that AGs had facilitated regular group meetings on a monthly basis to strengthen social interactions among the group's participants, which was important to the success of an AG's activities. In the AG programme, AG administrators were responsible for three stages of each meeting: preparation, the actual meeting process and follow-up. The stages of an AG meeting, which gives a sense of members' experiences and feelings of how Javanese culture and Islamic teachings have affected the activity and continuity of AGs is described below in more detail:

7.3.1 Meeting Preparation

Preparing a meeting invitation letter³⁴ was the first stage of meeting preparation³⁵. Islamic teachings and Javanese traditions became a particular concern related to the meeting invitation, for example invitation letter was written with a greeting in an Islamic way³⁶. The Islamic greeting was of particular importance because it is worded as a prayer

that strengthens the brotherhood/sisterhood among AG members, who were all Muslim in Village X. A member of a women's AG stated:

'I usually received the invitation letter for the AG meeting three days prior to the meeting. There was an Islamic greeting 'Assalamu'alaikum, means peace be also with/upon you' (because all the group members were Muslim), and the details of the schedule of the meeting provided in the letter' (Semi-structured interviews; Participant R-29)

Another method used to invite participants to AG meetings in Village X was 'oral invitation'. This means that the host of the meeting invited other members without an invitation letter, but using an oral invitation accompanied by a delivery of 'special foods' known as *Berkat*³⁷. This method was applied when there was a special request from a group member who wanted to be the host of a meeting, because he/she had a special event e.g. *Slametan* and *Tahlilan*. In this case, the AG secretary did not need to write an invitation letter. The host was willing to use his or her house as the meeting venue by inviting the group members because it was held simultaneously with a special event, such as *Slametan* or *Tahlilan*. The host would usually deliver *Berkat* to the house of every group member one or two days prior to the meeting as a symbol of invitation. This practice reflects a tradition of Javanese culture that was intended to strengthen the sense of community and friendship among group members. For example, the head of a Men's AG (20) who simultaneously invited the group members to conduct a group meeting and *Tahlilan* in his house explained:

'I invited the group members to conduct a routine group meeting in my house. At that time, the meeting was conducted simultaneously with 'Tahlilan' because my intention was to commemorate and pray for my father who had died. Practicing Javanese tradition, I sent 'Berkat' (foods) to all members as a symbol of invitation and respect from my family' (Semi-structured interview; Participant R-20)

Meeting preparation thus requires strategies prior to the meeting to ensure its success meeting, including how to invite participants, with Islamic teachings and Javanese culture were embedded in the process of inviting people to attend a meeting. The following section describes the process of an AG meeting, to give a sense of the members' experiences and feelings of how Javanese culture and Islamic teachings affect the activity and continuity of AG.

7.3.2 Meeting Process

According to the interviews I conducted, the AG meetings in Village X were usually held at the weekend to ensure that the times did not clash with the group members' daily activities (e.g. after Dzuhr prayer (1-3pm) or after Isha' prayer (7-9pm)). Islamic teachings and the Qur'an³⁸ emphasise the obligation of Muslim men to attend the five daily prayers in congregation in the Mosque. Similarly, Hadith³⁹ emphasize that prayer in congregation in the Mosque is strongly recommended for Muslim men who can hear the call to prayer (*Adzan*⁴⁰). The impact of Islamic teachings (without any social pressure due to their understanding of Islamic teachings), which emphasizes that one (especially men) should perform prayer in congregation in the Mosque, encourages group members to attend a meeting together. Therefore, the male AG members went to the meeting place together after performing prayer. In contrast, female AG members are encouraged to perform prayer in their own houses (as mentioned in Hadith⁴¹) and tended to attend meetings separately. In attending the meeting, women accompanied by another male family member (her husband, brother or son) or came in a group (with other members who lived close to her/ their nearest neighbours) for safety reasons. This indicates that the majority of AG members in Village X committed to hold the Islamic teaching well. A man who had belonged to a mixed's AG stated:

'A group meeting was conducted at night, usually after Isya' prayer. I attended the meeting together with other group members after completing my prayer in the mosque. My group agreed that the group activities (including the schedule of group meeting) prioritized Islamic teaching. This was my group commitment to hold the Islamic teaching' (Semi-structured interviews, Participant R-31)

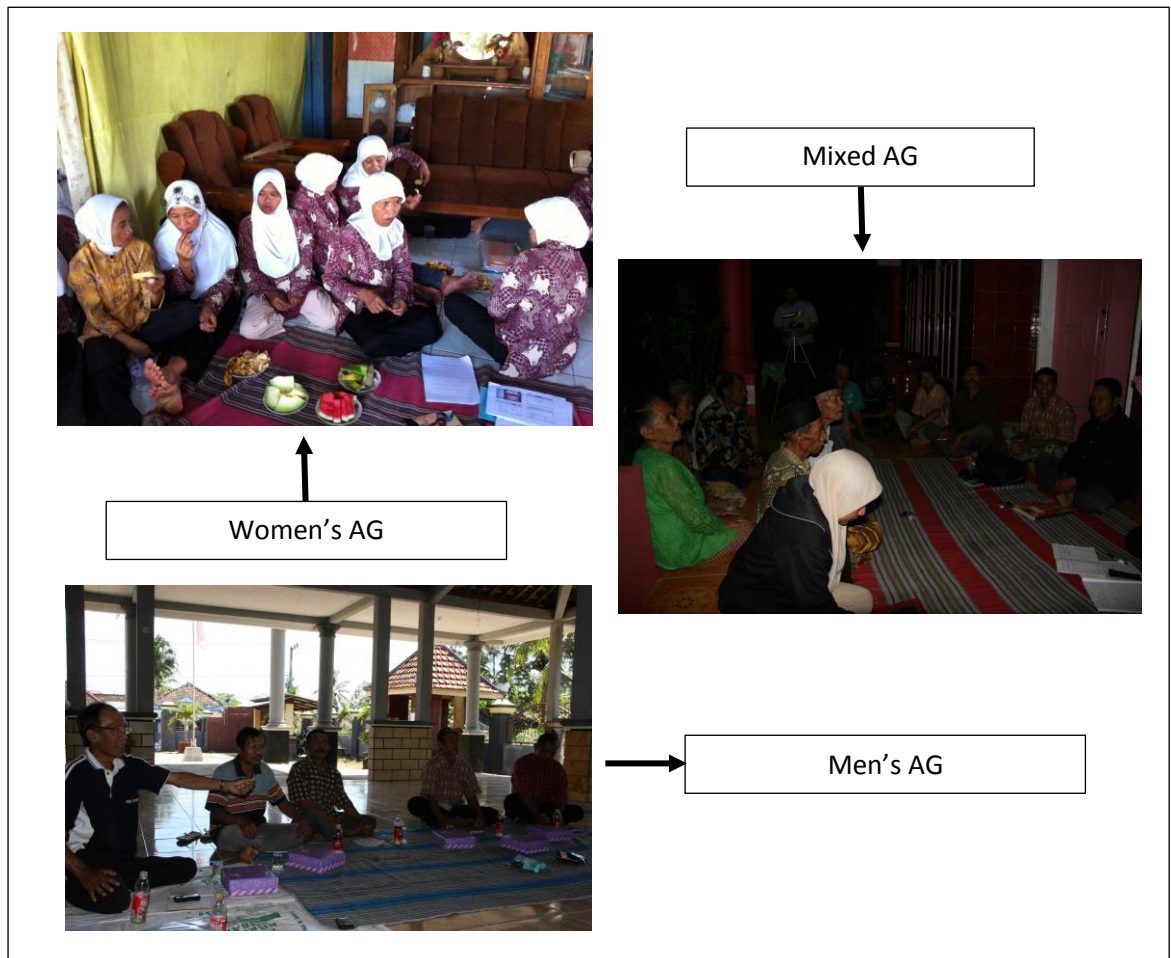
Similarly, a woman who had belonged to a replicated AG mentioned:

'As a Muslimah, I hold my religious teaching with full awareness. I prioritized and practiced the principle of Islamic teaching in my everyday life. For example, I attended the group meeting after completing my prayer at home. My husband accompanied me to attend the meeting' (Semi-structured interviews, Participant R-29)

In terms of dress code, therefore, if a meeting was conducted at night, men tended to attend it wearing Islamic clothing (e.g. the Muslim male dress the *Sarung*⁴² and *Baju Koko/Baju Takwa*⁴³ or *Batik*⁴⁴ (the traditional Indonesian dress) with traditional Indonesian caps for prayer (*Peci/Kopiah/Songkok*⁴⁵)). In contrast, if a meeting was conducted during the day, male AG members tended to wear casual clothes (i.e. t-shirt) because they had just come home from working in the fields. Javanese culture also allows

for women to go to a meeting place only when specific conditions are met - such as wearing the Javanese female dress (*Kebaya*⁴⁶ or *Baju Kurung*⁴⁷). On certain occasions, female members were encouraged by a group to wear the uniform designated as Muslim female dress to attend meetings (e.g. the *Kebaya* or *Baju Kurung* with *Kerudung*⁴⁸/*Jilbab*⁴⁹ (optional)). The dress code of AG members in meetings can be seen in the Figure 10 below:

Figure 10. The dress code of AG members in meetings (Photo was taken by researcher in 2012)



According to the interviews I conducted, the dress code of AG members (male and female members) in meetings reflects the effort to preserve Javanese culture (e.g. politeness) and to practice Islamic teachings (e.g. covering the *Aurat*). The head of a women's AG mentioned:

'I encouraged my group members to wear the uniform and come in a group for the group meeting. This uniform can also be used for religious activities and community gatherings (e.g. Pengajian and Slametan), as it is designed based on the Islamic teachings (e.g. Baju Kurung)' (Semi-structured interviews; Participant R-14)

This shows that there was no clash between Javanese culture and Islamic teachings in terms of the dress code for a meeting. As discussed in other studies, Muslim men and women are allowed social interaction if they wear modest clothes that cover their *Aurat* (Haddad et al., 2006; van Geel, 2012; Osman et al., 2013).

Based on the observational evidence³, when meeting participants arrive, the group leader manages the meeting agenda, which consisted of opening the meeting, discussing the microcredit programmes (saving and loans activities), conducting life-skills training (optional agenda) and a closing ceremony. Traditions were observed when the group members met up face to face to create a familiar atmosphere, for example, greeting, shaking hands, offering to sit, and offering food. The greeting was usually performed in an Islamic way among the group members, useful for emphasising their Islamic identity. Besides enhancing a sense of family relationship by greeting other group members, the greeting was also an expression of hope and prayer for salvation, peace, mercy and the blessing of God for the person addressed. For the group members who were outside the door or had started to enter the house (the meeting venue), the greeting was important. This was stated by a member of a women's AG:

'I always say 'Assalamu'alaykum Warahmatullahi Wabarakatuh' (May the peace, mercy and blessing of Allah be with you) and shake the hands of all members in the meeting. Spreading 'Salam' (Islamic Greeting) is strongly recommended by Islamic teaching to pray for Muslims (May the peace and mercy of Allah be with you) and is encouraged by Javanese tradition to create a sense of family. I then take a seat and chat casually with other members, for example discussing agricultural matters' (Semi-structured interviews; Participant R-13)

Informally, other members answer the greeting, shake hands and offer a new arrival a place to sit (on the floor) which was comfortable for them. Also, there was a Javanese ethic at play that one must prioritize the older over the younger in a group meeting, which was intended to show respect and glorify the older generations. For example, if foods and drinks were served during meeting, younger members prioritized the older ones to take any food and drinks first. Thereafter, group members conduct casual conversations to create intimacy among them, for example discussing topics related to agriculture (the common job of the group members). Although the younger members

³ Direct observation was conducted during the AG meeting on 16 April 2012 (Women's AG); 24 April 2012 (Mixed AG) and 1 May 2012 (Women's the AG - replicated group) in Village X (Rural Java), Indonesia

show respect for the older generations, this attitude did not have any consequences for the allocation of loans. A man who was a member of Men's AG mentioned:

'It is a compulsory for young people to show deep respect to the elderly. This is an expression of courtesy which is part of the Javanese tradition. However, for the loans mechanism, there was no different treatment between the younger and the elder. Every AG member was treated equally' (Semi-structured interviews; Participant R-21)

When the group members had gathered in the meeting venue, the group leader took over the running of the proceedings, opening the meeting with Islamic greeting⁵⁰. This sentence is a common greeting among Muslims, who are encouraged to pray for his/her fellow Muslims. Islamic greetings were believed by the group members to demonstrate a sense of affection and love for their fellow Muslims, as well as to express the perfection of their faith (Islam). Praying for fellow Muslims has been practiced for generations in emulation of the Prophet Muhammad (PBUH⁵¹) and it is mentioned in the Hadith⁵² that one should do this. There was a belief among the members when they performed prayer for others that the prayer would surely be returned back to the person who had prayed. Then the meeting started with a prayer led by the group leader, encouraging the group members to praise God, as well as sending peace and salutations upon the Prophet Muhammad PBUH and praying for all Muslims.

Language

In Village X, two common languages were used in daily routines by the villagers, namely the Indonesian and Javanese languages. During AG meetings, the group leader delivered the opening speech, expressing gratitude for the presence of the meeting participants. This speech was usually in the Indonesian language. Formally, the Indonesian language was used in meetings when the AG had invited participants from external agencies, such as government officers. On certain occasions where the group leader felt comfortable in using the local terms, Javanese languages⁵³ were also used to create intimacy among group members. My research confirms that a Javanese language was also used by group leaders when speaking to older group members, as a form of respect. As it is common for elderly people in rural Java to use a Javanese language in everyday life and sometimes they do not really understand the Indonesian language, during meetings the group leader presented in both the Indonesian and Javanese languages to make sure all could easily understand the meeting's materials. In this sense, the use of a Javanese language was important to build social ties between older and younger members of an AG as 'a new big

family' and to ensure the success of a meeting, in agreement with Smith-Hefner (2009), who argues that the different styles of Javanese languages are based on degrees of respect, which reflect the quality of the speakers' relationship.

On certain occasions, when the participants in a meeting were less focused on the meeting agenda, the leader practised several opening speech techniques or languages to attract the attention of participants. For example, the leader asked questions about the materials discussed in the previous meeting. The group leader also created the atmosphere of togetherness by speaking in a friendly fashion and avoiding domineering speech e.g. providing an opportunity for group members to ask questions and give comments through a 'Questions and Answers Session'. At the same time, group members were encouraged to actively participate during meetings by expressing their opinions and getting involved in decision-making during the meeting.

The Meeting Rules

The meeting rules of an AG are designed by the AG (with the help of facilitators) on the basis of mutual agreement among the AG members. The group leader reads out the meeting rules that regulate the group meeting and the AG in general. The findings from this study confirmed that AGs in Village X encourage their members to respect the meeting rules, including attendance to achieve the goals of meetings. The meeting rules of those AGs studied were consistent with the official PIDRA project documents (IFAD, 2004a, 2008; BKP, 2009, 2010), which required AGs to hold and attend regular meetings, as mentioned by a female who was the secretary of Women's AG (replicated group):

'At the beginning of the group formation, every member is encouraged to attend the meetings that are held regularly (minimum once a month). The local PIDRA team explained the general meeting rules, which have to be agreed by group members (e.g. the mechanism of meeting attending). The PIDRA team also provided an opportunity to each group to set up the group's rules, based on Musyawarah Mufakat among the group members (e.g. the mechanism for saving and loans)' (Semi-structured Interviews; Participant R-26)

Based on my observation, the AG meeting rules in Village X were: Firstly, every group member should come on time when attending the scheduled meeting, with a maximum late tolerance of 15 minutes. However, for members absent due to unplanned personal reasons, such as travelling to another city due to business or family matters (e.g. sickness), are expected to inform the group administrators before the meeting and to

contribute their saving and pay their loan instalments, which can be deposited with help from the group's administrator or other members. He or she also has to pay a fine to the group for the absence (e.g. IDR 2.000/10p per meeting). Although the amount of the fine was small (if compared to the regional minimum wage⁵⁴), the social sanction received by a member who was absent exceeded the economic value of any fine, as this member was considered to have less solidarity with the others. This was mentioned by the head of a women's AG:

'There was an agreement in my group regarding how we were to treat the absence of group members from a scheduled meeting without an acceptable excuse. These group members were considered to have less of a commitment and solidarity with the other members and the AG at large. As the group leader, I always reminded all members to be a solid group' (Semi-structured interviews; Participant R-15)

Mutual help among the group members also reflected Javanese culture, particularly the tradition of thinking about the feelings of others (*Tepo Seliro*) and thinking about the difficulties of others (*Tenggang Roso*). As social values that have been rooted in Javanese society, having a sense of *Tepo Seliro* and *Tenggang Roso* with respect to absent group members was essential in order to create and maintain the harmony of social life.

Participant R-15 statement resonates with Adhlyati and Herdyanto's (2014) work on mutual respect (*Tepo Seliro/Tenggang Roso*) as two of the solid cultural values in both Javanese and Indonesian culture. The head of a women's AG stated:

'I agreed that we should have a sense of Tepo Seliro and Tenggang Roso. For example, if there was a member who did not attend the group meeting scheduled due to important reasons e.g. harvest season or family matters, the group will give permission (as long as all of her or his obligations to the group have been met, such as paying fines)' (Semi-structured interviews; Participant R-15)

In practicing Islamic teachings, the values of Islamic solidarity (*Ukhuwah Islamiyah*) among the group members in Village X can also be seen to respond to the group members who did not attend a meeting. A member of a men's AG described:

'As a Muslim, we are encouraged to keep and maintain Ukhuwah Islamiyah to strengthen brotherhood and sisterhood, including in the group meetings. I motivated the group members to have a sense of tolerance, especially when there was a member who was absent due to an acceptable reason e.g. family matters' (Semi-structured interviews; Participant R-21)

His statement indicates that Islamic teachings have helped to build a sense of affection, brotherhood and sisterhood, and trust among groups members (based on the Qur'an⁵⁵), as well as a sense of mutual help, mutual understanding and adopting an attitude of respect. Moreover, group members who did not come to meetings (maximum of 3 non-

attendances) without a reasonable excuse were disqualified from membership of an AG. In my observation, there was no case of participants who were absent more than 3 times in an AG meeting, except members of group that had ceased to exist. The final decision regarding the status of group members who were disqualified was based on a consensus agreement (*Musyawah Mufakat*) among the group administrators and members. The impact of a disqualified member affected the assessment of an AG conducted by the local PIDRA team, especially with respect to receiving a 'matching grant'. The obligation of group members to attend meetings on a regular basis is regarded as 'the mandate of the microcredit programme' (Ali's, 2008).

7.3.3 Follow up Meeting

The meeting result becomes a mutual agreement for all members of AG and is followed up with the concrete actions. The secretary of a women's AG described:

'I am in charge with of meeting minutes during the meeting. I wrote the meeting result which was based on the mutual agreements, then I followed it up with my group e.g. monitoring and controlling of credit. This mechanism was crucial to ensure that a loan was allocated for a productive purpose' (semi-structured interviews; participant R-26)

Her statement indicates that monitoring and control are important measures to ensure decision-making accountability and that the implementation of the credit scheme is 'on track' (relevant to the microcredit goals). My study emphasises on the need for monitoring and control involving all participants for the success of any development initiative.

7.4 Conclusion

The research study shows that strengthening the institutional capacity of the AGs can be achieved through several stages of AG formation, including a phase of stabilization (phase-II); a phase of independence and weaning (Phase-III); and the establishment of a Federation and Rural Development Institution (RDI) (Phase-IV). Using this process, ten AGs were established in Village X - initially divided based on gender - male and female AGs. Through the process, the majority of the AGs were able to survive and replicate, as well as to maintain their continuity. However, there were some problems of corruption and misuse of loans during the stabilisation phase (Phase-II), causing one of the AGs fail to survive.

The findings also demonstrated that the remaining AGs had been able to self-manage the 'matching grants' provided for income generation activity, with the assistance of the local PIDRA team, including the facilitators. In addition to providing financial support, the AG members were also provided with the necessary training. Through further strengthening in the third phase of AG formation, AG members were encouraged to be independent by slowly separating themselves from the facilitators. The findings reported that this was a difficult process at the beginning, however, the cooperation of the facilitators to reduce their assistance level and increase the understanding of AGs had enabled them to become more self-reliant.

Building a new local institution then started in the fourth stage of the AG formation by establishing social institutions at the village level based on the microcredit and capacity-building activity, namely the Federation of AGs and the RDI. The findings revealed that although the AGs, Federation, and RDI were based on a design provided by the PIDRA project, these institutions had helped AG members to be involved in various decision-making processes in rural development. AG members' participation in planning and implementing community development initiatives has generally benefited their livelihoods and the local economy and contributed to sustainable development in Village X. Based on the above account, AGs can be categorised as hybrid organisations which combine two institutional logics (i.e. development and banking logics), multiple values systems (i.e. Javanese culture, Islamic teaching, trust, negotiation, *Musyawah Mufakat*, *Gotong-Royong*), and various groups in community as development stakeholders.

The group meetings were central for the implementation of the microcredit programmes. All AG members were encouraged to attend group meetings to engage in saving and loans activities; and receive life-skills training. Several elements of Javanese culture were implemented in the group meetings and these helped to create and maintain harmony in the groups and the wider society, for instance a sense of *Gotong-Royong*, *Tepo Seliro*, and *Tenggang Roso*. The *Musyawah Mufakat* approach in decision-making related to the group activities reflected Javanese culture and has been implemented in group meetings, such as when discussing the meeting rules; saving and loan regulations, and life-skills training activities. In general, this research indicates that the integration of Javanese culture and Islamic teaching influenced the operation of AGs and affected their activities, with an impact on the continuity of the AGs' microcredit programmes.

Chapter 8: The Transformative Impact of the Programme on Achieving Gender Equality

In this study, the aim of achieving gender equality through providing equal opportunities for men and women in the microcredit programme faced various barriers and obstacles, such as cultural differences (Javanese culture) and religious values (Islamic teachings). This chapter discusses the implementation of microcredit programmes through AGs in the context of Javanese culture and Islamic teachings. This chapter also discusses the impact of microcredit on AGs on gender equality and women's empowerment. These impacts include: controlling loans, participating in training, economic benefit, decision making and the division of labour within the family. The negative impact of women's involvement in microcredit activities caused women burdened with overworked also explained in this chapter. However, the limitations of data collected, I am unable to make a direct comparison of gender relations before and after the PIDRA project because my study is based on retrospective data.

8.1 The Interconnection between Microcredit and Gender in the context of Javanese culture and Islamic teaching

This section describes the impact Javanese culture and Islamic teachings have had on the AGs' activities in achieving gender equality. There is an interconnection between Javanese culture, Islamic teachings and gender, where Javanese culture tends to create gender differences, while Islamic teachings tend to provide gender equality.

8.1.1 Javanese Culture and Gender Differences

IFAD (2009: p.27) states that "*gender equality plays a key part in all development activities*". In this regard, IFAD through the PIDRA project promoted gender equality as a cross-cutting issue to increase the role of women as agents of change in development. According to the interviews I conducted, enhancing the role of women in development designed to bring a gradual transformation of gender relations through the process of social and economic development. However, efforts to realize the transformation of gender relations faced challenges. The formation of AGs in Village X intended to provide equal opportunities for men and women in development, but gender challenges existed in the indigenous Javanese culture. Javanese culture views women as inferior to men, and

women were consequently often underestimated and ignored both within the family and in the community. The concept of gender in Javanese culture was described by the social leader (male):

'I believed that men were always dominant over women in this village (e.g. regulating the village government, cultural and religious events). Based on Javanese culture, there was an ancient proverb that influences the relations between men and women in daily life: Wanito iku Wani Ditoto; Dapur, Sumur, Kasur; Kanca Wingking'. Now, I am aware that men and women should be equal. (Semi-structured interviews; Participant R-10)

Participant R-10 was appointed as a social leader by the residents due to his charisma and for having an in-depth knowledge of rural history and Javanese culture in daily life. As a highly-respected person in the rural community, his thoughts on preserving Javanese culture were trusted and followed by the villagers, included his understanding about gender in Javanese culture, where men have always been dominant over women in daily life. Similarly, a man (the head of an AG) who had belonged to a ceased to exist AG expressed his views:

'The PIDRA project provided an understanding about gender through two methods, namely: dividing the AG (men's and women's groups) and facilitating gender training. Before the implementation of the PIDRA project, men were accustomed to 'Metentheng sak karepe dewe' (the tendency of men to be more dominant than women in all aspects of life). However, this has changed - men now tend to be aware that women are partners for men (in general aspects of life e.g. taking care of children)' (Semi-structured interviews; Participant R-19).

Participant R-19 illustrates that there was common understanding that men had always been dominant over women in all aspects of life (the expression of *'Metentheng sak karepe dewe'*). Since being involved in the AG programme (especially attending the gender training), he believed that his view of gender relations had changed, for example regarding taking care of children. There were more respondents saying the same thing about caring for children was seen as women's work prior to the implementation of PIDRA projects in Village X, but during my fieldwork in 2012, I saw men (husband) also caring for children due to their better understanding about gender awareness. He further contended that, due to the learning process during the PIDRA project, he recognised that the knowledge and ability (human resources) of women were better than men in certain aspects, for example that women were more painstaking and professional than men in managing microcredit and business. This study shows that the gender training had a positive impact on increasing gender awareness of AG members, such as in decision making at the household or village levels.

Prior to the implementation of the PIDRA project, Javanese culture was a way of life for most of the villagers, which of course had an impact on gender relations between men and women. Throughout the process of AG formation and implementation in Village X, this study found that the local PIDRA project team continuously introduced and promoted gender awareness. This was mentioned by a woman (a member of an AG) who belonged to a replicated AG:

'I am aware that Javanese culture views the social status of women as subordinate to men and that they should follow their husbands (e.g. Wani Ditoto' which literally means 'women accept to be managed by men'). However, since I joined the AG and received gender training, which enhances the women's solidarity, I have come to a different opinion about gender, namely that, women having the opportunity to do the same jobs as men (equally) to support family income (e.g. work in the agricultural sector)' (Semi-structured interviews; Participant R-28)

A man (he was the secretary of a mixed's AG) who attended in FGD expressed:

'Gender issue was a topic discussed in the FGD. Majority of FGD participants believed that there was a gender inequality in the family due to the doctrine of Javanese culture, for example: women in the view of Javanese were seen as WANITO (Wani Ditoto' which literally means 'women accept to be managed by men). Since the PIDRA project promoted gender awareness through 'gender training', both men and women agreed the ideas of gender equality (where women and men were equal in all aspects of life)' (Focus group Discussion; Participant R-32)

The testimonies above show that the AG members (both male and female) gained benefit from the AGs activities, such as gender training. During their involvement in the AG, these participants (R-28 and R-32) had attended gender training which gave them these ideas about gender equality in the family and society. They also argued that the doctrine on women maintained in Javanese culture (e.g. WANITO 'Wani Ditoto' which literally means 'women accept to be managed by men) has legitimised and naturalised gender inequality. The view of *Wani Ditoto* reflects that the men were regarded as leaders in households and in Javanese society, obligating women to support men. The growth of women's participation and solidarity in the AG programme was associated with initiatives to optimize female human resource potential through the microcredit programmes, as well as leading to greater gender equality and women's empowerment (e.g. controlling loans, participating in training, gaining economic benefit, contributing in decision making and the division of labour within the family).

8.1.2 Islamic Teaching and Gender Equality

All the members of the AGs in Village X were Muslims who maintained strong Javanese traditions. In terms of the concept of gender, Javanese culture is similar to the teaching of Islam, particularly on the roles of men and women within the household. For instance, Javanese society believes that only men (husbands) can be the head of a family and that they have a responsibility to work to earn an income for the family, while women (wives) should become housewives who only do domestic work. Such views may potentially hinder and challenge any development initiative for women's empowerment, as discussed by Rakodi (2011a). Islam, on the other hand, allows women to work as long as their income earning activities do not violate Islamic obligations and important roles as a mother and wife are not neglected (Jawad, 1998). This argument implies that gender differences are acceptable, if they not lead to gender inequalities or social and cultural injustice between men and women.

Another perspective on Islamic teaching, however, asserts that the Qur'an⁵⁶ teaches that men and women have equal positions and that no distinction or discrimination among humankind can be tolerated. The spiritual aspect of Islam is concerned with religious obligations⁵⁷, based on that view there is no difference between men and women in their capacity as servants of God. Both men and women, it is believed, have the same potential and opportunity to be an ideal person, depending on their piety (*Taqwa*⁵⁸) in worshipping God (without considering gender, race or ethnicity). As Muslims, the majority of AG members referred to Islamic teachings as a source of daily guidance. Being servants of God, they believe that every human has the same position in the sight of God, but they also believed that Muslim men and women have different roles in the households or communities (Barlas, 2009). This research shows the impact Islamic teachings have on gender differences, as seen in several Islamic-religious activities, including syncretistic practices in which AG members engaged, for example: *Tahlilan*, *Diba'an*, and *Pengajian*. In general, these religious activities allowed men and women to participate simultaneously (mixed gender). However, due to the tendency of people in Village X to combine religious teachings with cultural elements, these activities were in practice segmented based on gender preferences. The religious leader (male) mentioned:

'I perform the Islamic religious activities in this village, such as 'Tahlilan' (for men), 'Diba'an' (for women), and 'Pengajian' (for both men and women). These activities are

aimed to accommodate the desire of rural people in their lives to become pious servants of God (taqwa), namely to learn and implement Islamic teachings to satisfy the spiritual needs of both men and women' (Semi-structured interviews; Participant R-9)

As a religious leader, this informant considered that Islamic-religious activities should be included in community development programmes which address gender equality. In Village X, the existence of *Tahlilan*, *Diba'an*, and *Pengajian* based on gender preferences emphasize that gender equality could be achieved among the members of the AGs through parity in spiritual and religious practices. His statement resonates with Pinglé's (2005) work on involving Islamic religious leaders to influence and shape people's actions and the suggestions of others (e.g. Rakodi, 2012a; Tickamyer and Kusujarti, 2012; Clarke, 2013). These Islamic-religious activities are described below:

Firstly, *Tahlilan*. In practice, *Tahlilan* was performed by the families of deceased people by inviting all of their neighbours (mostly men) to come to their house at night (after sunset - usually after *Magrib* or *Isya'* prayer time or 6-9pm) to read the Qur'an and other prayers in the traditional Islamic way. According to the indigenous custom, men were strongly expected to participate in *Tahlilan*, while women were also allowed to participate in *Tahlilan*, although this was not common because women have other religious forums that allow them to participate (i.e. *Diba'an* and *Pengajian*). The member of Men's AG (male) described:

'I was often invited to participate in Tahlilan (praying for God's forgiveness and assistance), where the majority of participants were men. It was unusual for women to perform Tahlilan. The women have their own religious forum (called Diba'an). When men performed Tahlilan, the women (the host of Tahlilan) helped by preparing food in the kitchen (Semi-structured interviews; Participant R-21)

By performing *Tahlilan*, it was believed that the deceased's passage to heaven may be easier. In this ritual, the family of the deceased provides food and drink for those attending in return for their willingness to pray for the deceased. After finishing reciting the prayers, people enjoy the food, while discussing anything of interest that was happening in the society, or any new information relating to development in the community.

Secondly, *Diba'an*. The tradition of *Diba'an* was an opportunity for people (especially women) to gather together. A family which had just had a new family member invited all their neighbours to attend *Diba'an* in their community, especially '*Ibu-Ibu Pengajian*'

(women who are concerned with religious Islamic activities). In Village X, *Diba'an* was usually conducted at night (after sunset - usually after *Maghrib* or *Isya'* prayer, which was around 6-9 pm). In this activity, religious Islamic leaders (*Nyai*) lead the prayers, by reciting prayers for the health, wealth and better future of the new-born baby. After finishing the prayers, all the guests enjoyed the food provided by the host family. Often, while eating, they also talked about and discussed various events that have happened in their society and issues that have arisen. It seems that *Diba'an* was largely the domain of women, and was rarely performed by men. Women were strongly expected to participate in *Diba'an*, as it had become a tradition in this rural community, while men tend to do other activities such as worship in the mosque. The head of a Women's AG explained:

'Diba'an in this village was mostly conducted by women. It was very rare for men to perform Diba'an because it was synonymous with women's activities, while other religious activities (i.e. Tahlilan and Pengajian) were performed by men (Semi-structured interviews; Participant R-14)

Thirdly, *Pengajian*. The majority of the members of *Pengajian* in Village X were men and women who have regular meetings either once or twice a week when they gather in a mosque or a house of a selected member to recite the Qur'an. There was a tendency for *Pengajian* members to follow what the religious leaders asked or told them to do, because every religious leader's statement was considered important and was respected by the community. The religious leaders are usually elderly people in the community, who have charisma because of their deep understanding and knowledge of Islam. The member of a women's AG explained:

'I grew up in a Javanese Muslim family. As a villager, I have to be obedient to the religious leader, who has comprehensive spiritual knowledge about Islam. His statements related to religious teaching and its implementation in the wider society were always followed by the majority of the villagers (including myself)' (Semi-structured interviews; Participant R-30)

In addition to equal rights in spiritual aspects, men and women were regarded as equal and were provided with the same opportunities involved in AG programme, include microcredit activities. According to my observations, I found that women were better in managing microcredit than men because they were more work hard, patience and professional than men. For example, women tended to allocate loans for productive income generating activities, while men were apparently more vulnerable to misusing credit, mentioned by a man who belonged to the ceased to exist AG:

'One of the biggest mistakes in my group was the misuse of loans by borrowers. Although there was a group regulation on the use of loans for productive business, the majority of the members allocated the loan for consumption purposes, for example to buy household appliances or pay off other debts. It is different with female group members, who use loans as capital and develop their business. Therefore, the majority of members in my group were not able to pay back their loans, as their businesses did not grow. This situation resulted in my group being unable to manage microcredit activities becoming a ceased to exist group (Semi-structured interviews; Participant R-23)

However, in accordance with Islamic teaching and also Javanese culture, there was a mandatory requirement that a married woman needed the approval of her husband (part of Islamic teaching) if she wanted to work. Women also needed permission from their husbands to actively participate and be involved in the saving and loan activities of AGs. The member of a women's AG (female) mentioned:

'When I proposed a loan to my group, I had to request permission from my husband. The reason was because I have to respect my husband as the leader of my family (part of Islamic teachings). I used the loan to support our farming business, which was mainly managed by my husband' (Semi-structured interviews; Participant R-13)

A similar expression also describe by a woman (a member of the AG) who belonged to a replicated AG:

'As A Muslimah, I obliged to obey my husband. I believed that my husband's blessing was for the good of me (as his wife). When my group provided opportunities for the members to access loans, I asked my husband's permission. We discussed the use of loans. Finally, my husband allowed me to access loan which was used to finance my family business (farming)' (Semi-structured interviews; Participant R-29)

The statements above show that respect towards their husband as the family leader was a part of Islamic teachings, especially asking husband's permission for women who accessed loans from an AG. The majority of women participants expressed in the interview that gained husband's permission to be involved in the AGs was compulsory, as the benefits of their involvement in the microcredit programme contributed in generating family income.

8.2 The Impact of Microcredit on Gender Equality

AG formation was intended to empower women and orientate them for the achievement of gender equality between men and women. Before the implementation of the microcredit programmes, women in Village X had often been excluded from financial services. AG formation was designed as a development strategy to reduce the gap

between men and women in accessing loans in the form of group-based microcredit programme, clearly stated in the IFAD's targeting Policy: *"in any given context, IFAD will, together with its partners, identify the target groups through a gender-sensitive poverty and livelihood analysis and have a special focus on women within all identified target groups"* (IFAD, 2010; p.6). Therefore, the priority and effort was directed to targeting those women who most needed empowering for reasons of equity, effectiveness and impact of the microcredit programmes. This section describes the impacts of the AG microcredit programme on gender equality, especially related to women's empowerment. These impacts include: controlling loans, participating in training, economic benefit, decision making and the division of labour within the family.

8.2.1 Controlling Loans

The microcredit programme in the PIDRA was intended to contribute to economic empowerment by encouraging women to contribute to family incomes. In the light of IFAD's experience and the lessons it had learned on poverty-targeting approaches, its ongoing strategy for gender mainstreaming and women's empowerment was designed to *"expand women's economic empowerment; strengthen women's decision-making; and improve the knowledge and well-being of women"* (IFAD, 2010; p.7). However, the findings of my study shows that women were often pressured by their husbands to control their loan to buy items (such as a motorcycle), rather than investing them directly in a business. The interviews that I conducted with the head of a women's group and other AG members indicate that men still dominated in terms of decision-making and the use of loans. The head of a women's AG recalled:

'When I managed the microcredit programme in my group, there was one group member who proposed a loan. Initially, the loan was to be used for creating a new business (food stall). However, she used the loan to buy a motorcycle for her husband (upon her husband's request). This was not in accordance with the principle of the microcredit programme' (Semi-structured interviews; Participant R-15)

Another participant (female) who belonged to a member of replicated AG also mentioned that the loan provided was used to support her husband's business:

'I was able to access the loan due to my right as an AG member. I asked for the loan for setting up a grocery business. However, due to my husband's need to buy a sprayer (an agricultural tool), he requested me to divide the loan provided into two: fifty percent was

allocated for the grocery business, and the another fifty percent was used to buy a sprayer' (Semi-structured interviews; Participant R-30)

Similarly, the member of a men's AG (male) expressed that the financial management in Javanese family managed jointly between husband and wife for generating family income:

'There was a tradition in Javanese family in managing the family finance, which usually carried out jointly between husband and wife. In the case of accessing loans from AG, especially women members who accessed the loans, her husband involved in managing and controlling the use of loans to generate family income' (Semi-structured interviews; Participant R-30)

The testimonies above show that some cases in Village X, when the loans were made to female borrowers, their husbands took over the management and control of the expenditure and utilisation of the loan provided. According to the interviews I conducted, the husbands argued that it was in the interest of the family as a whole to support the family business. In a certain case, women had a limited role in joint decision-making; it resulted in a loan misuse (e.g. the loan used to buy a motorcycle).

Based on the testimony above, I argue that although the loan was intended to be used by women for economic empowerment by encouraging them to contribute to the family generating income; however some cases show that the use of loan was controlled by men (husband). In this case, the use of loans by husband could also be seen as a productive investment and smoothing consumption (even if it does not generate immediate income). My observations indicate that a motorcycle was used to collect agricultural inputs from *Koperasi* to their farmland and distribute crop yield from farmland to a village market; and the sprayer was used to eradicate plant pests. So, both husband and wife could jointly collaborate to guarantee the loan repayment by doing a productive agricultural business.

8.2.2 Participating in Training

IFAD argues that the social position of women cannot be increased without applying additional strategies, for instance providing training in gender mainstreaming (IFAD, 2004a, 2010). It provides assistance in support of achieving the goal of improving the status of rural women, as mentioned in an IFAD document: *"IFAD assistance will also help to improve the status of rural women through gender mainstreaming, skills and*

vocational training and economic empowerment” (IFAD, 2008; p.31). Therefore, the microcredit programmes in the PIDRA project included, alongside the provision of financial services to members, social intermediation in the form of life-skills training. As described in section 7.2.2, to achieve this, several life-skills training modules were prepared by the PIDRA project team which aimed at developing group members’ capacity (male and female) relevant to the AG activities (IFAD, 2004a, 2008). The training programmes in Village X were assisted by facilitators or external trainers (e.g. an entrepreneur or expert person in the agricultural business) who were requested by the group members. Most of the research participants (especially women members) agreed that these life-skills training sessions were intended to create a learning environment, provide learning experience, and improve the knowledge and skills of the AG members, which in turn was intended to support the group members’ businesses. According to my observation, I found that 8 out of 23 (about 35%) AG members who previously worked as farmers, they created new enterprises (e.g. grocery business, corn threshing, salted eggs). In addition, 14 out of 23 AG members (about 75%) were women who gained life-skill trainings (refer to Appendix 9 - list of research participants). The testimonies below provide the evidence that after joining in the gender training supporting by the PIDRA project, there were positive impacts on the female members, such as improving knowledge and self-confidence in expressing opinions in the group.

A woman who was the secretary of a women’s AG - replicated (in Village X) described:

‘The AG offered its members advantages; all members were allowed to access credit and to join in the training facilitated by the PIDRA project. Credit can be used to support members’ businesses, so they empowered and able to earn more income for family. Along with time, I felt confidence and learned through training (learning process) to increase my knowledge and skills’ (Semi-structured interviews; Participant R-26)

Similarly, the member of a men’s AG (male who belonged to a mixed AG) expressed that the training provided by PIDRA project changed the mind-set of majority AG members:

‘When the PIDRA project conducted the training on gender, women participants were more active asking questions about the AG programmes during the training sessions than men (e.g. the involvement of female members in the collective/ group businesses). The impact of the training for female members was good. Female members felt more confidence in expressing their opinions during the group meeting, such as the idea to accommodate women in the group board management’ (Semi-structured interviews; Participant R-31)

In addition, the interviews that I conducted with a participant who was the head of a women's AG and other AGs members suggest that women were able to gain respect in their households due to their economic contributions. This led in turn to a change in the perceptions of women's status in the community and an increase in men's willingness to accept those changes, potentially enabling women to make significant contributions at the macro level via their role as agents of economic growth and rural development. For example, the head of a women's AG (who was also the head of the Federation) explained:

'Since I decided to join the AG (with my husband's permission following Islamic teachings and Javanese culture), I have been able to access microcredit and participate in life-skills training to improve my business. Through the entrepreneurship training provided by the PIDRA project, I have set up a small grocery business in my house which has provided an additional income for me and my family. Since then, I and my husband have become aware that men and women can both contribute to the family income. We respect each other' (Semi-structured interviews; Participant R-11)

This woman had been involved in the AG since the programme was first introduced in 2001. At that time, she qualified because she had lost her job as a factory worker, while her husband was working as a construction labourer in a different city. She sought approval from her husband to join the AG, which she attributed to a sense of respect to her husband (following Islamic teachings and Javanese culture). She realized that by engaging in the AG she would gain access to a lot of useful activities, including participating in the life-skills training. At the time of the research, she had a new grocery business, which was providing benefits for her and had helped her to enhance her family's livelihood. Her ability to make a profit from her business enabled her to contribute to the family income, which also caused her to be respected in the family.

8.2.3 Economic Benefits

To encourage the participation of women in generating income, the AG programme promoted the principle of gender equality in every economic activity, including providing equal access to credit to all group members. This approach was aimed at reducing the gender gap by accommodating both male and female members' needs. Promoting gender equality through the AGs was intended to enhance the role of women as agents of change, as well as improving women's skills and ability to participate in decision-making. By doing this, a gradual transformation of gender roles in the process of social and economic development was considered to be possible. Based on IFAD's performance

indicators, its report concluded that “... *PIDRA is a good programme that performed very well in its operation...*” and “... *the people in the targeted villages improved their food security and increased their incomes...*” (IFAD, 2008; Appendix IV p.9)

My study revealed that group members who obtained microcredit had the opportunity to strengthen their existing business. My findings therefore are coherent with Shirazi and Khan's (2009), Chan and Ghani's (2011), and Hamad and Fernald's (2012) claims that microcredit has a significant impact on borrowers, reducing poverty through fostering income generating activities. Another benefit of accessing a loan from an AG was illustrated by a member of a women's AG (Participant R-12):

'I remembered when I had difficulties in buying paddy seeds during the planting season. Since there was an opportunity for members to borrow money from the microcredit activities in the AG, I borrowed money to buy paddy seeds at a small interest rate. I then repaid the loan after the rice harvest. Microcredit was very helpful for my business' (Semi-structured interviews; Participant R-12)

From her testimony, it is clear that as a member of the AG, the opportunity to access loans at low-interest gave her valuable opportunities, not only for herself but also for her family. In Village X, the majority of female participants from AGs (about 87% - 13 out of 15 of female participants) worked in unpaid labour (worked voluntarily): either as a farm worker or helping their husbands in managing a family farming business (while about 13% (2 out of 15) of female participants worked in non-agricultural sector e.g. teacher and trader). However, after they became AG members and were involved in microcredit activities, there was a shift in the orientation of their economic activities towards becoming entrepreneurs and starting non-farming businesses. When the AG programme was implemented, a new trend emerged, where women started taking part in independent work and became known as '*wanita karir*' (career women). Based on the participants profiles (refer to Appendix 9 - list of research participants), this study reveals that about 47% (7 out of 15) of the female informants who were AG members had been able to start their own small businesses (e.g. grocery business); and about 53% (8 out of 15) of the female participants remained as farmers, teacher, and trader by utilizing the loans provided by an AG. A woman who was the treasurer of a women's AG stated:

*'After I became involved in the AG, I accessed and used a loan to set up a new business (a grocery). After that, I handed over the agricultural business to my husband and I totally focused on managing my grocery business. Although I became '*wanita karir*' who is able to generate income independently for my family, I am not forgetting my duties as a wife and mother of my children'* (Semi-structured interviews; Participant R-25)

Her testimony indicated that the microcredit programme encouraged women to be more economically productive and empowered (e.g. managing grocery business). Also, this study revealed that many family incomes gradually increased⁴ due to participants' access to microcredit to support their economic activities. The secretary of a replicated AG (female) explained:

'I helped my husband to manage the farming business prior to joining in the AG. Since I received a loan and training, I developed a new business by trading salted eggs. Now, I have a better income' Semi-structured interview; Participant R-12)

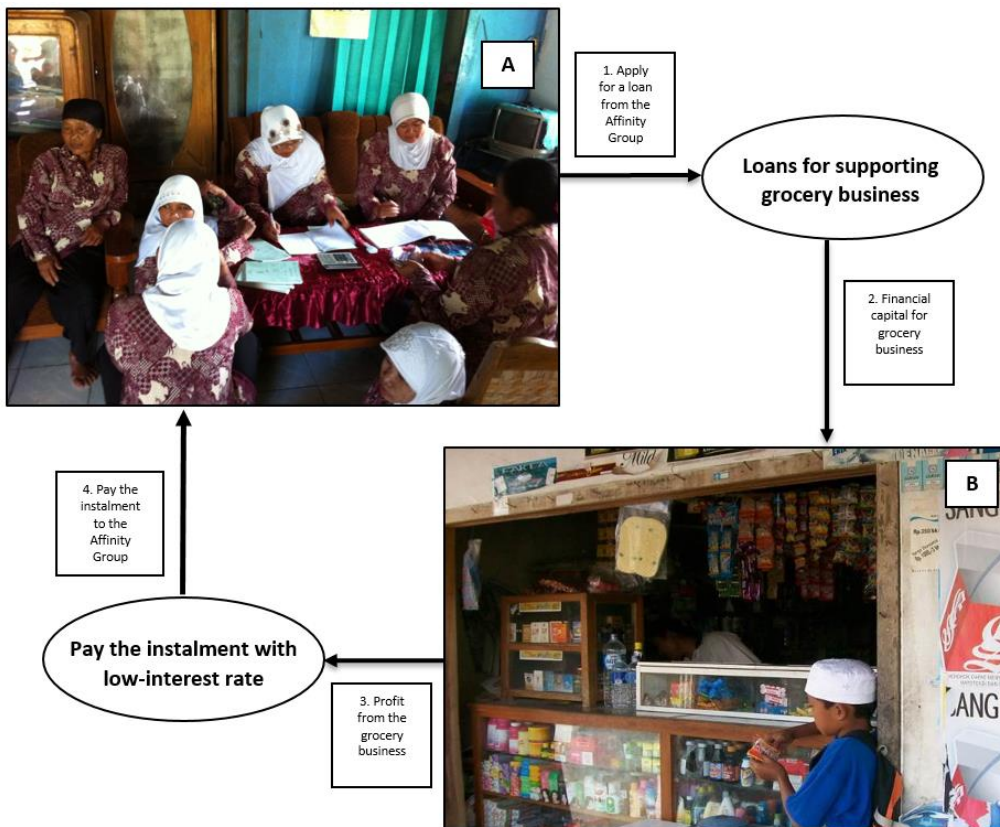
My study also showed that increasing women's access to income earning opportunities can increase their ability to contribute to the family income. Some borrowers in Village X reported that they had been able to make a profit from their business (a new off-farm business), which they allocated partly to continue their existing business and partly for the finances of the family. A female member of a women's AG mentioned:

'When I accessed a loan from the AG, I used the money to set up a grocery business. I have to work hard to manage my grocery business to contribute to my family's income (e.g. to meet the family's daily needs and finance my children's education). While managing my grocery business, I am still doing domestic work, such as taking care of my children and cooking' (Semi-structured interviews; Participant R-16)

The testimonies above reflect other participants' experiences that economic benefits were obtained as a member of the AG. Majority of the AG members had been able to access credit to support the operations of their business, which generated an additional income that enabled them to support the well-being of their family. The process of using loans from the AG for a grocery business can be seen in Figure 11.

⁴ The evaluation report from IFAD (2008; p.3-4) states that "...about 50% of the created businesses (by men and women) were able to make profitable income after three years of the group establishment". Data from a short survey shows that over 50% of the group members had an increased income from low-income to medium (IDR 1.000.000 - 2.000.000 (£50 - £100) per month) and high income (IDR > 2.000.000 (> £100) per month) - (see appendix 9).

Figure 11. Using a loan for a grocery business in Village X (Photo was taken by researcher in 2012)



Note: Saving and loan activities (A) and the grocery business (B)

The figure above illustrates how saving and loans activities can empower AG members. The loans provided from the microcredit programme through the AG were mainly used to support an existing enterprise (particularly farming). In addition, some group members (especially women) utilized their loan to set up a new business. This study therefore shows that the microcredit programme encouraged women to be more productive in accessing credit and starting a new business. The use of credit for productive income generating activities (e.g. a grocery business) enabled AG members to use their profits to meet the expenditures of their family, contributing to enhancing their family's well-being. A member (female) of the replicated AG stated:

'I accessed a loan from the AG to start a grocery business. Since then, I have gradually learned how to manage my business, such as how to purchase and sell my goods, and how to record the financial transactions of my business. I use the business profits for myself and my family's needs, and have also supported my husband's business' (Semi-structured interviews; Participant R-30)

As the PIDRA project was also concerned with poor rural men, the benefits obtained from participating in microcredit activities were not only received by female group members but also by male group members. A member of a men's AG explained:

'I had tried to borrow money from the bank to support my agricultural business. However, the request was refused by the bank due to a lack of collateral. Since I joined in the AG, I have been involved in the microcredit programmes and borrowed money from the AG to start a thresher business by buying a threshing machine' (Semi-structured interviews; Participant R-21)

He revealed that before joining the AG, it was very difficult for him to sustain his own business and support his children's education, due to his low-income. As a farmer, his monthly income was only able to provide basic household needs such as food. After becoming an AG member, he was able to get a low-interest loan, which he used to set up a new threshing business. He asked his wife to manage this business because she was also able to operate the thresher machine. By running this business, both husband and wife have the opportunity to work and to generate an income that contributes to the family income. Their stories have the same views and experiences with the majority of participants, when the AG members were carefully managing loans given by an AG both economic profit and the desired social impacts can be achieved. This also in line with the works of Battilana et al. (2012) and Waldron et al. (2016) who argue that the AGs as a hybrid organisation can only achieve both their social mission and commercial profit if they can sustain their operations by careful management of the loans.

8.2.4 Decision-making and the Division of Labour

The group microcredit programme has had an impact on women's position in decision-making. As stated by IFAD, *"In the PIDRA project, women are able to express their opinions about the choice of infrastructure projects (development programme)"* (IFAD, 2004a; p.20). The findings also show that the impact of loans on women's empowerment can also be seen in the improvement of women's role in decision-making. With their involvement in an AG, women members were able to directly access credit and/or saving options for income generation activities or household needs. A member of a women's AG described:

'Before joining the AG, I just conducted domestic work (as a housewife). After joining the AG, I accessed a loan to support the family's existing agricultural business. Since then, I have worked together with my husband and received profits, which were regarded as my contribution to the family income. I and my husband were involved together in decision-

making with respect to the allocation of family finances' (Semi-structured interviews; Participant R-29)

Another piece of evidence from a member (female) who belonged to the replicated AG explained:

'I borrowed money from my group in the growing season. At the same time, I needed money to pay my daughter's school fees. I discussed with my husband how to manage the family finances. I allocated a loan to buy fertilizer and used my savings for my daughter's education' (Semi-structured interviews; Participant R-27)

Before joining in the AG, Participant R-29 did not involve in making decisions and focused on conducting domestic work within the family. However, after joining in the AG, her ability to contribute to the family finances led to her involvement in decision-making within the family. In addition, participant R-27 explained that the increased contribution of women to their family finances enhanced their contribution to decision-making within the family. The testimony above indicates that the decision making process regarding to the allocation the use of loan provided from an AG was carried out jointly between wife and husband. The members' experiences reported above were coherent with other studies (e.g. Mahmud, 2003; Hoque and Itohara, 2009; Swain and Wallentin, 2014) who claimed that women's participation in a microcredit programme enables them to contribute to their family decision-making processes.

Although the participation of women provides opportunities for them to gain experience in AG activities, this study also found that, according to a male member of a mixed AG, female members' participation may be limited by Javanese culture influences. A male informant, who was the head of a mixed AG studied mentioned:

'There was a tendency for female members to follow men's decisions in the group meetings. Although several female members did dare to express their ideas on managing the group's businesses, the decision-making was dominated by male members due to cultural aspects of respect to men in Javanese society' (Semi-structured interviews; Participant R-18)

His testimony above reflect the other participants' views that tradition in Javanese society still strongly influences the perspective of rural people on gender inequality and male domination over women in various aspects of life, including decision-making. My research denotes that women's involvement in decision-making (or leadership) remained limited due to cultural beliefs and norms, in line with a study by Opare (2005).

My study also reveals some concerns that women had to work intensively after receiving a loan, showing an unfair division of labour in the households in Village X. When women received loans, the idea was that the loan provided should be used for productive income generating activities (e.g. support an existing business or set up a new side business). To do this, women had to work hard and fully operate their new business (if they wanted to obtain the benefits from the business), as well as doing domestic work (unpaid work). In addition, Women often had a duty to help their husbands to contribute towards the family income - for example by access a loan from the AG and set up a new business. This burden further increased the workload for women, who now performed several functions, including domestic work, working and generating family income, and participating in the social functions of AG activities. The female head of the replicated AG explained:

'My husband and I work as farmers. I am actively involved in the AG programmes. I proposed a loan from the microcredit programme in my group. Then I used the money to set up a livestock business. I and my husband managed this business together. Sometimes, I went to the forest to collect grass (for the animal feed), while also taking care of my children' (Semi-structured interviews; Participant R-24)

The testimony above reflects the other participants' views (especially women participants) that women had to take on social, economic, and household activities. Based my observation during the field work, I found that the husbands of women's AG members carrying a child during working hours (daytime), while their wife worked serving buyers in their stall (grocery). Assessing a loan from the AG addresses the problem of women's access to finance and their contribution to the family income. Most of the research participants (especially women members) agreed that women's participation in microcredit activities in the AG increased women's workload as they have to manage their time between work and home life.

8.2.5 A New Perspective on Gender

Despite these mixed outcomes, members of AGs had different views towards gender relations from before and after the implementation of the PIDRA project. The head of the ceased to exist AG (male) stated:

'Before I joined the AG, I did not understand that men and women should have an equal position in society. My wife always followed what I said, such as doing household work and parenting' (Semi-structured interview; Participant R-23)

Similarly, the treasurer of the replicated AG (female) said that:

'Before I was involved in the AG activities, I thought that women have different rights to men. Men must work hard to earn money for the whole family, while women only support men (husbands) by doing household work' (Semi-structured interviews; Participant R-25)

The above statements reflect the majority of participants' views that before the PIDRA project existed in Village X, local people had strong views about women's position and status within the family and community. Most Javanese believed that male roles were income-related and female roles were unpaid (i.e. domestic work). Such examples provide evidence that the tendency of men to be more dominant than women in all aspects of life (unequal gender relations).

Considering that Javanese society is based on a patriarchal system, the PIDRA project in Village X brought new and contradictory ideas to AG members. After they attended training (specifically gender awareness training), the group members who were interviewed reported that their views on women's prominence had changed. By the time of the study, they believed that women should have an equal position and opportunities to men, as well as working together to provide a better livelihood for improving the well-being of their families. The head of a men's AG described:

'Since I got involved in the AG, I have participated in gender training. After that, I recognised that men and women should be equal in all aspects of life, for example, by contributing to the family income. Now, I understand that men and women have to work together for the benefit of the family. They have to discuss together how to solve problems' (Semi-structure interviews; Participant R-20)

His testimony shows that gender training in the microcredit programme has provided an understanding that women can also contribute to the household economy (e.g. by taking a loan from the AG and setting up a new business). The equal contribution of men and women to the family income was gradually recognized as an appropriate understanding of gender equality in the family. The above testimony reflects the majority of participants' views that gender awareness can be increased amongst group members through gender training (non-formal education), which contributed to understanding and achieving gender awareness.

8.3 Conclusion

From the above discussions, it can be concluded that the group microcredit programmes delivered by the PIDRA project had a transformative impact on gender awareness. The process of gender mainstreaming through the AG was intended to minimize the extremely dichotomous nature of gender relations between men and women in the family and society previously. The views of individuals on gender inequality were strongly influenced by their Javanese culture and Islamic teaching, which strongly influences gender relations and tends to subordinate women to men. In a certain aspect, Islamic teachings provide clear guidance on gender relations and generally stipulating that men and women should be treated equally, for example with respect to the right to work. In addition, Islamic-religious activities practiced by members of AGs (e.g. *Tahlilan*, *Diba'an*, and *Pengajian*), also had an impact on gender mainstreaming amongst AG members. Therefore, the interconnection between the microcredit programmes and gender in the context of Javanese culture and Islamic teachings are crucial factors for the continuity of the microcredit programme. Also, AGs as the hybrid organisations need to be able to maintain a balance between economic and social logics/missions for the continuity of the microcredit programme.

Within the framework of development in Indonesia, gender equality was a relatively new concept introduced through the AGs. The promotion of gender equality through the microcredit programme had a transformative impact, e.g. empowering women through enabling them to increase their incomes and decision-making capacity. The findings from this study demonstrate that giving women access to credit alongside appropriate training and support improved their status in the household and community leading their empowerment. Although there was a loan misuse by borrowers (e.g. some women have used the loan to buy a motorcycle for her husband and to pay for school fees for her children), this study reveals that male and female borrowers had an equal opportunity to strengthen their existing businesses, as well as enabling them to create new businesses (especially female members). However, when women became members of an AG and became involved in the group's activities, women were burdened with double workloads (working for pay and doing unpaid domestic labour, while men benefit two-fold, they now share the responsibility for the family income but they do not share domestic labour).

Chapter 9: Conclusion

Based on a case study of the group-based microcredit programme in the PIDRA project in rural Indonesia, this thesis has examined the interconnection between gender, culture, and religion in microcredit programmes. The overall aim of this research was to evaluate how a UN funded group-based microcredit programme was implemented (considering Javanese culture and Islamic teaching) and what impact it had on achieving gender equality in rural Indonesia. Due to the lack of data to be able to make a direct comparison of gender equality pre and post AGs, this study instead relies entirely on participants' reportage of how things have changed. This chapter is divided into two sections: firstly, a summary of the research findings, which address the research questions and outline the contribution of the research to the wider literature; secondly, the implication of future research related to development studies.

9.1 Summary of Research Findings

In this study, I found the concept of a hybrid organisation was useful to evaluate AGs as group-based microcredit programmes (considering Javanese culture and Islamic teaching) and to analyse the impact of the AGs on achieving gender equality in rural Indonesia. The AG consisted of various activities and processes and adopts innovative approaches (such as microcredit programme, group meeting, and training activities) aiming at alleviating poverty and improving gender equality. Thus, maintaining the balance between economic and social missions in the AGs can contribute to eliminate any 'mission drift' (e.g. AGs operation only follow the banking logic as commercial microcredit for profit oriented and ignore social missions) and to support the continued operation of the group-based microcredit programmes. However, in its implementation, the formation, operation and strengthening of AGs face some challenges from the organisational perspectives or cultural/religion barriers.

Research Question 1: What were the important elements in AG formation in the PIDRA project? What role did local culture and religion play in the formation of AGs?

This study shows that involving various actors (as development stakeholders) from the national to the local governmental levels raised a question of whether the approach was

best using implemented top-down or bottom-up approach. Various actors were development stakeholder in the PIDRA project from the national to the local governmental levels. Such actors may have multiple goals and differ in their human resource capacity and operational priorities, which may influence their behaviour or influence their actions with respect to the operation of programmes, including the group-based microcredit programme under study. With the adoption of bottom-up approaches, this study demonstrates that good process of governance and implementation were crucial in the management of the PIDRA project and AG activities, especially at the village government level. However, I also found that the local PIDRA team at the village level had a different pattern of work compared to the PIDRA team at national/province/district level. At this point, the implementation of the PIDRA project appeared to be a top-down approach due to the structure of the work pattern directed from the national to province and district governmental level. While, a bottom-up approach was implemented to ensure a common understanding among all the development stakeholders at the village government level, including the local communities.

The selection of districts and villages, followed by the identification of intended beneficiaries were the initial stages of programme implementation. The formation of local groups (Affinity Groups) was one of the key early steps at the local level and the main focus of this research. A combination of global (i.e. UNDP criteria) and local perspectives (the local PIDRA team criteria) were used in AG formation. These methods were used to select eligible rural poor candidates to become AG members. This selection process reflected the combination between top-down and bottom-up approaches driven by the understanding of the local people on what constituted the 'rural poor'. The identification process of AG members reflected the elements of hybrid organisation such as trust, relational network, leadership, and governance that were owned by the local people (members of the local PIDRA team). My study found that nine AGs were established in Village X between 2001 and 2003 (four Men's and five Women's AGs). A tenth group was formed in 2011. In 2012, seven of the groups that were formed between 2001 and 2003 still existed, one had ceased to exist, one had transformed into a mixed group, and one had be newly founded in 2011. As my study did not cover data published after 2012 about the AGs activities, the limitations of this study only describe a phase of

identification and establishment (Phase-I) of AGs in Village X until 2012. The study showed that the stages of AG formation pursued in the programme strengthened the institutional capacity of the AGs, enabling many of those set up in 2001-2002 to continue operating beyond the end of the project, namely a phase of identification and establishment (Phase-I).

The local PIDRA team also provided a significant contribution to the identification of the key potential participants of AGs by identifying and elaborating on the importance of Javanese culture and Islamic teachings, as the majority of Javanese people are strongly influenced by these factors. The practice of *Arisan*, a well-known form of women's gathering in Indonesia, contributed experience in managing microcredit activities. Similarly, Islamic religious rituals (i.e. *Tahlilan*, *Diba'an*, *Pengajian*, and *Slametan*) were used as forums to socialise and disseminate the importance and the benefits of participating in the PIDRA project through AG formation. This finding confirmed that such strategies (e.g. involving the Javanese culture and Islamic teachings) were effective in providing an understanding of and information about the AG programme to the villagers in Village X.

After the identification of AG members, AG was established based on the proximity and similarity of life among group members which helped hold them together and gave a basis for social interactions. This study revealed that that *Arisan* (the Javanese culture) and *Pengajian* (Islamic religious activity) provided a substantial contribution to the implementation of AG formation in Village X. *Arisan* and *Pengajian* were identified and optimized as the entry point to improve the capacity of poor communities at the rural and institutional levels to achieve self-reliance and continuity of AG.

Research Question 2: How have Javanese culture and Islamic teachings affected the activities and continuity of AGs?

The study shows that Javanese culture and Islamic teachings affected the activities and continuity of AGs. During the project periods, the majority of groups have gradually expanded to be SHGs, which causes many rural development stakeholders were entrusted to AG members, namely a phase of stabilization (phase-II); a phase of independence and weaning (Phase-III); and the phase for establishing a Federation of AGs and a Rural Development Institution (RDI) (Phase IV). AGs' activities began with

microcredit programmes, which focused on saving and loan schemes to ensure the basic capital for productive activities, development activities, and responses to financial emergencies. Thus, provision of life-skills training became an additional agenda to support AG activities. In this study, I found that AGs had facilitated regular group meetings on a monthly basis to strengthen social interactions among the group's participants, which was important to the success of an AG's activities.

The stages of an AG meeting gave a sense of members' experiences and feelings of how Javanese culture and Islamic teachings have affected the activity and continuity of AGs. Meeting preparation required strategies prior to the meeting to ensure its success meeting, including how to invite participants, with Islamic teachings and Javanese culture were embedded in the process of inviting people to attend a meeting. For example, inviting letter was written with a greeting in an Islamic way as a as a prayer that strengthens the brotherhood/sisterhood among AG members. Additionally, oral invitation accompanied by a delivery of 'special foods' (known as *Berkat*) used to invite other members without an invitation letter reflects a tradition of Javanese culture that was intended to strengthen the sense of community and friendship among group members.

Research Question 3: What impacts have Javanese culture and Islamic teachings had on AGs' aim of achieving gender equality? What impact has gender inequality had on the involvement of women in the microcredit programme?

This study demonstrated that microcredit delivered by the AGs had a transformative impact on gender awareness. The views of AG members on gender inequality were strongly influenced by their Javanese culture, characterised by a view of gender relations which tends to subordinate women to men, for example the expression of 'women's willingness to be regulated and controlled by men' (*Wanita iku Wani Ditoto*) shaped gender differences based on the division of labour between women and men. This phenomenon clearly shows the interconnection between microcredit through AGs and gender in the context of Javanese culture. In this study, I found that Javanese culture forms gender differences as patterns of activities, and this leads to gender inequality (male domination over women). On the other hand, this research shows that Islamic teachings expressed, through Islamic-religious activities practiced by AG members (e.g. *Tahlilan*, *Diba'an*, and *Pengajian*), also had an impact on gender mainstreaming amongst the AG members. In general, these religious activities allowed men and women to

participate simultaneously (mixed gender). However, due to the tendency of people in Village X to combine religious teachings with cultural elements, these activities were in practice segmented based on gender preferences which emphasized women's subordination (e.g. asking husband's permission for women who accessed loans from an AG was a part of Islamic teachings).

This study also demonstrated that giving access to credit to women through an AG improved their economic status, and leading to their empowerment. For example, by utilizing the loans provided, AG members (male and female) were able to support existing family businesses and start their own small businesses (e.g. grocery business), enabling them to be more economically productive. This study indicates that men still dominated over women in terms of decision-making and the use of loans, where women were often pressured by their husbands to control their loan to buy items (such as a motorcycle), rather than investing them directly in a business. However, when women became members of an AG and became involved in the group's activities, women were burdened with double workloads.

The above discussion reveals this research contributes to the wider theoretical literature. In the context of Indonesia, this study also contributes to empirical understanding of the formation and practices of an AG (as a group-based microcredit programme based on an affinity group model), by revealing the interaction between gender relations, Javanese culture, and Islamic teachings in an Indonesian microcredit programme as a development strategy. These include: firstly, AGs can be categorised as hybrid organisations because they were formed by involving various actors/developmental stakeholders on the basis of multiple institutional logics and to reconcile different goals (i.e. economic and social missions). Secondly, the integration of culture and religion influenced the operation of AGs and affected their activities, with an impact on the continuity of the AGs' microcredit programmes. For example, Javanese culture were implemented in the AG meetings helped to create and maintain harmony among the group members, for instance a sense of *Gotong-Royong* (mutual cooperation), *Tepo Seliro* (considering the feelings of others), and *Tenggang Roso* (recognising the difficulties of others). In addition, Islamic teaching of the greeting (*Assalamu'alaykum Warahmatullahi Wabarakatuh* (means may the peace, mercy and blessing of Allah be with you)) was usually performed in the group meeting, useful for emphasising the AG members Islamic identity and enhancing a sense of family

relationship by greeting other group members. Thirdly, culture and religious teachings had a transformative impact in achieving gender equality. The views of individuals on gender inequality were strongly influenced by their Javanese culture and Islamic teaching, which intensely influences gender relations and tends to subordinate women to men.

9.2 Suggestions and Recommendations

This section aimed to provide suggestions and recommendations related to the study. The technical aspects related to microcredit programme including cooperation with the bank in managing the AG members' businesses, and profit-sharing system in the loan mechanism are described. The recommendation to achieve gender equality, particularly on the principle of joint personal loan for married couples is also explained below:

Cooperation with the formal financial institutions

With the growing business of some AG members and the collective business enterprises managed by some groups, groups' economic assets may increase. However, AG members lack experiences of managing a large economic asset, leading to technical problems related to financial management. To address this issue, more professional financial services is needed to provide assistance in financial management. Therefore, AG members need to cooperate with a formal financial institution (e.g. bank), while AG members continue to their capability through non-formal education (life-skills training) and developing their individual businesses. For those AG members who already had individual or group businesses, and they want to grow a bigger business, access to larger loans from a formal financial institution can be a choice. If they choose this option, AG members must prepare a complex administrative procedure for the loans' scheme (whether individually or group business), for example high administration fee, business feasibility analysis, and high loan interest rate.

Profit-sharing system in the loan mechanism

Considering the Islamic teaching *Riba*, I recommend that the implementation of microcredit programmes should be oriented on the basis of 'fair microcredit', based on the principle of a profit-sharing system. For example, Islamic finance permits cooperation, based on a principle of 'mutual action of two persons' (*Mudharabah*⁵⁹) and a partnership agreement contract (*Akad*⁶⁰). These mechanisms are used to match people who have

excess wealth (the owner of capital/an investor) but are unable or do not wish to manage a business personally with people who lack capital, even though they have other resources and ability to manage a business. These partners (in *Mudharabah*) can benefit from a mutual legal agreement (*Akad*) to conduct business on the basis of a principle of profit-sharing. Several studies shows that profit sharing is acceptable provided that it does not contradict the provisions in the al-Quran and Sunnah (Sapuana, 2016; Caporale et al., 2016). In addition, there is a positive impact of profit-sharing on productivity and profitability (Fibirova & Petera, 2013). The evidence from Malaysia shows that Islamic credit boosts growth during low growth periods, policy-makers should take into account the Islamic bank lending channel in the design of monetary policy in economies with a dual (Islamic and conventional) banking system at such times (Caporale et al., 2016). Policies aimed at improving the institutional structure and the efficiency of Islamic banks might also be appropriate, with a view to making the transmission of monetary policy more effective in countries such as Malaysia. In practice, microcredit programmes can adopt this mechanism of a 'profit-sharing system', with the aim of performing 'fair microcredit', which can bring benefits to both capital providers and borrowers.

Joint personal loan for married couples to achieve gender equality in microcredit programme

One of the findings in my study was a loan misuse by women borrowers (e.g. the loan was used to buy a motorcycle for her husband and to pay for school fees for her children). As consequences, microcredit programme tends to subordinate women to men and create gender inequality. This indicates by women were burdened with double workloads. For example, women were working for pay and doing unpaid domestic labour, while men benefit two-fold, they now share the responsibility for the family income but they do not share domestic labour. There is a cultural tradition and influence of Islamic teaching in Javanese society to see the married couple (husband and wife) as a teamwork. They work together (hand in hand) to generating family income. Considering the impacts of Javanese culture and Islamic teachings had on AGs' aim of achieving gender equality, I recommend that the implementation of microcredit programmes used the principle of joint personal loan for married couples. Microcredit programmes should be targeted not only for men or women (individually), but also married couples (both husband and wife as the credit beneficiaries). Male and female (married couples) borrowers have an equal opportunity

to strengthening their existing businesses, and enabling them to create new businesses with the principle of joint responsibility (between husband and wife in the family unit). When married couples became members of an AG and involved in the group's activities, both husband and wife have the same responsibilities to working together for pay the loan and sharing the responsibility for the family income, as well as sharing domestic labour. As several studies (e.g. Isserles, 2003; Prihatinah, 2005) have reported that microcredit schemes are taking on more workloads, causing women to become overworked and overburdened as entrepreneurs in order to make a profit and repay their loans. Therefore, the approach of joint personal loans for married couple is intended to minimize women burden. A study by Prawiranata (2013) have found that Islamic belief in Sundanese society seen wife and husband as a team for the good of their family, in which this may influence the collateral availability, bankability and women access to microcredit. He also reported that providing joint liability contracts in microcredit programme was one of the solutions particularly for borrowers with low income and no collateral assets.

Another recommendation for enhancing gender equality in microcredit is to continue life-skills training and empowerment activities (e.g. literacy, business skills, gender awareness, women's/men's legal right, gender labour division, etc.), aimed to improve men and women capability in business to obtain microcredit, as well as to build interdependent relationship and a balanced responsibilities distribution between men and women. Government should also to continue in promoting microcredit programme with keeping in mind aspects of 'gender equality', cultural and religion factors to empower women.

9.3 Personal Reflections, Limitations and Suggested Future Research

At the beginning of this study, I have fully realized of the limitations of my research. At present, I only discuss a few of these: Firstly, I do not analyse other aspects of the PIDRA project, (such as financial analysis of AGs) nor do I do any objective financial/economic analysis at the household, AG, village or wider levels, which is crucial to both sustaining a microcredit programme and replication of a model/ approach. The reason was because of limited access to and information on the PIDRA project management from various governmental level (national, provincial, district, and village level). Moreover, lack of data collected from notebook belonging to the AGs to learn about the microcredit activities

(e.g. savings and loans financial report) that took place when the PIDRA project was implemented. Majority of AGs were unable to maintain these documents (most of the documents had been lost). In addition, as I conducted independent research for my study, I have limited research fund, which did not provide an opportunity to stay longer in the outside of UK.

Secondly, my study design is retrospective, rather than having data on income generation, household decision making, gender equality, and empowerment from before and after the PIDRA project. I used retrospective approach as a strategy to assess outcomes and impact the pre- and post-PIDRA project situation (how the research participants remember and describe how things have changed). Then, these impacts can be used to trace the influential variables were observed retrospectively. However, the disadvantage of retrospective approach was a research bias due to blind measurement without knowing what variables to measure. Another weakness of retrospective variable measurement was objectivity and reliability of data caused lack explanation of how to obtain complete data, for example the impact of AG formation on the group members in women's socio-economic status. Due to lack of data/information about research instruments to measure economic aspects without supporting data on incomes and expenditures in the household of AG members, this research cannot measure economic variables.

Thirdly, my fieldwork period was short (three months) and did not involve a revisit to the field site. The reason was because the administration process for conducting fieldwork in Indonesia (for revisiting the field site) requires a long period of time. For example, I must have ethical approval and risk assessment for international travel. In addition, I did not have sufficient funds to conduct fieldwork in Indonesia, especially the cost of the flight ticket, accommodation, and local transportation. Therefore, the fieldwork was conducted only once in 2012 and I did not have data about the AGs situation after 2012, whether the AGs still exist and what impact they have had so far on the participants.

Prior to the fieldwork, I lacked information about the PIDRA project management in Indonesia. It was difficult to contact the PIDRA management at the national level (as the starting point of the fieldwork), and the process of obtaining formal permission from the Indonesian government was quite time-consuming, due to the complex bureaucracy. After conducting various administrative procedures relating to the fieldwork (i.e. sending

the fieldwork permit and communicating online), I was able to contact the head of national PIDRA team who provided valuable information about the PIDRA project. It was anticipated that my relationships with respondents in the field and my position as outsider might shape the research findings. For example, as an outsider in the rural village selected for study, at the beginning of the research it was difficult to communicate with respondents due to their lack of trust in me. As time passed, I was able to form good relationships with them without jeopardising my objectivity as a researcher. As a Javanese Muslim, my insider characteristics allowed me to understand and tolerate the Islamic tradition in the field. If I have opportunity to start the study again, I would like firstly to build social ties and trust with a wider range of villagers, both members and non-members of AGs. I would also try to communicate more intensively with previous and surviving members of the PIDRA team at the national, province and local levels, as well as IFAD representatives in Indonesia, to compare the collected data and official documents.

Observing and working with AG members in the field site on a daily basis for a three months period was immensely valuable. However, capturing the behaviour of AG members was not an easy task or process. Gaining their acceptance of and trust in me, as well as how to get along with them and make them comfortable, were some of the most difficult aspects of this research. To achieve this, I had to develop some strategies and measures. These included, for example, on the first day of observation at the field site, I was given formal permission from the *Kepala Desa* (Village Head) and had a brief introductory meeting with all the AG members, explaining that I would ensure their privacy and anonymity. During the site-visit and data collection, I made notes about my entire observational field site and sometimes used improvised informal conversations (e.g. after praying, during *Islamic*/social community activities, and during lunch breaks) to supplement other data collection instruments. These practices helped me to enrich my understanding of and insight into AG activities. Moreover, these methods also assisted me to be closer to and more familiar with AG participants, which was useful for arranging in-depth interview sessions during which I was able to ask more specific questions.

In conclusion, this research reveals the relations, tensions and impacts of socio-cultural aspects in the AG approach, particularly the interconnection between gender, culture, and religion in microcredit programmes. No effort has been made to generalise or oversimplify the findings. Instead, the aim was to provide a comprehensive view of

relevant socio-cultural aspects, especially within the context of the AGs. Despite careful consideration of and attention paid to obtaining reliable and valid data, this research is subject to limitations of data (as mentioned above), for example the fieldwork was conducted only once in 2012 and I did not have data about the AGs situation after 2012. The research could have observed more participants, including both members and non-members of AGs, or covered more villages with similar or different socio-cultural characteristics, to provide more in-depth and complete findings about the topic studied. Despite these limitations, the selection of the case study and the inclusion of FGD methods allowed participants to voice and express their own opinions and insights associated with the process, issues, performance and outcomes of the AG programmes and activities. However, although information and knowledge about gender equality were obtained through life-skills training during the PIDRA project, only a few of women felt able to voice and express their opinion (if they disagreed with men) due to their respect towards Javanese culture of '*Sawang-Sinawang*', the habit of mutual respect for themselves or other people's circumstances. As stated by Litosseli (2003), FGD may prompt the researcher to find out about and explore in-depth relevant and salient issues from participants through the group interaction. But, FGD may also exhibit bias because some participants are more vocal than others. Future research could explore longitudinal research involving repeated visits to the field site and investigate other aspects of the PIDRA project, such as financial analysis at the household, AG, village or wider levels, which is crucial to both sustaining a microcredit programme and the economic aspects. In addition, future research could compare the heterogeneous cultural values and religious teachings associated with different locations of the PIDRA project in Indonesia to provide a more comprehensive understanding about their interconnection.

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Appendix 1. Ethical Approval 'AG' – SSEGM-26



Mochammad Junaidi
Faculty of Social and Human Sciences
University of Southampton
Highfield
Southampton
Hampshire
SO17 1BJ

17th February 2012

Dear Mochammad

Re: Ethical approval: 'The Affinity Group'- SSEGM-26

I am pleased to inform you that your ethics application for the above project has been approved by the Faculty Ethics Committee.

A handwritten signature in cursive script that reads "Rosalind Edwards".

Yours sincerely
Professor Rosalind Edwards
Chair of SSEGM Ethics Sub-committee
Faculty of Social and Human Sciences
Direct tel: +44 (0)23 8059 5857
email: R.S.Edwards@soton.ac.uk

Appendix 2. Ethics and Risk Assessment

SCHOOL OF SOCIAL SCIENCES ETHICS AND RISK ASSESSMENT FORM

Student Names : Mochammad Agus Junaidi
Student ID : 23412496
Programme : PhD Student in Sociology and Social Policy, University of Southampton, UK

PART 1: PROJECT ACTIVITIES

1. Project title

AG: a gender perspective on improving participation among poor people in rural community development (*a case study in a poverty reduction program in Indonesia*)

2. Start and end dates of your empirical investigation

1 March to 30 June 2012

3. Briefly describe the study aims and research question

Community participation in development is a major issue in rural community development. However, so far poor people as a marginalized community tend to be an object rather than the subject in development programmes. The Participatory Integrated Development in Rainfed Areas (PIDRA) project as a poverty reduction programme in Indonesia has been designing social engineering that focuses on establishing the 'Affinity Group (AG)' as social institution for poor people in rural areas. An the AG is a group established by poor people who have similarity through mutual trust, support for each other, a sense of brotherhood and sisterhood that is built on the basis of a sense of confidence, unity and togetherness, and a sense of equality of the group's members. By joining and involving in an AG's activities, the poor people are offered an opportunity to realize their aspirations based on indigenous knowledge that has long been buried, holding back their economic and social potential. Furthermore, AGs attempt to improve the quality of life by increasing participation in various productive activities.

This study will examine the significance of AGs as a people centred development model based on a community's local knowledge. Furthermore, it will explore to what extent the participation in the AG relates to gender differences in Indonesia.

The research questions are: 1) What is the significance of Affinity Groups? ; 2) How have they developed? 3) Are men and women equally integrated in Affinity Groups? ; 4) How does participation in Affinity Groups affect attitudes towards gender differences? ; 5) What are the effects of NGO's (local, national and international institutions) on AGs?

4. Briefly describe the design of the study (including participants/ site of research)

A case study approach will be used to examine the research questions that focus on AGs in the PIDRA project as a poverty reduction programme in Indonesia. The research will be conducted at 'Village X', Blitar District, East Java, Indonesia where the PIDRA project is located in Indonesia. This location has been chosen because the AGs that have been established since 2001 still exist as representatives of poor people for Rural Community Development (RCD). They pursue various activities, for instance: micro finance and training for capacity building.

Qualitative methods will be used to obtain data, such as: documentary research, Focus Group Discussion (FGD), and semi-structured interview. Firstly, documentary research will be used to gain data from various documents, for example letters related to the PIDRA project. This data will be used for analysing the history of the PIDRA project in Indonesia. Secondly, the researcher will invite stakeholders related to the PIDRA project in the research site to FGD (e.g. local government officers, facilitators (NGO's), federations of AG, rural development institutions, and AGs' chairpersons). This activity aims to introduce the researcher to the community, confirm that he will conduct research in this location during 4 months and ask a formal permission from local people to carry out this research. Finally, semi-structured interview will be used for obtaining data, particularly perspectives on AGs, participation, and gender issues in RCD.

5. How will participants be identified, approached and recruited?

Snowball sampling will be used to recruit participants who those poor people that have been involved in AGs in the PIDRA project. I will use a formal approach by giving information about the project in a formal letter which explains that I am a PhD student at the University of Southampton and at the moment conducting research about AGs in the PIDRA project. I will also use a more informal approach by engaging in AGs' activities in the rural community, for instance: attending AGs' meetings.

Because the PIDRA project involves coordination between government at central (national), provincial, District and village levels, I will start with a person who is responsible for the PIDRA project at national and provincial levels. Then, I will ask him or her about people who have experience of the PIDRA project in Blitar District. Then, I will ask the people who have been involved in AGs in the PIDRA project at 'Village X', the site of the case study at the village level, I will ask people who have been involved in AGs in the PIDRA project based on recommendation from the District's participants. The outline of the study and details of the research will be given to the participants targeted who have indicated willingness and agreed to participate in this research.

6. How will you obtain the consent of participants? How will participants be informed about their right to withdraw from the study at any time without penalty?

First of all, I will ask the participant's permission to be participants in this research by showing them an information sheet. The full details of the study and what will be done with the data will be provided to the participants in this information sheet. The participants will be given a chance to ask any questions. They will be asked to sign a consent form agreeing to take part in the study. This form outlines the participant's right to withdraw at any time and this will be reiterated verbally.

7. Are there any issues arising from obtaining informed consent and if so how are you planning to tackle them? (e.g. participants not able to give full informed consent, under care of others)

There are no identified issues arising from obtaining informed consent in this study. There are also no anticipated possible risk and/ or discomforts of participants' involvement in this research. Participants may withdraw from this study at any time without penalty. Participants' name will not be on the transcripts on either Focus Group Discussion (FGD) or interview. Furthermore, researcher will use a formal and informal approach for doing FGD and interview, as well as having obtained permission from local government and social leaders as representatives of the rural community to conduct the research. In terms of

obtaining informed consent, the researcher will involve local people who will guide and translate into the local language at the start of the research.

8. What does participation in the study involve for study participants? Is there any possible distress, discomfort, inconvenience or other adverse effects the participants may experience and how will this be dealt with?

Participation with the study involves up to an hour of the participants' time for interview at a time which is convenient for them and approximately 1 to 2 hours for FGD. The interview and FGD will explore the significance of AGs as means to achieve people centred development. These subjects may have the potential to cause some level of distress to some individuals, for example questions relating to poverty. To mitigate this, the questions regarding this subject will be asked towards the end of the interview to allow the participant's time to feel comfortable with the interviewer. If there are any signs of distress the interviewer will hold back from further questions around this subject.

9. How will participant anonymity and confidentiality be maintained?

Participants will be given pseudonyms in analysis and writing up of the study. Anonymised data will be stored on password protected computers.

10. How will data be stored securely during and after the study?

Data will be transferred immediately from Dictaphone to password protected computers. After that, data in Dictaphone will be permanently deleted. Then, data will be coded and anonymised for analysis purposes. Based on this mechanism, data will be stored securely during and after the study.

11. Do you have plans to feed the findings of the study back to the participants? (Particularly if you plan to use parts of this study for your individual MSc or PhD thesis)?

This study will be used for a PhD thesis. Participants will be informed the research result through a final study report, a summary of the research report developed in the PhD. Furthermore, the research report will also be sent to the national, province, District and village government, especially people who have been participants in this research.

12. What are the main ethical issues raised by your research and how do you intend to manage these?

I believe that the ethical issues in this study are minimal. As outlined above there will be one section of the interview focusing on poverty, this subject may have the potential to cause some level of distress to some individuals. To mitigate this, the questions regarding this subject will be asked towards the end of the interview to allow the participant's time to feel comfortable with the interviewer. If there are any signs of distress the interviewers will hold back from further questions around this subject.

PART 2: POTENTIAL SAFETY ISSUES/ RISK ASSESSMENT**1. Will some of the research be conducted by only one individual member of the group?**

In order for participants to feel at ease, interview will be conducted one to one. Focus groups will be conducted as a group.

2. Potential safety issues arising from proposed activity?

Interview and focus groups will be conducted in a mutually agreed location. I do not envisage that safety issues will arise. Because the research location is located in remote areas where the road and transport infrastructures are still not in good condition, the researcher will draw on the knowledge of the local residents who are more experienced in the study sites to guide and if necessary accompany during the field work.

3. Person/s likely to be affected?

I do not envisage that safety issues will arise. Any situations that appear to involve issues of concern will be withdrawn from the research and fieldwork activities.

4. Likelihood of risk?

I think that the likelihood of risk in this study is low.

PART 3: PRECAUTIONS/ RISK REDUCTION**1. Existing precautions:**

I expect that any risks, discomforts, or inconveniences will be minor and I believe that they are not likely to happen. If discomforts become a problem, I will temporarily suspend or discontinue the participant's participation.

Although interview will be conducted by an individual, researcher will be in close surrounding area and meet with the interviewee both directly before and after the interview session. In this case, I will always tell someone (e.g. local resident who would be the guide) either directly or by phone about where I am going and when I am expected back. If any situations arise in which I am not sure, I should arrange for someone to contact me by phone while I am at the fieldwork location.

2. Proposed risk reduction strategies if existing precautions are not adequate:

No further risk reduction strategies are deemed necessary.

Completed by: (Name)	Signature	Date
Mochammad Agus Junaidi		26 November 2011
Ethics review committee:	Signature	Date

Appendix 3. Risk Assessment for International Travel



RISK ASSESSMENT FOR INTERNATIONAL TRAVEL

All staff and students who are undertaking an overseas visit on any University business must leave **travel and contact details** with the School of Social Sciences by completing **Part I** of this form.

You must also carry out a **risk assessment** by completing **Part II** of this form.

Also ensure that you are familiar with the University's Travel Insurance Scheme, including the Summary of Cover, and ensure that you take a copy of the Summary with you. Details can be obtained from www.soton.ac.uk/finance/insurance under the 'Personal Accident & Travel' section.

Email insure@soton.ac.uk if you need further information and guidance on insurance matters, particularly to ensure you have adequate insurance cover.

Up to date travel information can be obtained from the *Foreign and Commonwealth Office* website www.fco.gov.uk

PART I – TRAVEL & CONTACT DETAILS FORM

Name: Mochammad Agus Junaidi

TRAVEL DETAILS

Destination(s): Indonesia

Dates: 13 March – 25 June 2012

Mode of Travel: Flight

Flight/Train Details (Airline/train Company, flight/train numbers, dates and airports/stations):

London (LHR) – Jakarta (CKR)
Jakarta (CKR) – London (LHR)

CONTACT DETAILS

Contact Details at Destination (Name, address, email, telephone):

Name : Ratna Dewi
Address : Perum Griya Shanta E-730 Malang, East Java, Indonesia (65142)
Email : ratnadewi_m@yahoo.com/ sri_suhartini04@yahoo.com
Telephone : +62341482376

Designated School Contact Person (Name, Division)

Prof. Graham Crow (G.P.Crow@soton.ac.uk)
Dr. Silke Roth (Silke.Roth@soton.ac.uk)

Appendix 4. Consent Form for Government Officers

RESEARCH PROJECT

AG: A Gender Perspective on Improving Participation among Poor People in Rural Community Development (A Case Study in a Poverty Reduction Program in Indonesia)

I am currently conducting research into rural community development as part of my studies at the University of Southampton. I am using a participatory approach in order to explore the significance of Affinity Groups within people centred development in Indonesia. In particular I am interested in the community's local knowledge and gender perspectives will affect participation among poor people, as well as how men's and women's experiences of the poverty reduction programme differ.

The main part of my study involves interviewing the government officers who are willing to be participants and have been involved in Affinity Groups in the PIDRA project as a poverty reduction programme in Indonesia. I am interested in interviewing a village's leader (formal community leader) and other village's officials as local government officers who have been involved in Affinity Groups' activities as participants. The interview will be conducted at a time and location to suit you. I expect the interview to take between 30 to 60 minutes, but I will work within your time constraints.

All of what is said in the interview will be treated as confidential and will not be disclosed to other people. People who take part will be made anonymous by being given a pseudonym when the report of the research is written up. I will contact you in the near future to ask whether you would be interested in participating in this study, and if you are to arrange a mutually convenient time and place for me to meet with you.

If you have any questions, please do not hesitate to contact me at +62341482376.

Yours sincerely,

Mochammad Agus Junaidi
 PhD Student in the Department Sociology and Social Policy
 School of Social Sciences - University of Southampton
 Highfield, Southampton, SO17 1BJ United Kingdom
 E-mail: maj1e10@soton.ac.uk
 Tel. +4423 8059 4758 [UK] or +62341482376 [Indonesia]

Researcher

If you have any enquiries about this research, please contact:

No	Name	Email	Study
1.	Mochammad A. Junaidi	maj1e10@soton.ac.uk	Postgraduate Research Student
2.	Prof. Graham Crow	G.P.Crow@soton.ac.uk	Professor of Sociology
3.	Dr. Silke Roth	Silke.Roth@soton.ac.uk	Senior Lecturer in Sociology

Thank you for your interest in this research

INFORMED CONSENT FORM for Government Officers

You are being invited to participate in a research study about: 'AG: a gender perspective on improving participation among poor people in rural community development (a case study in poverty reduction programme in Indonesia)'. The study is being conducted by Mochammad A. Junaidi as part of dissertation at the School of Social Sciences at the University of Southampton. The objective of this research is to attempt to explore the significance of Affinity Group in which men and women that have been involving in it as poverty reduction programme in Indonesia, including the participation women and men in Affinity Groups, and the post-effects of people involvement on AGs. All of these aspects will be analyzed to understand the participation and perspective on gender differences in Indonesia.

You are selected as a possible participant in this study because you have been involved and experienced in the process of decision-making for Affinity Group's in the local government level as poverty reduction programme in Indonesia through Participatory Integrated development in Rainfed Areas (PIDRA) project. Besides that, I also would like to request a legal permission to you as a local government representatives to access data and documents that associated with the PIDRA project, particularly in 'Village X', Blitar District, East Java, Indonesia. There are no known risks and no cost to you if you decide to participate in this study. The information you provide will help me understand how AGs within people centered development can be used as a poverty reduction programme in Indonesia. The information collected may not benefit you directly, but what I learn from this study should provide general benefits to development agencies, NGO's, government as policy maker, communities and researcher. You can choose whether yes or not to be participants in this study. If you decided to be volunteers in this study, you may withdraw at any time without consequences of any kind. You may also refuse the answer any questions that you do not want to answer. There is no penalty if you withdraw from the study and you will not lose any benefit to which you are otherwise entitled. However, if you are not willing to be participant in this study, this will not affect your position on the job and your involvement in the programme at all.

This interview is anonymous. If you choose to participate, no one will be able to identify you or your answer and no one will know whether or not you participated in the study. Your participation in this study is voluntary. If you choose to participate, please read the statements and questions below carefully and tick the relevant boxes. If you have any questions or would like further information, please do ask. Do you give your consent for the interview to be audio-recorded and transcribed to assist later interpretation?
YES [.....] NO [.....]

In interpreting and writing up the research, I will make every effort to maintain confidentiality and anonymity by omitting names of individual and organizations or by using pseudonymous when using the interview material. Furthermore, I will ensure to remove any characteristics that would make it possible to identify individuals or organizations.

If you have understood and are happy with these arrangements, please tick box: [.....]
Alternatively, if you have considered and agreed to give oral consent before signing the consent form or you would like to discuss concern about anonymity and confidentiality in more depth, please ask me.
Participant's name and signature :
Researcher's name and signature :
Date :

I am very much hope that this project will produce information that will be of interest to rural community development agents or government. Therefore, I would be very happy to provide you with a summary of the findings. Please tick if you wish to receive this: [.....]

If you have any further questions regarding the project, or think of something particularly important after the interview that you would like to mention, please contact me at:

Mochammad Agus Junaidi
PhD Student at Department Sociology and Social Policy
School of Social Sciences - University of Southampton
Highfield, Southampton, SO17 1BJ
E-mail: maj1e10@soton.ac.uk - Tel. +4423 8059 4758 [UK] or +62341482376 [Indonesia]

Appendix 5. Consent Form for Focus Group Discussion (FGD) Participants

RESEARCH PROJECT

AG: A Gender Perspective on Improving Participation among Poor People in Rural Community Development (A Case Study in a Poverty Reduction Program in Indonesia)

I am currently conducting research into rural community development as part of my studies at the University of Southampton. I am using a participatory approach in order to explore the significance of Affinity Groups within people centred development in Indonesia. In particular, I am interested in the community's local knowledge and gender perspectives will affect participation among poor people, as well as how men's and women's experiences of the poverty reduction programme differ.

The main part of my study involves interviewing men and women who are willing to be participants and have been involved in Affinity Groups in the PIDRA project as a poverty reduction programme in Indonesia. I am interested in conducting Focus Group Discussions (FGD) with participants which consist of Affinity Groups and PIDRA project's stakeholders, such as local government officers, facilitators from NGO's, community leaders (non-formal community leaders), group's leader, group's administrators and ordinary group's members who have been involved in Affinity Groups. The FGD will be conducted at a time and location to suit the participants. I expect that the FGD will last between one and two hours and will be led by two group facilitators which are the representative of local people and researcher. They will ask open-ended questions about the significance of Affinity Groups in which men and women that have been involving in it as poverty reduction programme in Indonesia, including the participation women and men in Affinity Groups, and the post-effects of people involvement on AGs. All of these aspects will be analyzed to understand the participation and perspective on gender differences in Indonesia. The discussion in the FGD will be tape recorded and transcribed following the session, but you will not be identified individually on the transcript.

All of what is said in the FGD will be treated as confidential and will not be disclosed to other people. People who take part will be made anonymous by being given a pseudonym when the report of the research is written up. I will contact to ask whether you would be interested in participating in this study, and if you are we will arrange a mutually convenient time and location.

If you have any questions, please do not hesitate to contact me at +62341482376.

Yours sincerely,

Mochammad Agus Junaidi
PhD Student in the Department Sociology and Social Policy
School of Social Sciences - University of Southampton
Highfield, Southampton, SO17 1BJ United Kingdom
E-mail: maj1e10@soton.ac.uk
Tel. +4423 8059 4758 [UK] or +62341482376 [Indonesia]

Researchers

If you have any enquiries about this research, please contact:

No	Name	Email	Study
1.	Mochammad A. Junaidi	maj1e10@soton.ac.uk	Postgraduate Research Student
2.	Prof. Graham Crow	G.P.Crow@soton.ac.uk	Professor of Sociology
3.	Dr. Silke Roth	Silke.Roth@soton.ac.uk	Senior Lecturer in Sociology

Thank you for your interest in this research

INFORMED CONSENT FORM for the Focus Group Discussion (FGD) Participants

Title of study : AG: a gender perspective on improving participation among poor people in rural community development (a case study in poverty reduction programme in Indonesia)
 Researcher : Mochammad Agus Junaidi

I am PhD student in the Department of Sociology and Social Policy, University of Southampton, UK. As part of my dissertation, I am conducting research under the supervision of Prof. Graham Crow and Dr. Silke Roth. You are being invited to participate in a research study about ‘AG: a gender perspective on improving participation among poor people in rural community development (a case study in poverty reduction programme in Indonesia)’. The purpose of this study is to attempt to explore the significance of Affinity Group in which men and women that have been involving in it as poverty reduction programme in Indonesia, including the participation women and men in Affinity Groups, and the post-effects of people involvement on AGs. All of these aspects will be analyzed to understand the participation and perspective on gender differences in Indonesia.

There are no risks if you decide to participate in this study, nor are there any costs for participating in the study. The information you provide will help me understand how the significance of Affinity Group can improve participation among poor people based on gender perspectives as a poverty reduction programme in Indonesia. The information collected may not benefit you directly, but what I learn from this study should provide general benefit to development agencies, NGO’s, government as policy maker, communities and researcher. You can choose whether yes or not to be participants in this study. If you decided to be volunteers in this study, you may withdraw at any time without consequences of any kind. You may also refuse the answer any questions that you do not want to answer. There is no penalty if you withdraw from the study and you will not lose any benefit to which you are otherwise entitled. However, if you are not willing to be participant in this study, this will not affect your position on the job and your involvement in the programme at all.

All information obtained in this study will be kept strictly confidential. All participants will be asked not to disclose anything said within the context of the discussion. All identifying information will be removed from the collected materials, and all materials will be given pseudonyms in analysis and writing up of the study. Anonymised data will be stored on password protected computers. Data will be transferred immediately from Dictaphone to password protected computers and it also will be coded and anonymised for analysis purposes. Finally, the data in Dictaphone will be permanently deleted. Based on this mechanism, data will be stored securely during and after the study.

I also understand that my words may be quoted directly. With regards to being quoted, please initial next to any of the statements that you agree with:

No	Statement	Answer*
1.	I agree to be quoted directly	Yes / No
2.	I agree to be quoted directly if my name is not published (I remain anonymous)	Yes / No
3.	I agree to be quoted directly if a made-up name (pseudonym) is used	Yes / No
4.	I agree that the researcher may publish documents that contain quotations by me	Yes / No

*) Please circle one of you answer

By signing this consent form, you are indicating that you fully understand the above information and agree to participate in this study. Alternatively, if you have considered and agreed to give oral consent before signing the consent form, please ask me.

Participant’s name and signature :

Researcher’s name and signature :

Date :

If you have any further questions regarding the project, or think of something particularly important after the interview that you would like to mention, please contact me at:

Mochammad Agus Junaidi
 PhD Student at Department Sociology and Social Policy
 School of Social Sciences - University of Southampton
 Highfield, Southampton, SO17 1BJ
 E-mail: maj1e10@soton.ac.uk - Tel. +4423 8059 4758 [UK] or +62341482376 [Indonesia]

Appendix 6. Consent Form for AG Participants (Semi-Structured Interviews)**RESEARCH PROJECT****AG: A Gender Perspective on Improving Participation among Poor People in Rural Community Development (A Case Study in a Poverty Reduction Program in Indonesia)**

I am currently conducting research into rural community development as part of my studies at the University of Southampton. I am using a participatory approach in order to explore the significance of Affinity Groups within people centred development in Indonesia. In particular I am interested in the community's local knowledge and gender perspectives will affect participation among poor people, as well as how men's and women's experiences on the poverty reduction programme differ.

The main part of my study involves interviewing men and women who are willing to be participants and have been involved in Affinity Groups in the PIDRA project as a poverty reduction programme in Indonesia. I am interested in interviewing the group's leader, secretary and treasurer as a group's administrators, as well as ordinary group's members who are involved in Affinity Groups as participants. The interview will be conducted at a time and location to suit you. I expect the interview to take between 30 to 60 minutes, but I will work within your time constraints.

All of what is said in the interview will be treated as confidential and will not be disclosed to other people. People who take part will be made anonymous by being given a pseudonym when the report of the research is written up. If you would be interested in participating in this study, I will contact you and with permission come to your home or if you prefer another location, accompanied by a local guide, to do the interview with you.

If you have any questions, please do not hesitate to contact me at +62341482376.

Yours sincerely,

Mochammad Agus Junaidi

PhD Student in the Department Sociology and Social Policy
School of Social Sciences - University of Southampton
Highfield, Southampton, SO17 1BJ United Kingdom
E-mail: maj1e10@soton.ac.uk
Tel. +4423 8059 4758 [UK] or +62341482376 [Indonesia]

Researcher

If you have any enquiries about this research, please contact:

No	Name	Email	Study
1.	Mochammad A. Junaidi	maj1e10@soton.ac.uk	Postgraduate Research Student
2.	Prof. Graham Crow	G.P.Crow@soton.ac.uk	Professor of Sociology
3.	Dr. Silke Roth	Silke.Roth@soton.ac.uk	Senior Lecturer in Sociology

Thank you for your interest in this research

INFORMED CONSENT FORM for the AG Participants

You are being invited to participate in a research study about 'AG: a gender perspective on improving participation among poor people in rural community development (a case study in poverty reduction programme in Indonesia)'. This research project is being conducted by Mochammad A. Junaidi, as part of PhD study dissertation at the School of Social Sciences, University of Southampton, UK. The objective of this research is to attempt to explore the significance of Affinity Group in which men and women that have been involving in it as poverty reduction programme in Indonesia, including the participation women and men in Affinity Groups, and the post-effects of people involvement on AGs. All of these aspects will be analyzed to understand the participation and perspective on gender differences in Indonesia.

There are no risks if you decide to participate in this study, nor are there any costs for participating in the study. The information you provide will help me understand how the significance of Affinity Group can improve participation among poor people based on gender perspectives as a poverty reduction programme in Indonesia. The information collected may not benefit you directly, but what I learn from this study should provide general benefit to development agencies, NGO's, government as policy maker, communities and researcher. You can choose whether yes or not to be participants in this study. If you decided to be volunteers in this study, you may withdraw at any time without consequences of any kind. You may also refuse the answer any questions that you do not want to answer. There is no penalty if you withdraw from the study and you will not lose any benefit to which you are otherwise entitled. However, if you are not willing to be participant in this study, this will not affect your involvement in the programme at all.

Please read the statements and questions below carefully and tick the relevant boxes. If you have any questions or would like further information, please do ask. Please understand that your participation in this project is entirely voluntary and you are free to withdraw your involvement at any time.

Do you give your consent for the interview to be audio-recorded and transcribed to assist later interpretation? YES [.....] NO [.....]

In interpreting and writing up the research, I will make every effort to maintain confidentiality and anonymity by omitting names of individual and organizations or by using pseudonymous when using the interview material. Furthermore, I will ensure to remove any characteristics that would make it possible to identify individuals or organizations. Hence, no one will be able to identify you. Nothing you say in the interview will in any way influence your present or future employment.

If you have understood and are happy with these arrangements, please tick box: [.....]

Alternatively, if you have considered and agreed to give oral consent before signing the consent form, please ask me.

Participant's name and signature :

Researcher's name and signature :

Date :

I am very much hope that this project will produce information that will be of interest to rural community development agencies. Therefore, I would be very happy to provide you with a summary of the findings. Please tick if you wish to receive this: [.....]

If you have any further questions regarding the project, or think of something particularly important after the interview that you would like to mention, please contact me:

Mochammad Agus Junaidi

PhD Student at Department Sociology and Social Policy
School of Social Sciences - University of Southampton
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Appendix 7. Focus Group Discussion (FGD) Guide

FOCUS GROUP DISCUSSION (FGD) GUIDE

Title of Research: AG: a gender perspective on improving participation among poor people in rural community development (*a case study in poverty reduction program in Indonesia*)

Researcher: Mochammad Agus Junaidi

Date :

Time :

Site location :

Introduction

Hello, my name is I am currently conducting research into rural community development as part of my studies at the University of Southampton. I am using a participatory approach in order to explore the significance of Affinity Groups within people centred development in Indonesia. In particular I am interested in the community's local knowledge and in gender perspectives, that is, how men's and women's experiences of the poverty reduction programme differ. We are interest in learning about Affinity Groups and would appreciate your help. The FGD will last up to two hours and your participation is voluntary. Participants may choose to withdraw from the study at any time. We plan to tape record the participants' responses and keep them confidential in the report. We hope that this FGD will be useful for Affinity Groups and PIDRA project's stakeholders, such as local government officers, facilitators (NGO's), group leaders and ordinary members. Would you like to participate in the FGD? If so, please fill out the brief participant's information sheet.

Instruction

FGD is like a group interview. We are interested in everyone's responses to the questions, and there are no right and wrong answers. We appreciate your input in the discussion.

Questions (ask and probe for responses)

1. What do you think are the most important aspects (e.g. the aspects of culture, religion, and gender) of being part of an Affinity Group (AG) in this community as part of the poverty reduction programme?
2. What is the significance of the the AG as it relates to rural community development?; And how have they developed over time?
3. Are men and women equally integrated in AG?
4. How does participation in Affinity Groups affect attitudes towards gender differences?
5. What are the connections of NGO's (local, national and international institutions) to the AG? Are they effect to the AG's activities?

Thank you very much for your responses. We hope to use this to understand AGs within people centred development in Indonesia

Appendix 8. Semi-Structured Interviews Guide

SEMI-STRUCTURED INTERVIEWS GUIDE

Title of Research: AG: a gender perspective on improving participation among poor people in rural community development (a case study in poverty reduction program in Indonesia)

Researcher: Mochammad Agus Junaidi

Participants will be given an information sheet to explain the purpose of the research and a consent form.

Introduction

Introduce researcher and thank to the participants for agreeing to be interviewed. Explain that the main aim of the interview is to find out about the significance of the AG (AG) as a people centred development model based on a community's local knowledge and gender perspectives. Furthermore, it will explore to what extent the participation in the AG affects people's perspectives on gender differences in Indonesia. Reiterate that they will remain anonymous in any write up of the study, that the interview will be kept confidential within the research, and they can withdraw at any time.

Past

1. We were interested in what made you decide to join an the AG in the PIDRA project. Thinking back to when you decided to join the AG, what factors did you consider when making your decision?
2. How important were social economic aspects (e.g. the aspects of culture, religion, and gender) has influenced in this decision? If they were not important, what other factors were important?
3. What were community's activities before they joined AG, particularly their strategies for improving their quality of life?
4. Did you have clear idea of better living when you made your decision to join AG? If so what was this?
5. What perspectives on gender did you have before the the AG was established?

Present

1. Have you taken any action to participate in Rural Community Development (RCD) programmes through AG?
2. Have you been part of any group before joining AG?
3. Have you been involved in AG's activities? If yes, what activities are these and what are the benefits from it?
4. How do decisions in the the AG get made for designing the group's programme?
5. Have you undertaken any role in the AG?
6. Have you been actively involved in Federation or Rural Development Institution (RDI) activities?
7. Have you experienced changes in your life after join AG? If yes, what are these changes?
8. What is your opinion about the way gender is treated in AGs?
9. What is the significance of Affinity Groups for changing gender relations?
10. Are men and women equally integrated in Affinity Groups?
11. How do men and women in Affinity Group differ?
12. How do you think the participation in Affinity Groups affect people's perspectives on gender differences in Indonesia?

Future

1. What do you plan to do when you are active in the AG?
2. Do you expect to have a better standard of living?
3. Is there anything that you feel will stand in your way or make this difficult by joining the AG? (How easy is it for new members to join an affinity group in which they do not already know people?)
4. What are the relationships of NGO's (local, national and international institutions) to AGs?

Additional questions

1. The media frequently reports on the high levels of poverty and low level of participation, in particular for rural people in Rural Community Development. How does this make you feel?
2. Considering the new issues that brought by PIDRA project (e.g. gender and microcredit). Are there any issues related to the Javanese culture and Islamic teaching that were discussed during the group meetings?

Thank you very much for your responses. We hope to use this to understand the AG within people centred development in Indonesia

Appendix 9. List of Research Participants

No	Name	Respondent's Code	Organization Representative	Location	Position	Occupation	Age (Year)	Sex	Education	Religion	Income (monthly)		
											Low	Medium	High
1.	Participant Facilitator-1	Facilitator-1	Ministry of Agriculture	Jakarta	Staff at the Ministry of Agriculture - Republic of Indonesia	Government Officer	46	Male	PhD	Islam			√
2.	Participant Facilitator-2	Facilitator-2	Ministry of Agriculture	Jakarta	The Director General of the Agency for Food Security, Ministry of Agriculture, the Republic of Indonesia	Government Officer	45	Male	PhD	Islam			√
3.	Participant Facilitator-3	Facilitator-3	National Planning Agency	Jakarta	Staff at the National Planning Agency (known as BAPPENAS), Republic of Indonesia	Government Officer	35	Male	Master	Islam			
4.	Participant Facilitator-4	Facilitator-4	National Planning Agency	Jakarta	Staff at the National Planning Agency (known as BAPPENAS), Republic of Indonesia, particularly at national budgeting for poverty reduction in national level	Government Officer	30	Female	Master	Islam			√
5.	Participant R-1	R-1	National Government	Jakarta	Chairman of PIDRA Project in Indonesia	Government Officer	58	Male	Master	Islam			√
6.	Participant R-2	R-2	National Government	Jakarta	Vice Chairman of PIDRA Project in Indonesia	Government Officer	42	Male	Master	Islam			√
7.	Participant R-3	R-3	Province Government	Surabaya	Chairman of PIDRA Project in East Java Province	Government Officer	53	Male	Bachelor	Islam			√
8.	Participant R-4	R-4	District Government	Blitar	Chairman of PIDRA Project in Blitar District	Government Officer	55	Male	Bachelor	Islam			√
9.	Participant R-5	R-5	Facilitator – local villager	Blitar	Facilitator – local villager	Entrepreneur	38	Male	Bachelor	Islam			√
10.	Participant R-6	R-6	Facilitator – BKP officer	Blitar	Facilitator – BKP officer	Government Officer	39	Female	Bachelor	Islam			√
11.	Participant R-7	R-7	Local Government	Village X	Head of Village	Government Officer	45	Male	Bachelor	Islam			√
12.	Participant R-8	R-8	Local Government	Village X	Secretary of Village	Government Officer	49	Male	Senior High School	Islam			√
13.	Participant R-9	R-9	Religious Leader	Village X	Treasurer 1 of Rural Development Institution/ Religious Leader	Farmer	42	Male	Senior High School	Islam			√
14.	Participant R-10	R-10	Social Leader	Village X	Head of Rural Development Institution/ Social Leader	Farmer	60	Male	Primary School	Islam			√

Appendix 9: List of research participants

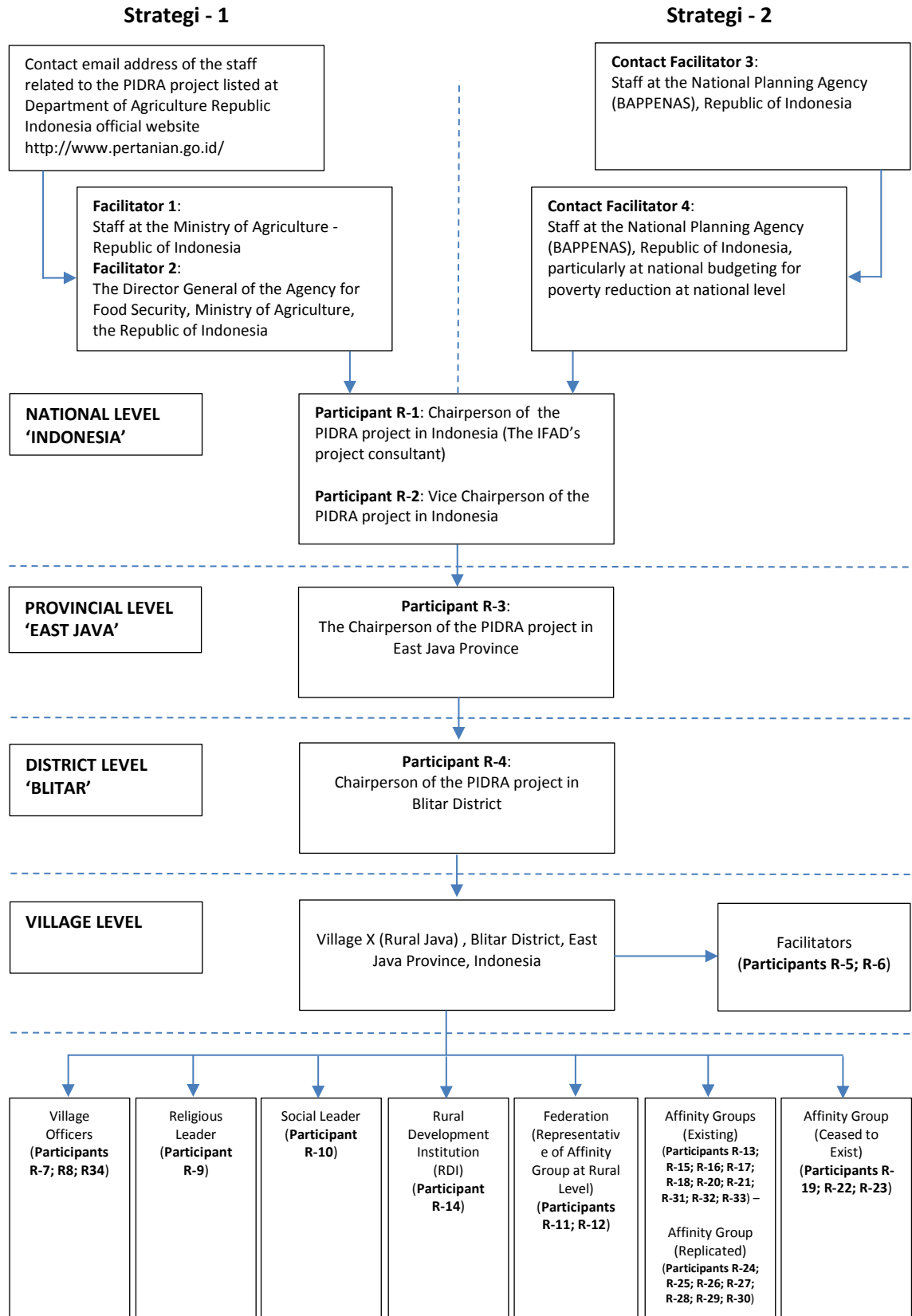
15.	Participant R-11	R-11	Women Affinity Group	Village X	Head of Affinity Group/ Head of Federation	Farmer Grocery	45	Female	Senior High School	Islam			√
16.	Participant R-12	R-12	Women Affinity Group	Village X	Member of Affinity Group/ Secretary of Federation	Farmer	42	Female	Junior High School	Islam			√
17.	Participant R-13	R-13	Women Affinity Group	Village X	Member of Affinity Group	Farmer	52	Female	Primary School	Islam		√	
18.	Participant R-14	R-14	Women Affinity Group	Village X	Head of Affinity Group/ Secretary of Rural Development Institution/ Treasurer of Federation	Farmer	38	Female	Junior High School	Islam			√
19.	Participant R-15	R-15	Women Affinity Group	Village X	Head of Affinity Group/ Treasurer 2 of Rural Development Institution	Teacher of Kindergarten	40	Female	Bachelor	Islam			√
20.	Participant R-16	R-16	Women Affinity Group	Village X	Member of Affinity Group	Farmer Grocery	49	Female	Primary School	Islam		√	
21.	Participant R-17	R-17	Mixed Affinity Group	Village X	Member of Affinity Group	Farmer	51	Female	Primary School	Islam		√	
22.	Participant R-18	R-18	Mixed Affinity Group	Village X	Head of Affinity Group/ Member of Rural Development Institution	Farmer	52	Male	Primary School	Islam			√
23.	Participant R-19	R-19	Former Men Affinity Group	Village X	Head of Affinity Group (Ceased to exist)/ Member of Federation	Farmer	52	Male	Primary School	Islam		√	
24.	Participant R-20	R-20	Men Affinity Group	Village X	Head of Affinity Group	Farmer	60	Male	Primary School	Islam			√
25.	Participant R-21	R-21	Men Affinity Group	Village X	Member of Affinity Group/ Member of Rural Development Institution	Farmer (corn threshing machine)	58	Male	Primary School	Islam			√
26.	Participant R-22	R-22	Former Men Affinity Group	Village X	Member of Affinity Group (Ceased to exist)/ Member of Federation	Farmer Grocery	43	Male	Primary School	Islam	√		
27.	Participant R-23	R-23	Former Men Affinity Group	Village X	Member of Affinity Group (Ceased to exist)	Farmer/ farm worker	50	Male	Primary School	Islam	√		
28.	Participant R-24	R-24	Women Affinity Group	Village X	Head of Affinity Group (replicated)	Farmer Small livestock business (goat)	27	Female	Senior High School	Islam			√
29.	Participant R-25	R-25	Women Affinity Group	Village X	Treasurer of Affinity Group (replicated)	Farmer (Grocery)	29	Female	Junior High School	Islam			√
30.	Participant R-26	R-26	Women Affinity Group	Village X	Secretary of Affinity Group (replicated)	Farmer (salted eggs business)	30	Female	Junior High School	Islam			√
31.	Participant R-27	R-27	Women Affinity Group	Village X	Member of Affinity Group (replicated)	Farmer	31	Female	Primary School	Islam		√	
32.	Participant R-28	R-28	Women Affinity Group	Village X	Member of Affinity Group (replicated)	Farmer	24	Female	Primary School	Islam		√	
33.	Participant R-29	R-29	Women Affinity Group	Village X	Member of Affinity Group (replicated)	Farmer	33	Female	Primary School	Islam		√	

Appendix 9: List of research participants

34.	Participant R-30	R-30	Women Affinity Group	Village X	Member of Affinity Group (replicated)	Farmer Grocery	28	Female	Primary School	Islam		√	
35.	Participant R-31	R-31	Mixed Affinity Group	Village X	Member of Mixed Affinity Group	Farmer	56	Male	Primary School	Islam			√
36.	Participant R-32	R-32	Mixed Affinity Group	Village X	Secretary of Mixed Affinity Group	Farmer	41	Male	Junior High School	Islam		√	
37.	Participant R-33	R-33	Mixed Affinity Group	Village X	Member of Mixed Affinity Group	Trader/ Grocery	44	Female	Senior High School	Islam		√	
38.	Participant R-34	R-34	Local Government	Village X	Sub-Village Coordinator	Government Officer/ Farmer	48	Male	Primary School	Islam			√

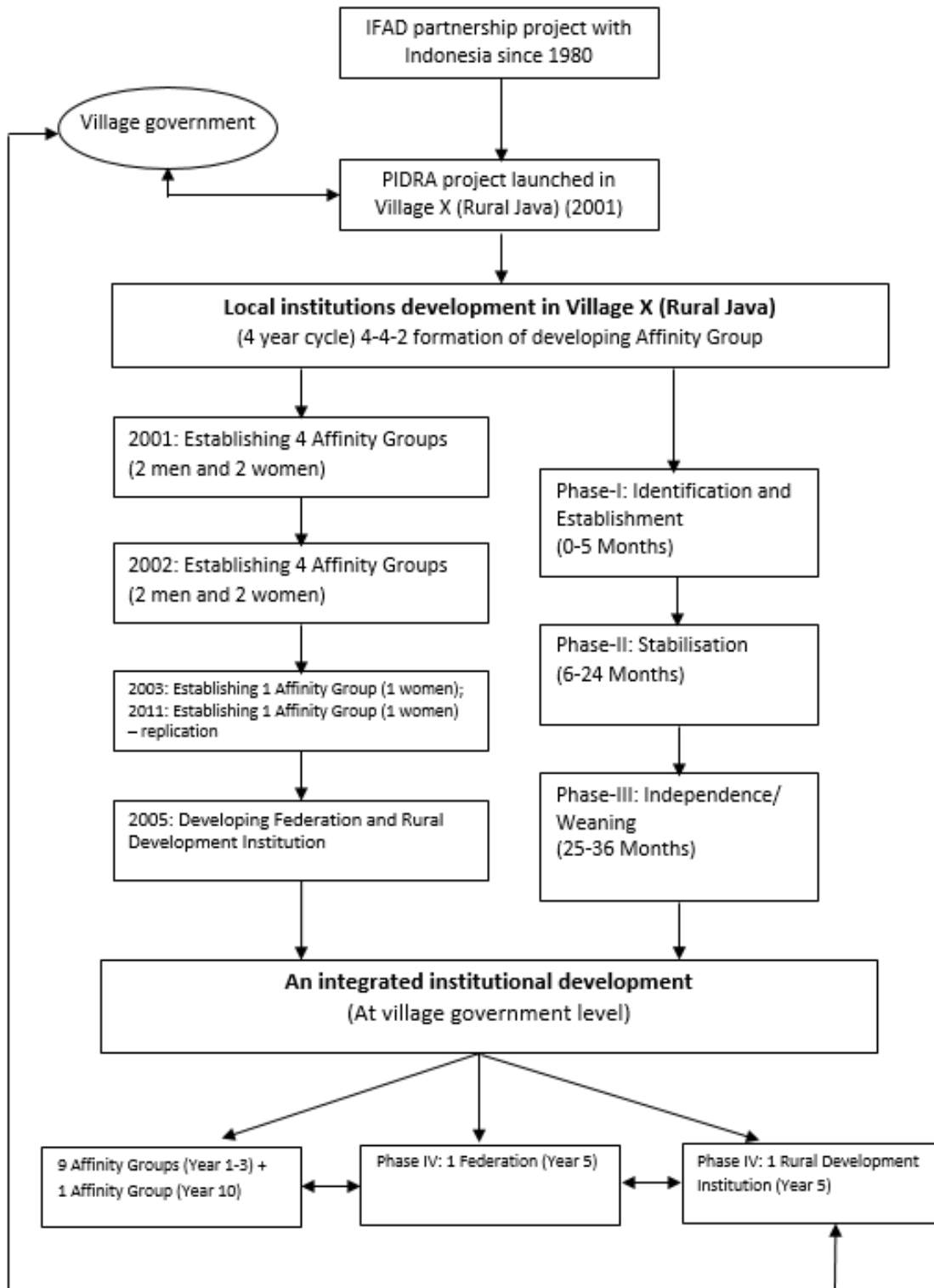
Note: Low-income = IDR < 1.000.000 (<£50); Medium income = IDR 1.000.000-2.000.000 (£50 - £100); High income = IDR > 2.000.000 (>£100) (£1=IDR 20.000)

Appendix 10. Strategy for Data Collection



(Source: Data taken from FGD and Semi-Structured Interview, 2012)

Building the local institutions in the PIDRA project in the Village X
 (Source: Data taken from FGD and Interview, 2012)



Appendix 11. Example Transcript of Semi-Structured Interviews A

Semi-Structured Interview with a Female Participant R-11 (Source: Data taken from Semi-Structured Interviews, 2012)

Actor	Original Transcribing		Coding as indexing	Coding as conceptual devices
	Indonesian	English		
Interviewer	<p>Assalamu'alaykum Warahmatullahi Wabarakatuh (Semoga kedamaian dilimpahkan kepadamu diiringi dengan rahmat dari Allah dan juga barakah dari Allah untukmu)</p> <p>Yang terhormat, Ibu X - (Participant R-11) (selaku ketua Federasi dan ketua kelompok).</p> <p>Pertama, saya ingin menhaturkan terima kasih atas kesempatan yang sudah diberikan kepada saya untuk melakukan wawancara dengan ibu.</p> <p>Sebelumnya, saya akan memperkenalkan diri. Nama saya Mochammad Agus Junaidi. Saya ditemani oleh Mas 'X' dan Mbak 'Y' (mereka adalah pemandu saya dalam melakukan penelitian dan berasal warga asli dari desa ini). Mereka berdua akan membantu saya untuk menterjemahkan dialek bahasa Jawa (jika saya tidak mengerti arti nya).</p> <p>Adapun maksud kedatangan saya adalah untuk belajar tentang kegiatan kelompok PIDRA, khususnya hal-hal yang terkait dengan kegiatan kredit mikro, budaya, agama dan kesetaraan gender.</p> <p>Perlu juga saya sampaikan bahwa kehadiran saya di desa ini sudah mendapatkan ijin secara resmi dari pemerintah desa dan sudah diketahui oleh kepala desa.</p>	<p>Assalamu'alaykum Warahmatullahi Wabarakatuh (May the peace, mercy, and blessing of Allah be upon you)</p> <p>Dear Mrs. X - (Participant R-18) (as the head of Federation and the head of a Women's Affinity Group)</p> <p>Firstly I would like to thank you for the opportunity to do an interview with you.</p> <p>I would like to introduce myself. My name is Mochammad Agus Junaidi. I was accompanied by Mr. X (local guide 1) and Ms. Y (local guide 2) - (they are my guide in conducting research and originally from this village). They will help me to translate the Java language/ Java dialects (If I do not fully understand its meaning).</p> <p>The purpose of my arrival was to learn about AG, formed by PIDRA, and its activities. Especially the interconnection between micro-credit activities with culture, religion and gender equality.</p> <p>I would also like to inform you that my presence in this village has been granted by the village government (formally) and approved by the village head.</p>	Introduction and greeting from interviewer to conduct semi-structured interview	Expressing the interviewer's intention to obtain information through a semi-structured interview with the participant about the interconnection between micro-credit activities and culture, religion and gender equality.
Interviewee	Iya mas. Salam kenal dari saya (Participant R-11) juga dan selamat datang di rumah saya.	<p>OK Mas*). You are welcome and greeting from me (Participant R-11)</p> <p>*) Mas means Mr or you (man)</p>	Greeting from interviewee	Greeting from interviewee to make the meeting more familiar (e.g. asking about the interviewers address in this village)
Interviewer	Terima kasih Bu.	Thank you Bu*).		

Appendix 11: Example Transcript of Semi-Structured Interviews A

	<p>Sebelum saya memulai wawancara, terlebih dahulu akan saya membacakan gambaran umum penelitian serta lembar kesediaan untuk menjadi responden dalam penelitian ini (saya membacakan gambaran umum penelitian dan lembar kesediaan berpartisipasi dalam penelitian).</p> <p>Apakah saya bisa memulai bertanya tentang kelompok afinitas Bu?</p>	<p>Before we start, I will read an overview of the research project and the informed consent form (I read those materials in front of participant).</p> <p>Can I start asking the questions about AG?</p> <p>*) Bu/ Ibu means Mrs or you (woman)</p>		
Interviewee	<p>Iya mas. Saya bersedia berpartisipasi dalam penelitian ini (sambil tersenyum)</p> <p>Monggo Mas... kalau ada pertanyaan tentang kelompok PIDRA (kelompok afinitas)</p>	<p>OK. I am willing to participate in this study (while smiling)</p> <p>Please Mas ... if there are questions about PIDRA group (AG)</p> <p>*) Mas means Mr or you (man)</p>		
	Past situation			
Interviewer	<p>Baik Bu. Saya akan bertanya tentang masa lalu saat anda mulai memutuskan bergabung dalam kelompok afinitas.</p> <p>1. Saya tertarik pada apa yang membuat Anda*) memutuskan untuk bergabung dengan kelompok afinitas dalam proyek PIDRA. Berpikir kembali ketika Anda memutuskan untuk bergabung dengan kelompok afinitas, faktor apa yang Anda pertimbangkan ketika membuat keputusan tersebut?</p> <p>*) Anda maksudnya Ibu</p>	<p>OK Bu*) I will start by asking questions related to the history of the group when you decided to join AG.</p> <p>1. I am interested in what made you decide to join the AG in the PIDRA project. Thinking back to when you decided to join AG, what factors did you consider when making the decision?</p> <p>*) Bu/ Ibu means Mrs or you (woman)</p>		
Interviewee	<p>Awalnya saya mendapatkan undangan dari pamong desa. Setiap RT diundang beberapa orang (dengan status orang miskin). Dalam satu keluarga yang diundang salah satu, laki-laki (suami) atau perempuan (istri) saja. Kebetulan untuk keluarga saya, saya yang diundang hadir dalam pertemuan tersebut. Lokasinya di balai desa. Saya mengikuti pemaparan dari tim/ petugas proyek PIDRA yang ditawarkan kepada masyarakat desa. Karena program nya bagus (misalnya program mikro kredit dan pelatihan), saya memutuskan untuk bergabung dalam kelompok afinitas.</p> <p>Ketika saya diundang untuk proyek PIDRA bertemu pertama kalinya, saya menghadiri pertemuan tersebut. Hal ini dikarenakan kebermanfaatan proyek bagi masyarakat pedesaan. Tidak ada tekanan dari orang lain. Saya menyadari bahwa proyek ini juga menawarkan program positif bagi pembangunan pedesaan (misalnya kegiatan kredit mikro dan pelatihan).</p>	<p>Initially, I received the invitation letter from the PIDRA team at the village level. At that time, the PIDRA team invited several people who were categorized as the rural poor for the meeting at the village hall. In every family, there was only the man (husband) or woman (wife) who could attend the meeting. I attended the meeting on behalf of my family. During the meeting, I followed the presentation from the PIDRA team about the programmes offered for rural people. Due to the programme being good (e.g. microcredit and training programmes that can be used to support businesses) I decided to join AG.</p> <p>When I was invited to the PIDRA project meeting the first time, I attended the meeting because of the benefit of the project for the rural community. There was no pressure from other people. I realized that this project also offered positive programmes for rural development</p>	Reason to join AG	Reason to join AG: <ul style="list-style-type: none"> a. Social factors e.g. consideration from the family members b. Economic factors e.g. microcredit programmes to support business

	<p>Adapun keputusan yang saya ambil ini sudah saya diskusikan dengan suami saya (dan suami mengizinkan). Tetapi, ada kekhawatiran dari orang tua saya (ibu saya). Beliau merasa trauma dengan pergerakan organisasi di jaman penjajahan. Meskipun ibu saya masih khawatir akan nasib saya (ketika memutuskan bergabung dalam kelompok afinitas), akhirnya saya berhasil meyakinkan ibu saya bahwa kelompok afinitas itu program nya bagus (ada program kredit mikro dan pelatihan). Saat itu, saya merasa yakin bahwa dengan bergabung dalam kelompok afinitas akan dapat memberikan kontribusi yang positif (kebermanfaatan) bagi saya dan keluarga saya.</p> <p>Sejak itu, saya memutuskan untuk bergabung dalam kelompok afinitas. Saya percaya bahwa kegiatan dalam kelompok ini akan memberikan kesempatan untuk belajar sesuatu yang baru melalui pendidikan informal (pelatihan ketrampilan hidup) yang difasilitasi oleh proyek PIDRA. Pada awal kegiatan kelompok, saya sangat lelah secara fisik berpartisipasi dalam berbagai kegiatan pelatihan selama periode proyek PIDRA (misalnya pelatihan kepemimpinan dan kewirausahaan). Hal tersebut dikarenakan beberapa sesi pelatihan dilakukan di sore hari setelah saya menyelesaikan pekerjaan saya di sawah/ tegal. Pada saat itu, saya tidak mengerti tentang tujuan pelatihan yang digelar secara rutin (setiap bulan sekali). Oleh sebab itu, saya tidak bisa langsung menikmati manfaat serta dampak ekonomi dari kegiatan kelompok afinitas. Tapi sekarang, saya telah menyadari bahwa ada manfaat yang signifikan bagi saya setelah mengalami perjalanan panjang dari proses pembelajaran melalui berbagai pelatihan keterampilan hidup yang menurut saya telah berhasil meningkatkan pembangunan kapasitas para anggota kelompok dan posisi sosial mereka di masyarakat. Hal ini berdampak pada banyaknya program pembangunan pedesaan yang dipercayakan kepada anggota kelompok afinitas.</p>	<p>e.g. microcredit and training activities</p> <p>Considering the decision that I made, I had discussed this matter with my husband and family. My husband allowed me to get involved with AG, as he always supports me. However, there was concern from one of my parents (my mother). She was traumatized by the movement of organizations in the colonial era. Although my mother was afraid with my decision (when I decided to join AG), I finally managed to convince my mother that the AG programme was good (e.g. microcredit programmes, training and gender equality). At that time, I felt confident that by joining the AG I would make a positive contribution to myself and my family.</p> <p>I decided to become involved in the AG because I believed that the activities in this group would give me the opportunity to learn something new through the informal education (life-skills training) facilitated by the PIDRA project. At the beginning of the process, I was very tired physically participating in the various training activities during the PIDRA project period (e.g. training of leadership and entrepreneurship). It was because several training sessions were conducted in the afternoon after I finished my work on the farm. At that time, I did not understand the purpose of the training that was held on a regular basis (monthly). It was because I could not directly enjoy its benefits or economic impact sooner. But now, I have realised that there were significant benefits for me after experiencing the long journey of the learning process through the various life skills training, which successfully increased the AG members' capacity building and their social position in the community, so that many rural development programmes could be entrusted to them.</p>		
Interviewer	2. Seberapa penting aspek sosial ekonomi mempengaruhi keputusan ini? Jika mereka tidak penting, apa faktor-faktor lain yang penting?	2. How important were socio-economic aspects in influencing your decision? If they were not important, what other factors were important?		
Interviewee	<p>Menurut saya, faktor sosial ekonomi sangat penting dalam proses pengambilan keputusan membentuk kelompok afinitas.</p> <p>Pertama: aspek budaya. Sudah menjadi tradisi masyarakat desa ini, pihak laki-laki merasa lebih dominan dari perempuan. Selain itu, pemilihan anggota kelompok afinitas juga disampaikan dalam forum kumpulan ibu-</p>	<p>In my opinion, socio-economic factors are crucial in the decision-making process to establish AG.</p> <p>Secondly, the cultural aspects. Javanese culture is the dominant tradition of this village where men (husband) are more dominant than women (wife). In addition, the information about the AG formation also</p>	The importance of socio-economic aspects in the AG formation	The important of social economic aspects in the AG formation, including culture, religion, gender based on the local views, such as: the activities of

	<p>ibu, misalkan arisan. Bagi perempuan yang masuk dalam kategori miskin (sesuai dengan ketentuan tim PIDRA), maka dia diberi kesempatan untuk bergabung dalam kelompok afinitas.</p> <p>Selain itu, warga desa disini (khususnya perempuan), sudah terbiasa mencari pinjaman uang dari rentenir. Hal ini dikarenakan syarat yang fleksible dan mudah, meskipun mereka nanti harus membayar bunga yang cukup tinggi. Sebagian juga ada yang ikut kelompok arisan. Cuma ya itu, kalau di arisan kan uang yang didapatkan (potelan) jumlahnya terbatas (alternative sumber keuangan).</p> <p>Kedua: aspek agama. Selain melakukan ibadah rutin di masjid (sholat lima waktu), sebagian besar perempuan di desa ini aktif mengikuti kegiatan keagamaan (misalnya: diba'an/ pengajian). Kegiatan keagamaan ini sudah ada sejak lama. Tim PIDRA memberikan kesempatan kepada perempuan yang terlibat aktif dalam kegiatan keagamaan (asalkan sesuai dengan ketentuan menjadi anggota kelompok afinitas yang sudah ditentukan oleh tim PIDRA).</p> <p>Ketiga: aspek gender. Perempuan di desa ini umumnya taat pada suami (ngikuti apa kata suami). Hal ini dikarenakan dampak dari adanya budaya Jawa, misalkan: laki-laki (suami) sebagai kepala rumah tangga yang memiliki kewenangan penuh terhadap istri dan anak-anak mereka (termasuk kewajiban suami mencari nafkah). Sebelum adanya proyek PIDRA, masyarakat menganggap bahwa laki-laki bertanggung jawab terhadap perempuan dalam keluarga. Mereka (laki-laki) wajib mencari nafkah bagi keluarganya. Sedangkan perempuan bertugas menjaga anak dan melakukan pekerjaan rumah tangga. Jaman dulu, ada semacam perasaan tabu jika suami tidak bekerja (pengangguran), sedangkan yang bekerja adalah si istri.</p> <p>Keempat: aspek ekonomi. Sebagian besar masyarakat desa bekerja sebagai petani atau buruh tani. Ada semacam pembagian tugas antara laki-laki dan perempuan di bidang pertanian. Kalau pekerjaan yang memerlukan fisik berat (misalkan mencangkul di sawah), menjadi pekerjaan atau tanggung jawab suami (laki-laki). Sedangkan jika pekerjaan yang tidak memerlukan fisik berat (misalkan menanam jagung) menjadi pekerjaan istri (perempuan). Selain itu, banyak juga warga desa yang bekerja sebagai buruh tani (terutama saat musim tanam).</p>	<p>informed to rural women through the women groups (e.g. Arisan). For women who meet the criteria of poor (based on the PIDRA team indicators) then they were given the opportunity to join in AG.</p> <p>Besides that, the villagers (especially women), have become accustomed to borrowing money from money lenders (Rentenir). This was because the terms were flexible and easy, even though they have to pay the high-interest rates (payments are made by installments). Arisan was another way to earn money (on a regular basis) that became an alternative financial resource.</p> <p>Thirdly, the religious aspect. In addition to performing routine prayers in the mosque (prayer five times), the majority of rural women are actively participating in religious activities (e.g. <i>Diba'an / Pengajian</i>) that have existed in the rural society for many years. At that time, the PIDRA team provided opportunities to women who were actively involved in religious activities (based on the requirements determined by the team PIDRA).</p> <p>Fourthly, the gender aspect. Women in this village are generally obedient to their husbands (i.e. respect their husbands). This is because of the impact of the Javanese culture, for example, the male (husband) as the head of household have full authority to manage his family (wife and children) - (including the obligation of the husband to earn a living). Prior to the project PIDRA, people assumed that men were responsible for women in the family. They (men) were required to earn a living for their families. While the women were in charge of keeping the children and doing domestic works. There was a feeling of taboo if the husband did not work (unemployed), while the wife worked and was responsible for earning the family income.</p> <p>Fifthly: the economic aspect. The majority of villagers work as farmers or farm laborers. There was a division of labor between men and women in the agricultural sector. For instance, if the work requires more physical activities, it becomes the husband's responsibility (male), e.g. cultivate the land. However, if the work does not require heavy and physical labour, it becomes the wife's duties (women), e.g. planting corn. In addition, the other villagers work as farm laborers, especially during the growing season.</p>		<p><i>Arisan</i> and <i>Rentenir</i> as an existing traditional saving and loan; religious activities to increase social interaction among the Muslim villagers e.g. <i>Diba'an/ Pengajian</i>; patriarchal system reflects gender inequality; and economic aspect (the villagers work in the agricultural sector– as the main income).</p>
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Appendix 11: Example Transcript of Semi-Structured Interviews A

Interviewer	3. Apa kegiatan masyarakat sebelum mereka bergabung dalam kelompok afinitas, terutama strategi mereka untuk meningkatkan kualitas hidup mereka?	3. What were community's activities before they joined AG, particularly their strategies for improving their quality of life?		
Interviewee	<p>Seperti yang sudah saya sampaikan sebelumnya, secara umum, masyarakat di desa ini bekerja sebagai petani (petani kecil di lahan kering) atau buruh tani.</p> <p>Sebelum ada proyek PIDRA, penduduk desa hanya melakukan cocok tanam yang sangat dipengaruhi oleh faktor alam, misalkan musim panas atau musim hujan. Biasanya juga, mereka bekerja sebagai buruh tani pada petani lain untuk menyambung hidup.</p> <p>Kadang-kadang, suami bekerja di sektor informal (di luar bidang pertanian). Misalkan suami saya bekerja di kota Malang sebagai karyawan pabrik dan secara periodic akan pulang kampung (biasanya sebulan sekali).</p>	<p>As I said previously, generally, the villagers work as farmers or farm labourers.</p> <p>Before the PIDRA project, the villagers simply did agricultural work which is greatly influenced by environmental factors, such as rain or dry seasons. Usually, they (men/ women) also work as farm labourers for other farmers for a living.</p> <p>Sometimes, men (husband) worked in the informal sector (non-agricultural sector). For example, my husband works in the city of Malang as an industrial worker; he came back home periodically (usually monthly).</p>	Agriculture as the main job of the villagers.	Agriculture as the main job of the villagers. In a dry season, men tend to migrate to other cities to work as builders (non-agricultural sector), while women remain in the village and carry out domestic works.
Interviewer	4. Apakah Anda memiliki gagasan yang jelas tentang kehidupan yang lebih baik ketika Anda membuat keputusan Anda untuk bergabung kelompok afinitas? Jika demikian apakah itu?	4. Did you have a clear idea of a better living when you made your decision to join AG? If so what was it?		
Interviewee	<p>Saya dari dulu orangnya suka berorganisasi (hobi). Sejak muda (lulus SMA), saya aktif di organisasi karang taruna. Setelah menikah, saya aktif di organisasi PKK.</p> <p>Dengan adanya kelompok afinitas ini, saya semakin senang. Saya bisa belajar pengalaman baru, khususnya tentang kredit mikro dan mengikuti pelatihan-pelatihan ketrampilan hidup.</p> <p>Selain itu, saya juga dapat mengakses pinjaman dari kelompok dengan suku bunga rendah untuk modal usaha (misalnya: mendirikan toko grosir).</p> <p>Karena saya memutuskan untuk bergabung dengan Affinity Group (dengan izin dari suami saya), saya diizinkan untuk mengakses kredit mikro dan berpartisipasi dalam pelatihan keterampilan hidup untuk meningkatkan bisnis saya. Melalui pelatihan kewirausahaan yang disediakan oleh proyek PIDRA, saya telah menetapkan suatu bisnis kelontong kecil di rumah saya yang disediakan penghasilan tambahan untuk keluarga saya. Sejak itu, saya</p>	<p>I had involved myself in an organization (it's like my hobby). Since I graduated from high school, I was active in youth organizations (<i>Karang Taruna</i>). After marriage, I was also active in the organization of Family Empowerment and Welfare (<i>Pembinaan Kesejahteraan Keluarga/ PKK</i>).</p> <p>I was excited about getting involved in AG. I gained many new skills, especially on microcredit and life-skills training programmes.</p> <p>Also, I am also able to access loans from the AG with low-interest rates for my business capital (e.g. grocery).</p> <p>Since I decided to join the AG (with the permission from my husband), I was allowed to access microcredit and participate in the life-skills training to improve my business. Through the entrepreneurship training provided by the PIDRA project, I have set up a small grocery business in my house, which provides additional income for my family. Since then, I am aware that men and women have an equal opportunity to contribute to the family income.</p>	The idea of better living by joining AG	The idea of better living by joining AG: <ul style="list-style-type: none"> a. Learn about microcredit and life-skills training b. Access to microcredit to support business (e.g. financial capital for agricultural business)

	sadar bahwa pria dan wanita memiliki kesempatan yang sama untuk berkontribusi pada pendapatan keluarga			
Interviewer	5. Apa perspektif gender yang Anda miliki sebelum kelompok afinitas didirikan?	5. What perspectives on gender did you have before the AG was established?		
Interviewee	<p>Sebagai orang Jawa, dulu saya banyak belajar dari orang tua (khususnya dari ibu) saya tentang kewajiban perempuan (istri) terhadap laki-laki (suami). Misalnya: hubungan laki-laki (suami) dan perempuan (istri) itu ibarat 'Konco wingking' (perempuan ibarat teman di belakang suami). Jadi seorang istri harus nurut pada suami.</p> <p>Dalam hal ini, ada semacam tradisi di masyarakat Jawa bahwa posisi sosial laki-laki lebih dominan dalam setiap aspek kehidupan, misalkan posisi laki-laki (suami) sebagai kepala rumah tangga yang memiliki tanggung jawab dalam urusan ekonomi keluarga.</p>	<p>As a Javanese, I had learned a lot from my parents (especially my mother) about the obligations of a woman (wife) towards a man (the husband). For example, the relationship of the man (husband) and woman (wife) were like '<i>Konco wingking</i>' (women's position as the friend who has your back). So a wife should be obedient support her husband.</p> <p>In this case, there was a tradition in the Java community that the social position of men were more dominant in every aspect of life than women, e.g. the position of the man (husband) as the head of the family who has sole responsibilities for the family income.</p>	The views on gender before the PIDRA project	The views on gender before the PIDRA project: a. Men are more dominant than women
	Present situation			
Interviewer	1. Apakah anda mengambil tindakan apapun untuk berpartisipasi dalam program 'Pembangunan Masyarakat Desa' melalui kelompok afinitas?	1. Have you taken any action to participate in Rural Community Development (RCD) programmes through AG?		
Interviewee	<p>Sejak membentuk kelompok afinitas di tahun 2001, saya bersama anggota kelompok saya memiliki visi, yaitu menciptakan kemandirian serta peningkatan kualitas sumber daya manusia.</p> <p>Adapun misi yang dilakukan kelompok saya antara lain: 1) mengembangkan kegiatan simpan pinjam (kredit mikro); 2. Mengikuti pelatihan ketrampilan hidup untuk mendukung bisnis pertanian; dan 3) mengutamakan musyawarah untuk mufakat.</p> <p>Alhamdulillah, semua anggota kelompok saya kompak sejak awal terbentuknya kelompok afinitas sampai dengan sekarang. Saat ini, kelompok saya masih melakukan pertemuan rutin (setiap bulan) yang kegiatan utamanya simpan pinjam dan pelatihan. Hampir semua anggota kelompok memanfaatkan fasilitas simpan pinjam yang dikelola oleh kelompok.</p>	<p>Since my group was established in 2001, all group members and I had a vision of creating a self-help group and improving the quality of human resources.</p> <p>The mission conducted by my group included: 1) Performing the activities of saving and loans (microcredit programme); 2. Participating in the life-skills training to support agricultural business; and 3) Conducting discussion leading to consensus/ mutual agreement (<i>musyawarah mufakat</i>)</p> <p>All praise be to Allah, all group members still solid from the beginning of the group formation until now. Currently, my group still conducting regular meetings (once per month) with saving, loan and training as the main activities. All group members are participating in the microcredit programmes, which are also managed by the group.</p>	Participation in rural development	Participation in rural development: a. Establish AG b. Implement microcredit programmes (e.g. loan, saving, and life-skills training) c. Participate in the public sphere (e.g. members representative of Rural Development Institution and Federation) d. Support agricultural

	<p>Tingkat partisipasi anggota kelompok dalam setiap pelatihan pun cukup tinggi, misalkan pelatihan tentang inovasi pupuk pertanian. Dalam pelatihan tersebut, peserta belajar tentang alternative penggunaan pupuk organik sebagai pupuk yang ramah lingkungan dan murah.</p> <p>Setelah anggota mengikuti pelatihan ini mereka menerapkan dalam usaha tani masing-masing sehingga bisa mengurangi ketergantungan pada pupuk kimia. Hal inipun sering didiskusikan saat pertemuan kelompok. Bahkan inovasi pertanian ini juga disampaikan kepada lembaga pembangunan desa untuk diusulkan menjadi program pembangunan di tingkat desa.</p>	<p>The group members also involved in the life-skills training indicate high levels of member participation, for example, training regarding agricultural innovation (agricultural fertilizers). In that training, participants have learned about the alternatives to organic fertilizers that can be used in agriculture, which are environmentally friendly and inexpensive.</p> <p>After this training, the members apply what they have learned in each of their farms so that they can reduce dependence on chemical fertilizers. This is also often discussed at the group meetings. Rural Development Institution (RDI) also proposes using organic fertilizer for development programmes at the village level.</p>		business (e.g. easy access to agricultural inputs from cooperative)
Interviewer	2. Apakah anda menjadi bagian dari grup lain sebelum bergabung kelompok afinitas?	2. Have you been part of any group before joining AG?		
Interviewee	<p>Seperti yang sudah saya ungkapkan sebelumnya, terlibat dalam organisasi adalah bagian dari hobi saya. Sebelum saya bergabung dalam kelompok afinitas, saya sudah pernah mengikuti organisasi, sbb:</p> <ol style="list-style-type: none"> Karang Taruna: organisasi kepemudaan di desa yang memiliki kegiatan yang bermanfaat, misalnya olah raga PKK: organisasi ibu-ibu yang memiliki kegiatan terkait dengan program kesejahteraan keluarga, misalkan pelatihan memasak. Arisan: organisasi ibu-ibu yang melakukan program simpan pinjam secara tradisional Pengajian/ Diba'an: organisasi keagamaan yang memiliki kegiatan utama terkait dengan ibadah islam 	<p>As I mentioned above, I was actively involved in many organizations as part of my hobbies. Before I joined AG, I participated in organizations, such as:</p> <ol style="list-style-type: none"> Youth Organizations: the youth organizations in the villages with useful activities, such as sports Family Empowerment and Welfare (Pembinaan <i>Kesejahteraan Keluarga/ PKK</i>): the women's organization that has activities associated with the family welfare programmes, e.g. cooking training. Arisan: the women's organization that performs the traditional saving and loan programmes. Pengajian/ Diba'an: the religious organization with its main activities associated with Islamic worship. 	Having experience in farmer groups (organization)	Having experience in the farmer groups (organization) – learning process in the group
Interviewer	3. Apakah anda terlibat dalam kegiatan kelompok afinitas? Jika ya, kegiatan apakah itu dan apa manfaatnya?	3. Have you been involved in the AG activities? If yes, what activities are these and what are the benefits gained from it?		
Interviewee	Saya dipilih oleh anggota kelompok untuk menjadi ketua kelompok afinitas sejak 2001. Meskipun dalam aturan organisasi, seharusnya ada pergantian pengurus kelompok (ketua, sekretaris, dan bendahara) setiap tahun. Tetapi pada jadwal pergantian pengurus, semua anggota kelompok tidak ada yang bersedia menjadi ketua. Sebagian besar kelompok menganggap	I was selected by the members of the AG to be the head of the AG since 2001. According to the group regulations, there should be a change of the group committee (chairman, secretary, and treasurer) every year. However, there were no group members who want to be the head of AG. All group members considered my leadership as having been good,	AG activities	AG activities: <ol style="list-style-type: none"> Microcredit (saving and loan) Life-skills training

	<p>kepemimpinan saya selama ini telah baik dan telaten mengurus kegiatan kelompok.</p> <p>Dalam kelompok afinitas, saya terlibat dalam beberapa kegiatan, misalnya:</p> <p>Kegiatan simpan pinjam (kredit mikro). Kelompok afinitas adalah kelompok yang dibentuk dengan kegiatan utama simpan pinjam (kredit mikro) yang dikelola oleh kelompok itu sendiri. Secara bertahap, semua anggota kelompok mendapatkan pelatihan, misalkan pelatihan manajemen pembukuan, kepemimpinan, kewirausahaan, kesetaraan gender, inovasi pertanian, manajemen organisasi, dan lain-lain. Pelatihan-pelatihan ini dimaksudkan sebagai proses belajar anggota kelompok supaya mereka dapat mengelola program simpan pinjam secara mandiri. Dengan dukungan pembiayaan dari proyek PIDRA dan pemerintah, dampak pelatihan ini dapat dirasakan oleh anggota, misalnya: setelah mengikuti pelatihan kewirausahaan, beberapa anggota ada yang mengakses kredit yang dipergunakan untuk membuat usaha baru (toko grosir).</p> <p>Di tingkat desa, saya juga terlibat dalam kegiatan Federasi, yaitu asosiasi kelompok afinitas di tingkat desa. Setiap kelompok afinitas diberi alokasi untuk mengirimkan tiga wakil nya sebagai anggota federasi, yang mana semua mereka akan melakukan pertemuan rutin sekali setiap bulan. Kebetulan saya diberi amanah oleh semua anggota federasi sebagai ketua Federasi. Salah satu program kerja federasi adalah unit usaha koperasi. Koperasi ini menyediakan berbagai macam kebutuhan pokok serta sarana pertanian, seperti bibit, pupuk dan pestisida. Semua anggota kelompok afinitas dapat membeli barang-barang di koperasi dengan metode kredit (tanpa bunga).</p> <p>Saya mendorong perwakilan dari kelompok affinity untuk menghadiri pertemuan Federasi di kantor sekretariat (koperasi) untuk menjaga rasa kebersamaan antar anggota. Dalam pertemuan itu, saya dan semua peserta pertemuan juga memonitor kemajuan usaha bersama kelompok (koperasi).</p> <p>Keberadaan federasi ini cukup membantu semua anggota kelompok afinitas (mereka berprofesi sebagai petani), khususnya untuk memenuhi kebutuhan bibit dan pupuk di saat awal musim tanam.</p>	<p>as well as being patient enough to manage the group's activities.</p> <p>I have been participated in several of the group's activities, for example, saving and loan (microcredit) activities. As the group-based microcredit programmes, the AG was formed by the main activities of saving and loan (microcredit) managed by the group itself. Gradually, all group members received life-skills training, e.g. the training of bookkeeping group management, leadership, entrepreneurship, gender equality, agricultural innovation, organizational management, and others. The training are intended as a learning process of the group members, so that they can manage saving and loan programmes independently. With the funding support from PIDRA project and the government, the impact of this training benefitted many members. For example, after receiving the entrepreneurship training, several group members had access to loans that was used to create a new business (e.g. grocery).</p> <p>I have also been involved in the Federation with the association of AGs at the village level. Each of the AG members was encouraged to select three of its members to represent them at the Federation. They will conduct a meeting regularly (once per month). Incidentally, the members of the Federation gave me the mandate as chairman of Federation. Cooperative (Koperasi) as one of the business unit owned by the Federation. The Koperasi provides a wide range of basic daily needs, as well as agricultural inputs (such as seeds, fertilizers and pesticides). All members of AGs in this village can buy goods in Koperasi by using a credit mechanism (without interest).</p> <p>I encouraged the representatives of the AG to attend gatherings in the Federation secretariat/office (cooperative) to maintain a sense of togetherness among the members. In the meeting, I and all the meeting's participants also monitored the progress of the groups collective business' (cooperative)</p> <p>The existence of the federation has been able to help all members of AGs (who are work as farmers), in particular to meet the needs of the agricultural inputs (e.g. seeds and fertilizers) at the beginning of the growing season.</p>		c. Federation
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Interviewer	4. Bagaimana keputusan dalam kelompok afinitas bisa dibuat untuk merancang program kelompok? (aspek budaya, agama, gender)	4. How do decisions in the AG get made for designing the group's programmes? (the aspects of culture, religion, and gender)		
Interviewee	<p>Setelah mengikuti pelatihan tentang manajemen organisasi, semua anggota kelompok afinitas (termasuk saya) diajarkan untuk musyawarah mufakat, khususnya terkait dengan pengambilan keputusan kelompok. Inilah mekanisme demokratis yang telah saya pelajari selama saya bergabung dalam kelompok afinitas.</p> <p>Sebagai contohnya: Ketika kita membuat rencana jadwal pertemuan bulan berikutnya. Biasanya saya menawarkan kepada semua anggota kelompok tentang alternative jadwal pertemuan rutin. Pernah ada peristiwa, ketika jadwal sudah disepakati, ada usulan untuk merubah jadwal karena jadwal tersebut berbenturan dengan kegiatan keagamaan (pengajian) di desa. Dengan segala pertimbangan, akhirnya semua anggota kelompok setuju untuk merubah jadwal pertemuan (akrena mereka juga ingin menghadiri pengajian).</p> <p>Kadang ada juga kasus lain, ketika jadwal pertemuan sudah ditentukan, sebagian besar anggota kelompok harus menghadiri acara arisan di tingkat desa (yang kebetulan jadwalnya juga bersamaan dengan jadwal pertemuan rutin yang sudah disusun).</p> <p>Sebagai ketua saya harus mengakomodasi kesepakatan bersama (musyawarah mufakat). Begitu juga dengan semua anggota, mereka juga sudah tahu resikonya jika tidak hadir pada pertemuan berikutnya (seperti: adanya aturan kelompok tentang denda yang harus dibayarkan ke kelompok jika mereka tidak hadir dalam pertemuan rutin).</p> <p>Tugas saya sebagai pemimpin dalam pertemuan kelompok adalah untuk memastikan bahwa pertemuan bisa dilakukan dengan lancar. Argumen yang berbeda di antara anggota adalah sesuatu yang wajar dan dapat diterima dalam pertemuan tersebut. Saya juga mendorong para anggota untuk berpartisipasi aktif dalam pertemuan dengan berbagi pendapat dan membuat keputusan (kesepakatan bersama).</p>	<p>After attended the training on the organization management, all group members (including me) were taught to discuss things leading to a consensus/ mutual agreement (<i>Musyawah Mufakat</i>), particularly with respect to the group decision-making. This is a democratic mechanism that I have learned during my involvement in AG.</p> <p>For example: When we make plans to schedule the meeting for the next month. Usually, I offer all group members alternative schedules for regular meetings. When the schedule has been agreed, there is also the option to request a change to the schedule (because the time may be clashing with religious activities (e.g. <i>Pengajian</i>). With all considerations, finally, all group members agree to change the meeting schedule (because they want to participate in religious activity).</p> <p>Another case, when the meeting schedule has been agreed by all group members, at the same time - the majority of the group members have to attend a social gathering (<i>Arisan</i>) at the village level (which incidentally has the same schedule with the meeting time). Then, the meeting was re-scheduled based on a mutual consensus.</p> <p>As the head of AG, I have to accommodate the collective agreement (consensus) among all group members. Likewise with all members, they also understand the risks if they did not attend the next meeting (such as the group's regulation about fines to be paid if they are absent on a regular basis).</p> <p>My duty as the leader of the group meetings is to ensure that the meeting can be conducted smoothly. The different arguments among the members are something reasonable and accepted in the meeting. I am also encouraging the members to actively participate during the meeting by sharing opinions and making decisions (mutual agreement)</p>	Decision-making in AG	Decision-making in AG: a. The tendency of males to be more dominant than females in decision-making b. Practicing the principles of mutual consensus – ' <i>Musyawah Mufakat</i> '
Interviewer	5. Apakah anda melakukan peran (peran apa saja) dalam kelompok afinitas?	5. Have you undertaken any role in AG?		

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Interviewee	<p>Saya kira, sebagai seorang ketua kelompok afinitas, peran saya hampir sama dengan ketua di kelompok afinitas yang lain, misalkan memimpin rapat di setiap pertemuan rutin kelompok.</p> <p>Karena kelompok afinitas ini adalah kelompok berbasis kredit mikro, saya juga melakukan control terhadap keuangan kelompok (misalnya: siklus keuangan simpan pinjam). Bekerjasama dengan pengurus yang lain (misalnya: sekretaris dan bendahara kelompok). Jika ada pelatihan, saya memotivasi semua anggota kelompok untuk berpartisipasi dan hadir sebagai peserta pelatihan.</p> <p>Saya juga mewakili kelompok sebagai pengurus Federasi (asosiasi kelompok afinitas di tingkat desa). Peran sebagai ketua federasi sangat penting bagi keberlangsungan kelompok afinitas, khususnya yang terkait dengan unit bisnis koperasi. Dalam beberapa kesempatan, saya juga diundang sebagai peserta atau pemateri pelatihan yang diadakan oleh lembaga pemerintahan (di tingkat kota maupun provinsi). Dalam pelatihan tersebut, saya diminta untuk memberikan testimony tentang pengalaman saya dalam kelompok afinitas.</p>	<p>Yes. I have several roles, namely: The head of AG. I was appointed by the group members as the chairman of the AG since 2002. In each regular group meeting, I usually lead the meeting.</p> <p>In my opinion, as the head of AG, my role is similar to other people who also became the chairman of AG, e.g. chairing regular meetings</p> <p>Due to the AG being a group-based microcredit programme, in cooperation with the management of another (e.g. the secretary and the treasurer of the group), I also perform financial control in my group (e.g. financial cycle saving and loans). I also encouraged all group members to participate in the training sessions (they are highly recommended to get involved in the training).</p> <p>I became a representative of the AG as the head of the Federation (the association of the AG at the village level). My role in the Federation is very important for the continuity of AGs, especially those related to the business unit (<i>Koperasi</i>). In several occasions, I was also invited as a participant or a speaker in the training held by government institutions (at the City or Provincial Government level). Usually, I was asked to give a testimony about my experience in AG.</p>	The role of the head of AG	<p>The role of the head of AG:</p> <ol style="list-style-type: none"> Become the chairman of the group meeting Conduct supervision to microcredit programmes (e.g. financial control - saving and loan report) Involve in the life-skills training Become the representative of the AG as the head of Federation
Interviewer	6. Apakah anda pernah terlibat secara aktif dalam kegiatan Federasi atau Lembaga Pembangunan Desa (RDI)?	6. Have you been actively involved in the Federation or Rural Development Institution (RDI) activities?		
Interviewee	<p>Iya, saya mewakili kelompok afinitas sebagai ketua Federasi dan Lembaga Pembangunan Desa.</p> <p>Selain mengelola unit bisnis koperasi, saya dan pengurus harian lainnya juga yang bertanggung jawab untuk melakukan koordinasi antara kelompok afinitas di tingkat desa. Biasanya, pertemuan di federasi dilakukan setiap satu bulan sekali. Dalam pertemuan tersebut, masing-masing perwakilan kelompok afinitas berdiskusi tentang permasalahan-permasalahan yang ada dalam kegiatan kredit mikro (simpan pinjam). Selain itu, peserta pertemuan juga membahas rencana yang terkait dengan program-program pembangunan di desa, misalkan: program pembangunan jalan untuk mempermudah akses transportasi dari sawah ke pasar. Hasil diskusi ini akan disampaikan oleh perwakilan (dari Federasi) dalam Lembaga Pembangunan Desa (LPD). Perwakilan kelompok afinitas ini akan menyampaikan ide-ide</p>	<p>Yes, I became a representative of the AG as the head of the Federation (the association of the AG at the village level).</p> <p>Besides managing the business unit (<i>Koperasi</i>), I and other Federation Committee are responsible for the coordination among AGs at the village level. Usually, the meetings of the Federation are conducted every month. During the meetings, each representative of the AG discusses and presents information about microcredit activities (saving and loans). In addition, the meeting participants also discuss several plans related to development programmes in the village, such as roadwork programmes to facilitate better transportation from the farming areas to the market. Then, I will present the results of these discussions (topic discussed) in the Rural Development Institution (RDI). I (as the RDI member) will also convey the ideas that have been</p>	The involvement of the AG in the Federation	<p>The involvement of the AG in Federation:</p> <ol style="list-style-type: none"> Coordinate with the representative of the AG at the village level Manage collective business' owned by AG Convey the ideas related to the development agenda at a rural level

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	<p>yang sudah dibahas dalam forum rapat tentang pembangunan di tingkat desa (bersama anggota LPD lainnya).</p> <p>Selain itu, saya juga mengelola koperasi sebagai asset ekonomi dan unit bisnis yang dimiliki oleh semua anggota kelompok afinitas. Dalam koperasi ini, disediakan/ menjual bahan-bahan kebutuhan pokok (misalnya: beras, gula, minyak goreng, dll.) serta sarana input pertanian (seperti bibit, pupuk, dan pestisida).</p>	<p>discussed in the meetings of development forum at the village level (together with other RDI members).</p> <p>In addition, I also managed the cooperative (<i>Koperasi</i>) and business units owned by all members of AG. Various basic needs (e.g. rice, sugar, and cooking oil); agricultural inputs (e.g. seeds, fertilizer, and pesticide) are supplied in the cooperative (<i>Koperasi</i>).</p>		
Interviewer	<p>7. Apakah anda mengalami perubahan dalam hidup anda setelah bergabung kelompok afinitas? Jika ya, apa perubahan ini?</p>	<p>7. Have you experienced changes in your life after joining AG? If yes, what are these changes?</p>		
Interviewee	<p>Alhamdulillah saya mengalami perubahan hidup yang lebih baik, diantaranya:</p> <p>1. Dampak ekonomi. Sejak adanya program kredit mikro dalam kelompok afinitas, saya bisa mengajukan pinjaman sebagai modal usaha. Dulunya, saya merasa kesulitan untuk mencari pinjaman modal usaha dari bank. Hal ini dikarenakan pihak bank memberikan persyaratan yang rumit serta biaya administrasi yang mahal. Dengan adanya modal usaha yang bisa diakses melalui kelompok afinitas, saya dapat melakukan usaha bisnis sampingan, yaitu toko grosir.</p> <p>2. Dampak perubahan ilmu. Dampak dari adanya pelatihan yang didukung oleh proyek PIDRA, saya dapat belajar tentang hal-hal yang baru, seperti manajemen pengelolaan kredit mikro, kepemimpinan, manajemen kelompok, kewirausahaan, dan gender. Dari proses belajar ini, secara bertahap saya mendapatkan pengetahuan dan ketrampilan hidup yang akan bermanfaat di masa depan bagi saya dan keluarga saya.</p> <p>3. Dampak sosial. Adanya tradisi saling membantu (gotong-royong) sudah ada sejak lama dalam masyarakat pedesaan. Adanya kelompok afinitas semakin memperkuat solidaritas bagi semua anggota kelompok. Dasar utama untuk membentuk kelompok afinitas adalah rasa senasib sesama anggota, misalkan, dulu kami sama-sama berstatus orang miskin yang bekerja di bidang pertanian. Seiring dengan dinamika kelompok afinitas, maka semangat kebersamaan itu semakin kuat dan terus dipelihara sampai kapanpun juga.</p>	<p>All praise belongs to God. I have experienced a better life, such as:</p> <p>1. The economic impact. Since the implementation of microcredit programmes in AGs, I am able to apply for a loan, which is used as financial capital for my business. Formerly, I experienced difficulty in accessing loans from the bank due to complex requirements and high administrative costs. The availability of capital that can be accessed through AGs has supported my business, e.g. grocery.</p> <p>2. The impact on knowledge. The impact of life-skills training supported by the project PIDRA, I have learned about the new things, such as microcredit management, leadership, group management, entrepreneurship, and gender equality. From this learning process, I gradually obtained new knowledge and life-skills that are useful for my family and me in the future.</p> <p>3. The social impact. The tradition of mutual help (mutual help) has already existed in rural society. The existence of the AG reinforces the sense of solidarity among the group members. This is due to the main basis of the AG having a sense of kinship among members e.g. the status of poor people who work in the agriculture sector. Along with the dynamics of the AG (i.e. saving, loans and life-skills training), then the spirit of togetherness became stronger and was maintained over time.</p>	<p>Life changes after joining AG</p>	<p>Life changes after joining AG:</p> <ol style="list-style-type: none"> The economic impact The educational impact The social impact

Interviewer	8. Apa pendapat anda tentang kesetaraan gender diperlakukan dalam kelompok afinitas? Dan jika ada perbedaan dalam perlakuan, apakah perbedaan tersebut?	8. What is your opinion on the way differences in gender are regarded in AGs? And if any differences in treatment, what are they?		
Interviewee	<p>Saya ini perempuan asli Jawa. Orang tua saya mengajarkan saya untuk tetap mempertahankan budaya Jawa, khususnya hal-hal yang terkait dengan hubungan antara laki-laki (suami) dan perempuan (istri). Contohnya: Pepatah Jawa tentang perempuan yang identik dengan 'Wanita – wani ditoto'. Dalam konteks budaya Jawa, pepatah ini mengindikasikan posisi sosial laki-laki itu diatas perempuan.</p> <p>Tetapi, sejak saya dan semua anggota kelompok mengikuti pelatihan tentang gender (pelatihan yang didukung oleh proyek PIDRA dan pemerintah), pandangan saya terhadap hubungan antara laki-laki dan perempuan berubah. Sekarang saya berpendapat bahwa antara laki-laki dan perempuan memiliki hak dan kewajiban yang sama. Misalkan: kalau dulu laki-laki harus bekerja mencari nafkah demi keluarga dan perempuan bertanggung jawab pada urusan rumah tangga (misalnya merawat anak). Sekarang, hal tersebut tidak berlaku lagi. Laki-laki (suami) dan perempuan (istri) harus bekerjasama dalam keluarga untuk memberikan kontribusi terbaiknya bagi keluarga.</p> <p>Dalam kelompok saya, saya menekankan kepada semua anggota kelompok bahwa perempuan pun bisa berkontribusi dalam hal ekonomi (pendapatan) dalam keluarga. Misalkan, anggota kelompok saya bisa meminjam uang untuk memulai usaha produktif, seperti toko grosir. Tentunya hal ini dapat dilakukan karena adanya fasilitas akses pinjaman dari kelompok dengan persyaratan yang mudah serta tingkat bunga yang rendah. Saya berpendapat bahwa anggota kelompok saya (perempuan) sudah memiliki pengetahuan tentang gender serta sudah menerapkan dalam kehidupan sehari-hari.</p>	<p>I am a native Javanese women. My parents taught me to preserve Javanese culture, especially aspects related to the relations between men (husbands) and women (wives). For example, there is Javanese proverb about women '<i>Wanita - wani ditoto</i>' (literally meaning 'women's willingness to be regulated and controlled by men'). In the context of Javanese culture, this proverb indicates the social position of men over women.</p> <p>But, since all group members and I attended gender equality training (training was supported by the PIDRA project and the government), my view of the relationship between men and women have changed. Now, I believed that men and women have equal rights and obligations. For example: in the past, men must work to earn money for their families and women are responsible for domestic affairs (e.g. taking care of the children). Today, the situation is different. Men (husbands) and women (wives) must work together (equal opportunity to work) to contribute their best to their families.</p> <p>In my group, I encourage all group members to understand that women can also contribute to the family income. For example, group members can access credit and use it to start a productive business, such as grocery. Surely, this opportunity is only available due to the access to loans (easy access – i.e. simple requirements/ procedures and low-interest rates). I also found that the group members (women) already have knowledge of gender roles that are implemented in everyday life.</p>	Understanding the concept of gender	<p>Understanding the concept of gender:</p> <ol style="list-style-type: none"> Javanese tradition about gender relation '<i>Wanita - wani ditoto</i>' (literally meaning 'women's willingness to be regulated and controlled by men'). Gender refers to equal rights and obligation in all aspects of life between men and women e.g. contributing to the family income
Interviewer	9. Apa arti penting dari kelompok afinitas untuk mengubah hubungan gender?	9. What is the significance of AGs for changing gender relations?		
Interviewee	Sebelum terbentuk kelompok afinitas, semua anggota kelompok tidak mengerti tentang gender. Yang mereka pahami ada konsep hubungan antara laki-laki (suami) dan perempuan (istri) dari perspektif budaya Jawa (tradisi) bahwa laki-laki lebih dominan dalam segala urusan dari pada perempuan, misalnya kepala keluarga adalah laki-laki yang memiliki	Before the AG was formed, all group members did not understand about gender relation between men and women. They only recognised the Javanese concept of relationships between men (husbands) and women (wives), namely men being more dominant than women in the family affairs. For example, the head of the family is always a man	Gender relations	<p>Gender relations:</p> <ol style="list-style-type: none"> Patriarchal system (men are more dominant than women in all aspects

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	<p>kewenangan penuh mengatur urusan rumah tangga.</p> <p>Ketika anggota kelompok afinitas didukung oleh program pelatihan (sebagai proses belajar), misalkan pelatihan tentang kredit mikro dan kredit, ada pandangan yang berbeda tentang gender. Anggota kelompok perempuan dapat mengakses pinjaman yang bisa digunakan untuk memulai usaha baru. Karena adanya kesempatan mengakses modal usaha dan pelatihan, hal ini memberikan dampak yang positif mengenai hubungan gender antara laki-laki (suami) dan perempuan (istri) dalam rumah tangga.</p> <p>Misalkan kasus rumah tangga saya. Dulu, ketika saya belum bergabung dalam kelompok afinitas, saya tidak bisa mengikuti program pelatihan (keluar rumah) tanpa seijin suami. Tetapi sekarang, karena suami saya sudah memahami hubungan kesetaraan gender (saya jelaskan kepada suami saya setelah saya mengikuti pelatihan gender) serta memahami akan manfaat pelatihan untuk diri saya dan keluarga, maka suami saya selalu mengizinkan dan mendukung jika saya ikut pelatihan. Yang penting niatnya baik untuk sama-sama berkontribusi dalam meningkatkan kesejahteraan keluarga.</p>	<p>(husband) who has full authority to regulate domestic affairs.</p> <p>When training supported the members of AGs programmes (such as microcredit and gender), different views on gender relations developed. Members of the women's groups have been able to access loans that can be used to start new businesses. Because of the opportunity to access loans (for financial capital) and to develop life-skills training, there has been a positive impact on gender relations between men (husbands) and women (wives) in the household.</p> <p>For example, in the case of my household. In the past, when I was not part taking in AG, I could not participate in training programmes (out of the house) without the permission from my husband. But now, because my husband had to change his perceptions of gender relations and equality (I explain to my husband after I attended gender training) and after he understood the benefits of training for our family and me, he now always allows and supports me if I join in other training programmes. To summarise, an equal contribution from both genders is improving the welfare of the family.</p>		<p>of life)</p> <p>b. The equal right and obligation between men and women to contribute to the family welfare</p>
Interviewer	10. Apakah pria dan wanita sama-sama terintegrasi dalam kelompok afinitas?	10. Are men and women equally integrated in AGs?		
Interviewee	<p>Karena kelompok saya adalah kelompok afinitas perempuan, saya melihat semua anggota kelompok sudah memahami prinsip kesetaraan hubungan gender dalam pertemuan kelompok.</p> <p>Tetapi, untuk penerapan di rumah tangga masing-masing kelompok, saya kurang paham. Sedangkan, untuk kasus pada keluarga saya, saya sudah menerapkan kesetaraan hubungan gender, khususnya dengan suami saya. Detailnya sudah saya jelaskan pada poin diatas.</p>	<p>Because my group is the Women's Affinity Group, I have seen that all group members have understood the principles of gender equality in the group meetings.</p> <p>However, for implementation of gender equality in their households, I do not have any idea. Whereas, for the case in my family, I had applied the principals of gender relations and gender equality, especially with my husband (detail explanation can be seen in the point above).</p>	Gender relations and gender equality in the AG and family	<p>Gender relations in the AG and family:</p> <p>a. Men and women are equal in microcredit and training activities</p> <p>b. The impression that men are more dominant over women in the group meeting</p> <p>c. Man (husband) and woman (wife) are equal in the family affairs.</p>
Interviewer	11. Bagaimana pria dan wanita dalam kelompok afinitas dibedakan?	11. How do men and women in the AG differ?		

Appendix 11: Example Transcript of Semi-Structured Interviews A

Interviewee	Karena kelompok saya adalah kelompok afinitas perempuan, tidak ada perbedaan perlakuan antara perempuan dalam kelompok afinitas. Semua anggota kelompok diberi kesempatan yang sama untuk berpartisipasi dalam kegiatan simpan pinjam dan pelatihan.	Because my group is the Women's Affinity Group, there are no difference treatments among women members in AG. All group members are given an equal opportunity to participate in the group activities (e.g. saving, loan and training).	Gender differences	Gender differences in the AG – the principle of gender equality
Interviewer	12. Bagaimana anda pikir partisipasi dalam kelompok afinitas mempengaruhi perspektif masyarakat terhadap perbedaan gender di Indonesia?	12. How do you think the participation in AGs affects people's perceptions on gender differences in Indonesia?		
Interviewee	<p>Seperti yang saya jelaskan di atas bahwa tidak ada perbedaan perlakuan bagi anggota kelompok afinitas. Semua anggota diberi kesempatan yang sama untuk berpartisipasi dalam kegiatan simpan pinjam dan pelatihan.</p> <p>Adapun dampak dari aspek gender ini dapat dilihat dalam kehidupan sehari-hari di masing-masing rumah tangga anggota kelompok. Baik istri maupun suami dari anggota kelompok mulai paham makna gender dan mereka menerapkan dalam keluarga mereka, misalkan suami dan istri sama-sama berkontribusi dalam ekonomi keluarga (dgn cara bekerja secara produktif) serta proses pengambilan keputusan penting dalam keluarga (misalkan: memiliki bisnis baru) yang melibatkan suami dan istri.</p> <p>Tetapi, meskipun aspek gender ini sudah diterapkan oleh anggota kelompok dalam keluarga masing-masing, budaya Jawa tentang hubungan laki-laki dan perempuan tetap mereka hargai, misalkan: meskipun istri sebagai anggota kelompok, maka status kepala keluarga tetap dipegang oleh suami (sebagai upaya menghormati budaya Jawa – 'wanito – wani ditoto')</p>	<p>As I said previously, there is no difference of treatment among the members of AG. All members are given an equal opportunity to participate in the group activities (e.g. saving, loan and training).</p> <p>All group members (men and women) have equal rights and obligations and involvement in the group's activities.</p> <p>The impact of the gender relations can be seen in the daily life of each household of the group members. Both the wife and the husband of the group members begin to understand the meaning of gender equality (from the training of gender) and they practiced the principals in their families. For example, both husband (male) and wife (female) can contribute to the family income (by working productively), as well as mutually being involved in the process of decision-making regarding the family (e.g. having a new business).</p> <p>Although the gender training influences aspects of family life for the group members that apply its principals in each of their families, Javanese culture still plays a part in the interactions between men and women and dominates their social values which must be respected. For example, even though the wife (women) is a member of the group and are actively involved in the AG activities, the status of the head in the family is still held by the husband (men) – as the effort to respect to Javanese culture e.g. 'Wanito - wani ditoto' which literally meaning that women's willingness to be regulated and controlled by men.</p>	Participation in AG	Participation in the AG affects on gender equality
	Future situation			
Interviewer	1. Apakah rencana anda ketika aktif di kelompok afinitas?	1. What do you plan to do when you became in charge of AG?		

Interviewee	<p>Ketika saya memutuskan untuk aktif dalam kelompok afinitas, saya akan melakukan hal-hal sebagai berikut:</p> <ol style="list-style-type: none"> 1. Saya akan berusaha mempertahankan serta mengembangkan kelompok afinitas menjadi kelompok yang mandiri. Selain itu, saya juga berharap bahwa kelompok afinitas ini sebagai basis kegiatan masyarakat, khususnya bagi perempuan desa. Kegiatan simpan pinjam (kredit mikro) serta pelatihan tetap dipertahankan sebagai kegiatan utama kelompok. Sedangkan untuk mengakomodasi keinginan warga desa (perempuan) untuk bergabung dalam kelompok, saya dan anggota kelompok memfasilitasi dengan membentuk kelompok afinitas baru (kelompok replikasi). Adapun pola kerja dan mekanisme kelompok baru ini tetap sama dengan kelompok afinitas yang lama, yaitu kegiatan simpan pinjam dan pelatihan kecakapan hidup. 2. Menjaga kekompakan kelompok dengan tetap konsisten melakukan pertemuan rutin bulanan. Peran dan fungsi pertemuan rutin kelompok ini sangat penting untuk keberlanjutan kelompok, misalnya sebagai media koordinasi dan komunikasi antar anggota kelompok. Semua permasalahan serta rencana program kelompok afinitas didiskusikan pada saat pertemuan rutin. 3. Mengikuti pelatihan yang didukung oleh stakeholder pembangunan (misalnya dari pemerintah dan perusahaan yang memiliki perhatian terhadap pembangunan desa). Tujuan mengikuti pelatihan ini adalah sebagai upaya untuk meningkatkan pengetahuan dan ketrampilan diri saya dan anggota kelompok lainnya. 4. Memperluas kerjasama dan networking dengan kelompok afinitas lain atau stakeholder pembangunan (pemerintah dan perusahaan swasta). Hal ini dimaksudkan untuk meningkatkan kapasitas kelompok afinitas untuk menjadi lebih baik dan lebih mandiri. 	<p>When I decided to be active in AG, I wanted to do several actions, such as:</p> <ol style="list-style-type: none"> 1. Maintain and develop the AG to be a self-help group. I also hope that the AG becomes the basis of community activities, especially for women. Microcredit programmes (i.e. saving and loans) and training will be the main activities of AG. To accommodate other rural women who are interested in becoming a member of AG. I and other existing members are also aiming to establish a new Affinity Group (Group replicated). The mechanism in the new group is similar to the previous group, e.g. microcredit (saving and loan) and life-skills training. 2. Maintain solidarity by consistently performing group meetings (once a month). The role and function of the group meetings are very crucial for the continuity of the AG e.g. the group meeting can be used as the medium for coordination and communication between the group members. The group members can discuss problems and make plans regarding the future of the AG programmes. 3. Involve in the training (which is supported by development stakeholders e.g. government and corporate social responsibility). The aim of the training is to enhance knowledge and skills (for myself and other group members). 4. Strive for a better life and for a poverty elimination. The existence of saving and loan services in the AG help my business e.g. agriculture as my main livelihood. 5. Expand cooperations and partnership networks with other Affinity Groups or development stakeholders (e.g. government and private companies). It is intended to increase the capacity of the AG to become better (in the group activities) and more independent. 	The expectation being a member of AG	<p>The expectation being a member of AG:</p> <ol style="list-style-type: none"> a. Maintain and develop the AG to be self-reliant b. Maintain the solidarity c. Involve in the group activities e.g. microcredit programmes and life-skills training d. Expand partnerships and networkings with other development stakeholders
Interviewer	2. Apakah anda berharap untuk memiliki standar hidup yang lebih baik?	2. Do you expect to have a better standard of living?		
Interviewee	<p>Iya. Standar hidup layak menurut saya adalah:</p> <ol style="list-style-type: none"> a. Bisa bekerja dan dan berkarya yang tujuannya untuk mendapatkan penghasilan yang layak, yang dapat digunakan untuk memenuhi 	<p>Yes. In my opinion living standards are defined by:</p> <ol style="list-style-type: none"> a. Being able to earn an income (standard income), which can then be used to fulfil basic needs (e.g. daily meals). 	The expectation of standard living	The expectation of standard living (e.g. income, education, health

	<p>kebutuhan hidup sehari-hari (misalkan makan sehari-hari).</p> <p>b. Memiliki rumah sendiri yang layak huni</p> <p>c. Tidak punya hutang</p> <p>d. Memiliki hubungan baik dengan tetangga</p> <p>e. Bisa beribadah dengan tenang</p> <p>f. Anak dapat sekolah (kalau bisa kuliah) dan bekerja dengan penghasilan yang layak</p> <p>g. Hidup sehat (akses layanan kesehatan)</p> <p>h. Setiap individu bisa mendapatkan kesempatan belajar sama</p>	<p>b. Having a home ownership (livable house)</p> <p>c. Being debt free</p> <p>d. Having a good relationship with neighbours</p> <p>e. Having the ability to worship in peace</p> <p>f. Having a better education for my children (college/ university) to attain work with a fair income</p> <p>g. Having a better access to health services</p> <p>h. Individuals to have an equal access to education</p>		services)
Interviewer	<p>3. Apakah ada sesuatu yang anda merasa akan berdiri di jalan anda secara mandiri atau membuat anda sulit bergabung dengan kelompok afinitas? (Seberapa mudah bagi anggota baru untuk bergabung dengan kelompok afinitas di mana mereka belum mengetahui/ mengenal orang?)</p>	<p>3. Is there anything that you feel will stand in your way or make this difficult by joining AG? (How easy is it for new members to join an Affinity Group in which they do not already know people?)</p>		
Interviewee	<p>Seperti penjelasan saya diatas, bahwa untuk mengakomodasi keinginan warga untuk bergabung dalam kelompok afinitas. Saya dan semua anggota kelompok memfasilitasi dengan membentuk kelompok afinitas baru (kelompok replikasi). Kelompok baru ini beranggotakan perempuan dengan usia yang rata-rata masih muda (dibawah 40 tahun).</p> <p>Atas dasar keinginan untuk bisa hidup mandiri dan bebas dari kemiskinan, kegiatan utama dalam kelompok baru (kelompok replikasi) adalah simpan pinjam dan pelatihan ketrampilan hidup.</p> <p>Dalam prakteknya, kelompok saya membentuk team seleksi (team khusus) pembentukan kelompok replikasi. Lalu, team ini akan melakukan pendataan dan verifikasi terhadap calon anggota baru. Adapun kriteria yang disusun oleh team khusus ini hampir sama dengan kriteria yang digunakan oleh team PIDRA saat melakukan identifikasi anggota kelompok afinitas di tahun 2001, misalnya: kategori sebagai orang miskin dengan indikasi kurangnya akses pendidikan, penghasilan rendah serta rendahnya kualitas hidup layak (sesuai indikator UNDP). Lalu team ini melakukan survey teknis ke rumah masing-masing calon anggota untuk memastikan bahwa mereka adalah benar-benar berstatus sebagai orang miskin.</p> <p>Ketika proses pendataan dan seleksi ini selesai, lalu dibentuklah kelompok afinitas baru. Secara langsung, kelompok replikasi ini mendapatkan bimbingan teknis dari kelompok afinitas yang lama, serta fasilitas bantuan dana matching grand dari program pembangunan yang ada di desa (yg</p>	<p>As I said before, all group members and I desire rural women to join in the AG and accommodate them. We helped facilitate this by establishing a new Women's Affinity Group (the replicate group). This new group consists of rural women who are young (under the age of 40 years).</p> <p>Due to the expectation to be able to live independently and free from poverty, the main activities of the new group (the replicated group) are saving, loans and life-skills training programmes.</p> <p>In practice, my group (the foundation group) formed a selection team (a special team) for the formation of the replicated group. Next, this team performed data collection and the verification of prospective new members for the replicate group. The criteria developed by this team was similar to the criteria used by the team PIDRA when identifying the group members for the foundation group back in 2001. For example, categories of the poor indicated by the lack of access to education, low-income and low quality of life (corresponding indicators of UNDP). The team also carried out a technical survey on the home of each prospective member to ensure that they were from the rural poor.</p> <p>When the data collection and selection process was completed, a new Affinity Group (the replicated group) was formed. Directly, the replicated group received technical guidance from the foundation Affinity Groups, as well as receiving the grant matching (funding) for the</p>	Group dynamic	<p>Group dynamic:</p> <p>a. Maintain the existing group members</p> <p>b. Establish the replicated group for young women</p> <p>c. Microcredit programmes as the main group activity</p>

Appendix 11: Example Transcript of Semi-Structured Interviews A

	dilakukan oleh pemerintah). Harapan kedepannya, kelompok replikasi ini bisa menjadi mandiri mengelola kegiatan simpan pinjam dan pelatihan. Semoga para anggota kelompok replikasi kehidupannya menjadi lebih baik di masa depan.	development programme in the village (supported by the government). My aim for the future is that, this replicate group becomes independent and can manage its own saving and loan activities, as well as life-skills training programmes. Hopefully, the replicate group members can create a better life for themselves in the future.		
Interviewer	4. Apa hubungan LSM (lokal, lembaga nasional dan internasional) dengan kelompok afinitas?	4. What are the relationships of NGOs (local, national and international institutions) with AG?		
Interviewee	Yang saya tahu, ada dua petugas fasilitator yang menjadi pendamping kelompok afinitas (selama proyek PIDRA). Seorang fasilitator (perempuan) adalah petugas (penyuluh lapang) dari dinas ketahanan pangan; dan seorang fasilitator (laki-laki) adalah orang asli desa sini yang direkrut oleh proyek PIDRA. Kedua orang fasilitator ini memiliki tugas sebagai mitra dalam melaksanakan program hanya terlibat dalam tim PIDRA di tingkat desa untuk memfasilitasi proses pembentukan Affinity Group, untuk mendukung kegiatan kelompok, dan untuk memperkuat kapasitas Affinity Grup misalnya menyediakan pelatihan yang diperlukan bagi anggota kelompok.	There are two officers who act as the facilitators of the AG (for the PIDRA project). One facilitator (female), is a government officer (the Food Security Agency (Badan Ketahanan Pangan/ BKP); and the other facilitator (man), is a native villager who was recruited by project PIDRA. He is a facilitator from amongst the local people (staff of NGO). Both facilitators implemented the programme in partnership as part of the PIDRA team at the village level to facilitate the process of establishing AG, supporting group activities and strengthen AG's capacity e.g. providing necessary training for the group members.	The role of facilitators	The role of facilitators: a. Facilitate the process of the AG formation b. Support the group activities c. Strengthen AG's capacity (e.g. provide the necessary training for group members).
	Additional question			
Interviewer	1. Media sering melaporkan tingginya tingkat kemiskinan dan rendahnya tingkat partisipasi, khususnya untuk masyarakat pedesaan dalam pembangunan masyarakat desa. Bagaimana hal ini mempengaruhi perasaan anda?	1. The media frequently reports on the high levels of poverty and low level of participation, in particular regarding those living in the rural community. How does this make you feel?		
Interviewee	Kalau dulu (sebelum adanya proyek PIDRA), memang sebagian besar masyarakat desa hidup dalam kemiskinan (karena kami tinggal di daerah tandus/ lahan kering). Salah satu hal yang bisa dilihat adalah pendapatan yang diperoleh dari usaha pertanian (pendapatan rendah). Uang yang dihasilkan dari menjual hasil panen, habis untuk membayar hutang (misalnya pinjaman dari rentenir dengan resiko membayar bunga yang tinggi). Biasanya, orang desa disini memerlukan uang untuk memulai cocok tanam (bisnis pertanian) untuk membeli bibit, pupuk dan pestisida. Tetapi sejak adanya program kelompok afinitas (proyek PIDRA), orang-orang	In the past (pre-project PIDRA in 2002), most of the rural communities were living in poverty (due to the geographical situation i.e. dryland areas). One of the indicators that were seen was the income derived from agriculture business (i.e. low- income). The money generated from selling the crop was used to pay off debts (e.g. loans from moneylenders (<i>Rentenir</i>), including the risk of paying high-interest rates). The villagers who needed money during the cropping season to buy seeds, fertilizers and pesticides normally took these loans. However, since the PIDRA project was implemented in the village,	The perspective of poverty from the AG member	The perspective of poverty from an Affinity Group member: a. Low-income b. Difficult access to credit to the formal bank c. Having debt to <i>Rentenir</i>

Appendix 11: Example Transcript of Semi-Structured Interviews A

	<p>yang miskin difasilitasi bergabung dalam kelompok afinitas. Kegiatan utama dalam kelompok afinitas adalah program kredit mikro dan pelatihan ketrampilan hidup. Sejak adanya kelompok afinitas, kehidupan masyarakat berubah. Anggota kelompok afinitas dapat mengakses kredit dari kelompok nya (dengan bunga yang rendah), serta mengikuti pelatihan (sebagai bagian dari proses pembelajaran).</p> <p>Dikarenakan para anggota kelompok afinitas sudah dilatih (pendidikan kecakapan hidup/ pendidikan non-formal), maka dampak yang dihasilkan juga bagus. Mereka memiliki pengetahuan dan ketrampilan (misalkan ketrampilan inovasi pertanian, kepemimpinan dan berorganisasi) yang dapat mendukung bisnis pertaniannya. Selain itu, mereka juga dapat berperan dalam organisasi pembangunan di desa (misalnya lembaga pembangunan desa). Jadi secara umum, saya percaya bahwa kondisi masyarakat desa yang terkait dengan kemiskinan di jaman sekarang lebih baik dari pada kondisi jaman dulu.</p>	<p>poorer people who joined the AG were given help. The main activity of the AG was the microcredit programme and life-skills training. Since then, people who became involved in the AG have developed. the AG members can access credit from their group (with low-interest), as well as getting involved in life-skills training (as part of learning process).</p> <p>By joining AG, members have trained (life skills education / non-formal education) the impact of which has greatly benefitted their lives. They have gained additional knowledge and skills (e.g. agricultural innovation skills, leadership and organization) that can support and expand their agricultural businesses. Also, they can also play a role in rural development organisations (e.g. become the member of the Rural Development Institution). In general, I believe that the conditions of rural communities associated with poverty are now better than what it was in the past.</p>		<p>Current situation (after PIDRA project)</p> <ul style="list-style-type: none"> a. Better farming b. Better business c. Better living
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Appendix 12. Example Transcript of Semi-Structured Interviews B

Semi-Structured Interview with a Male Participant R-18 (Source: Data taken from Semi-Structured Interview, 2012)

Actor	Original Transcribing		Coding as indexing	Coding as conceptual devices
	Indonesian	English		
Interviewer	<p><i>Assalamu'alaykum Warahmatullahi Wabarakatuh</i> (Semoga kedamaian dilimpahkan kepadamu diiringi dengan rahmat dari Allah dan juga barakah dari Allah untukmu)</p> <p>Yang terhormat, Pak X - (Participant R-18) (selaku ketua kelompok Afinitas campuran).</p> <p>Pertama, saya mengucapkan terima kasih atas kesempatan yang sudah diberikan kepada saya untuk melakukan wawancara dengan bapak.</p> <p>Sebelumnya, saya akan memperkenalkan diri. Nama saya Mochammad Agus Junaidi. Saya ditemani oleh Mas 'X' dan Mbak 'Y' (mereka adalah warga asli dari desa ini). Mereka berdua adalah pemandu saya dalam melakukan penelitian dan akan membantu saya untuk menterjemahkan Bahasa Jawa (jika saya tidak mengerti maknanya).</p> <p>Adapun maksud kedatangan saya adalah untuk belajar tentang kegiatan kelompok Afinitas bentukan tim PIDRA proyek, khususnya hal-hal yang terkait dengan kegiatan kredit mikro dengan budaya, agama dan kesetaraan gender.</p> <p>Perlu juga saya sampaikan bahwa kehadiran saya di desa ini sudah mendapatkan ijin secara resmi dari pemerintah desa dan sudah diketahui oleh kepala desa.</p>	<p><i>Assalamu'alaykum Warahmatullahi Wabarakatuh</i> (May the peace, mercy, and blessing of Allah be with you)</p> <p>Dear Mr. X - (Participant R-18) (as the chairman of a Mixed Affinity Group)</p> <p>I would like to thank you for giving me the opportunity to do an interview with you.</p> <p>Firstly, I would like to introduce myself. My name is Mochammad Agus Junaidi. I was accompanied by Mr. X (local guide 1) and Ms. Y (local guide 1) - (they are natives from this village). They are my guides for conducting research and also help me to translate the Java language/Java dialects (if I do not understand its meaning).</p> <p>The purpose of my arrival was to learn about the Afinity Group's activities formed by the PIDRA project team, especially its relations between its microcredit activities with the local culture, religion and also gender equality.</p> <p>I would also like to inform you that my presence in this village has been granted from the village government (formally) and approved by the village head.</p>	Introduction and greeting from interviewer to conduct semi-structured interview	Expressing the interviewer's intention to obtain information through a semi-structured interview with the participant about the interconnection between micro-credit activities and culture, religion and gender equality.
Interviewee	<p>Iya mas. Salam kenal dari saya (Participant R-18) juga dan selamat datang di rumah saya. Kalau saya boleh tahu, dimana anda menginap di desa ini?</p>	<p>Yes Mas*). You are welcome and greeting from me (Participant R-18) May I know, where are you staying in this village?</p> <p>*) Mas means Mr or you (man)</p>	Greeting from interviewee	Greeting from interviewee to make the meeting more familiar (e.g. asking about the interviewers address in this village)

Appendix 12: Example Transcript of Semi-Structured Interviews B

Interviewer	<p>Terima kasih Pak. Kebetulan saya menyewa rumah di dekat kantor desa (di rumah salah satu warga) - (sambil mengangguk tanda mengerti alamat rumah tersebut)</p> <p>Apakah saya bisa memulai bertanya tentang kelompok afinitas Pak?</p>	<p>Thank you Pak**). I rented a house near the village office (in one of the villager houses) - showing gesture that he understands the house's address.</p> <p>Can I start asking the questions about AG? *) Pak/ Bapak means Sir/Mr/ you/ man</p>		
Interviewee	<p>Ooo... saya kenal baik sama pemilik rumah itu Mas (sambil tersenyum)</p> <p>Monggo Mas... kalau ada pertanyaan tentang kelompok PIDRA (kelompok afinitas)</p>	<p>Ooo ... I knew well the homeowner Mas - (smiling)</p> <p>Please Mas ... if you have any questions about PIDRA group (AG)</p>		
	Past situation			
Interviewer	<p>Baik Pak. Saya akan bertanya tentang masa lalu saat bapak mulai memutuskan bergabung dalam kelompok afinitas.</p> <p>Saya tertarik pada apa yang membuat Anda*) memutuskan untuk bergabung dengan kelompok afinitas dalam proyek PIDRA. Berpikir kembali ketika Anda memutuskan untuk bergabung dengan kelompok afinitas, faktor apa yang Anda pertimbangkan ketika membuat keputusan tersebut?</p> <p>*) Anda maksudnya Bapak</p>	<p>OK Pak. I will start by asking questions related to your past when you decided to join AG.</p> <p>I am interested in what made you decide to join the AG in the PIDRA project. Thinking back to when you decided to join AG, what factors did you consider when making your decision?</p>		
Interviewee	<p>Awalnya saya mempunyai prinsip hidup bahwa hidup bersama (berkumpul) itu lebih baik dari pada hidup sendirian. Ada ungkapan jawa 'mangan ora mangan sing penting kumpul'. Jadi dengan filosofi jawa tersebut memberikan motivasi kepada diri saya untuk bergabung dalam kelompok afinitas.</p> <p>Selain itu, masyarakat di desa ini khan sudah terbiasa dengan kegiatan kelompok tani (Gapoktan). Jadi sebagian anggota kelompok afinitas ini juga merupakan Gapoktan. Di PIDRA itu ketuanya saya, gapoktan juga saya.</p> <p>Dulu itu (2002), kelompok kami mendapatkan bantuan dari pemerintah (misalkan: program PIDRA dan Matching Grand) untuk membentuk kelompok afinitas. Karena ada bantuan dana tersebut, saya dan anggota kelompok yang lain semakin bersemangat untuk membentuk kelompok afinitas dimana kredit mikro dan pelatihan sebagai kegiatan utama</p>	<p>Initially, I had a principle of life that 'living together is better than being alone'. There is a Javanese proverb '<i>mangan ora mangan sing penting ngumpul</i> (eat or not eat, the priority is being together)'. So the Javanese philosophy motivates me to join AG.</p> <p>In addition, people in the village have already become familiar with the activities of farmer groups (farmer groups union - <i>Gapoktan</i>). So, the majority of the members of the AG are also Gapoktan members. In the PIDRA project, I am the chairman, as well as the head of Gapoktan.</p> <p>In 2002, our group received government funding (e.g. PIDRA project and Matching Grant) to establish AG. Due to the government funding, other members of the group and I became eager to form the AG in which microcredit programmes and life-skills training were the main activities of the group.</p>	Reason to join AG	Reason to join AG: a. Social factors e.g. consideration from the family members b. Economic factors e.g. microcredit programmes to support business

	kelompok. Jadi, supaya masyarakat desa ini semakin guyub (rukun), semakin sejahtera keluarganya dan menciptakan rasa keadilan, saya menawarkan kepada semua anggota kelompok Gapoktan (mereka adalah petani) untuk bergabung dalam kelompok afinitas. Akhirnya, 19 dari 21 orang bergabung dalam kelompok afinitas (2 tidak bergabung karena usia yang sudah tua (diatas 65 tahun))	So, in order to increase the sense of togetherness, to improve the welfare of our families and to create communal fairness, I offered all members of Gapoktan (who were farmers) to join in AG. As a result, 19 out of the 21 members joined the AG (there were two people who did not join the AG due to their age (above 65 years olds).		
Interviewer	2. Seberapa penting aspek sosial ekonomi mempengaruhi keputusan ini? Jika mereka tidak penting, apa faktor-faktor lain yang penting?	2. How important were socio-economic aspects in influencing your decision? If they were not important, what other factors were important?		
Interviewee	Menurut saya, faktor sosial ekonomi sangat penting dalam proses pengambilan keputusan membentuk kelompok afinitas. Pertama: aspek pendapatan. Kedua: aspek budaya. Sudah menjadi tradisi masyarakat desa ini untuk hidup rukun, menjunjung tinggi kebersamaan dan Gotong-Royong (saling membantu). Berbagai macam kegiatan sosial sudah menjadi tradisi masyarakat local. Misalkan kelompok arisan dimana para anggota melakukan pertemuan rutin setiap bulan dan melakukan aktifitas simpan pinjam. Ketiga: aspek agama. Hampir setiap hari masyarakat di desa ini melakukan sholat berjamaah lima waktu di musholla/ masjid. Tradisi tersebut menciptakan keakraban bagi semua warga desa. Biasanya juga, warga melakukan kegiatan keagamaan (misalnya: tahlilan/ diba'an/ pengajian) minimal setiap satu pekan sekali. Kegiatan keagamaan ini telah berjalan sejak lama dan sudah menjadi kebiasaan penduduk desa. Keempat: aspek gender. Sebelum adanya proyek PIDRA, masyarakat menganggap bahwa laki-laki bertanggung jawab terhadap perempuan dalam keluarga. Mereka (laki-laki) wajib mencari nafkah bagi keluarganya. Sedangkan perempuan bertugas menjaga anak dan melakukan pekerjaan rumah tangga.	In my opinion, socio-economic factors are very important in the formation of AG. Firstly: income. Secondly: the cultural aspects. It has become a tradition of rural communities to live in harmony, uphold the unity and mutual assistance of each other (mutual aid - <i>Gotong-Royong</i>). Wide ranges of social activities have become the tradition of local communities e.g. Rotating Saving and Credit Associations/ RoSCAs (<i>Arisan</i>). In <i>Arisan</i> , a small group who meet to make fixed contributions at given intervals, in which each member gets to benefit from the pool. Those who have yet to receive the pool are savers, and members who have received the pool are debtors (<i>Arisan</i> has become the informal financial institution that offers low transaction costs, as well as saving on a regular basis i.e. monthly). Thirdly: the religious aspect. Almost every day, people in this village are involved Islamic activities as part of their daily routines, such as praying in the Muslim prayer rooms (known as <i>Masjid</i>) five times a day. This religious practice has been able to create a sense of familiarity among the villagers. Usually, people also conducted other religious activities (e.g. <i>Tahlilan / Diba'an / Pengajian</i>) at least once every week. These religious activities have been running for a long time and have become the habit of the villagers. Fourthly: the gender aspect. Prior to project PIDRA, people assumed that men are responsible for the women in the family. They (men) are	The importance of socio-economic aspects in the AG formation	The important of social economic aspects in the AG formation, including culture, religion, gender based on the local views, such as: the activities of <i>Arisan</i> and <i>Rentenir</i> as an existing traditional saving and loan; religious activities to increase social interaction among the Muslim villagers e.g. <i>Diba'an/ Pengajian</i> ; patriarchal system reflects gender inequality; and economic aspect (the villagers work in the agricultural sector– as the main income

Appendix 12: Example Transcript of Semi-Structured Interviews B

		required to work and earn money for their families. While the women are in charge of the domestic works, such as taking care of the children and doing housework.		
Interviewer	3. Apa kegiatan masyarakat sebelum mereka bergabung dalam kelompok afinitas, terutama strategi mereka untuk meningkatkan kualitas hidup mereka?	3. What activities did the community engage in before they joined AG, particularly their strategies for improving their quality of life?		
Interviewee	<p>Secara umum, masyarakat di desa ini bekerja sebagai petani (petani kecil di lahan kering) serta buruh tani.</p> <p>Sebelum ada proyek PIDRA, penduduk desa hanya melakukan cocok tanam yang sangat diengaruhi oleh faktor alam. Misalkan jika musim panas, mereka tidak bercocok tanam karena tidak adanya sumber air untuk pertanian. Biasanya juga, mereka bekerja sebagai buruh tani di desa lain untuk menyambung hidup.</p> <p>Kadang-kadang, suami bekerja di sektor informal (di luar bidang pertanian), misalkan sebagai tukang bangunan di kota lain. Setiap pecan suami akan balik pulang ke desa bertemu istri dan keluarga.</p>	<p>In general, the villagers work as farmers (small farmers on dry land) as well as farm labourers.</p> <p>Before the PIDRA project came, the villagers simply did agricultural work, which was greatly influenced by environmental factors. For example, in the summer, they may not be able to carry out planting due to a lack of water resources for agriculture. So usually, they (men/women) work as farm labourers in other villages for a living.</p> <p>Sometimes, husbands worked in the informal sector (non-agricultural sectors), for example, as a builder in another city. Sometimes they return home to the village to meet their wife and family on the weekend.</p>	Agriculture as the main job of the villagers.	Agriculture as the main job of the villagers. In a dry season, men tend to migrate to other cities to work as builders (non-agricultural sector), while women remain in the village and carry out domestic works.
Interviewer	4. Apakah Anda memiliki gagasan yang jelas tentang kehidupan yang lebih baik ketika Anda membuat keputusan Anda untuk bergabung kelompok afinitas? Jika demikian apakah itu?	4. Did you have a clear idea of life improvement when you made your decision to join AG? If so what was this?		
Interviewee	<p>Bagi saya, yang paling penting itu bisa hidup rukun. Hubungan dengan tetangga baik serta saling Gotong-Royong tanpa pamrih (ikhlas).</p> <p>Selanjutnya, saya dapat bekerja sehingga bisa memenuhi kebutuhan hidup secara ekonomi (hidup layak - bisa makan dan minum dengan cukup).</p> <p>Untuk dapat bekerja dengan baik (sebagai petani), saya harus mempunyai modal usaha yang cukup. Selain itu, saya juga harus memiliki ilmu (pengetahuan dan ketrampilan) untuk melakukan usaha tani dengan baik.</p> <p>Dengan bergabung dalam kelompok afinitas, saya berharap bisa melakukan</p>	<p>In my view, the most important thing in my life is living in harmony. Good relation with neighbours, as well as developing mutual assistance (<i>Gotong-Royong</i>) with others.</p> <p>Furthermore, to work to fulfil my basic needs (e.g. standard living - could eat and drink well).</p> <p>To be able to work (as a farmer), I should have enough financial capital. Also, I also need to have knowledge and skills to do farm related business.</p>	The idea of better living by joining AG	The idea of better living by joining AG: <ul style="list-style-type: none"> a. Access to microcredit for supporting business (e.g. financial capital for agricultural business) b. Having knowledge and skills to work (better work)

	<p>aktivitas simpan-pinjam untuk mengembangkan usaha bisnis saya. Terutama pada musim tanam, saya memerlukan uang untuk membeli bibit dan pupuk.</p> <p>Saya juga ingin mendapatkan pelatihan (proses belajar) tentang teknik berusaha tani yang baik, sehingga produktivitas usahatani saya dapat meningkat. Pada akhirnya, pendapatan saya juga akan meningkat dan dapat saya gunakan untuk memenuhi kebutuhan hidup sehari-hari keluarga saya.</p>	<p>By joining AG, I hope I can get involved in loans and saving activities to expand my business. For example, I need money to buy seeds and fertilizers in the growing season.</p> <p>I also want to obtain the training about agricultural innovations, so that I can increase my agricultural productivity. In the end, I hope my income will increase, and I can use it to meet the basic needs of my family.</p>		
Interviewer	5. Apa perspektif gender yang Anda miliki sebelum kelompok afinitas didirikan?	5. What were your perspectives on gender before the AG was established?		
Interviewee	<p>Secara umum, saya percaya kodrat antara laki-laki dan perempuan tidak bisa digantikan/ ditukar, misalnya: jenis kelamin dan wanita melahirkan.</p> <p>Dalam hal-hal tertentu, dalam tradisi Jawa yang sangat kental dengan sistem patriarki,-nya ada tradisi masyarakat desa bahwa laki-laki lebih dominan dalam setiap aspek kehidupan (khususnya dalam urusan ekonomi dan pengambilan keputusan penting dalam keluarga).</p> <p>Misalnya, ada kecenderungan bahwa anggota perempuan mengikuti keputusan laki-laki dalam pertemuan kelompok. Dikarenakan anggota perempuan tidak/ kurang berani mengungkapkan ide-ide mereka dalam rapat, misalnya pengelolaan bisnis kelompok, pengambilan keputusan didominasi oleh anggota laki-laki. Selain itu, ada factor lain yang mempengaruhi meliputi aspek budaya terhadap laki-laki dan sistem patriarki di masyarakat Jawa.</p> <p>Selain itu juga disebabkan warisan budaya Jawa yang turun temurun. Misalnya: adanya filosofi 'wanito – wani ditoto' – memiliki makna bahwa wanita itu harus mau diatur oleh laki-laki. Mereka (laki-laki) wajib mencari nafkah bagi keluarganya, sedangkan perempuan (istri) bertugas menjaga anak dan melakukan pekerjaan rumah tangga. Budaya ini nampaknya memberikan pengaruh dalam kehidupan bermasyarakat.</p> <p>Keluarga dalam budaya Jawa, saya percaya bahwa perempuan (istri) harus mendukung laki-laki (suami), mengikuti kepemimpinan laki-laki (suami), serta memiliki ketergantungan terhadap laki-laki (suami) – baik posisi perempuan sebagai istri maupun ibu dari anak-anak mereka.</p>	<p>In general, I believed that nature/ destiny (God's will) of men and women couldn't be replaced or be exchanged, for example, sex and women give birth.</p> <p>In a certain aspect, the views of gender according to Javanese culture is a patriarchal system. Therefore, the men are more dominant in every aspect of life (especially in economic matters and making important decisions in the family).</p> <p>For example, there was a tendency that women members followed men's decisions in the group meetings. Due to the women members not being brave enough to express their ideas on managing the group's businesses, male members dominated the decision-making. Other factors that also contributed to this were cultural views on respect towards men in the patriarchal system in Javanese society.</p> <p>Another factor is that the Javanese cultural transcends from generation to generation. For example, the philosophy of 'Wanita - wani ditoto' - meaning that women's willingness to be regulated and controlled by men. They (men) are responsible for earning a living for their family, while the women (wife) are in charge of taking care of the children and doing domestic work. This culture seems to influence the community's behaviours and their life.</p> <p>With regards to family in the Javanese culture, I believe that woman must support the men, follow the man's leadership and wish, and completely depend on the man, either being a wife and mother (for</p>	The views on gender before the PIDRA project	<p>The views on gender before the PIDRA project:</p> <ol style="list-style-type: none"> Opposite gender/ sex (male and female) relations Low participation in decision-making by women in community activities. Patriarchal system (the Javanese proverb of '<i>Wanita - wani ditoto</i>' - meaning that women's willingness to be regulated and controlled by men)

	Selain itu, keterlibatan perempuan dalam kegiatan kemasyarakatan (publik) masih terbatas. Sebelum adanya proyek PIDRA, masyarakat menganggap bahwa laki-laki (suami) bertanggung jawab terhadap perempuan (istri) dalam keluarga. Hal ini merupakan budaya patriarki di masyarakat Jawa.	their children). Besides, women's involvement in decision-making related to community activities (public sphere) was very limited. Prior to the project PIDRA, people assume that the man (husband) is responsible for the woman (wife) in the family. This is a patriarchal culture in the Javanese community.		
	Present situation			
Interviewer	1. Apakah anda mengambil tindakan apapun untuk berpartisipasi dalam program 'Pembangunan Masyarakat Desa' melalui kelompok afinitas?	1. Have you taken any action to participate in the Rural Community Development (RCD) programmes through AG?		
Interviewee	<p>Sejak membentuk kelompok afinitas di tahun 2002, saya bersama anggota kelompok saya memiliki visi, yaitu bebas dari kemiskinan dan menjadi keluarga yang lebih sejahtera.</p> <p>Tentunya untuk mencapai visi tersebut, saya dan anggota kelompok harus mau mengoptimalkan fasilitas (berupa bantuan keuangan utk program kredit mikro bagi semua anggota kelompok afinitas).</p> <p>Selain itu, semua anggota juga harus mau belajar bersama (melalui program pelatihan) yang difasilitasi oleh tim proyek PIDRA.</p> <p>Saya berusaha menjalankan amanat sebagai ketua kelompok Afinitas campuran untuk mengelola kelompok afinitas ini dengan baik. Beberapa anggota kelompok juga dilibatkan dalam program pembangunan desa, misalkan sebagai pengurus lembaga pembangunan desa yang membuat perencanaan tentang pembangunan di tingkat desa. Beberapa anggota juga menjadi wakil kelompok dalam federasi yang memiliki koperasi sebagai unit bisnisnya. Dari hal tersebut, semua anggota kelompok saya mendapatkan kemudahan untuk mengakses sarana produksi pertanian dengan mekanisme kredit dan harga yang murah.</p> <p>Jadi, meskipun saya dan kelompok saya belum bisa berbuat banyak bagi pembangunan desa, tetapi melalui kelompok afinitas, kami bisa menjadi lebih produktif dalam berusaha dan bekerja.</p>	<p>Since the formation of AGs in 2002, the group members and I have had a vision, which is: 'become free from poverty and have more prosperous families'.</p> <p>In order to achieve this vision, the group members and I must be willing to optimise facilities (e.g. financial assistance for group-based microcredit programmes for all members of AG).</p> <p>Moreover, all members must also be willing to learn together (through life-skills training) facilitated by the PIDRA project team.</p> <p>As the head of the mixed Affinity Group, I tried to manage the group well. Several group members are involved in rural development programmes, for example as the member of the Rural Development Institution (RDI) who is responsible for planning and decision-making for development at the village government level. Several members have also become representative of the group as the members of the Federation (the association of AGs at the rural level). The Federation manages the cooperatives as a business unit. From this role, all the members of my group can easily access agricultural inputs with credit mechanisms and at affordable prices.</p> <p>So, even though my group and I have not been able to do much for rural development, I believe that through AGs we can become more productive in business and work.</p>	Participation in rural development	<p>Participation in rural development:</p> <ol style="list-style-type: none"> a. Establish AG b. Implement microcredit programmes (e.g. loan, saving, and life-skills training) c. Participate in the public sphere (e.g. members representative of Rural Development Institution and Federation) <ol style="list-style-type: none"> a. Support agricultural business (e.g. easy access to agricultural inputs from cooperative)
Interviewer	2. Apakah anda menjadi bagian dari grup lain sebelum bergabung kelompok afinitas?	2. Have you been part of any other group before joining AG?		

Interviewee	<p>Sebelum membentuk kelompok afinitas, saya bergabung dalam kelompok tani (<i>gapoktan</i>). Kegiatan utama dari kelompok tani ini adalah berkoordinasi untuk mengatur sistem cocok tanam. Selain itu, kelompok tani juga pernah menerima bantuan dana dari pemerintah. Dana tersebut diwujudkan untuk membeli alat-alat pertanian yang dapat digunakan oleh anggota kelompok. Misalkan mesin penggilingan jagung.</p> <p>Dengan bergabung dalam kelompok tani, setidaknya saya sudah memiliki pengalaman berorganisasi (meskipun tidak sebaik saat bergabung dalam kelompok afinitas)</p>	<p>Prior to the formation of AG, I joined in the farmers group (<i>Gapoktan</i>). The main activity of <i>Gapoktan</i> was to regulate cropping systems. Besides, <i>Gapoktan</i> has also received funding from the government. The <i>Gapoktan</i> used this funding to buy agricultural tools that can be used by group members collectively. For example, corn milling machines.</p> <p>By joining the farmers' groups (<i>Gapoktan</i>), I gained experience in organisational skills (although it was not as good as when joining AG)</p>	Having experience in farmer groups (organization)	Having experience in the farmer groups (organization) – learning process in the group
Interviewer	3. Apakah anda terlibat dalam kegiatan kelompok afinitas? Jika ya, kegiatan apakah itu dan apa manfaatnya?	3. Have you been involved in the AG activities? If yes, what activities are these and what are the benefits from it?		
Interviewee	<p>Sejak dibentuk kelompok afinitas tahun 2002 (sampai sekarang), saya ditunjuk sebagai ketua kelompok Afinitas campuran. Hal ini dikarenakan kepercayaan anggota kelompok kepada saya.</p> <p>Dalam kelompok afinitas, ada beberapa kegiatan, seperti:</p> <p>1. Kegiatan simpan pinjam (kredit mikro). Sejak mendapatkan bantuan dana dari pemerintah melalui proyek PIDRA, ada kebijakan dari petugas (fasilitator) untuk mengelola dana tersebut dalam program kredit mikro. Jadi setiap anggota dapat mengakses kredit serta menabung (sesuai dengan ketentuan yang sudah disepakati). Adapun kegiatan simpan pinjam ini dilakukan secara rutin sekali dalam sebulan. Saat itu, program kredit mikro ini relative baru, maka semua anggota kelompok (termasuk saya) memperoleh pelatihan tentang kredit mikro.</p> <p>2. Kegiatan pelatihan (kecakapan dan ketrampilan hidup). Kegiatan pelatihan merupakan kegiatan yang dimaksudkan untuk mendukung program kredit mikro. Saat itu, semua anggota kelompok mengikuti pelatihan secara bertahap (satu bulan sekali – sesuai dengan jadwal pertemuan rutin kelompok). Jenis pelatihan yang diberikan antara lain: pelatihan kredit mikro (meliputi pembukuan (dasar akuntansi) dan manajemen keuangan); pelatihan manajemen organisasi (meliputi: pelatihan dinamika kelompok dan kepemimpinan); pelatihan kewirausahaan (meliputi: manajemen produksi dan teknik pemasaran); pelatihan inovasi pertanian (meliputi: inovasi budidaya tanaman dan pembuatan pupuk</p>	<p>Since the AG established in 2002 (until now), I was appointed as the head of the mixed Affinity Group. This is because the group members trusted me.</p> <p>There are several activities in AG, such as:</p> <p>1. Saving and loans (microcredit) activities. Since my group received funding from the government through the PIDRA project, there are policies from the officers (facilitators) for managing the fund for the microcredit programmes. Therefore, each member can access loans and saving (based on the group's regulations). The saving and loans activities are regularly conducted (once a month). At that time, the microcredit programme was relatively new in my group, and then all members of the group (including myself) received training about microcredit.</p> <p>2. Training activities (life-skills training). Life-skills training is a programme intended to support microcredit programmes. At that time, all of the group members had gradually received the life-skills training (once a month - according to the schedule of the group meetings on a regular basis). The training included: microcredit training (e.g. accounting (accounting basis) and financial management); organizational management training (e.g. training of group dynamics and leadership); entrepreneurship training (e.g. production management and marketing techniques); training of agricultural</p>	AG activities	<p>AG activities:</p> <ol style="list-style-type: none"> Microcredit (saving and loans) Life-skills training Federation Rural Development Institution (RDI)

	<p>organik); serta pelatihan tentang gender.</p> <p>Setelah mengikuti program pelatihan, materi pelatihan diterapkan dalam kelompok dan dievaluasi secara bertahap oleh fasilitator. Hal ini dimaksudkan untuk mewujudkan kemandirian kelompok afinitas, khususnya dalam mengelola program kredit mikro.</p> <p>3. Perwakilan kelompok dalam Federasi (asosiasi kelompok afinitas di tingkat desa). Dengan bergabung dalam federasi, semua anggota kelompok saya memperoleh fasilitas untuk membeli sarana pertanian (misalnya: bibit, pupuk dan pestisida) yang disediakan di koperasi (koperasi sebagai unit bisnis dari kelompok afinitas di tingkat desa). Adapaun proses pembayaran (jika membeli sarana produksi di koperasi federasi) dapat dilakukan secara tunai maupun kredit (tanpa ada bunga).</p> <p>4. Perwakilan kelompok dalam 'Lembaga Pembangunan Desa (LPD)'. Sebagai anggota LDP, saya (bersama tim LPD yang lain) memiliki peran untuk membuat perencanaan dan mengambil keputusan terhadap program-program pembangunan desa. Adapun posisi saya sebagai anggota LPD adalah mewakili masyarakat desa yang tergabung dalam kelompok afinitas (mereka dulunya hidup dengan status sebagai orang miskin). Jadi keberadaan saya secara tidak langsung mewakili aspirasi dari anggota kelompok afinitas.</p>	<p>innovation (e.g. innovation cultivation and production of organic fertilizer); and gender training.</p> <p>After attended the training programmes, the training materials were applied in the AG (by the group administrators and members), while constantly being evaluated by the facilitators. It is intended to promote the independence of and self-reliance of AG, particularly in managing microcredit programmes.</p> <p>3. Representatives of the AG in the Federation (Association of AGs at village level). By joining the Federation, all the members of my group are able to purchase agricultural inputs (such as seeds, fertilizers and pesticides) from the cooperative (cooperative as a business unit of the AG Association). The payment process (to buy agricultural inputs in the cooperative of the federation) can be made by cash or credit (without interest).</p> <p>4. Representatives of the AG in the Rural Development Institution (RDI). As the member of RDI, I (together with the others RDI's teams) have a role in planning to make decisions on rural development programmes. My position as the member of RDI is to represent the rural communities (especially the AG members (they used to live with its status as the poor)).</p>		
Interviewer	4. Bagaimana keputusan dalam kelompok afinitas bisa dibuat untuk merancang program kelompok? (aspek budaya, agama, gender)	4. How do decisions in the AG get made for designing the group's programmes? (What factors are taken into consideration, e.g. culture, religion, and gender)		
Interviewee	<p>Pengambilan keputusan kelompok dibuat pada saat pertemuan kelompok.</p> <p>Selaku ketua kelompok afinitas campuran, biasanya saya menyampaikan pengantar tentang perlunya diambil keputusan. Misalnya, ketika kelompok saya mendapatkan dana bantuan matching grand dari proyek PIDRA, kelompok saya harus memutuskan bersama penggunaan dana tersebut.</p> <p>Saya memberikan kesempatan kepada semua anggota kelompok untuk menyampaikan ide/ gagasan/ pendapat secara bebas.</p> <p>Nah, kelompok saya ini khan kelompok campuran (kelompok yang memiliki</p>	<p>Decision-making in the AG was made during group meetings.</p> <p>As the head of the Mixed Affinity Group, I gave an introduction or illustration why a collective decision should be made. For example: when my group received the matching grant (funding) from the PIDRA project, my group had to collectively decide on the use of the fund.</p> <p>I gave an equal opportunity to all group members to express their ideas (or opinions) without restriction.</p> <p>In fact, as my group is the Mixed Affinity Group (a group which has</p>	Decision-making in AG	<p>Decision-making in AG:</p> <p>a. The tendency of males to be more dominant than females in the decision-making</p> <p>b. Practicing the principles of mutual consensus - 'Musyawarah Mufakat'</p>

<p>anggota laki-laki dan perempuan). Kadang-kadang, dalam suasana rapat, laki-laki terkesan mendominasi forum rapat. Hal ini dikarenakan dulunya kelompok ini adalah kelompok khusus laki-laki, sedangkan anggota yang perempuan itu menggantikan bapaknya atau suaminya (misalkan karena mereka sudah meninggal dunia). Selain itu, ada kecenderungan bahwa anggota perempuan terkesan merasa malu atau 'sungkan' atau menghormati kepada anggota laki-laki untuk mengemukakan pendapat. Sehingga, mereka (anggota perempuan) mengikuti suara anggota laki-laki (manut saja).</p> <p>Misalkan kembali ke contoh yang tadi (penggunaan dana matching grand – untuk apa?). Karena sebagian besar anggota laki-laki mengusulkan bahwa dana tersebut digunakan untuk usaha ternak ayam yang dikelola secara bersama, maka anggota perempuan ngikut saja pendapat anggota laki-laki (meskipun sebenarnya ada yang tidak setuju dengan ide tersebut karena keterbatasan ilmu dan resiko kegagalan yang cukup tinggi dari usaha ternak ayam).</p> <p>Sebagai ketua kelompok (saya sudah aktif terlibat dalam kegiatan Affinity Group sejak tahun 2002), misalnya: menghadiri pertemuan bulanan dan pelatihan keterampilan hidup. Setelah saya mengikuti pelatihan kewirausahaan, saya punya pendapat bahwa ide untuk memulai bisnis kelompok (usaha bersama) 'bisnis unggas' dengan mengakses pinjaman dari Affinity Group (proyek PIDRA) memiliki prospek ekonomi yang bagus. Terbukti, setelah mengelola bisnis ini, ada kemajuan yang baik pada bisnis kelompok yang menyebabkan kehidupan para anggota menjadi lebih baik.</p> <p>Disisi lain, ada kecenderungan untuk merasa malu dalam pertemuan kelompok, terutama untuk anggota perempuan. Karena komitmen dalam berlatih Islam (misalnya menghindari pembauran), anggota perempuan (khususnya yang masih muda) cenderung pasif selama pertemuan (misalnya tidak mengekspresikan ide dan dalam pengambilan keputusan), dan mereka juga sering ingin pulang lebih awal (misalnya untuk mengambil peduli anak-anak). Alasannya adalah karena mereka hadir sebagai formalitas belaka untuk mempertahankan keanggotaan mereka dari kelompok dan dalam banyak kasus mereka mengganti dan terus status keanggotaan ayah almarhum mereka.</p> <p>Tetapi, secara umum, saya berusaha mengakomodasi semua pendapat kelompok yang dilakukan dengan prinsip musyawarah untuk mufakat (prinsip budaya orang Jawa).</p>	<p>members both male and female). Sometimes, the atmosphere in the meeting seems to be more male members than female members in expressing ideas during the meeting.</p> <p>Initially, my group was the men's Affinity Group. Then, my group become the Mixed Affinity Group (with male and female members). This was due to the female members replacing their fathers or their husbands who passed away, for instance. Also, there is a tendency that female members seem to feel embarrassed or 'shy' or show respect to male members in expressing ideas during the meeting. Thus, they (female members) tend to follow the decision of male members (obedient).</p> <p>Let's go back to the previous example (the use of matching funds grand - for what?). Because the majority of male members proposed that the funds should be used for the poultry business (which is collectively managed by all group members), female members obeyed and followed the opinion of male members (although in fact there were several female members who disagreed with the male's ideas due to the risk of failure of the poultry business).</p> <p>As the group leader, I was actively involved in the AG activities since 2002, such as attending monthly meetings and life-skills training. After I had attended the entrepreneurship training, I had an idea to start a group business (collective business) 'the poultry businesses' using loans from the AG (PIDRA project). There was good progress on the group business and thus improved the life of the members for the better.</p> <p>In addition, there is a tendency to feel shy in the group meetings, especially for women members. Due to a commitment to practicing Islam (e.g. avoiding intermingling), women members (especially younger women) tend to be passive during the meeting (e.g. not expressing an idea and in decision-making), and they also often want to go home earlier (e.g. to take care of their children). The reasons were because they attend as a mere formality to maintain their membership of the group and in many cases they replace and continue the membership status of their deceased fathers.</p> <p>In general, I have tried to accommodate the opinion of all members with the principle of mutual consensus - '<i>Musyawarah Mufakat</i>' (the</p>			
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		principle in Javanese culture).		
Interviewer	5. Apakah anda melakukan peran (peran apa saja) dalam kelompok afinitas?	5. Have you undertaken any roles in AG?		
Interviewee	<p>Iya. Saya memilki peran sebagai ketua kelompok sejak kelompok afinitas ini dibentuk tahun 2002. Dalam setiap pertemuan rutin kelompok, saya selalu memimpin rapat.</p> <p>Dalam beberapa kesempatan, saya juga melakukan control terhadap keuangan kelompok (misalnya: siklus keuangan simpan pinjam). Bekerjasama dengan pengurus yang lain (misalnya: sekretaris dan bendahara kelompok), saya juga mengurus pengadaan pupuk untuk semua anggota kelompok (biasanya pada musim tanam).</p> <p>Jika ada pelatihan, saya memotivasi semua anggota kelompok untuk berpartisipasi dan hadir sebagai peserta pelatihan.</p> <p>Saya juga mewakili kelompok sebagai pengurus Federasi (asosiasi kelompok afinitas di tingkat desa). Selain itu, saya juga mewakili kelompok afinitas sebagai anggota Lembaga Pembangunan Desa.</p>	<p>Yes. My role is the head of AG. The group members appointed me as the chairman of the AG since 2002. In each regular group meeting, I always lead the meeting.</p> <p>On several occasions, I also performed financial control in my group (e.g. financial cycle of saving and loans). In cooperation with other group administrators (i.e. secretary and treasurer), I managed the procurement of agricultural inputs (i.e. fertilizer) for all group members (usually in the growing season).</p> <p>I encouraged all group members to participate in the training sessions. All group members are highly recommended to get involved in the training.</p> <p>I became the representative of the AG at the committee of the Federation (the Association of AGs at the village level). Besides, I was also the representative of the AG as the member of the Rural Development Institution in the village.</p>	The role of the head of AG	The role of the head of AG: <ul style="list-style-type: none"> a. Become the chairman of the group meeting b. Conduct supervision to microcredit programmes (e.g. financial control - saving and loan report) c. Involve in the life-skills training d. Become the representative of the AG in the Federation and the Rural Development Institution
Interviewer	6. Apakah anda pernah terlibat secara aktif dalam kegiatan Federasi atau Lembaga Pembangunan Desa (RDI)?	6. Have you been actively involved in the Federation or the Rural Development Institution (RDI) activities?		
Interviewee	<p>Iya, saya mewakili kelompok afinitas di Federasi dan Lembaga Pembangunan Desa.</p> <p>Dalam Federasi, saya sebagai pengurus harian yang bertanggung jawab untuk melakukan koordinasi antara kelompok afinitas di tingkat desa. Biasanya, pertemuan di federasi dilakukan setiap satu bulan sekali. Dalam pertemuan tersebut, masing-masing perwakilan kelompok afinitas berdiskusi tentang permasalahan-permasalahn yang ada dalam kegiatan kredit mikro (simpan pinjam). Selain itu, peserta pertemuan juga membahas rencana yang terkait dengan program-program pembangunan di desa. Misalkan, program pembangunan jalan untuk mempermudah akses transportasi dari sawah ke pasar. Hasil diskusi ini akan disampaikan oleh perwakilan (dari Federasi) dalam pertemuan Lembaga Pembangunan Desa</p>	<p>Yes, I become the representative of the AG as the committee of the Federation (the association of AGs at the village level) and the member of the Rural Development Institution (RDI) in the village.</p> <p>In the Federation, I am responsible for coordination among AGs at the village level. Usually, the meetings of the Federation are conducted on a monthly basis. During the meetings, each representative of AGs discusses and presents the issues and problems they face in the microcredit activities (saving and loans). Also, the meeting participants also discuss several plans related to development programmes in the village. For example, road works to facilitate transportation access from the farming areas to the market. Then, the results of these discussions (the topic discussed) are presented in the Rural Development Institution (RDI) meetings. All representatives of the AG in the Federation</p>	The involvement of the AG in the Federation and the Rural Development Institution (RDI)	The involvement of the AG in the Federation and the Rural Development Institution (RDI): <ul style="list-style-type: none"> a. Coordinate with the representatives of the AG at the village level b. Manage collective businesses owned by AG c. Convey the ideas related to the

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	<p>(LPD). Perwakilan kelompok afinitas ini akan menyampaikan ide-ide yang sudah dibahas dalam forum rapat tentang pembangunan di tingkat desa (bersama anggota LPD lainnya).</p> <p>Selain itu, saya juga mengelola koperasi sebagai asset ekonomi dan unit bisnis yang dimiliki oleh semua anggota kelompok afinitas. Dalam koperasi ini, disediakan/ menjual bahan-bahan kebutuhan pokok (misalnya: beras, gula, minyak goreng, dll.) serta sarana input pertanian (seperti bibit, pupuk, dan pestisida).</p> <p>Sedangkan peran saya sebagai anggota LPD, saya mencoba meneruskan aspirasi dari kelompok afinitas (yang sebelumnya dibahas di pertemuan Federasi) terkait dengan program pembangunan di tingkat desa. Biasanya, setiap anggota LPD dari berbagai elemen masyarakat desa (misalkan: pegawai desa, tokoh sosial, tokoh agama, perwakilan kelompok afinitas, dan pelaku bisnis (pengusaha)) diberi kesempatan yang sama untuk berkontribusi menyampaikan pendapat (berargumen), membuat perencanaan, serta mengambil keputusan bersama. Semua kegiatan LPD diorientasikan untuk program pembangunan di desa.</p>	<p>conveyed the ideas that have been discussed in the meeting of development forum at the village level (together with other RDI members).</p> <p>Besides, I also managed the cooperative (Koperasi) as an economic asset and business unit owned by all members of AG. Various basic needs (e.g. rice, sugar and cooking oil); agricultural inputs (e.g. seeds, fertilizer and pesticides) are supplied by the cooperative (Koperasi).</p> <p>While my role as the member of RDI, I delivered the aspirations/ ideas related to development programmes at the village level from AGs perspective (as it is previously discussed at the meeting of Federation). Usually, every member of RDI from various elements of the village community (e.g. government officers, social leader, religious leader, representatives of AGs, and businesses men/ women/ entrepreneurs) were given an equal opportunity to contribute and express their views in making plans. They are also involved in the process of decision-making. All the activities of RDI are oriented for rural development programmes.</p>		development at the rural level
Interviewer	7. Apakah anda mengalami perubahan dalam hidup anda setelah bergabung kelompok afinitas? Jika ya, apa perubahan ini?	7. Have you experienced changes in your life after joining AG? If yes, what are these changes?		
Interviewee	<p>Alhamdulillah saya mengalami perubahan hidup yang lebih baik, diantaranya:</p> <p>1. Dampak ekonomi. Sejak adanya program kredit mikro dalam kelompok afinitas, saya bisa mengajukan pinjaman sebagai modal usaha. Dulunya, saya merasa kesulitan untuk mencari pinjaman modal usaha dari bank. Hal ini dikarenakan pihak bank memberikan persyaratan yang rumit serta biaya administrasi yang mahal. Dengan adanya modal usaha yang bisa diakses melalui kelompok afinitas, saya dapat melakukan usaha saya secara baik. Jika produktifitas usahatani saya baik, saya juga akan mendapatkan penghasilan yang lebih baik yang berdampak juga untuk kesejahteraan keluarga saya.</p> <p>Terkait dengan pinjaman kredit ini, saya pernah melihat salah satu anggota dalam kelompok saya yang mengusulkan pinjaman. Awalnya, dia ingin menggunakan pinjaman tersebut untuk membeli bibit dan pupuk. Tetapi pada saat yang sama, suaminya sakit. Karena situasi ini, dia membagi pinjaman untuk membeli pupuk di koperasi dan sebagian lagi untuk</p>	<p>All praise belongs to God. I have experienced a better life in many areas, such as:</p> <p>1. The economic impact. Since the implementation of microcredit programmes in AGs, I am able to apply for a loan, which was used as financial capital for my business. Formerly, I experienced difficulties in accessing loans from formal banks due to complex requirements and high administrative costs. The availability of capital that can be accessed through Affinity Groups has supported my business. If the productivity of the farming business is good, I will also receive a better income that has a positive impact on my family's welfare.</p> <p>In relations to the loan mechanism, I have seen one of my group members, who applied for a loan, initially wanting to use the loan to buy seeds and fertilizer. However, at the same time, her husband was ill. Because of this situation, she divided the loan for buying agricultural inputs (e.g. seeds) and for buying medicine for her husband.</p>	Life changes after joining AG	<p>Life changes after joining AG:</p> <ol style="list-style-type: none"> The economic impact The knowledge impact The social impact

	<p>membeli obat-obatan untuk suaminya. Dan saya mengijinkannya karena situasi darurat.</p> <p>2. Dampak perubahan ilmu. Dampak dari adanya pelatihan yang didukung oleh tim proyek PIDRA adalah saya dapat belajar tentang hal-hal yang baru, seperti manajemen pengelolaan kredit mikro, kepemimpinan, manajemen kelompok, kewirausahaan, dan gender. Dari proses belajar ini, secara bertahap saya mendapatkan pengetahuan dan ketrampilan hidup yang akan bermanfaat di masa depan.</p> <p>3. Dampak sosial. Adanya tradisi saling membantu (Gotong-Royong) sudah ada sejak lama dalam masyarakat pedesaan. Adanya kelompok afinitas semakin memperkuat solidaritas bagi semua anggota kelompok. Dasar utama untuk membentuk kelompok afinitas adalah rasa senasib sesama anggota, misalkan, dulu kami sama-sama berstatus orang miskin yang bekerja di bidang pertanian. Seiring dengan dinamika kelompok afinitas, maka semangat kebersamaan itu semakin kuat dan terus dipelihara sampai kapanpun juga.</p>	<p>2. The impact on knowledge. The impact of life-skills training supported by the PIDRA project team is that I can learn about new things, such as microcredit management, leadership, group management, entrepreneurship, and gender equality. From this learning process, I gradually obtained new knowledge and life-skills that are useful for my future.</p> <p>3. The social impact. The tradition of mutual help (Gotong-Royong) has already existed in rural societies. The existence of the AG reinforces the sense of solidarity among the group members. As the main foundation to format the AG is a sense of kinship among members e.g. previously all members have a status of poor people who work in the agriculture sector. Along with the dynamics of the AG (i.e. saving, loans and life-skills training), then the spirit of togetherness became stronger and is maintained at all times.</p>		
Interviewer	8. Apa pendapat anda tentang kesetaraan gender diperlakukan dalam kelompok afinitas?	8. What is your opinion about the way differences in gender is treated in AGs?		
Interviewee	<p>Awalnya (sebelum kelompok afinitas ini dibentuk), saya tidak mengetahui/ tidak paham tentang gender. Saat itu, sebagai orang Jawa, saya hanya berfikir bahwa gender itu adalah perbedaan antara laki-laki dan perempuan. Dalam konteks Jawa, posisi sosial laki-laki itu diatas perempuan. Misalkan ada pepatah 'Wanita – wani ditoto'.</p> <p>Tetapi, sejak saya mengikuti pelatihan gender yang didukung oleh proyek PIDRA, saya memiliki pendapat yang berbeda tentang gender. Sekarang saya berpendapat bahwa antara laki-laki dan perempuan memiliki hak yang sama. Misalkan, laki-laki dan perempuan boleh bekerja di sawah, laki-laki dan perempuan harus bekerjasama dalam keluarga untuk mengambil keputusan keluarga, dll.</p> <p>Dalam kelompok saya, antara laki-laki dan perempuan mendapatkan hak dan kewajiban yang sama (tidak ada perbedaan). Misalkan dalam pelaksanaan kredit mikro dalam kelompok afinita, semua anggota kelompok (laki-laki dan perempuan) dapat mengajukan pinjaman kredit (asalkan</p>	<p>Initially (before the AG was formed), I did not know (or did not understand) the different concepts of gender. At that time, as a Javanese person, I just thought that gender means sex differences (biological/ physical attributes) between men and women. In the context of Java, the social position of men is over women (patriarchal system) – Javanese proverb '<i>Wanita - wani ditoto</i>' (literally meaning 'women's willingness to be regulated and controlled by men').</p> <p>But since I became involved in the gender training programmes supported by the PIDRA project, I have a different view about gender. Now, I argue that men and women have equal rights in all aspect of life. For example, both men and women are allowed to work in the agricultural sector, and both of them have to work together (on the basis mutual help) in the family to make family decisions, etc.</p> <p>In my group, men and women have an equal rights and obligations. In the implementation of microcredit in AG, for example, all group</p>	Understanding the concept of gender	Understanding the concept of gender: <ul style="list-style-type: none"> a. Biological gender differences (sex) b. Gender refers to equal rights and obligation in all aspects of life between men and women

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	sesuai dengan ketentuan yang berlaku). Tetapi, dalam beberapa kasus, laki-laki masih terkesan dominan dalam kegiatan kelompok, misalkan proses pengambilan keputusan dalam kelompok.	members (male and female) can apply for loans (based on the group regulations). However, in some cases, men are still more dominant than women in the group activities, for example, the decision-making processes in the group meetings.		
Interviewer	9. Apa arti penting dari kelompok afinitas untuk mengubah hubungan gender?	9. What is the significance of AGs for changing gender relations?		
Interviewee	<p>Sejak kelompok saya mengalami perubahan dari kelompok laki-laki menjadi kelompok campuran (laki-laki dan perempuan), saya lebih paham tentang makna hubungan gender.</p> <p>Memang masih ada tradisi bahwa laki-laki lebih dominan dari perempuan dalam segala aspek kehidupan. Hal ini sering saya lihat saat pengambilan keputusan dalam pertemuan kelompok.</p> <p>Karena saya telah mendapatkan pelatihan tentang gender, maka sekarang kami sedikit paham teorinya (secara umum). Dalam aspek teknis, hampir semua anggota kelompok afinitas juga sudah menerapkan dalam keluarga masing-masing. Misalnya, kalau dulu, semua urusan rumah tangga adalah sepenuhnya tanggung jawab istri atau laki-laki (seperti urusan yang terkait dengan aktivitas memasak, mengasuh anak, mengurus rumah, mencuci pakaian, mengambil keputusan tentang alokasi keuangan keluarga, dll.). Tetapi, saat ini (atau sejak kelompok saya berubah menjadi kelompok campuran), saya melihat peran perempuan ternyata juga penting dalam memberikan kontribusi pada ekonomi keluarga. Misalnya, anggota perempuan juga memiliki kesempatan yang sama dengan anggota laki-laki untuk mengakses pinjaman yang nantinya dapat digunakan untuk modal usaha produktif (membeli bibit, pupuk, dll.)</p> <p>Oleh karena itu, baik laki-laki dan perempuan sudah mulai memahami hubungan gender (seperti harus sama-sama bekerja keras, bekerja sama serta bekerja ikhlas) demi meningkatkan kesejahteraan keluarganya.</p>	<p>Since my group was changed from the Men’s Affinity Group into the mixed Affinity Group (with male and female members), I am more aware about the context of gender relation.</p> <p>Indeed, there is a Javanese tradition where men are more dominant than women (patriarchal system) in all aspects of life. I see this phenomenon when the AG is making decisions in the group meetings.</p> <p>Because I have received training on gender, I can understand the concept of gender (in general). In technical aspects, I saw that the majority of the group members have applied gender relation in their family. For example, initially, all the household affairs were the responsibility of the wife or women (e.g. the activities related to the cooking, caring for children, taking care of the house, washing clothes, taking a decision on the allocation of family finances, etc.). However, at this time (or since my group turned into a mixed group), I have seen the role of women also becoming important in contributing to the family economy. For example, female members also have the same opportunities as male members in accessing a loan that can be used to finance their businesses (e.g. to buy seeds, fertilizer, etc.).</p> <p>Therefore, both men and women have begun to understand gender relations (i.e. they must both work hard, work together and work sincerely) for improving the welfare of their family.</p>	Gender relations	<p>Gender relations:</p> <ol style="list-style-type: none"> Patriarchal system (men are more dominant than women in all aspects of life) The equal right and obligation between men and women to contribute to the family welfare
Interviewer	10. Apakah pria dan wanita sama-sama terintegrasi dalam kelompok afinitas?	10. Are men and women equally integrated in AGs?		
Interviewee	Dalam beberapa kegiatan kelompok, saya melihat laki-laki dan perempuan terintegrasi secara adil dalam kelompok saya (kelompok afinitas campuran).	In several group activities, I have seen men and women equally integrated in the group (The Mixed Affinity Groups). For example, all	Gender relations in the AG and family	Gender relations in the AG and family:

	<p>Misalnya: Dalam program simpan pinjam. Semua anggota kelompok (baik laki-laki maupun perempuan) memiliki hak dan kewajiban yang sama untuk mengakses kredit dari kelompok. Semua aturan yang dibuat juga tidak membedakan antara perempuan dan laki-laki (misalkan peraturan tentang membayar denda ketika terjadi penundaan pembayaran angsuran).</p> <p>Selain itu, dalam program pelatihan yang didukung oleh proyek PIDRA, semua anggota kelompok (laki-laki dan perempuan) dilibatkan. Semua peserta didorong untuk berpartisipasi dalam kegiatan pelatihan tersebut, misalnya: pelatihan gender, kepemimpinan, kewirausahaan, dll.</p> <p>Tetapi, dalam hal-hal tertentu (misalkan proses pengambilan keputusan dalam kelompok saat pertemuan kelompok), anggota laki-laki lebih dominan daripada perempuan.</p> <p>Saya juga menerapkan prinsip kesetaraan gender dalam keluarga, khususnya pengambilan keputusan bersama. Misalkan, ketika anak perempuan saya memutuskan untuk menjadi TKW ke luar negeri (Taiwan), saya bersama istri mengambil keputusan bersama dan mengizinkan anak saya untuk bekerja di luar negeri. Sebenarnya saya ingin anak saya melanjutkan sekolah di Indonesia dan istri saya ingin anak saya bekerja di dalam negeri saja. Tetapi karena semua demi kebaikan masa depan si anak, akhirnya saya dan istri mengambil jalan tengah dengan mengizinkan anak saya bekerja ke luar negeri (di Taiwan).</p>	<p>group members (both men and women) have equal rights and obligations and access to credit from the group. The microcredit regulations do not distinguish the rights and obligations between women and men (e.g. the rules to pay fines when there is a group member delay to pay the instalment).</p> <p>Also, in the training programme supported by the PIDRA project, all group members (male and female) were involved. All participants were encouraged to participate in the training sessions, such as the training of gender, leadership, entrepreneurship, etc.</p> <p>However, in a certain case (e.g. decision-making processes within the group member meetings), there is a sense that male members are more dominant than female members.</p> <p>I also apply the principle of gender equality in the family, especially the decision-making (i.e. win-win solution) between my wife and me. For example, when my daughter decided to become an international migrant worker, I took the decision together with my wife whether to allow this or not. Initially, I wanted my daughter to continue her studies in Indonesia, while my wife wanted my daughter to work in Indonesia. Taking consideration that this decision will affect my daughter's future; finally, my wife and I decided to allow my daughter to work abroad (in Taiwan).</p>		<ol style="list-style-type: none"> Men and women are equal in microcredit and training activities The impression that men are more dominant than women in group meetings Man (husband) and woman (wife) are equal in decision-making regarding the family.
Interviewer	11. Bagaimana pria dan wanita dalam kelompok afinitas dibedakan?	11. How do men and women in the AG differ?		
Interviewee	Secara umum, tidak ada perbedaan perlakuan antara laki-laki dan perempuan dalam kelompok afinitas. Semua anggota diberi kesempatan yang sama untuk berpartisipasi dalam kegiatan simpan pinjam dan pelatihan.	In general, there are no difference treatments between men and women in AG. All members are given an equal opportunity to participate in the group activities (e.g. saving, loans and training).	Gender differences	No gender differences in AG
Interviewer	12. Bagaimana anda pikir partisipasi dalam kelompok afinitas mempengaruhi perspektif masyarakat terhadap perbedaan gender di Indonesia?	12. How do you think the participation in AGs affects people's perspectives on gender differences in Indonesia?		
Interviewee	Seperti yang saya jelaskan di atas bahwa tidak ada perbedaan perlakuan antara laki-laki dan perempuan dalam kelompok afinitas. Semua anggota	As I previously said, there are no difference treatments between men and women in AG. All members are given an equal opportunity to	Gender equality	Gender equality and its impact on the family:

	<p>diberi kesempatan yang sama untuk berpartisipasi dalam kegiatan simpan pinjam dan pelatihan.</p> <p>Baik anggota kelompok laki-laki dan perempuan memiliki hak dan kewajiban yang sama dalam semua kegiatan kelompok.</p> <p>Adapun dampak dari aspek gender ini dapat dilihat dalam kehidupan sehari-hari di masing-masing rumah tangga anggota kelompok. Baik istri maupun suami dari anggota kelompok mulai paham makna gender dan mereka menerapkan dalam keluarga mereka, misalkan suami dan istri sama-sama berkontribusi dalam ekonomi keluarga (dgn cara bekerja secara produktif) serta proses pengambilan keputusan penting dalam keluarga (misalkan: pendidikan anak) yang melibatkan suami dan istri.</p> <p>Tetapi, meskipun aspek gender ini sudah diterapkan oleh anggota kelompok dalam keluarga masing-masing, budaya Jawa tentang hubungan laki-laki dan perempuan tetap mereka hargai. Misalkan, meskipun istri sebagai anggota kelompok, maka status kepala keluarga tetap dipegang oleh suami (sebagai upaya menghormati budaya Jawa – ‘wanito – wani ditoto’)</p>	<p>participate in the group activities (e.g. saving, loans and training).</p> <p>All group members (men and women) have equal rights and obligations in the group’s activities.</p> <p>The impact of the gender training can be seen in the daily life of each household of the group members. Either the wife or the husband of the group members begins to understand the meaning of gender (from the training of gender), and they start to practice this concept in their family. For example, both husband (male) and wife (female) can contribute to the family income (by working productively), as well as being able to get involved in the process of decision-making for important matters regarding the family (e.g. children’s education).</p> <p>However, although group members in each of their families have applied the gender equality principals, Javanese culture relating to the interaction between men and women are their main source of guidance for social values. For example, even though the wife (women), as a member of the group, are actively involved in the AG activities, the status of the head in the family is still held by the husband (men) – as to respect Javanese culture – e.g. ‘<i>Wanito - wani ditoto</i>’ meaning that women’s willingness to be regulated and controlled by men.</p>		<p>a. There is an equal opportunities for men and women to participate in microcredit programmes in the group</p> <p>b. The tendency to preserve Javanese culture in the family (e.g. husband as the head of a family)</p>
	<p>Future situation</p>			
<p>Interviewer</p>	<p>1. Apakah rencana anda ketika aktif di kelompok afinitas?</p>	<p>1. What do you plan to do when you became active in AG?</p>		
<p>Interviewee</p>	<p>Ketika saya memutuskan untuk aktif dalam kelompok afinitas, saya akan:</p> <p>1. Tetap mempertahankan supaya kelompok ini tidak bubar. Caranya adalah tetap melakukan aktifitas simpan pinjam demi menjaga asset kelompok (berupa uang dan asset ekonomi ternak).</p> <p>2. Menjaga keompakkan kelompok dengan tetap konsisten melakukan pertemuan rutin bulanan (sekali dalam sebulan). Peran dan fungsi pertemuan rutin kelompok ini sangat penting untuk keberlanjutan kelompok. Misalnya sebagai media koordinasi dan komunikasi antar anggota kelompok. Semua permasalahan serta rencana program kelompok afinitas didiskusikan pada saat pertemuan rutin.</p>	<p>When I decided to be active in AG, I wanted to:</p> <p>1. Maintain the existence of AG. This can be done by continuously performing the activities of saving and loans to maintain the group’s assets (e.g. money and livestock).</p> <p>2. Maintain solidarity within the group by consistently performing group meetings (regularly once a month). The role and function of the group meetings are very crucial for the continuity of AG. For instance, the group meeting can be used as the medium for coordination and communication between the group members. The group members can discuss problems and make plans regarding the AG programmes during the regular group meetings.</p>	<p>The expectation being a member of AG</p>	<p>The expectation being a member of AG:</p> <p>a. Maintain the group’s activities (microcredit programmes)</p> <p>b. Maintain solidarity within the group</p> <p>c. Participate in life-skills training</p> <p>d. Work hard using loans from AG</p> <p>e. Expand partnerships and networks with</p>

	<p>3. Mengikuti pelatihan yang didukung oleh stakeholder pembangunan. Tujuan mengikuti pelatihan ini adalah sebagai upaya untuk meningkatkan pengetahuan dan ketrampilan (diri saya pribadi dan anggota kelompok lainnya).</p> <p>4. Tetap bekerja keras untuk hidup yang lebih baik dan keluar dari status kemiskinan. Adanya pelayanan pinjaman dari kelompok afinitas sangat membantu bisnis saya (seperti usahatani sebagai mata pencarian utama saya).</p> <p>5. Memperluas kerjasama dan networking dengan kelompok afinitas lain atau stakeholder pembangunan. Hal ini dimaksudkan untuk meningkatkan kapasitas kelompok afinitas untuk menjadi lebih baik dan lebih mandiri.</p>	<p>3. Involve in the training supported by development stakeholders. The purpose of the training is to improve knowledge and skills (myself as well as other group members).</p> <p>4. Keep working hard for a better life and for escaping from poverty. The existence of saving and loan services in the AG help my business (e.g. agriculture as my main livelihood).</p> <p>5. Expand cooperation, partnerships and networking with other Affinity Groups or development stakeholders. It is intended to increase the capacity of the AG to become better (in the group activities) and more independent.</p>		other development stakeholders
Interviewer	2. Apakah anda berharap untuk memiliki standar hidup yang lebih baik?	2. Do you expect to have a better standard of living?		
Interviewee	<p>Iya. Standar hidup layak menurut saya adalah:</p> <ol style="list-style-type: none"> Bisa bekerja dan dan berkarya yang tujuannya untuk mendapatkan penghasilan yang layak, yang dapat digunakan untuk memenuhi kebutuhan hidup sehari-hari (misalkan makan sehari-hari). Memiliki rumah sendiri yang layak huni Tidak punya hutang Memiliki hubungan baik dengan tetangga Bisa beribadah dengan tenang Anak dapat sekolah (kalau bisa kuliah) dan bekerja dengan penghasilan yang layak Hidup sehat (akses layanan kesehatan) 	<p>Yes. In my opinion, living standards can be defined by:</p> <ol style="list-style-type: none"> Being able to work to earn at least the standard income or more, which can be used to fulfil basic needs (e.g. daily meals). Having a private and a livable house Being debt free Having a good relationship with neighbours Being able to worship in peace Having a better education for children (higher education/ university) and work with a standard income Having access to health services 	The expectations of standards of living	The expectations of standards of living (income, education, health services)
Interviewer	3. Apakah ada sesuatu yang anda merasa akan berdiri di jalan anda secara mandiri atau membuat anda sulit bergabung dengan kelompok afinitas? (Seberapa mudah bagi anggota baru untuk bergabung dengan kelompok afinitas di mana mereka belum mengetahui/ mengenal orang?)	3. Is there anything that you feel will stand in your way or make this difficult by joining AG? (How easy is it for new members to join an Affinity Group in which they do not already know people?)		
Interviewee	Untuk saat ini, semua anggota kelompok afinitas tidak mengizinkan/ menerima anggota baru. Sejak awal pembentukan kelompok, semua warga yang masuk dalam kriteria miskin (versi tim PIDRA di tingkat desa) sebanyak 21 orang. Semuanya telah bergabung dalam kelompok afinitas). Tetapi dalam perjalanannya ada 2 orang yang mengundurkan diri karena faktor kesehatan (mereka tidak digantikan oleh anak-anak nya krn anak-anak	Today, all the group members do not allow/ accept new members (to join AG). Since the beginning of the group formation, the villagers who qualified as rural poor (based on the indicators of poverty decided by the PIDRA team at the village level) were 21 people. All of them have decided to join in AG. Along the process, there were two people who resigned because of health reasons. Consequently, there are only 19	Group dynamic	Group dynamic: <ol style="list-style-type: none"> Maintain the existing group members Maintain the microcredit programmes

Appendix 12: Example Transcript of Semi-Structured Interviews B

	mereka berdomisili di kota lain). Sedangkan 19 anggota kelompok masih bertahan dan sebagian dari anak-anak anggota tersebut telah menggantikan mereka (karena bapak nya meninggal dunia). Selain itu, majanemen kredit mikro sudah terstruktur dan berjalan dengan baik. Jika ada penambahan anggota baru, ada kekhawatiran akan mengalami kesulitan teknis terkait dengan manajemen asset kelompok.	members who are still alive, as well as several women who are daughters (or wives) from the existing male members have replaced them (because her father/husband died). If there is an addition of a new member, there is the tendency of the technical difficulties associated with the management of group assets.		
Interviewer	4. Apa hubungan LSM (lokal, lembaga nasional dan internasional) dengan kelompok afinitas?	4. What are the relationships of NGOs (local, national and international institutions) to AG?		
Interviewee	<p>Yang saya tahu, ada dua petugas fasilitator yang menjadi pendamping kelompok afinitas (selama proyek PIDRA). Seorang fasilitator (perempuan) adalah petugas (penyuluh lapang pertanian) dari dinas ketahanan pangan; dan seorang fasilitator (laki-laki) adalah orang asli desa sini yang direkrut oleh tim proyek PIDRA. Dia (laki-laki) merupakan petugas fasilitator dari masyarakat local (anggota NGO).</p> <p>Kedua orang fasilitator ini yang memiliki tugas sebagai mitra dalam melaksanakan program hanya terlibat dalam tim proyek PIDRA di tingkat desa. Tugas mereka adalah memfasilitasi proses pembentukan Affinity Group, mendukung kegiatan kelompok, dan memperkuat kapasitas Affinity Grup misalnya menyediakan pelatihan yang diperlukan bagi anggota kelompok.</p>	<p>As far as I am concerned, there are two officers who are the facilitators of the AG (for the PIDRA project). A facilitator (female) is a government officer (agricultural extension officer) from the Food Security Agency (<i>Badan Ketahanan Pangan/ BKP</i>; and another facilitator (man) is a native villager who was recruited by the PIDRA project team. He is a facilitator from among the local people (staff of NGO).</p> <p>Both facilitators (facilitators from the local village) as partners in implementing the programme were only involved in the PIDRA project team at the village level. Their main jobs were to facilitate the process of the AG formation, to support the group's activities and to strengthen AG's capacity e.g. provide the necessary training for the group members.</p>	The role of facilitators	The role of facilitators: <ul style="list-style-type: none"> a. Facilitate the process of the AG formation b. Support the group activities c. Strengthen AG's capacity (e.g. provide the necessary training for the group members).
	Additional question			
Interviewer	1. Mengingat proyek PIDRA ini membawa isu baru (misalkan gender dan kredit mikro). Apakah ada isu-isu terkait dengan budaya Jawa dan/ atau ajaran agama Islam yang dibahas atau muncul ketika dalam pertemuan kelompok? Bagaimana pendapat anda?	1. Considering the new issues that brought by PIDRA project (e.g. gender and microcredit). Are there any issues related to the Javanese culture and Islamic teaching that were discussed during the group meetings? How was your opinion?		
Interviewee	Iya Mas. Seperti anda ketahui, kelompok saya ini khan kelompok campuran (laki-laki dan perempuan). Biasanya anggota yang perempuan itu (anak-anak muda) merasa kurang nyaman dengan mekanisme kredit micro yang sudah berjalan cukup lama (sejak kelompok ini dibentuk tahun 2002). Misalnya: Adanya bunga (Riba) ketika mengajukan kredit. Anak-anak muda ini khan belajar agamanya lebih tekun dari yang tua-tua (misalnya ikut pengajian). Mereka kadang tidak setuju dengan adanya system bunga kredit (riba) dalam simpan pinjam (padahal bunga nya kecil lho mas).	Yes Mas. My group is the Mixed Affinity Group (male and female members). Usually, women members (young women) feel less comfortable with the microcredit mechanism that has been practice since 2002. For example, the interest rate (or Riba) is given the members are proposing for a loan. Due to the young members (women) are having the commitment to learn Islam (e.g. actively participate in the Islamic Forum - Pengajian). In a certain aspect, they (young women) do not agree with the mechanism of interest rate (Riba) in saving and	The aspect of Islamic teaching	The aspect of Islamic teaching in AG: <ul style="list-style-type: none"> a. Interest rate (Riba) b. Intermingling (during the group meeting)

	<p>Contoh lainnya lagi, ketika dalam pertemuan kelompok – posisi pertemuan klan dalam satu ruangan (antara laki-laki dan perempuan). Nah, anggota yang perempuan ini cenderung tidak mau bergabung/ berkumpul jadi satu. Biasanya mereka membentuk group perempuan di ruang yang terpisah (misalkan di dekat dapur). Mereka (anggota perempuan) berpendapat bahwa agama melarang laki-laki dan perempuan kumpul jadi satu (campur baur). Dampaknya adalah pertemuan kelompok kadang berjalan tidak efektif.</p> <p>Dalam kasus pengambilan keputusan kelompok, ada kesan bahwa laki-laki lebih dominan daripada anggota perempuan. Hal ini memberikan kesan bahwa budaya Jawa (menghormati laki-laki atau orang yang lebih tua) menjadi tradisi bagi masyarakat desa ini, khususnya anggota kelompok afinitas. Istilah Jawa nya – ada ungkapan Jawa tentang posisi social kaum wanita terhadap laki-laki, yaitu '<i>Swargo Nunut, Neroko Katut</i> (Ke Surga Nunut – Ke Neraka Ikut).</p> <p>Jadi, sebagai ketua Lembaga Pembangunan Desa ya saya harus mengakomodasi harapan masyarakat desa (khususnya perempuan) terkait dengan isu budaya Jawa dan agama Islam.</p>	<p>loan (although with a small interest rate).</p> <p>Another example was in the group meeting. As the group leader, I encouraged male and female members to join and sit together in the one hall (room) which aimed for the effectiveness of the meeting. However, the young women feel uncomfortable, and sometimes they make a separate group (only for women). This was due to they believed and wanted to practice the Islamic teaching (e.g. the prohibition of intermingling between men and women). This situation caused ineffective during the meeting.</p> <p>In the case of decision-making in the group, there is an impression that male members are more dominant over female members. This gives the impression that the Javanese culture (respecting man or an older person – the culture of patriarchal) become a tradition of the rural community, particularly members of AG. There is an ancient Javanese proverbs reflects the social position between women and men, namely: '<i>Swargo Nunut, Neroko Katut</i> (heaven to come, to hell respectively).</p> <p>So, as the chairman of the RDI, I have to accommodate the expectations of all rural people (especially women) – considering the issues of Javanese culture and Islamic teaching.</p>		
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Appendix 13. Examples of Materials for Document Analysis

Example of material for document analysis
Document from International Fund for Agricultural Development (IFAD) - Source: (IFAD, 2008)

Document:	<u>EB 2008/95/R.14</u>	
Agenda:	<u>6th</u>	
Date:	<u>21 November 2008</u>	E
Distribution:	<u>Public</u>	
Original:	<u>English</u>	



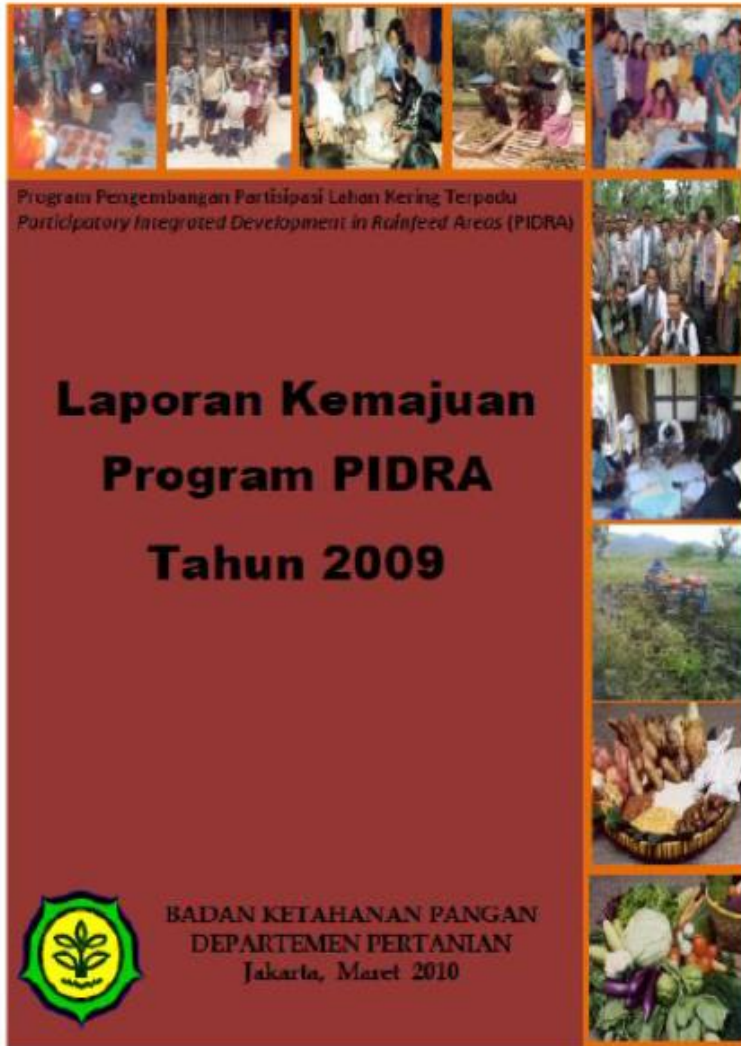
Republic of Indonesia

**Country strategic opportunities
programme**

Executive Board — Ninety-fifth Session
Rome, 15-17 December 2008

For: **Review**

Example of material for document analysis
Document from Food Security Agency (BKP) - Source: (BKP, 2010)

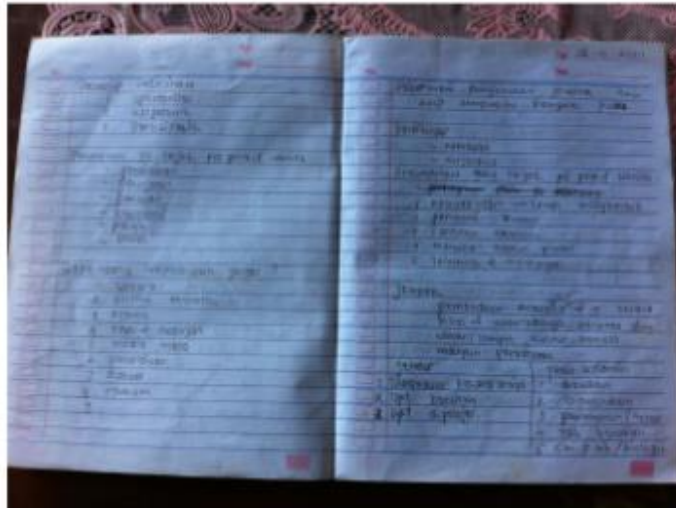


Example of material for document analysis
Document from the Profile of Village X, Blitar, Indonesia - Source: (AG, 2012)

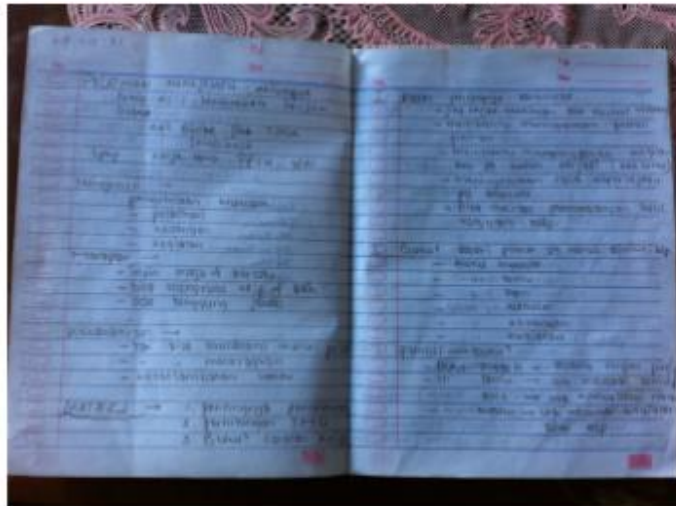


Example of material for document analysis
Documents from an Affinity Group - Source: (AG, 2012)

3. Group note (meeting minutes from life-skills training - Gender)



4. Group note (meeting minutes from life-skills training - Gender)



Appendix 14. Endnotes

¹ The UN Millennium Declaration (8 September 2000) - MDGs derive from earlier development targets, where 191 world leaders adopted the United Nations Millennium Declaration. The approval of the Millennium Declaration was the main outcome of the Millennium Summit. The UN Millennium Declaration (specifically on gender) includes: 1) to eliminate gender disparity at all education levels in developing countries; 2) to increase the number of working female globally; 3) to increase paid workers women in non-agricultural sector from 35 percent to 41 percent; 4) to increase the average proportion of women participating in the political sphere; 5) to reduce the gaps between men and women, such as in poverty, labour market experiences and wages, participation in decision-making in household and community (World Bank, 2012b; United Nations, 2015).

“World Bank. 2012. World Development Report 2012 : Gender Equality and Development. World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/4391> License: CC BY 3.0 IGO.”
<http://hdl.handle.net/10986/4391>

² Qur’an is the central religious text of Islam; which Muslims believe to be the revelation from God (Allah SWT) as verbal divine guidance and moral direction for mankind. All the verses of the Qur’an are quoted from the original sources. (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur’anexplorer.com/Qur’an/>; <http://Qur’an.com/>

³ Hadith is narrations concerning the words and deeds of the Islamic Prophet Muhammad (Peace Be Upon Him/ PBUH). (<http://www.Qur’anexplorer.com/Hadith/English/Index.html>); (Nawawi, 1999)

⁴ Qur’an An-Nisa [4]; verses [34]: Men are in charge of women by [right of] what Allah has given one over the other and what they spend [for maintenance] from their wealth. So righteous women are devoutly obedient, guarding in [the husband's] absence what Allah would have them guard. But those [wives] from whom you fear arrogance - [first] advise them; [then if they persist], forsake them in bed; and [finally], strike them. But if they obey you [once more], seek no means against them. Indeed, Allah is ever exalted and grand.

⁵ Islamic teaching mentioned the topic of *Ikhtilat* in the Quran An Nur [24]; verses [30–31]: Tell the believing men to reduce [some] of their vision and guard their private parts. That is purer for them. Indeed, Allah is acquainted with what they do. Say to the believers, that they cast down their eyes And tell believing women that they should lower their gaze, and not flaunt their charms except to their husbands, their fathers, their husbands’ fathers, their sons, their husbands’ sons, their brothers’ sons, their sisters’ sons, their womenfolk, their slaves, such men as attend them who have no sexual desire, or children who are not yet aware of women’s nakedness, they should not stamp their feet so as to draw attention to any hidden charms.

The ayah 30 emphasis that Muslim men and women who are not married and unrelated may not look at one another, while the ayah 31 emphasis women to veil her sexuality.

⁶ *Ikhtilat* is originally come from an Arabic term of *khalata*, which literately meaning as ‘education of morality during young’ or ‘the arrivals of social mixing’. (Osman, et al., 2013)

⁷ Qur’an Al-Ahzab [33]; verse [33]: And abide in your houses and do not display yourselves as [was] the display of the former times of ignorance. And establish prayer and give zakat and obey Allah and His Messenger. Allah intends only to remove from you the impurity [of sin], O people of the [Prophet's] household, and to purify you with [extensive] purification.

Qur’an Al-Isra [17]; verse [32]: And do not approach unlawful sexual intercourse. Indeed, it is ever an immorality and is evil as a way.

Al-Bukhari reported that the Prophet- peace be upon him- said: “The adultery of the eyes is the sight (to gaze at a forbidden thing), the adultery of the tongue is the talk, and the inner self wishes and desires and the private parts testify all this or deny it.” (Volume 8, Book 74, Number 260) - (<http://www.Qur’anexplorer.com/Hadith/English/Indsex.html>); (Nawawi, 1999)

The reason of intermingling prohibition is due to the nature of man and women where this can create feelings of lust and lead to adultery (*Zina*), which is considered as a grave sin in Islam teaching.

⁸ According to sharia or Islam teaching, covering Aurat for women means wearing loose clothing, not wearing see-through dresses, not wearing attractive clothing, not wearing clothing that closely appears as men's clothing (or non-Muslim clothing) - Women's Aurat include all part of the body, except face and two palms of hands '(O Prophet, tell your wives and your daughters and the women of the believers to bring down over themselves [part] of their outer garments. That is more suitable that they will be known and not be abused. And ever is Allah Forgiving and Merciful)' (Qur'an Al-Ahzab (33); versus 59). While, covering Aurat for men means wearing a simple dress, not wearing clothing that closely appears as women's clothing (or non-Muslim clothing) and not lengthen clothing to pass the ankle (Isbal). Men's Aurat include all part of the body, except part of the body between the navel and the knees. (O children of Adam, We have bestowed upon you clothing to conceal your private parts and as adornment. But the clothing of righteousness - that is best. That is from the signs of Allah that perhaps they will remember. (Qur'an Al-A'raf (7); versus 26). (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>

⁹ Qur'an Al-Ahzab [33]; verse [33]: And abide in your houses and do not display yourselves as [was] the display of the former times of ignorance. And establish prayer and give zakat and obey Allah and His Messenger. Allah intends only to remove from you the impurity [of sin], O people of the [Prophet's] household, and to purify you with [extensive] purification.

¹⁰ *Mahram* is defined as a person who is forbidden to marry or having a sexual relationship (e.g. a person of the same sex - men to men, or women to women), or a person who has a blood relation, (e.g. a father to his daughter, a mother to her son, a son to his mother, a daughter to her father, a brother to his sister and an aunt to her nephew, and etc.) (Pamungkas, 2015)

¹¹ Qur'an Ad-Dzariyat [51]; verse [56]: 'And I did not create the jinn and mankind except to worship Me (God)'. (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>

¹² Qur'an Al-Baqara [2]; verse [264]: O you who have believed, do not invalidate your charities with reminders or injury as does one who spends his wealth [only] to be seen by the people and does not believe in Allah and the Last Day. His example is like that of a [large] smooth stone upon which is dust and is hit by a downpour that leaves it bare. They are unable [to keep] anything of what they have earned. And Allah does not guide the disbelieving people.

Qur'an Al-Baqara [2]; verse [271]: If you disclose your charitable expenditures, they are good; but if you conceal them and give them to the poor, it is better for you, and He will remove from you some of your misdeeds [thereby]. And Allah, with what you do, is [fully] acquainted.

¹³ Literally, *Riba* refers to usury or excessive interest obtained from loans of money (Mashkoor, 2010).

Qur'an chapter Al-E-Imran (3), verses 130: O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful. (130)

Qur'an chapter An-Nisa (4), verses 161: And [for] their taking of usury while they had been forbidden from it, and their consuming of the people's wealth unjustly. And we have prepared for the disbelievers among them a painful punishment. (161)

Qur'an chapter Al-Rum (30), verses 39: And whatever you give for interest to increase within the wealth of people will not increase with Allah. But what you give in zakat, desiring the countenance of Allah - those are the multipliers. (39); (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>

¹⁴ In Islamic law, legal and academic discussion of *Riba* should refer to the guidance of Islam, namely the Qur'an and Hadith. The Holy Qur'an as the basic source of Islamic ideology instructs the followers of this sharia are clear and reflect the severity of the admonition administered on those who do not abide by it.

¹⁵ Riba has mentioned in the Quran

Qur'an chapter Al-E-Imran (3), verses 130: O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful. (130)

Qur'an chapter An-Nisa (4), verses 161: And [for] their taking of usury while they had been forbidden from it, and their consuming of the people's wealth unjustly. And we have prepared for the disbelievers among them a painful punishment. (161)

Qur'an chapter Al-Rum (30), verses 39: And whatever you give for interest to increase within the wealth of people will not increase with Allah. But what you give in zakat, desiring the countenance of Allah - those are the multipliers. (39); (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>

¹⁶ Poverty refers to a condition in which a person or a group of people is not able to fulfil their basic rights to maintain and develop a life in dignity (World Bank, 2012a).

¹⁷ Economic growth is the increase in the market value of the goods and services produced by an economy over time which indicates the success of economic development (BPS, 2013).

¹⁸ GDP (Gross Domestic Product) is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly) - <http://www.investopedia.com/terms/g/gdp.asp>

¹⁹ Human development is an approach that is focused on creating fair opportunities and choices for all people in improving their well-being (<http://hdr.undp.org/en/content/what-human-development>)

²⁰ The HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. In 2012, Indonesia's HDI was low at 0.629 and ranked at 121 out of 187 countries. (<http://hdr.undp.org/sites/default/files/Country-Profiles/IDN.pdf>)

²¹ Worship Allah and associate nothing with Him, and to parents do good, and to relatives, orphans, the needy, the near neighbour, the neighbour farther away, the companion at your side, the traveller, and those whom your right hands possess. Indeed, Allah does not like those who are self-deluding and boastful (QS. An-Nisa:36) - <https://quran.com>.

²² In the first phase, the PIDRA project focused on increasing the capacity of rural communities through AG formation (building institutions, personal skills and confidence, supported with life skills training), providing technical support to meet group members' basic needs and undertaking small income-generating activities (supported by group-based microcredit programmes).

²³ The second phase of the PIDRA project emphasised generating incomes beyond subsistence through micro-enterprises and marketing required to ensure a sustainable increase in productivity in dry-land agriculture (e.g. life skills training; group-based microcredit programmes; institutional development and business networking at the rural level).

²⁴ <http://www.deptan.go.id>

²⁵ <http://www.southampton.ac.uk/ris/policies/ethics.html>

²⁶ www.ifad.org

²⁷ <http://www.grameen-info.org/>

²⁸ <http://www.microcreditsummit.org/>

²⁹ Coding as indexing was used to classify and simplify the complex data that were then used to carry out a thematic analysis; to gain a systematic overview of the data; to locate and retrieve topics or examples that do not appear in an orderly sequence in the data; and as a base or a preliminary step to developing more substantive codes. Meanwhile, coding as a conceptual device was used to analyse data as heuristic devices that question and discover new meanings of data.

³⁰ The key tasks of the national PIDRA team were as follows: 1) Manage coordination and consolidation of planning and the implementation of the PIDRA project at the national, provincial and district government levels; 2) Collect and process a variety of materials sourced from various agencies to obtain input programme policy formulation recommended by the Steering Committee of the national programme (Ministry of Agriculture); 3) Train and provide technical advice to the executive and administrative activities at the provincial and district government levels; 4) Conduct correspondence with IFAD and other development stakeholders associated with the design implementation and financing activities of the PIDRA project components to ensure a feedback relationship with IFAD; 5) Provide instructions for using the budget and collect budgetary action plans and annual budgets submitted at the provincial and district government levels; 6) Prepare and process the submission, withdrawal and/or replacement of the use of the loan funds to the Ministry of Finance, Republic of Indonesia, to be forwarded to IFAD; 7) Implement a comprehensive monitoring and evaluation process of the implementation of the components of the PIDRA project, prepare and submit physical and financial implementation reports and other reports to managers - to be forwarded to Indonesia government (Ministry of Agriculture) and IFAD; and 8) Prepare the materials for accountability of the PIDRA project activities during the implementation of the current year (IFAD, 2004a, 2008; BKP, 2009).

³¹ The PIDRA team at the provincial/district level was supported by the technical team working unit which consists of several related agencies at the provincial/district level (BKP, 2010), namely: 1) BKP at the provincial/ district level as an Executing Agency was responsible to the PIDRA project activities at the provincial/ district level; 2) The PIDRA team at the provincial/ district level as an operational management body was responsible to the PIDRA project activities and operational activities at the provincial/ district level; and 3) The commission of implementing programme of the PIDRA project at the provincial/ district level was responsible for the coordination and consolidation of the PIDRA project's operational policies.

³² Based on my observation (during the fieldwork), the performances of the majority of AGs in village X met the IFAD regulations, i.e. there were specific rules to manage the group's activities. These included managing the time that the loan was taken out over, arranging repayment schedules, deciding interest rates, and giving sanctions (fine) to group members who delayed loan repayment. Moreover, there were also group activities related to book-keeping, e.g. the attendance books, membership books, minute books, saving books and loans books. A literacy and numeracy programme was provided for AG members who were not able to read and write. Several groups began to interact with other AGs both within and outside the village, the local government and other development stakeholders, indicating that their presence in the village is valued, particularly in increasing social cohesiveness and coordination among group members. Moreover, this also aimed to link up by business opportunities by promoting AG's potential in Village X (Rural Java) or other villages, such as by promoting the local products that originate from this village (i.e. craft, agricultural products, and processed traditional foods).

³³ The basic training programmes included organisation management (i.e. leadership, financial management, and book-keeping), and gender mainstreaming; while advanced training programmes comprised agricultural innovations (i.e. organic farming, livestock, and poultry), and entrepreneurship training (i.e. Small and Medium Enterprises (SMEs), and marketing). The example of training module, including: 1) Credit/ loan skills which discuss the issue of dealing with financial capital that could be accessed from microcredit programmes in the AG e.g. loans, repayment/ instalment and interest-based models; 2) Financial skills that explain how to make a financial record of the business, e.g. book-keeping; 3) Marketing skills that describe communication skills and strategy of marketing e.g. selling technique of products; and 4) Sharing experiences about entrepreneurship in practice that were based on the speaker's success in the agricultural business.

³⁴ When the meeting agenda and the meeting schedule were fully drawn up, the group administrators collaborated to compile and determine the participants who would be invited to the meeting - especially if the group meeting invited participants from non-group members or other institutions (e.g. staff from the Department of Agriculture or a representative from the farmers' group). The secretary wrote the invitation letter, which then signed by the group leader to underline the official status of the invitation letter. This letter was used to notify the meeting's schedule, agenda and venue, as well as to request the group member attendance.

³⁵ Prior to the meeting, the group leader or the secretary were responsible for making a list of the meeting attendance divided into the guest book and the regular participants' attendances. The guestbook recorded the meeting participants coming from external parties (e.g. the government officers who came to deliver agricultural development programmes), while the regular participants' attendances were used to register the meeting's participants who were members of AG. The list of attendance was used to identify the number of participants who came to the meeting, as well as the consumption needs (e.g. foods and drinks), the minutes of the meeting, and the documentation/ report. When the AG was established, the presence in the group meeting was recorded and compulsory for all members.

³⁶ Islamic greeting is '*Assalamu'alaykum Warahmatullahi Wabarakatuh*' (May the peace, mercy, and blessing of Allah be with you).

³⁷ *Berkat* contains rice with various types of cooked vegetables and boiled eggs and is given with the intention of asking for a prayer of peace during an event.

³⁸ Qur'an Al-Baqarah (2); Versus 43): 'And establish prayer and give zakah and bow with those who bow [in worship and obedience] (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>

³⁹ 'It was narrated that Abu Hurayrah said: A blind man [Ibn Umm Maktoom] came to the Prophet (peace and blessings of Allah be upon him) and said, "O Messenger of Allah, I have no one to lead me to the mosque," and he asked the Messenger of Allah (peace and blessings of Allah be upon him) to grant him a concession allowing him to pray in his house, and he allowed him that. But when he turned away he said, "Can you hear the call to prayer?" He said, "Yes." He said, "Then answer it." According to a version narrated by Abu Dawood (552) and Ibn Maajah (792) he said: "I do not think there is any concession for you'. <http://www.Qur'anexplorer.com/Hadith/English/Index.html>; (Nawawi, 1999)

⁴⁰ *Adzan* is the Islamic call to worship <https://en.wikipedia.org/wiki/Adhan>

⁴¹ 'The best place of prayer for women is the innermost part of the (hidden) room from her house' (Ahmad and Al-Baihaqi supported by Ash-Shaykh al-Albani in *Hijab Al-mar'ah al-Muslimah*, p. 155). <http://www.Qur'anexplorer.com/Hadith/English/Index.html>; (Nawawi, 1999)

⁴² A *Sarong* or *Sarung* is a large tube or length of fabric which often wrapped around the waist and worn by men, especially during religious or casual occasions. <https://en.wikipedia.org/wiki/Sarong>

⁴³ *Baju Koko* (also known as *Baju Takwa*) is a traditional Indonesian men Muslim shirt, worn usually during religious occasions, e.g. shalat jumat or during lebaran (Eid al-Fitr) festival. It is usually worn with the *Sarong/ Sarung* and *Peci/ Kopiah/ Songkok*. https://en.wikipedia.org/wiki/National_costume_of_Indonesia

⁴⁴ *Batik* is a cloth that is traditionally made using a manual wax-resist dyeing technique to form intricate patterns. <https://en.wikipedia.org/wiki/Batik>.

⁴⁵ *Peci* (also known as *songkok* or *kopiah*) are traditionally male Muslim's cap in Indonesia. <https://en.wikipedia.org/wiki/Songkok>

⁴⁶ *Kebaya* is a traditional blouse-dress combination (the national costumes of women) that originates from Indonesia. <https://en.wikipedia.org/wiki/Kebayasarong>

- ⁴⁷ *Baju Kurung* is the Indonesian women blouse. https://en.wikipedia.org/wiki/Baju_Kurung
- ⁴⁸ *Kerudung* is a traditional Muslim women's veil of loosely worn cloth over the head. Unlike completely covered *Jilbab*, parts of hairs and neck are still visible. https://en.wikipedia.org/wiki/National_costume_of_Indonesia
- ⁴⁹ *Jilbab*, a more conservative generic Muslim women's veil, adopted from Middle Eastern style. Usually worn by more conservative Muslim women. Unlike *Kerudung*, hair and neck are completely covered. <https://en.wikipedia.org/wiki/Jilb%C4%81b>
- ⁵⁰ Islamic Greeting: '*Assalamu'alaykum Warahmatullahi Wabarakatuh*' (May the peace, mercy and blessing of Allah be with you)
- ⁵¹ PBUH: translating to "Peace Be Upon Him" is a conventional complementary phrase attached to the names of the prophets in Islam. [https://en.wikipedia.org/wiki/Peace_be_upon_him_\(Islam\)](https://en.wikipedia.org/wiki/Peace_be_upon_him_(Islam))
- ⁵² No one else Muslims pray for the good of his brother (fellow Muslims) without his knowledge, but the angels will say, and you are also the same kindness' (Hadith is narrated by Muslim no. 4912). <http://www.Qur'anexplorer.com/Hadith/English/Index.html>; (Nawawi, 1999)
- ⁵³ There were differences on how to write and pronounce Indonesian or Java languages, for example: loan was translated in Indonesia language as '*pinjaman*' or '*hutang*', but in Java language, it was translated as '*utang/ nyambut/ ngampil*'; money is translated as '*uang*' in Indonesia and as '*dhuwit/ artha*' in Java language. https://en.wikipedia.org/wiki/Indonesian_language ; https://id.wikipedia.org/wiki/Bahasa_Indonesia https://en.wikipedia.org/wiki/Javanese_language ; https://id.wikipedia.org/wiki/Bahasa_Jawa
- ⁵⁴ The regional minimum wage in Blitar district, East Java, Indonesia in 2015 is IDR 1.260.000 (£60) per month or equal to IDR 42.000 (£2) per day (<http://www.blitarkab.go.id/2012/06/292.html>)
- ⁵⁵ Qur'an Al-Imran (3); Versus 103): 'And hold firmly to the rope of Allah all together and do not become divided...' (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>
- ⁵⁶ Qur'an Ali-Imran [3]; verse [195]: 'And their Lord responded to them, "Never will I allow to be lost the work of [any] worker among you, whether male or female; you are of one another. So those who emigrated or were evicted from their homes or were harmed in My cause or fought or were killed - I will surely remove from them their misdeeds, and I will surely admit them to gardens beneath which rivers flow as reward from Allah, and Allah has with Him the best reward'.
- Qur'an An-Nisa [4]; verse [124]: 'And whoever does righteous deeds, whether male or female, while being a believer - those will enter Paradise and will not be wronged, [even as much as] the speck on a date seed'.
- Qur'an An-Nahl [16]; verse [97]: 'Whoever does righteousness, whether male or female, while he is a believer - We will surely cause him to live a good life, and We will surely give them their reward [in the Hereafter] according to the best of what they used to do'.
- Qur'an At-Taubah [9]; verse [71-72]: 'The believing men and believing women are allies of one another. They enjoin what is right and forbid what is wrong and establish prayer and give zakat and obey Allah and His Messenger. Those - Allah will have mercy upon them. Indeed, Allah is exalted in Might and Wise (71); Allah has promised the believing men and believing women gardens beneath which rivers flow, wherein they abide eternally, and pleasant dwellings in gardens of perpetual residence; but approval from Allah is greater. It is that which the great attainment (72)'.
- Qur'an Al-Ahzab [33]; verse [35]: 'Indeed, the Muslim men and Muslim women, the believing men and believing women, the obedient men and obedient women, the truthful men and truthful women, the patient men and patient women, the humble men and humble women, the charitable men and charitable

women, the fasting men and fasting women, the men who guard their private parts and the women who do so, and the men who remember Allah often and the women who do so - for them Allah has prepared forgiveness and a great reward'. (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>

⁵⁷ Qur'an Ad-Dzariyat [51]; verse [56]: 'And I did not create the jinn and mankind except to worship Me (God)'. (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>

⁵⁸ Qur'an Al-Hujurat [49]; verse [13]: 'O mankind, indeed We have created you from male and female and made you peoples and tribes that you may know one another. Indeed, the most noble of you in the sight of Allah is the most righteous of you. Indeed, Allah is Knowing and Acquainted'. (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>

⁵⁹ Mudharabah is a kind of business where there are two parties, otherwise qualified to enter into a contract, joining in business in the manner that one gives his capital and the other his services (i.e. the abilities, the capabilities, the capacity, the skills and the doing of all sort of work required by such business termed as effort or labour) and they (both of partners in Mudharabah) share the profit according as to their mutual law agreement. (Mughal, 2015) - <https://www.ethiscrowd.com/blog/islamic-finance-contract-mudharabah/>

Hadith: The Narration of Ibnu Abbas r.a. reported that: "When our leader Abbas Ibn Abd al-Mutallib gives his property to someone for Mudharabah, he stipulated conditions for his partner not to bring the capital throughout the sea; and not to bring with him the capital crossing valley; and not to buy livestock with the capital; and if his partner violates the conditions, he should guarantee the loss occurred. These conditions have been brought to the attention of Prophet Muhammad (SAW) and he approved them." (Mu'jam Al-Awsat; Al-Tabrani). <http://www.Qur'anexplorer.com/Hadith/English/Index.html>; (Nawawi, 1999)

Hadith: The Narration of Suhayb r.a. reported that the Prophet Muhammad (SAW) said: "Three matters that have the blessing (of Allah): A deferred sale, Muqaradah (Mudharabah), mixing the wheat with barley for domestic use and not for sale." (Sunan Ibn Majah). <http://www.Qur'anexplorer.com/Hadith/English/Index.html>; (Nawawi, 1999)

⁶⁰ Qur'an Al-Maidah [5]; verse [1]: 'O you who have believed, fulfil [all] contracts...'

Qur'an Al-Baqara [2]; verse [283]: 'And if you are on a journey and cannot find a scribe, then a security deposit [should be] taken. And if one of you entrusts another, then let him who is entrusted discharge his trust [faithfully] and let him fear Allah, his Lord. And do not conceal testimony, for whoever conceals it - his heart is indeed sinful, and Allah knows of what you do'. (Ali, 2004); (Al-Hilali & Khan, 2011); <http://www.Qur'anexplorer.com/Qur'an/>; <http://Qur'an.com/>