

**PEOPLE'S EMPOWERMENT THROUGH NATIONAL
PROGRAM FOR URBAN SELF COMMUNITY
EMPOWERMENT**

(Studies on the Provision of Revolving Financial In the Village of
Jabon, Sub-district of Jombang, Jombang Regency)

MINOR THESIS

Present to Brawijaya University

To Fulfill the Requirement of Bachelor Degree

RAGIL SEPTIANAWATI

NIM. 105030100121016



UNIVERSITY OF BRAWIJAYA

FACULTY OF ADMINISTRATIVE SCIENCE

DEPARTMENT OF PUBLIC ADMINISTRATION

MALANG

2014

MOTTO

"whatever has happened, believe that the Lord has set the

our way of life beautifully"



(Ragil Septianawati, 2014)

MINOR THESIS APPROVAL SIGN

Title : People's Empowerment through National Program for Urban Self Community Empowerment (Studies on the Provision of Revolving Financial in the Village of Jabon, Sub-district of Jombang, Jombang Regency)

Arranged by : Ragil Septianawati

NIM : 105030100121016

Faculty : Administrative Science

Department : Public Administration

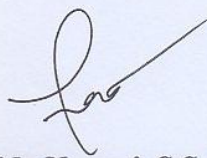
Malang, May 19th, 2014

Academic Advisor Committee

Head

Member


Dr. Bambang Santoso H, MS


Farida Nurani, S.Sos, M.Si

NIP. 19610204 198601 1 001

NIP. 19700721 200501 2 001

ENDORSEMENT SIGN

It has been maintained in front of the panel of examiners under graduate thesis, Administrative Science Faculty Brawijaya University, at:

Day : Thursday

Date : June 12, 2014

Time : 10 am

Minor Thesis

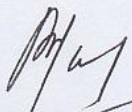
in the name of : Ragil Septianawati

Title : People's Empowerment through National Program for Urban Self Community Empowerment (Studies on the Provision of Revolving Financial in the Village of Jabon, Sub-district of Jombang, Jombang Regency)

and declared to have passed

THE PANEL OF EXAMINERS

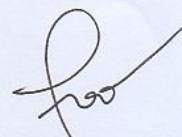
Head



Dr. Bambang Santoso H, MS

NIP. 19610204 198601 1 001

Member



Farida Nurani, S.Sos., M.Si

NIP. 19700721 200501 2 001

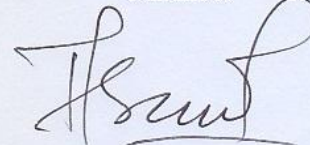
Head



Drs. Andy Fefta Wijaya, MDA, Ph.D

NIP. 19670217 199103 1 000

Member



Trisnawati, S.Sos., M.Si

NIP. 19800307 200801 2 012

UNDER GRADUATE THESIS ORIGINALITY STATEMENT

I declare with truth that as I know, in the text of this under graduate thesis there is no scientific papers that have been made by others to get the work or opinions ever written or published by another person, except as otherwise written cited in the text and referred to in the source citations and references.

If it is found in the text of this thesis may be proved there are plagiarism elements, I am willing this under graduate thesis aborted and degree academic I have gained (S-1) be canceled, and processed in accordance with the regulations legislation that applicable (UU No. 20 of 2003, Article 25 paragraph 2 and Article 70)

Malang, May 20th, 2014



Ragil Septianawati

105030100121016

SUMMARY

Ragil Septianawati, 2014, **People's Empowerment through National Program for Urban Self Community Empowerment (Studies on the Provision of Revolving Financial in the Village of Jabon, Sub-district of Jombang, Jombang Regency)**. Dr. Bambang Santoso Haryono, MS, Farida Nurani, S.Sos, M.Si., 117 pages + xvi.

This research was conducted, because poverty is very actual problem which needs specifically assessment in handling. Although Indonesia has been succeeded in reducing the poverty rate, but there are still disparities between provinces. A wide variety of ways has been done by the government to tackle the problem of poverty, one of which is the people's empowerment. Whether the Program National Program for Urban Self Community Empowerment may reduce the poverty?

This research uses qualitative approach. The data collection technique is the documentation and interview to the socialite of Jabon village. They are the headman of Jabon village, the senior facilitator of Jabon village, the coordinator of BKM "Tunas Harapan", the secretariat of BKM "Tunas Harapan", the head of UPK at BKM "Tunas Harapan", and members of Economic KSM at Jabon village, sub-district of Jombang, Jombang regency.

The result in this research explained that the mechanisms of National Program for Urban Self Community Empowerment at Jabon village, sub-district of Jombang, Jombang regency are not entirely fulfilled to the procedure. But, the impact of the program shows quite satisfactory results, which can empower communities.

Based on the analysis and the issues, the researcher advises to carry the program which based on the people's empowerment, the public should be completely to participate in the program. In order to the main purpose of the program can be achieved to welfare of nation building

Keywords: *Revolving Loan, People's Empowerment, Nation Building.*

RINGKASAN

Ragil Septianawati 2014, **Pemberdayaan Masyarakat melalui Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri Perkotaan (Studi tentang Penyediaan Sumber Daya Keuangan Bergulir di Desa Jabon, Kecamatan Jombang, Kabupaten Jombang)**. Dr Bambang Santoso Haryono, MS, Farida Nurani, S.Sos, M.Si., 117 halaman + xvi.

Penelitian ini dilakukan, mengingat masalah kemiskinan merupakan masalah aktual yang sangat perlu pengkajian secara khusus dalam penanganannya. Meskipun Indonesia telah berhasil menurunkan angka kemiskinan, akan tetapi masih terdapat disparitas antar provinsi. Berbagai upaya telah dilaksanakan oleh pemerintah untuk penanggulangan masalah kemiskinan, salah satunya yaitu dengan pemberdayaan masyarakat. Apakah dengan melalui Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri Perkotaan dapat mengurangi kemiskinan?

Dalam penelitian ini, jenis penelitian yang digunakan adalah jenis penelitian deskriptif dengan pendekatan kualitatif. Teknik pengumpulan data dilakukan yaitu dengan dokumentasi dan mewawancarai informan yakni tokoh masyarakat yang terdapat di desa Jabon. Informan-informan tersebut diantaranya adalah kepala desa Jabon, senior fasilitator dari PNPM Mandiri Perkotaan untuk desa Jabon, koordinator desa Jabon, sekretaris BKM “Tunas Harapan”, ketua UPK di BKM “Tunas Harapan”, dan anggota-anggota KSM Ekonomi di desa Jabon, kecamatan Jombang, kabupaten Jombang.

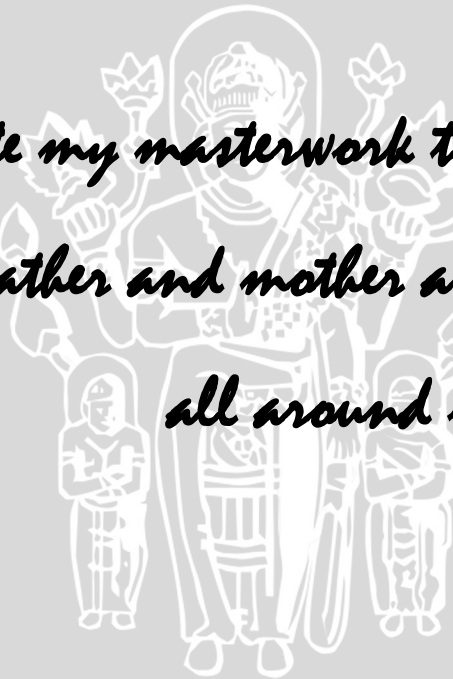
Hasil dalam penelitian ini menjelaskan bahwa mekanisme pelaksanaan Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri Perkotaan di desa Jabon, kecamatan Jombang, kabupaten Jombang tidak seluruhnya terlaksana sesuai prosedur. Namun, dampak dari pelaksanaan program tersebut menunjukkan hasil yang cukup memuaskan, yakni dapat memberdayakan masyarakat.

Berdasarkan hasil analisis dari permasalahan tersebut, peneliti memberikan saran agar pelaksanaan program pemberdayaan ini dapat dilaksanakan dengan baik, masyarakat seharusnya benar-benar berpartisipasi dalam program ini. Agar tujuan utama dalam program ini dapat dicapai untuk kesejahteraan masyarakat dalam pembangunan nasional.

Kata kunci: *Pinjaman Bergulir, Pemberdayaan Masyarakat, Pembangunan Nasional.*

UNIVERSITAS BRAWIJAYA

*I dedicate my masterwork to my beloved
father and mother and the people
all around who loves me*



PREFACE

Praise of authors toward Allah SWT, who has bestowed The grace and guidance, so researcher can complete a under graduate thesis entitled “People’s Empowerment through National Program for Urban Self Community Empowerment (Studies on the Provision of Revolving Financial in the Village of Jabon, Sub-district of Jombang, Jombang Regency”.

This minor thesis writing as requirement for obtained the bachelor degree of Public Administration in the Administrative Science Faculty Brawijaya University. The author realizes that this report would not be possible without the help, moral and material support of the various parties. Therefore on this opportunity the author would like to thank the honourable:

1. Prof. Dr. Bambang Supriyono, MS as Dean of Administrative Science Faculty, Brawijaya University.
2. Dr. Choirul Saleh, M.Si as Department Head of Public Administration Department, Administrative Science Faculty, Brawijaya University.
3. Dr. Bambang Santoso Haryono, MS as first academic advisors under graduate thesis who are willing spend time to providing guidance to the author.
4. Farida Nurani, S.Sos, M.Si as second academic advisors under graduate thesis who are willing spend time to providing guidance to the author.
5. Mr. Eko Wahyudi, Mr. Didik Waluyo SP, M.Si, Mr. Achmad Robil, Ms. Romikatin, and all of BKM personnel who are willing guiding researcher to complete this under graduate thesis.
6. My parents, Suwono and Kusmianingsih also my brothers Andana and Ristana Dwi Cahya thank you for inspiration, prayer, support, struggle, passion, and love endlessly.
7. My lovely Angga Febriyanto Putro that always accompany, support, helpful in completing this thesis.

8. My boarding house friend at 214 Panjaitan street Malang, Ida, Vana, Nevi, Marsa, Lina, Shofi, Silvi, Lidia, Lia, Reza thank you for everything.
9. My buddy on K Class, Public Administration, Brawijaya University has already together for 4 years.

Thus the preparation of this under graduate thesis, suggestions and positive criticism that researcher hoped. Hopefully this under graduate thesis is useful and can make a meaningful contribution to those in need.

Malang, May 20th 2014

Author



TABLE OF CONTENTS

Cover.....	i
Motto.....	ii
Minor thesis approval sign.....	iii
Endorsement sign.....	iv
Minor thesis originality statement.....	v
Summary.....	vi
Dedication sheet.....	viii
Preface.....	ix
Table of Contents.....	xi
List of Tables.....	xiv
List of Figures.....	xv
List of Appendices.....	xvi

CHAPTER I INTRODUCTION

A. Background.....	1
B. Research Questions.....	8
C. Research Objectives.....	8
D. Research Contribution.....	9
E. Systematic of Discussion.....	10

CHAPTER II LITERATUR REVIEW

A. Public Administration	
1. The definition of public administration.....	12
a. Paradigm of public administration.....	12
2. The scope of public administration.....	13
3. The position public administration.....	14
B. Development Administrative	

1. The definition of development.....	14
a. Paradigm of development.....	15
2. Principle of development.....	19
3. Participation of development.....	21
C. People's Empowerment	
1. The definition of empowerment.....	22
2. Empowerment approach.....	23
3. Indicator of people's empowerment.....	24
4. Strategies for people's empowerment.....	25
D. Problem Loans	
1. The Definition of the Problem Loan.....	26
2. Identification of the Problem Loan.....	26
3. Supervision of the Problem Loan.....	26
4. Collection of the Problem Loan.....	27
5. Prevention of the Problem Loan.....	28
E. The PNPM Urban Self	
1. Background of the PNPM Urban Self.....	31
2. Background of revolving loans.....	32
3. The objectives of revolving loans.....	33
4. Revolving loans target.....	34
5. Revolving loans approach....	34

CHAPTER III RESEARCH METHODOLOGY

A. Types of research.....	36
B. Focus of research.....	36
C. Research location and site.....	38
D. Data source.....	38
E. Data collection technique.....	39

F. Data analysis

1. Interactive model.....	40
---------------------------	----

CHAPTER IV RESULTS AND DISCUSSION

A. Overview of Jabon village

1. Geographychal and demography condition.....	43
2. Infrastructure condition.....	47

B. The mechanisms of implementation revolving loan program

1. The targets of revolving loan.....	51
2. Handling organization of revolving loan.....	59
3. The amount of BLM.....	71
4. The mechanism of revolving loan.....	76

C. The impact of the provision a revolving loan program

1. The participation of the community.....	92
2. Change of Consciousness the community.....	95
3. Creation of the community.....	98
4. Satisfaction of the community.....	102

CHAPTER V CLOSING

A. Conclusion.....	104
B. Recommendation.....	106

REFERENCES.....	108
------------------------	------------

LIST OF TABLES

No.	Titles	Page
1.	Performance Assessment on Revolving Loan of Jombang regency.....	6
2.	Population According to Age at Jabon Village.....	45
3.	Population According to Livelihood at Jabon Village.....	46
4.	Educational Facilities.....	47
5.	Health Care Facilities.....	48
6.	Economic Development Facilities.....	49
7.	Infrastructure Facilities.....	50
8.	Data of Poor Households.....	52
9.	Data of KSM according to Gender.....	54
10.	Data of the Borrowers included to KSM.....	56
11.	Progress of the Consciousness of Community.....	96
12.	Type of Business the Borrowers.....	98
13.	Description of businesses owned by the borrower.....	100

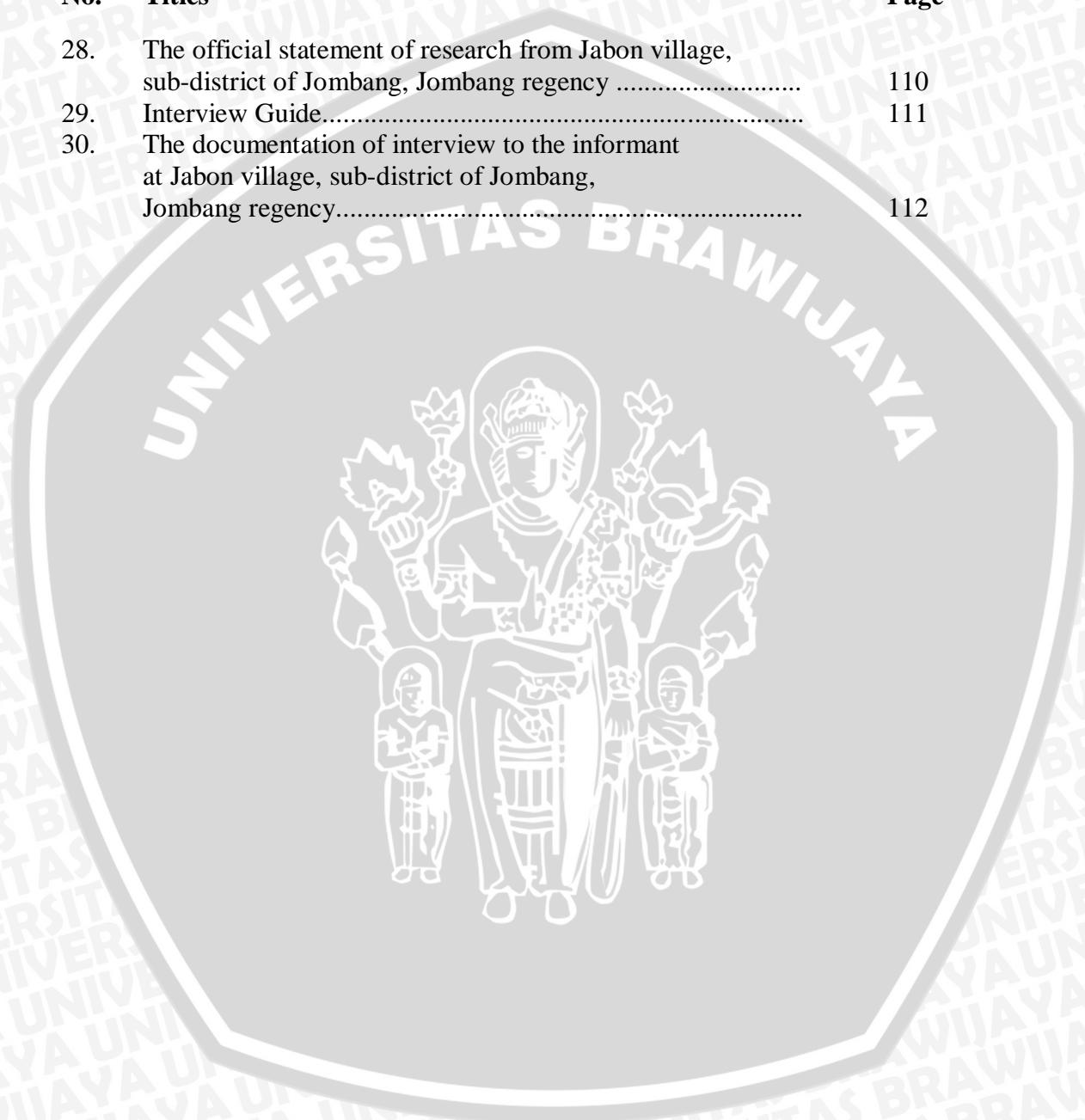


LIST OF FIGURES

No.	Titles	Page
14.	Descriptions of Decrease/Increase Level of Poor People in Range of Developing Countries.....	1
15.	Growth of Poverty Rate 2004-March 2013.....	2
16.	Progress of the number and percentage of poor population of East Java province in 2008-2013.....	3
17.	The Scope of Public Administration.....	13
18.	Empowerment Evaluation.....	25
19.	Components of Data Analysis: interactive Model.....	42
20.	Location of Jabon Village.....	44
21.	Organizational Structure of BKM “Tunas Harapan”.....	61
22.	Organizational Structure of BP-UPK at BKM “Tunas Harapan”.....	63
23.	Organizational Structure of UPK at BKM “Tunas Harapan”.....	65
24.	The amount of BLM from the Government to Jabon Village.....	72
25.	The amount of Funds on Economic Activity on Jabon village.....	74
26.	Scheme of Loan Provision Phase.....	76
27.	Charts of Community participation in the Revolving Loan Activities.....	93

LIST OF APPENDIX

No.	Titles	Page
28.	The official statement of research from Jabon village, sub-district of Jombang, Jombang regency	110
29.	Interview Guide.....	111
30.	The documentation of interview to the informant at Jabon village, sub-district of Jombang, Jombang regency.....	112

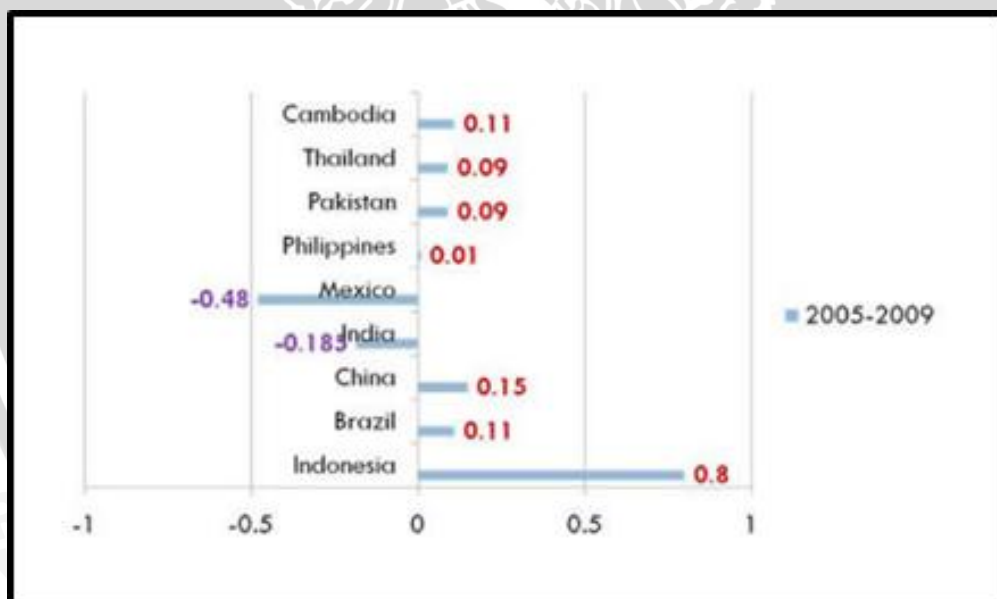


CHAPTER I

INTRODUCTION

A. Background

Poverty is the most important issue in development. Welfare of the people is the main goal development a nation. In Indonesia, poverty reduction efforts have been conducted by the government to improve the welfare of the people. Currently, poverty reduction efforts have shown various results in the development process. Below is evidence of the results of poverty reduction has been implemented by the government.



Source: www.tnp2k.go.id (2011)

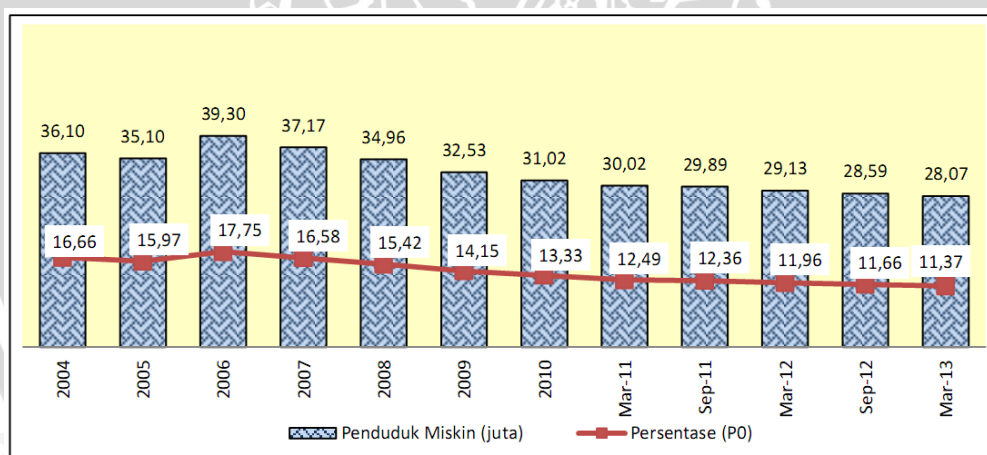
Figure 1.1

Description of Decrease/Increase Level of Poor People in Range of Developing Countries.

Based on World fact book, Central Bureau of Statistics, and World Bank, at the world level reduction in total of poor people in Indonesia is among the

fastest rate compared to other countries. Indonesia recorded in the range 2005-2009 able to decrease the average rate of decline in total of poor people as much as 0,8% per year, significantly higher compared to the other countries such as Cambodia, Thailand, China, and Brazil are only in the range of 0,1% per year.

In March 2013, Central Bureau of Statistics recorded total of poor people (populations with expenditure per capita per month under the poverty line) in Indonesia reached 28.07 million (11.37%). It shows that total of poor people (population with expenditure per capita per month under the poverty line) was reduced by 0,52 million people compared to the poor in September 2012 which amounted to 28,59 million (11,66 %).



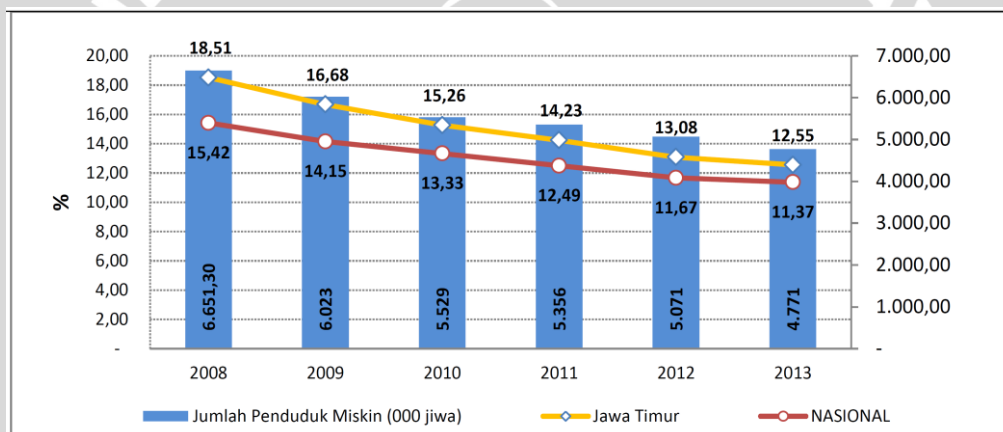
Source: Central Bureau of Statistics (2013)

Figure 1.2
Growth of Poverty Rate 2004-March 2013

Although Indonesia has been succeeded in reducing the poverty rate, but there are still disparities between provinces. Poverty is very actual problem which needs specifically assessment in handling. Range of poverty reduction efforts earlier, generally only seeing the issue of poverty in phenomena that

appear from the outside or just on one side only. So the approach taken tended to be sector. Not surprised if there's also a range of unfavourable conditions, such as misdirected, misuse of funds and authority and irregularities.

As a result of such approach will not only result in the inability to answer the challenge of poverty reduction comprehensively, but it will further worsen the condition of people's lives. Below is the progress of the number and percentage of poor population of East Java province in 2008-2013.



Source: Central Bureau of Statistics, 2013

Figure 1.3

Progress of the number and percentage of poor population of East Java province in 2008-2013

The development of poverty in East Java province in the period 2008-2013, in absolute terms declined as much as 1.880,04 thousand inhabitants, with the number of poor population by 2013 (March) 4.771 thousand inhabitants. As with conditions of poverty levels from 2008-2013 has decreased until the end of 2013 and the percentage of the poor population reached 12.55% decline from the previous year, but the poverty condition of

East Java is still relatively high when compared to the average national poverty (11,37%).

According to Siagian (1972) development is an direction or sequence attempt growth and change plans and made consciously by a nation, state, and government, path to modernity in order to nation building.

The economic conditions of Indonesia are currently getting worse indicated by the weakening of the rupiah to the U.S. dollar. It shows that this nation desperately needs the construction. Seeing the economic gaps are increasingly attached to the condition of this nation, then economic field is a key priority in development.

Through the Public Work Department, variety of efforts to reduce the poverty have been implemented, one of which is handling the poverty problem in urban areas. One of handling the poverty problem in urban areas is the Urban Poverty Tackling of Project (P2KP). Program of poverty reduction in urban areas implemented since 1999 as a government effort to establish self-reliance and local governments to reducing the poverty in a sustainable manner.

In 2008, sustainability of implementation the P2KP extended into National Program for Urban Self Community Empowerment, by allocating significant additional funding in fiscal year 2008. The activity is also expected to support a global agreement in early 2000 on the Millennium Development Goals (MDGs), so since 2008 the P2KP which is part of the PNPM Urban Self who has made improvements implementation guidelines that focus on improving

the Human Development Index and accelerating the achievement of the MDGs. Improved Human Development Goals (MDGs) and the achievement of MDGs is efforts to reduce the poor people by 50% in 2015.

PNPM Urban Self is national poverty reduction programs primarily based on community empowerment. PNPM Urban Self is national program in the form of the policy framework as a basis and reference for the implementation of poverty reduction programs based on community empowerment.

PNPM Urban Self is very strategic because it preparing the foundation of community independence like institutions of community leadership representative, rooted, and conducive to the development of social capital the community in the future as well as preparing the community programs in the medium-term of poverty reduction becomes binding in the community partnerships with local government and local care group.

Through PNPM Urban Self, poverty reduction performed by empowering the community through three principal types of activities, namely infrastructure, social, and economic known as Tridaya. In economic activity, realized by the revolving loan activity, that is provision of micro-scale loans to poor people in urban or rural areas where Badan Keswadayaan Masyarakat (BKM) are with the terms and conditions that have been set.

The implementation of the revolving loans in PNPM Urban Self aims to provide access the financial services to poor households with micro-loans market-based to improve their economic condition and teach them in managing loans and use them correctly. Nonetheless, PNPM Urban Self is

not microfinance programs, and will never be the microfinance institutions. Microfinance program is not only lending but many other financial services that should be provided.

The roles of PNPM Urban Self only build the foundations of sustainable solutions for lending and non-lending services at the foundations of sustainable solutions for lending and non-lending services at the village level.

In this research, the village of Jabon, sub-district of Jombang, Jombang regency is chosen researcher for research about people's empowerment through national program for urban self community empowerment on the provision of revolving financial (revolving loan). Considering there are three primary activities in the implementation of PNPM Urban Self, the researcher focused on economic activity, is on the financial performance of the revolving loan.

Knew that the empirical problem of empowerment especially on the revolving loan program from PNPM Urban Self is the problem loan (bad debts). Below is the description of assessment on performance the revolving loan of Jombang regency toward output program.

Table 1.1
Performance Assessment on Revolving Loan of Jombang Regency

No.	Year	Loans at Risk (%)	Portfolio at Risk (%)	Grade of Output Program	Rank
1.	February 2014	60,18	74,34	70,92	46
2.	March 2014	61,95	70,80	71,46	47
3.	April 2014	60,18	63,72	70,97	50

Source: Progress of revolving loan performance (RLF) region 2

From the table above, states that the regency of Jombang has decreased rank from 46 to 50 on region 2. The rank which gained is the assessment from revolving loans performance on Jombang regency.

According to a senior facilitator of sub-district of Jombang, Ms. Harnanik states that: "...BKM "Tunas Harapan" in this village is one of the best BKM in the execution of economic activities in revolving loans as Jombang Regency". (the interview to Ms. Harnanik as senior facilitator sub-district of Jombang, Friday Saturday March 14, 2014, 09:00 am).

Based on the statement from the senior facilitator of sub-district of Jombang, researcher wants to know how the process and mechanism of the revolving loans implementation of PNPM Urban Self has been implemented by BKM "Tunas Harapan" at the village of Jabon, sub-district of Jombang, Jombang Regency. In addition, the researcher also wants to know whether the revolving loan program of PNPM Urban Self give an impact on empowerment in the village of Jabon, sub-district of Jombang, Jombang regency.

The overview is an empirical problem occurred. From the description of BKM "Tunas Harapan" which located in the village of Jabon, that is interesting to study because it can be used as an assessment discussion in the development, particularly community-oriented development. Therefore, the researcher wants to know the extent of utilization the revolving loan program of PNPM Urban Self toward people's empowerment in the village of Jabon, sub-district of Jombang, Jombang regency. Based on the overview that has

been described above, hence the title of this research is the **“People’s Empowerment through National Program for Urban Self Community Empowerment (Studies on the Provision Revolving Financial in the Village of Jabon, Sub-district of Jombang, Jombang Regency)”**.

B. Research Question

Based on the description of the background has been described above, the formulation of the problem to be discussed by researcher in the research include:

1. How the mechanisms of implementation revolving loan program of PNPM Urban Self to effort the people’s empowerment at the village of Jabon, sub-district of Jombang, Jombang regency?
2. How the impact of implementation revolving loan program of PNPM Urban Self to effort the people’s empowerment at the village of Jabon, sub-district of Jombang, Jombang regency?

C. Research Objectives

Based on the background and research question that has been described the objective of this research was to determine, describe, and analyze:

1. The mechanisms of implementation revolving loan program of PNPM Urban Self to effort the people’s empowerment at the village of Jabon, sub-district of Jombang, Jombang regency.

2. The impact of implementation revolving loan program of PNPM Urban Self to effort the people's empowerment at the village of Jabon, sub-district of Jombang, Jombang regency.

D. Research Contribution

In a research will be giving a benefit. The benefits to be obtained in this study, both theoretically and practically benefits are as follows:

1. Theoretical Benefit
 - a. The result of this research can be used as a conceptual contribution of discourse related with efforts to improve the development through people's empowerment and the expansion of knowledge of public administration.
 - b. As reference material contribution for the next researcher who has a related theme and as a comparison for further research.
2. Practical Benefit
 - a. For the community. Given this research, it will get knowledge about empowerment in order to carry out the development.
 - b. For the government. The results of this research can become an input and consideration that the government is able to successfully develop which empowers communities through programs that enhance the quality of life.
 - c. For the researcher. This research is the result of scientific papers that is used as the implementation of public administrative science

that had been got in the lecture. I addition, as a place scientific development for further research and the researcher themselves.

E. Systematic of Discussion

To know an outline the discussion described in this paper, it can be seen the main points of discussion in the systematic discussion which is an entire thesis briefly.

CHAPTER I: INTRODUCTION

In this chapter, the background of this thesis, the formulation of the problem, the research objectives, and the systematic discussion about people's empowerment through National Program for Urban Self Community Empowerment studies on the provision of Revolving Financial in the village of Jabon, sub-district of Jombang, Jombang regency.

CHAPTER II: LITERATUR REVIEW

In this chapter forward an outline theoretically quoted from various scientists that includes theories of public administration, theories of development, theories of people's empowerment, revolving loans of PNPM Urban Self.

CHAPTER III: RESEARCH METHODS

In this chapter describes the types of research, research focus, research locations and sites, data source, data collection techniques, and the analysis of data regarding the revolving loan of PNPM Urban Self to people's empowerment.

CHAPTER IV: RESULT AND DISCUSSION

This chapter describes the results of research include the presentation of data and analysis of data in the form of general study of the subject, description of the data focus and interpretation of data.

CHAPTER V: CLOSING

In this chapter describes the conclusion of research has been done and the suggestion given by researcher to contribute to the government in carrying out development better.



CHAPTER II

LITERATUR REVIEW

A. Public Administration

1. The Definition of Public Administration

According to Atmosudirjo (1982: 272) public administration is the administration of the state as an organization, and the administration's pursuit of goals having the character of state.

According to David H. Rosenbloom (2005) public administration is the utilization of theories and processes of management, political, and legal to fulfill government's desire on legislative, executive, in order to regulatory functions and service to the community as a whole or partially.

According to Caiden (1982: 1) at Miftah Thoha (2010: 7) public administration in essence is a discipline which is addressing issues the implementation of public affairs, and management of public business.

a. Paradigm of Public Administration

According to Nicholas Henry (1988) at Miftah Thoha (2010: 18-31) there are five groups of the experts patterns thought about the existence of the Public Administrative, namely:

- (1) Paradigm of the politics/administration dichotomy (1900-1926).

(2) Paradigm the principles of public administration (1927-1937).

(3) Paradigm of the public administration as political science (1950-1970).

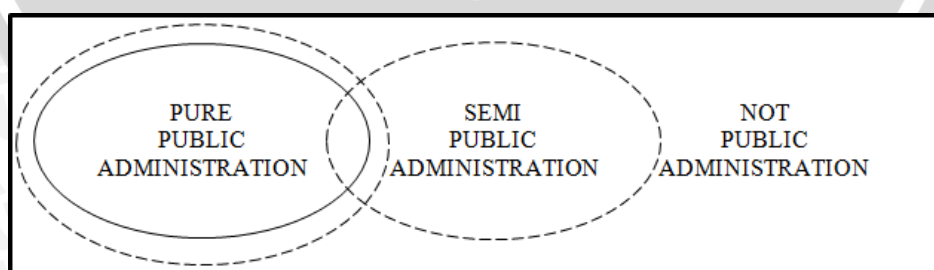
(4) Paradigm of the public administration as management (1956-1970).

(5) Paradigm of the public administration as public administration (1970).

2. The Scope of Public Administration

According to Syafiie (2003: 35-37) all that breadth the scope of public administrative that can also covers other social science. Especially those with state material objects, among other things:

- a. Governmental Science;
- b. Political Science;
- c. Constitutional Law;
- d. State Science Self; and
- e. Philosophy of Science



Source: Republic of Indonesia's Public Administration System (2003)

Figure 2.1
The Scope of Public Administration

3. The Position of Public Administration

According to Syafie (2003: 38) there are two types of social science that can be distinguished in this relationship. The first, is relationship others the state science overlapping (convergency). Then the second, relationship others non-state science, which must be assessed to the development of the public administrative itself.

a. In The State Sciences

- (1) Governmental Science and Public Administrative;
- (2) State Science and Public Administrative;
- (3) Political Science and Public Administrative;
- (4) Constitutional Law and Public Administrative;

b. In The Non-State Sciences

- (1) Philosophy of Science and Public Administrative;
- (2) Business Administrative and Public Administrative;
- (3) Sociology and Public Administrative;
- (4) Geography and Public Administrative;
- (5) History of Science and Public Administrative;
- (6) Psychology and Public Administrative;

B. Development Administration

1. The Definition of Development

According to Siagian (1972: 1-2) define the administrative development is an direction or sequence attempt growth and change plans

and made consciously by a nation, state, and government, path to modernity in order to nation building.

According to Fred W. Riggs (editor, 1986) development administrative refers to efforts that organized to implement programs or projects related to achieving development goals.

a. Paradigm of Development

According to Bryant and White (1987: 22) development as an increase in the capacity to affect the future has some a certain implications.

(1) The Capacity

First, development includes developing the capacity to determine one's future. In this context, capacity includes economic factors such as production facilities. Thus, development includes attention to the production and growth, but the meaning is much broader than that merely. Development also includes the capacity of nations and communities to build political institutions and social in charge of production and allocation. Thus the development has micro and macro aspects: included herein changes in individuals, communities, and nations.

(2) Justice

Second, development is concern the problems of distribution. No matter how “advances” of an economy, if only a minority of the population who enjoying the benefits, development in the real sense has not occurred. Indeed economists support the argument justice, justice ultimately it does not depend on a rationale economic. In the long term, economic development encouraged by increasing human resources in a country and to balance the ability to consume. However, even without this argument justice is part of the development. He is also a normative concept which implies that collateral will widespread balance in terms of access and benefit is a value in itself.

(3) Growth the Power and Authority (Empowerment)

Third, development also means the growth of power and authority for greater acts to the poor. Given the economic growth is not by itself be distributed to widely, the question of the benefits is a political issue. Political indeed can be formulated to the resolution of conflicts regarding the allocation of the benefits incurred from growth. The only way to create a

mechanism of in (built-in) in order to straighten allocations decisions is very unfair to make people have an effect. Furthermore, they can use that effect to raise their issues in representative council agenda. Lack of power can reduce the demands and pressure on political leaders, and without such demands less likely that the leaders will focus on the problems of distribution.

(4) Directness which Supported (Sustainability)

Development that include a long-term concern about the future, which is summarize in the term “sustainability”. Due to factors such as desert place, energy and mineral resources are limited, and problems of pollution, production decisions must take into account future. Natural resources that were once thought secured existence or even used indiscriminately, is now regarded with a new appreciation and sincere concern. Many of natural resources that cannot be renewed; limitations pushed to think about the future prospects which supported directness. Other sources may be damaged by manipulation of modern humans over chemical goods and sources of energy in order to produce new substances.

(5) Interdependence

Interdependence is the main feature of a system. And analysis or systems give a deep knowledge the nature of interdependence. Interdependence has two main characteristics, namely: 1) the behaviour of each side affects the overall behaviour, and 2) neither side having affect or effect the thereof on the human system, partly dependent on the behaviour of the heart. Interdependence offers great potential and at the same time gripping conflict. Interdependence in human relationship enabling people to perform and be someone who can be more meaningful, than when outs.

(6) Administrative Inability

Development in the definition covering sense used here, bring up special problems every branch of the social sciences. In the field of management and administration, basic of issues is that getting very little attention. In fact, community, state, and internationals forum, the administrator act out important roles and affect. Management is not just problem of effective service delivery or effective control existing systems. Management is a field-oriented change, which handles the institutional dynamics of social justice.

2. Principle of Development

There are ten principles of the implementation of national development by Siagian (1985), including:

- a. **Totality.** National development should be comprehensive. That is, the coverage areas of development that must cover all facets of life and community livelihoods of the nation. Development is for the welfare of all citizens of a society and not merely to a particular group of the society.
- b. **Community Participation.** Development is the fact in the life of the state and community in the countries of in developing that role-government and also all of its apparatus in managing the process of national development is dominant.
- c. **Equilibrium.** Conceptually, national development must be balanced in the sense that a certain field of development cannot be considered more important than other fields.
- d. **Continuity.** Needed the continuity of implementation the national development activities and the stage of development is just one chain of a very long chain.
- e. **Systemic Approach.** A method which right for be used in solving complex problems. Systemic approach not look at anything moving components in isolation, but rather look at and analyze dependencies and interrelationships and

interactions among these components so overall such components move as a whole round.

- f. Rely on Individual Forces. Independence and total sovereignty must lead to reasonable national pride. National pride reasonable it should also show itself in the process of national development.
- g. Clarity the Basis Strategy. Formulation of a strategy is the basis of the conceptualization activity of conditions expected to be encountered in the future, both long term nature and medium term with all its impact on national development.
- h. Clearly the Scale of Priorities. Clear priorities will give directions as to what the funds and limited ability to be deployed so that greatest benefits derive there from.
- i. Ecological Sustainability. Natural resources owned by the state, in addition to be able to be utilized to accelerate the pace of development held by the country, must also be enjoyed by generations yet to be born.
- j. Equitable along Growth. Development outcomes that have been achieved-in this case mainly the results of economic development-should have been able to begin to be enjoyed by the public, especially low-income, but not all distributed so that it remains available increasing the ability to achieve greater results in the future.

3. Participation of Development

According to Tjokroamidjojo (1974) administrative development also serves to involve (not necessarily in ways directly) activities of the wider community, accordance with the directions and policies set out in the development process. There are important aspects in the context of participation in development, namely:

- a. Involvement and participation of the people in accordance with the mechanism of the political process in a country also determines the direction, strategy and the government's development policies. In a democratic society the direction and goals of development should reflect the interests of the community. Example of public interest is done through citizen participation in their political involvement in the political process.
- b. Improving articulation (ability) to formulate the objectives and mainly the ways in planning goal it preferably. Therefore, in general, the government needs to give direction on the objectives and the means of achieving the development goal. Participation in the development of should be developed people skills and mainly their own community organizations to support the development process.
- c. Community participation in concrete activities that consistent with the direction, strategies and plans that have been determined in the political process. In this case depends on the system of governance

and procedure applicable to a country. There sometimes the government take policies that is more mobilization rather than participation.

- d. The existence of the formulation and implementation participatory programs in development plans. These programs are at a certain level provides an opportunity for the public to directly participate in the plan regarding their welfare, and also directly implement their own reap the rewards of the program.

C. People's Empowerment

1. The Definition of Empowerment

According to Sumodiningrat (1999) that the people's empowerment is an attempt to be own master of society through the realization of their potential abilities. As for the people's empowerment always concerns two interrelated groups, namely the public as the party who empowered, and those party who care as empowering.

According to Prijono and Pranarka (1996: 3) empowerment contains two meaning. The first is "to give power or authority to" is interpreted as giving authority, transferring power, or delegate authorities to another party. The second is "to give ability or enable" which interpreted as an attempt for the member's ability or independency.

According to Sulistiyani (2004:77) etymologically, empowerment is derived from the word "power" which means strength or ability. Based

on this definition, then empowerment can be defined as a process heading to power or process of giving power (strength/ability) to those who has not power.

2. Empowerment Approach

According to Kartasasmita (2003), the main approach of the concept of empowerment is that people not being the object of various development projects, but is the subject of their own development efforts. Based on such concept, the empowerment of people has to follow approach as below:

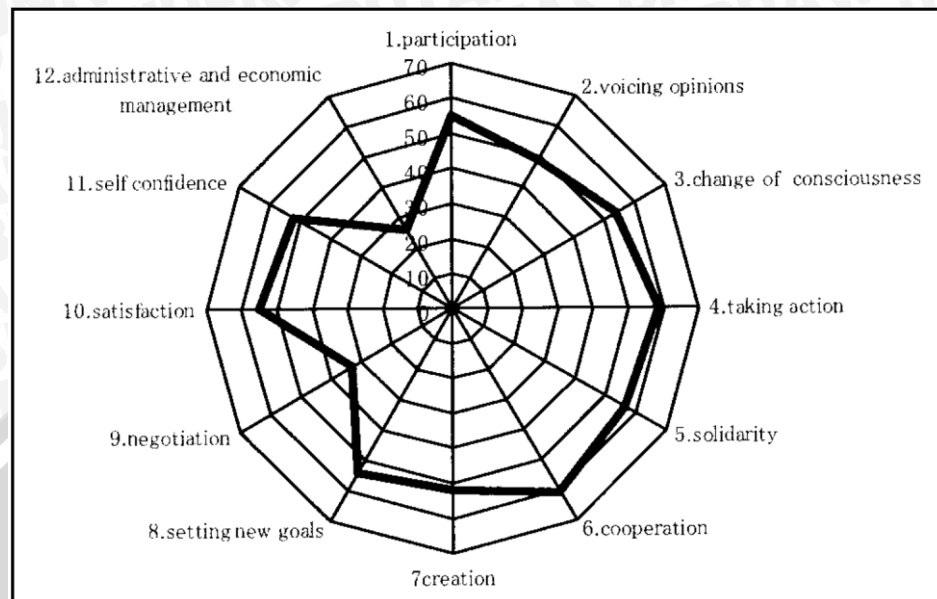
- a. First, the efforts should be directed (targeted). It is popularly called the siding. Directed against that need, with programs designed tackle the problem and suit their need.
- b. Second, the program must be directly engage or moreover carried out by the targeted community. Engaging the people who will be assisted to have some destination, namely that aid was effective because according to the will and ability as well as their needs. Moreover while enhancing empowering people with experience in designing, executing, managing, and accountable for self-improvement efforts and economy.
- c. Third, using the group approach, because individually the poor people are difficult to solve the problems they face. Well scope of assistance too wide if handling is done individually.

- d. Furthermore, for the interest of analysis, people's empowerment must be seen either with a comprehensive approach to rational and incremental.

3. Indicator of People's Empowerment

According to Fujikake (2000, 2001) in "*Japanese Journal of Evaluation Studies Vol: 8, No. 2. March 2008*" states that there are 12 indicators of people's empowerment, namely:

- a. Participation
- b. Voicing opinion;
- c. Change of consciousness;
- d. Taking action;
- e. Solidarity;
- f. Cooperation;
- g. Creation;
- h. Setting new goals;
- i. Negotiation;
- j. Satisfaction;
- k. Self Confidence; and
- l. Administrative and Economic Management.



Source: Fujikake (2000, 2001)

Figure 2.2
Empowerment Evaluation

4. Strategies for People's Empowerment

According to Kartasasmita in Sumaryadi (2005: 150) suggests that outreach efforts must be carried out in three ways, namely:

- a. Creating an atmosphere or climate that enables potential of the community to growing. This condition is based on the assumption that every individual and people has the potential to be developed.
- b. Strengthen the potential or power possessed by the people with implementing the concrete measures, accommodating a variety of inputs, providing infrastructure and facilities that can be accessed by the bottom people layer.
- c. Empowering the people in terms of protecting and defending the people of weak interests

D. Problem Loans

1. The Definition of the Problem Loan

According to Robert H. Behrens (1992) states that a problem loan can be defined as one in which there is a major breakdown in the repayment agreement resulting in an undue delay in collection, or one in which there appears legal action may be required to effect collection, or one in which there appears to be a potential loss.

2. Identification of the Problem Loan

According to Robert H. Behrens (1992) states that it is a loan in which the risk is greater than a lender ordinarily would willingly assume. Therefore, it requires special attention on the part to be collected in full within a reasonable period of time after its maturity. Identify problem loans in time to solve the problem before the situation deteriorates to the point where it has no alternative but to take the loss. In addition, if proper corrective measures are to be taken, the type, cause, and magnitude of the problem must be identified. Loans do not deteriorate suddenly and without warning.

3. Supervision of the Problem Loan

According to Robert H. Behrens (1992: 51) states that the factors involved in the supervision of problem loans and the alternatives may consider in formulating a plan for correction.

- a. One of the first questions that arises—now that we recognize that we have a problem loan—is, “Who should handle that

loan, be responsible for its supervision, and make the decisions regarding it?" It would appear that there are three alternatives:

- (1) Responsibility can be left with the loan officer servicing the loan;
- (2) Turned over to an officer who specializes in handling problems loan;
- (3) Delegated to a committee of loan officers.

b. "On what level will what decision be made?" Even though the loan officer or a specialist makes the day to day decisions in the handling of the loan, should she or have the authority to institute collection proceedings, legal action, or negotiate settlements? Adequate management control dictates that decisions of this magnitude be made by a committee of senior lending officers or the loan committee of the board of directors. It is imperative that the policy, the lines of responsibility, and the level at which decisions will be made be clearly understood by all officers involved in the handling of the problem loan.

4. Collection of the Problem Loan

According to Robert H. Behrens (1992: 65) the factors and elements involved in making and implementing the decision to collect. In most problem loans, the decision to collect is made quite sometimes after the loan is recognized as a problem loan. Action to collect the loan is ordinarily taken only after all these measures have proved ineffective. The

loan officer should always ask three questions in considering a decision to collect.

- a. First and foremost, will failure to take action be derogatory to the interest? If the answer “yes” the loan officer should take immediate action.
- b. Second, will failure to take action allow further deterioration of the situation? If the answer “yes” the loan officer should take immediate action.
- c. Third, what course of action will be the most effective in solving the problem, and is it fair and equitable to the debtor, under the circumstances?

5. Prevention of the Problem Loan

According to Michael Groves (1992: 145-146) there are four main area of loan management, namely:

a. Loan Policy

Loan policy should address the definition of a problem loan and specify the steps to be taken, with particular emphasis on responsibility for problem loan management. Ideally, loan policy should be developed as the loan officer's guide to the extension and control of credit. Some of the matters it should cover include:

- (1) Overall statements as to policy objectives and portfolio strategy.

- (2) Lending authorities, individual and committee.
- (3) Market areas
- (4) Principal loan types considered acceptable.
- (5) Loan types generally considered unacceptable. These categories may stem from the ethical stand (e.g., it may not wish to lend to legalized gambling institutions) or from perceived lack of expertise in areas that require specialized knowledge of the industry to understand the credit properly.
- (6) Specific underwriting standards for the main loan categories in the portfolio.
- (7) Loan documentation standards.
- (8) Loan monitoring and review processes.
- (9) Management of problem loans.

b. Training

Training is a subject that is often overlooked as a long term cure for loan quality problems. Training of lending personnel, both in-house and externally, can go along way towards ensuring that the loans entering the portfolio are in accordance with management's loan policies. Good credit management is not simply a matter of good credit analysis. It requires an understanding of the credit philosophy. Training sessions in the

bank's philosophy and application can provide a useful road map for loan officers so that they can avoid problems.

c. Monitoring Credits

Loans do not usually go bad overnight. Good monitoring of credits by the loan officer, backed up by good loan review procedures, goes a long way towards determining the potential for problems in time for preventative action to be taken. Loan monitoring procedures should be spelled out in detail in the loan policy.

d. Management Support

Some level of loan problems is almost inevitable. With proper controls in place though, problems easily can be kept within a normal level of provision for loan losses. The measures outlined above are designed to maintain an ongoing loan portfolio of acceptable quality. Too often, in the aftermath of a rise in problem loans, stringent (sometimes too stringent) corrective measures are put in place and then gradually weakened over a period of time. Sometimes this results from neglect; sound principles gradually fall into disuse or are forgotten.

E. The PNPM Urban Self

1. Background of the PNPM Urban Self

PNPM Urban Self is one of the mechanisms of community empowerment programs used PNPM Urban in an effort for accelerate to reduce the poverty and job opportunities in urban areas. The program was performed to further encourage efforts to improve the quality of life, welfare, and self-reliance in urban communities. The PNPM Urban Self become an integral part from the PNPM and has performed since 1999 as Urban Poverty Tackling Program (P2KP) which is a government effort to build self-reliance and local governments to reduce the poverty in sustainable manner.

PNPM Urban Self is a government program that are substantially seeks to reduce poverty through the concept of people's empowerment and other local development actors, including regional government and local care groups, so as to awaken "independence movement to poverty reduce and sustainable development", which is based on noble values and universal principles (General Handbook P2KP-3, october edition 2005).

PNPM Urban Self is national programs for reduce the poverty, especially based on community empowerment. PNPM Urban Self is national programs in the form of a policy framework as a basis and reference for the implementation of reduce poverty programs based on empowerment of the community. PNPM Urban Self implemented through the harmonization and development of system and mechanisms and

procedures of the program, providing mentoring and funding stimulant to encourage initiative and innovation communities in sustainable reduce the poverty.

2. Background of Revolving Loans

Poverty reduction performed by empowered the community through three principal types of activities that is Infrastructure, Social, and Economic known as Tridaya. In economic activity, realized by the activities of the revolving loans, that is supply the macro-scale to poor communities in urban or rural areas where LKM/UPK are the terms and condition that have been established.

The successes and failures of activities the revolving loan in the past can be a valuable lesson for the continuation of activities the revolving loans through PNPM Urban Self. Some considerations in continue with the implementation of the revolving loan on PNPM Urban Self, among others:

- a. Availability of access and sustainable financial services has proven to be one of the effective tools assist poor households to increase income and wealth.
- b. Poor household's access to formal financial services is still very low. About 29 million poor households still do not have access to formal financial services. (Source: Johnston and Holloch).

- c. Revolving loans on PNPM Urban Self has a chance to reach around 2.5 million poor households who did not receive access to the financial institution.
- d. Revolving loan demand on community development plans are still high.
- e. Termination of assistance that has been running for this, if without the sufficient performance would destructive the borrowing culture and social security in the community.

3. The Objectives of Revolving Loans

Implementation of revolving loans activities on PNPM Urban Self aims to provide access to financial services to poor household with micro loans with market based income generating activities that usually do not have access to other sources of loans, to improve their economic conditions and activities that support economic growth and micro enterprises besides teach them in terms of managing loans and use them correctly.

However PNPM is not a microfinance program, and will never be a microfinance institution. Microfinance programs not only supply but many other financial services that should be provided. The roles of PNPM only build the foundations of sustainable solutions for lending and non-lending services at the village level.

PNPM Urban Self being a moment for the consolidation phase of microfinance activities. Therefore, in this point needs to be created UPK

strongly, healthy, and operationally separated from the LKM of society itself must be involved in satisfaction to determine the future of UPK.

4. Revolving Loans Target

The main target implementation of revolving loan are poor households (low income) in the area of urban/rural which LKM/UPK were, especially the poor who are already identified in the list poor communities.

Indicators of the achievement of these objectives include:

- a. Borrowers derived from poor households that have been identified in PNPM Urban Self;
- b. Minimum of borrowers are women;
- c. The borrowers of the poor households have joined the Kelompok Swadaya Masyarakat (KSM) especially for this activity consists of at least 5 people.
- d. Access to credit for KSM credit repayment performance ensured sustainability through BLM and channelling the proceeds with clear loans policy.

5. Revolving Loans Approach

The approach used is to directing the revolving loans activities as access to credit loans of poor communities that do not currently have access to loans from other financial institutions through:

- a. Revolving loans activities conducted at the village level, professionally managed to maintain continued access to loans for the poor.

- b. Transparency for the management and performance of UPK and participatory monitoring by citizens a form of management accountability of public funds.
- c. The supply of access the loan amount and the interest rate is only attractive to the poor.
- d. Using a system of joint liability groups as a means of control managing (UPK) and borrowers (KSM)
- e. Increase entrepreneurial capacity through training, home economics, entrepreneurship and simple bookkeeping.



CHAPTER III

RESEARCH METHODOLOGY

A. Types of Research

In this research, type of study is descriptive research with a qualitative approach. Descriptive research is the basis for all research. Given this research are expected researcher can gain an overview of the implementation of people's empowerment through National Program for Urban Self Community Empowerment at the village of Jabon, sub-district of Jombang, Jombang regency.

According to Creswell (2007) qualitative research is the method to explore and understand the meaning by individuals or a group of people considered to be derived from a social or humanity issues. The research process involves important efforts, such as asking questions and procedures, collect specific data from the participants, analyzed data inductively from specific themes to general themes, and interpreting the meaning of the data. The final reports for this research have the structure or flexible framework. Anyone involved in this research must be apply a research perspective with inductive style, focusing on the individual meanings, and translate the complexity of a problem.

B. Focus of Research

In this research, focus of research wants to achieve by the researcher are:

1. Mechanism of implementation the provision a revolving loan of PNPM Urban Self in people's empowerment at the village of Jabon, sub-district of Jombang, Jombang regency:
 - a. The targets of revolving loan from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.
 - b. Handling organization of revolving loan from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.
 - c. The amount of BLM from PNPM Urban Self to the village of Jabon, sub-district of Jombang, Jombang regency.
 - d. The mechanism of revolving loan from PNPM Urban Self to the village of Jabon, sub-district of Jombang, Jombang regency.
2. The impact of the provision a revolving loan program from PNPM Urban Self in people's empowerment at the village of Jabon, sub-district of Jombang, Jombang regency:
 - a. The participation of the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.
 - b. Change of Consciousness the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.
 - c. Creation of the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.

- d. Satisfaction of the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.

C. Research Location and Site

Location of research is the place where conduct of research on the object to be studied. In this research, Badan Keswadayaan Masyarakat (BKM) “Tunas Harapan” at the village of Jabon, sub-district of Jombang, Jombang regency chosen as a research location. The location decision conducted based on the consideration that BKM “Tunas Harapan” is one of the agencies that contribute greatly to the empowerment of people at the village of Jabon, sub-district of Jombang, Jombang regency. Thus, BKM “Tunas Harapan” makes it possible to obtain the data and information relevant to the problem of research on people’s empowerment.

The site identified in this research is the place where researcher got information from an object to be studied. Thus the site in this research is on Kelompok Swadaya Masyarakat (KSM) of Economy. The research site have chosen because the KSM of Economy which responsible for revolving loan activities of the PNPM Urban Self.

D. Data Source

In this research, source of data are used include:

1. Primary Data

Primary data is the data obtained directly from existing sources, obtained by direct observation. In this research, primary data obtained through interviews by researcher to the parties that has the authority, including:

- a. Institutional personnel of BKM “Tunas Harapan”.
- b. Unit Pengelola Keuangan (UPK) of BKM “Tunas Harapan”.
- c. The people who got the revolving loan (members of KSM Economy).

2. Secondary Data

Secondary data is the data obtained indirectly, to strengthen and support the existing primary data. In this research, the secondary data obtained from the archives and documents available in the village of Jabon, sub-district of Jombang, Jombang regency. As well as sites are sourced from the internet, journals, and papers related to the research.

E. Data Collection Techniques

Data collection techniques are ways to obtain the data in the field. To obtain the data in this research, the data collection techniques used:

1. Interview

Interview is a means of collecting information by asking questions orally. Interview is a part of a communication technique where the seekers of data conduct a discussion with informants to obtain data necessary. In this research, researcher has already interview including:

- a. Mr. Eko Wahyudi as the headman of Jabon village, sub-district of Jombang, Jombang regency.
- b. Ms. Harnanik as the senior facilitator of Jabon village, sub-district of Jombang, Jombang regency.
- c. Mr. Didik Waluyo, SP, M.Si. as the coordinator of BKM “Tunas Harapan”.
- d. Mr. Achmad Robil as the secretariat of BKM “Tunas Harapan”.
- e. Ms. Romikatin as the head of UPK at BKM “Tunas Harapan”.
- f. Ms. Kusmianingsih as chief of KSM “Bangkit Jaya”.
- g. Ms. Suparmi as a member of KSM “Mekar Jaya”.
- h. Ms. Naning as a member of KSM “Mawar Merah”.

2. Documentation

Documentation is a means of collecting information with studying, taking notes, or make copies of various documents and archives along data relevant related to the object of research.

F. Data Analysis

1. Interactive Model

In this research, to solve the problem studied were about people's empowerment through PNPM Urban Self then, the analysis is an interactive model. Miles and Huberman (1992: 15-20) explains that in qualitative data analysis of interactive model, there are four phase, namely:

1. Data Collection

In this research the data collection carried out in (observation, interview, extracts the documents) and processed into the expanded text. So, the researcher has already interview the headman of Jabon village, senior facilitator of Jombang, coordinator of BKM “Tunas Harapan”, secretary of BKM “Tunas Harapan”, UPK of BKM “Tunas Harapan”, and the members of KSM. The researcher has already taking the documentation of the data needed.

2. Data Reduction

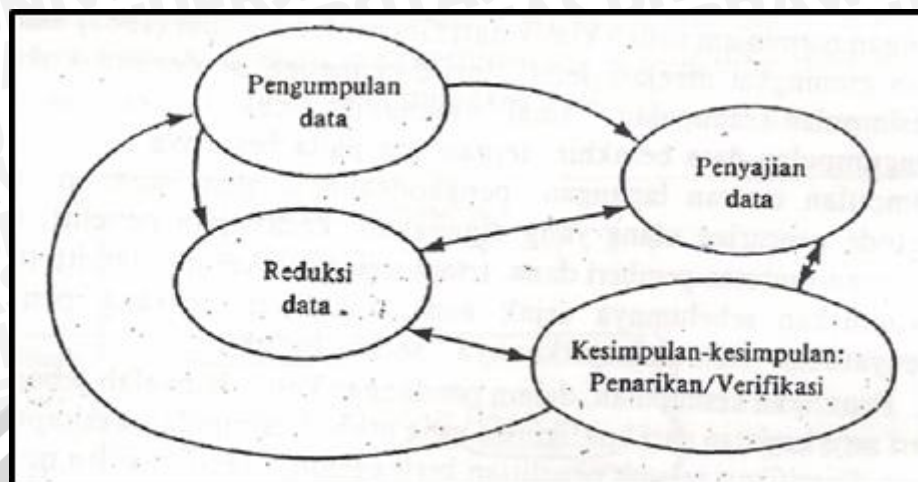
In this research the result of interview, observation, and documentations have selected, and making the focus on simplification. From the result selected, the researcher making the analysis, classify, dispose of unnecessary, and organize the data so can be drawn and verified.

3. Presentation of Data

In this research, the results of the data reduction gained were presented in a variety of matrices, graphs, charts, and quotations on the forms of narrative text at chapter fourth.

4. Taking a Conclusion (Verification)

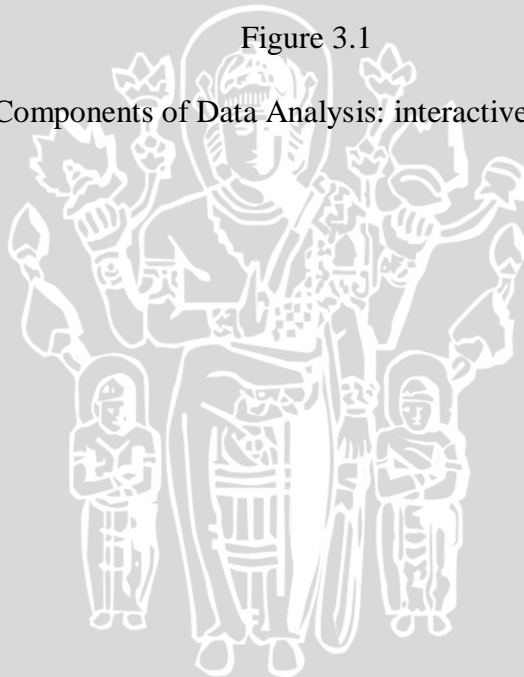
In this research, the result of data which presented on the chapter four then verified and concluded. The data which gained must be verifiable, sturdiness, and suitable.



Source: Miles and Huberman (1992:20)

Figure 3.1

Components of Data Analysis: interactive Model



CHAPTER IV

RESULTS AND DISCUSSION

A. Overview of Jabon Village

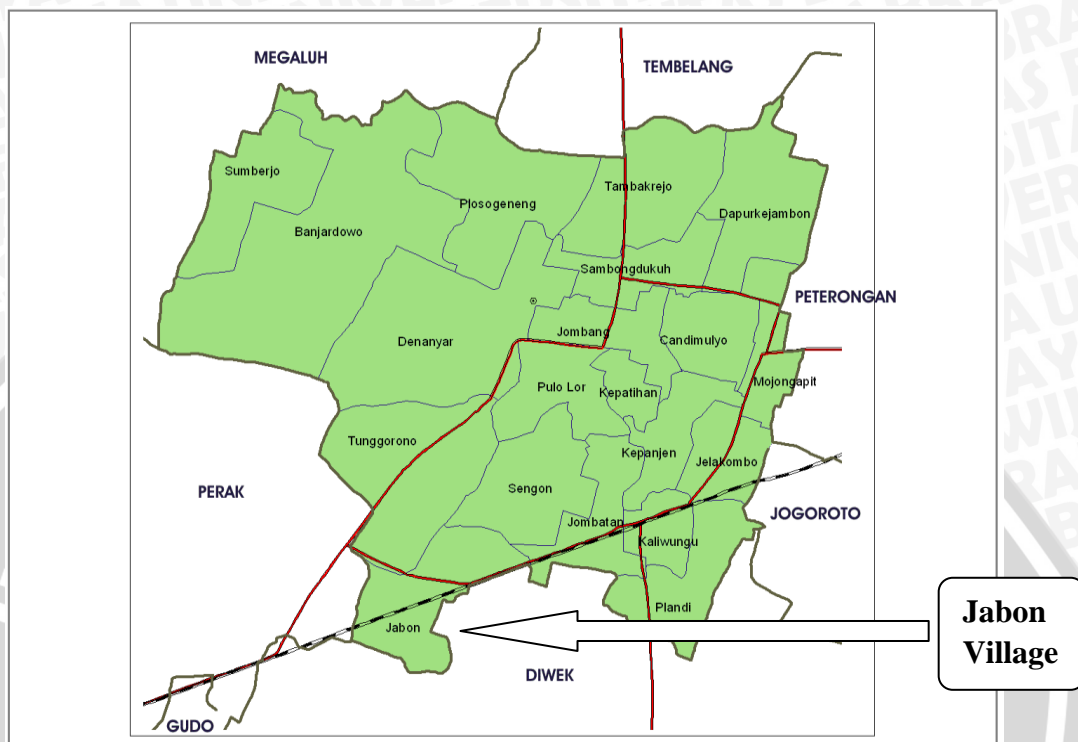
1. Geographychal and Demography Condition

Jabon village is one of the villages in the sub-district of Jombang, regency of Jombang, East Java provinces. Jabon village is the village which located about two miles from the sub-district of Jombang and is about 2.5 miles from the central of Jombang regency. Jabon village consists of five sub-villages, among others (Jambu, Jabon, Gondekan, Caruk Kulon, Caruk Wetan). Jabon village consist the 28 of RT and 9 of RW. The village is located on land which has an area of 198,645 hectares and has a tropical climate. The border descriptions of the village of Jabon, sub-district of Jombang, Jombang regency, are:

- a. North : Sengon village, sub-district of Jombang
- b. East : Pandanwangi village, sub-district of Diwek
: Jombatan village, sub-district of Jombang
- c. South : Brambang village, sub-district of Diwek
- d. West : Tunggorono village, sub-district of Jombang
: Temuwulan village, sub-district of Perak

Below is a map of the location of Jabon village, sub-district of Jombang, Jombang regency:

SUB-DISTRICT OF JOMBANG



Source: Bappeda of Jombang regency (2008)

Figure 4.1
Location of Jabon Village

Overview of the demographic condition at Jabon village, sub-district of Jombang, Jombang regency there are 1.231 households with a population of 4.621, consist of 2.096 males and 2.165 females. The highest population is on the productive age of 20-29 years of age. While the number of poor households as much as 379 with a population of 1.637. Here's the tables of population by the age on Jabon village, sub-district of Jombang, Jombang regency are as below:

Table 4.1
Population According to Age at Jabon Village

No.	Age of Population (Year)	Total (Person)
1.	0-9	691
2.	10-19	731
3.	20-29	781
4.	30-39	713
5.	40-49	656
6.	50-59	374
7.	60-69	261
8.	≥ 70	54
Total		4.261

Source: Government officials of Jabon village (2013)

Based on the demographic tables according to age of Jabon village above, Mr. Eko Wahyudi as the Headman of Jabon states that: "... In 2013, the population of productive age on the village of Jabon a lot more compared to the number of people who have not been productive or unproductive population. And the rate of births (natality) is quite high on this village". (the interview to Mr. Eko Wahyudi as the Headman of Jabon village, sub-district of Jombang, Jombang regency, Friday, March 14, 2014, at 10:00 am.)

While for demographic population based on the livelihoods of Jabon village, sub-district of Jombang, Jombang regency, the resident who works as entrepreneur are more dominant in the village. Here's a table of

population based livelihoods in Jabon village, sub-district of Jombang, Jombang regency are as below:

Table 4.2
Population According to Livelihood at Jabon Village

No.	Description	Total (Person)
1.	Farmers and Agricultural Labourers	219
2.	Private employees	553
3.	PNS	125
4.	Entrepreneur	1.588
5.	TNI	8
6.	Retired	45
7.	The craftsmen and coolie	126
Total		2.664

Source: Government officials of Jabon village (2013)

Based on the demographic tables according to the livelihood of Jabon village above, Mr. Achmad Robil as BKM Secretariat stated that: "... The dominant livelihood in the village of Jabon are entrepreneurs, they mostly selling of basic goods such as delicatessen, household stores, other than who sells it they are is also the breeding, open the garage, appliance store". (the interview to Mr. Achmad Robil as secretariat of BKM "Tunas Harapan", Friday, March 21, 2014 at 01:30 pm).

Based on the interview results, that the proving of implementation from PNPM Urban Self program in economics sector at the revolving loan of Jabon village, sub-district of Jombang, Jombang regency has been

successful in people empowerment. With this program, peoples are no longer depend himself to others and they are can rise from adversity and has the power to empower themselves.

2. Infrastructure Conditions

In the village of Jabon environmental infrastructure conditions is currently quite good and sufficient. Below will describe in more detail the infrastructure conditions contained at of Jabon village, sub-district of Jombang, Jombang regency.

Table 4.3
Educational Facilities

No.	Description	Total (Unit)
1.	Early Childhood Education	2
2.	Kindergarten (TK)	4
3.	Elementary School	4
4.	Junior High School	-
5.	Senior High School	-
6.	University	-

Source: Government officials of Jabon village (2013)

Based on the table of educational facilities of Jabon village, sub-district of Jombang, Jombang regency above, Mr. Achmad Robil as of BKM Secretariat stated that:

“... from the number of educational facilities in the village of Jabon this, there is one house of early childhood education were established using a BLM from the PNPM Urban Self in fiscal year 2009, whereas this village does not have educational facilities such as juniors high school, senior high school, and university because assessed this

village is quite close to the county seat of Jombang”. (the interview to Mr. Achmad Robil as secretariat of BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

Table 4.4
Health Care Facilities

No.	Description	Total (Unit)
1.	Hospital	-
2.	Maternity Hospital	2
3.	PUSKESMAS	1
4.	POSKEDES	-
5.	Clinic	2
6.	POSYANDU	6
7.	General Practitioners	-
8.	Dentist	-
9.	Physician Specialist	-
10.	Midwives	2
11.	Nurse	3

Source: Government officials of Jabon village (2013)

Based on the table of health care facilities of Jabon village, sub-district of Jombang, Jombang regency above, Mr. Achmad Robil as Secretariat of BKM states that:

“...PUSKESMAS at village of Jabon is indeed only one but so far PUSKESMAS were considered to have quite effective in providing health services to the community, and also a strategic location that is easily accessible by village communities. For the POSYANDU itself there were indeed many, because it urgently needed considering the amount of births at this village is quite high”. (the interview to Mr.

Achmad Robil as the secretariat of BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

Table 4.5
Economic Development Facilities

No.	Description	Total (Unit)
1.	Cooperative	1
2.	UPK of BKM	1
3.	Bank of BKD	1
4.	PKK	6

Source: Government officials of Jabon village (2013)

Based on the table of economic development facilities at Jabon village, sub district of Jombang, Jombang regency above, Mr. Achmad Robil as the BKM Secretariat states that: “... economic development facility at Jabon village has been running and is able to provide a positive impact on the welfare of society. And the facility has been able to fulfill the needs of society in terms of venture capital loan or the other”. (the interview to Mr. Achmad Robil as the secretariat the BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

Table 4.6
Infrastructure Facilities

No.	Description	Total
1.	Country Roads	-
2.	Provincial Roads	1,710 miles
3.	Regency road	1,533 miles
4.	Rural Roads	
	a. Asphalt	6,109 miles
	b. Ground	4,082 miles
5.	Sub-village Roads	
	a. Asphalt	2,183 miles
	b. Paving	2,688 miles
	c. Ground	2,358 miles
6.	Bridge	
	a. Concrete	7 Unit
	b. Wood / Bamboo	1 Unit
7.	Water Source	
	a. In wells	647 Unit
	b. Dug wells	253 Unit
8.	Sanitation	
	a. Communal Latrines	45 Unit
	b. MCK	50 Unit
	c. Septic tank	678 Unit

Source: Government officials of Jabon village (2013)

Based on the table of infrastructure facilities at Jabon village, sub-district of Jombang, Jombang regency above, Mr. Achmad Robil as the BKM Secretariat states that:

“... Of the many existing facility of infrastructure, there are some facilities that have been built using funds from the BLM PNPM Urban Self such as village roads and sub-village road, whether it is asphalt or paving, but it also bridges and sanitation in the village. To the

infrastructure development certainly through village consultation with the community. Infrastructure development can certainly increase empowerment at the village, whether in the ease of access from the public in one sub-village to another sub-village or access from the one village to another village". (the interview to Mr. Achmad Robil as secretariat of BKM "Tunas Harapan", Friday, March 21, 2014 at 01:30 pm).

B. The mechanism of implementation revolving loan program of PNPM

Urban Self to effort the people's empowerment at the village of Jabon, sub-district of Jombang, Jombang regency.

1. The targets of revolving loan from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.

The main target of the implementation on revolving loan is poor households (low income) at area of urban/village, which LKM / UPK were, especially the poor who are already identified in the list of the poor. Indicators of the achievement of this target include:

a. Borrowers derived from poor households that have been identified in the PJM PRONANGKIS and are registered in the list of poor people.

Below is the description of poor households that have been identified and registered in the list of poor people in the village of Jabon, sub-district of Jombang, Jombang regency.

Table 4.7
Data of Poor Households

No.	Year	Population (person)	Population of Poor Households (person)
1.	2008	4.033	1.739
2.	2009	4.097	1.716
3.	2010	4.135	1.699
4.	2011	4.172	1.678
5.	2012	4.201	1.652
6.	2013	4.261	1.637

Source: BKM "Tunas Harapan", 2013

Based on the the results of interview related targets of Revolving Loan of PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency, according to Ms. Romikatin as UPK states that: "... Indeed most of the borrowers are not identified as poor households are registered in the list of poor people. If calculated there were only about 30% KSM members stated as poor households. So in the KSM was mixed, not all poor people, on average in the KSM consisting of 5 people, 2-3 people are poor people". (the interview to Ms. Romikatin as head of the UPK, Friday March 21, 2014, 06:00 pm).

Moreover, the results of interview the secretariat of BKM "Tunas Harapan" also states that: "... the average borrower at this

village is not from poor populations registered. They can loan are those who applied to receive the loan. So we do not restrict anyone who wants to get the loan”. (the interview to Mr. Achmad Robil as the secretariat of BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

Analysis:

In the first main target of revolving loan, ie “Borrowers derived from poor households that have been identified in the PJM PRONANGKIS and are registered in the list of poor people” is not accordance with the procedure from regulation of PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency. There were only about 30% KSM members stated as poor households. This is a Gap, because an inexpediency of the theory with the implementation of the targets on revolving loan from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency. This implementation is not accordance with the theory “The empowerment approach is the efforts should be directed (targeted). It is popularly called the siding. Directed against that need, with programs designed tackle the problem and suit their need”. (Kartasasmita, 2003).

b. Minimum 30% of borrowers are woman.

Below is description of data on KSM according to Gender at the village of Jabon, sub-district of Jombang, Jombang regency.

Table 4.8
Data of KSM according to Gender

No.	Year	Total of KSM (person)	Man (person)	Woman (person)	Man (%)	Woman (%)
1	2008	351	94	257	27	73
2	2009	304	73	231	24	76
3	2010	280	78	202	28	72
4	2011	180	56	124	31	69
5	2012	192	59	133	31	69
6	2013	200	54	146	27	73
Average					28	72

Source: BKM "Tunas Harapan", 2013

Based on the results of interviews related Revolving Loan targets of PNPM Urban Self of Jabon village, sub-district of Jombang, Jombang regency, according to Ms. Romikatin as UPK states that: "... for borrowers, it is in this village that almost 72% of woman. The man is just a little". (the interview to Ms. Romikatin as head of the UPK Friday March 21, 2014, 06:00 pm).

In addition, the results of the interviews to the secretariat BKM “Tunas Harapan” also states that: “... a lot of had an interest on this loan is mostly woman, usually housewives who want to develop business”. (the interview to Mr. Achmad Robil as the secretariat of BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

Analysis:

From the results of these interviews states that the second indicator of main target of revolving, ie “Minimum 30% of borrowers are woman” have been conducted accordance with the procedure from regulation of PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency. The borrowers are 72% woman. So, in the second indicator of main target revolving loan have good implementation at Jabon village. This implementation has already accordance with the theory “The program must be directly engage or moreover carried out by the targeted community. Engaging the people who will be assisted to have some destination, namely that aid was effective because according to the will and ability as well as their needs. Moreover while enhancing empowering people with experience in designing, executing, managing, and accountable for self-improvement efforts and economy”. (Kartasasmita, 2003).

- c. The borrowers from the poor households have joined the **Kelompok Swadaya Masyarakat (KSM)**, specifically for this activity consists of at least 5 persons.

Below is description of data on community which have joined to the Kelompok Swadaya Masyarakat (KSM), and the members of KSM consist at least 5 persons.

Table 4.9
Data of the Borrowers included to KSM

No.	Year	Total of KSM (Unit)	Total of Borrowers (person)
1	2008	67	351
2	2009	58	304
3	2010	54	280
4	2011	35	180
5	2012	36	192
6	2013	37	200

Source: BKM "Tunas Harapan", 2013

Based on the result of interview related Revolving Loan target of PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency, according to Ms. Romikatin as the head of UPK states that: "... citizens who want to borrow it must be joined first into groups of KSM, of KSM in this village also has the

name of each. In this village, a group of KSM was not all members of poor people, but from 5 persons there are 2-3 people who are poor". (the interview to Ms. Romikatin as the head of the UPK Friday March 21, 2014, 06:00 pm).

Moreover, the results of interview to the secretariat of BKM "Tunas Harapan" also states that: "... in this program is the prerequisite should take a form KSM, so inevitably those who want to get a loan to be incorporated in the KSM". (the interview to Mr. Achmad Robil as BKM secretariat of "Tunas Harapan", Friday, March 21, 2014 at 01:30 pm).

Analysis:

At the village of Jabon, sub-district of Jombang, Jombang regency, the third indicator of main target on revolving loan, ie "The borrowers from the poor households have joined the Kelompok Swadaya Masyarakat (KSM), specifically for this activity consists of at least 5 persons" have been conducted accordance with the procedure from regulation of PNPM Urban Self. From the interview to the UPK and secretary of BKM "Tunas Harapan" states that all of the borrower have joined to the KSM. And the member every KSM consist on 5-10 person. This implementation has already accordance with the theory "Using the group approach, because individually the poor people are difficult

to solve the problems they face. Well scope of assistance too wide if handling is done individually” (Kartasmita, 2003).

d. Access to credit for KSM credit repayment performance ensured sustainability through BLM and channelling the proceeds with clear loans policy.

Based on the results of interview related Revolving Loan Targets of PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency, according to Ms. Romikatin as the head of UPK states that: “... in this case, we had to be decisively, if not decisively, eventually the UPK and BKM which hassles later. As of 2008 before it, many who have bad credit, we immediately stop the distribution of funds to them before they repayment the previous loan”. (the interview to Ms. Romikatin as the head of the UPK Friday March 21, 2014, 06:00 pm).

Moreover, the results of the interview the secretariat of BKM “Tunas Harapan” also states that: “... we are of the BKM is already making policy, if there is delinquent (bad debts) we will not lend it again. So we provide these loans to citizen really smooth performance returns”. (the interview to Mr. Achmad Robil as secretariat of the BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

Analysis:

At the BKM “Tunas Harapan”, the fourth indicator of main targets on revolving loan, ie “Access to credit for KSM credit repayment performance ensured sustainability through BLM and channelling the proceeds with clear loans policy” has conducted accordance with the procedure from regulation of PNPM Urban Self. From the interviews, states that the KSM members have a good repayment will assure to get next loan and the KSM member have bad debts blocked by UPK. This implementation has already accordance with the theory “For the interest of analysis, people’s empowerment must be seen either with a comprehensive approach to rational and incremental”. (Kartasasmita, 2003).

2. Handling organization of revolving loan from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.

In carrying out community empowerment programs, it takes the active role of the stakeholders, particularly the public that empowerment program conducted takes place in bottom-up. Moreover, the implementation of revolving loan activities from PNPM Urban Self is needed a forum that can organize society so that common goals can be reached. The containers are institutions that can accommodate the aspirations of the community and able to empower the community, so that the community become powerless. As for the institutions that are in the village of Jabon, sub-district of Jombang, Jombang regency as agencies

involved in managing the Revolving Loan from Urban Self can be explained as follows:

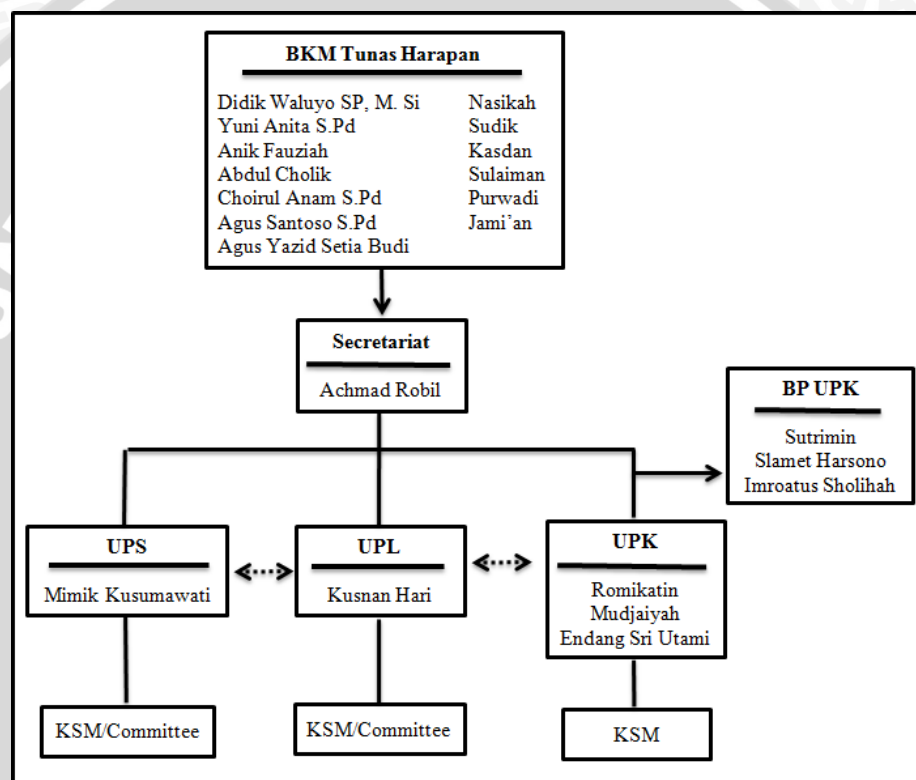
a. Badan Keswadayaan Masyarakat (BKM)

Badan Keswadayaan Masyarakat (BKM) located in Jabon village, sub-district of Jombang, Jombang regency is BKM "Tunas Harapan" which has been legally formed in accordance with the PNPM Urban Self and has a Charter which states that the Revolving Loan will be run as one tool prevention poverty in the region. BKM "Tunas Harapan" has a secretariat office in Kapten P. Tendean Street number 5 Jombang. The status of BKM has been recorded by a notary public of "Masruchin, SH., Hum". BKM was approved on January 15, 2013 No.2.410/T/2013 with collective leadership with the period of 2012-2015.

Establishment of BKM "Tunas Harapan" of Jabon village, sub-district of Jombang, Jombang regency not be separated from the inclusion of PNPM Urban Self Program in Jombang regency in 2005 which at that time was the location of the targets P2KP program phase II as the government's efforts to build self-reliance and local governments to reduce poverty in a sustainable manner. BKM members "Tunas Harapan" comes from socialite and citizens of Jabon village sub-district of Jombang, Jombang regency.

In the running program of PNPM Urban Self, BKM "Tunas Harapan" oversees three unit managers who will be responsible for

tridaya programs, namely the Environmental Management Unit (UPL); Social Management Unit (UPS); and Financial Management Unit (UPK). Here is an overview of the organizational structure of the BKM “Tunas Harapan” of Jabon village, sub-district of Jombang, Jombang regency:



Source: BKM “Tunas Harapan” (2012)

Figure 4.2
Organizational Structure of BKM “Tunas Harapan”

b. Badan Pengawas Unit Pengelola Keuangan (BP-UPK)

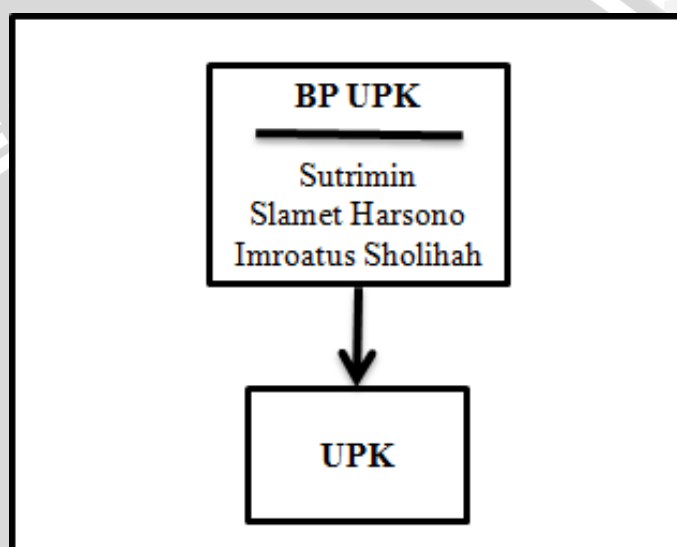
Supervisor of UPK is which monitors activities of the UPK in managing the Revolving Loans that meet the minimum criteria, among others:

- 1) It has been appointed by persons BKM about 2-3, fulfilled the men and woman.
- 2) It has a job description that includes the duties and responsibilities of the supervisor include:
 - a) Monitoring, evaluation and audit of the UPK to measure operating performance (compliance and financial performance based on indicators that applicable);
 - b) Directing the UPK in managing the Revolving Loans to conform with the policies and regulations that have been made by BKM;
 - c) Conducting the monitoring / inspection of all Revolving Loans management activities both in the UPK and at KSM;
 - d) In collaboration with BKM, volunteers and the village apparatus to socialize Revolving Loan activities;
 - e) In collaboration with volunteers and the village apparatus for assist the collection of loan payments.
- 3) Have attended training on Revolving Loans, Bookkeeping, Cash Management, Supervision, Organizational, Business Plan, PERT, and Entrepreneurship.

Based on the results of the documentation mentions that in BKM “Tunas Harapan” Jabon village, sub-district of Jombang, Jombang district has fulfilled the criteria of UPK Supervisory which,

Supervisors of UPK which consists of 2 men (Mr. Sutrimin and Mr. Slamet Harsono), and 1 woman which (Ms. Imroatus Sholihah).

Here is an overview of the organizational structure Badan Pengawas Unit Pengelola Keuangan (BP-UPK) at BKM "Tunas Harapan" Jabon village, sub-district of Jombang, Jombang regency:



Source: BKM "Tunas Harapan" (2012)

Figure 4.3

Organizational Structure of BP-UPK at BKM "Tunas Harapan"

Based on the interview, according to BKM Coordinator "Tunas Harapan" Jabon village, sub-district of Jombang, Jombang regency Mr. Didik Waluyo, SP, M.Si states that: "... So far, the performance of BP-UPK already well in control of the Revolving Loan disbursements at this village, for handling troubled loans, such as bad debts, the BP UPK have been watching the UPK who directly stop the distribution of these funds to the troubled citizens". (the interview to Mr. Didik

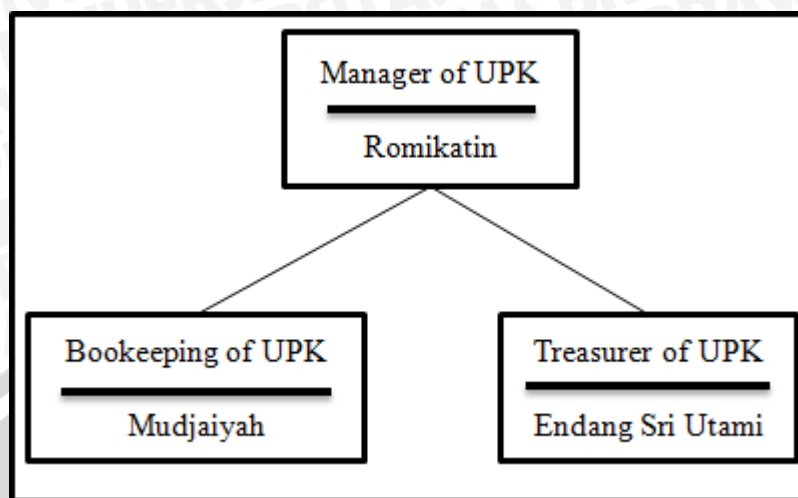
Waluyo, SP, M.Si as coordinator of BKM “Tunas Harapan”, Saturday March 15, 2014, 06:00 pm).

Moreover, the result of the interview to the secretariat of BKM “Tunas Harapan” also shows that: “... The members of BP-UPK at this village have completed training programs such as Accounting, Cash Management, Supervision, Organizational, Business Plan, PERT, and Entrepreneurship. They are already equipped with the training”. (the interview to Mr. Achmad Robil as secretariat of BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

c. Unit Pengelola Keuangan (UPK)

Unit Pengelola Keuangan (UPK) is an institution that will manage the funds in the Revolving Loan program of PNPM Urban Self. Members of UPK committee at BKM “Tunas Harapan” at Jabon village, sub-district of Jombang, Jombang regency derived from the village community volunteers. The organizational structure of UPK was divided into three, is Manager of UPK, UPK Bookkeeping section, and Treasurer of UPK.

Below is an overview of the organizational structure of Badan Pengawas Unit Pengelola Keuangan at BKM “Tunas Harapan” of Jabon village, sub-district of Jombang, Jombang regency:



Source: BKM "Tunas Harapan" (2012)

Figure 4.4

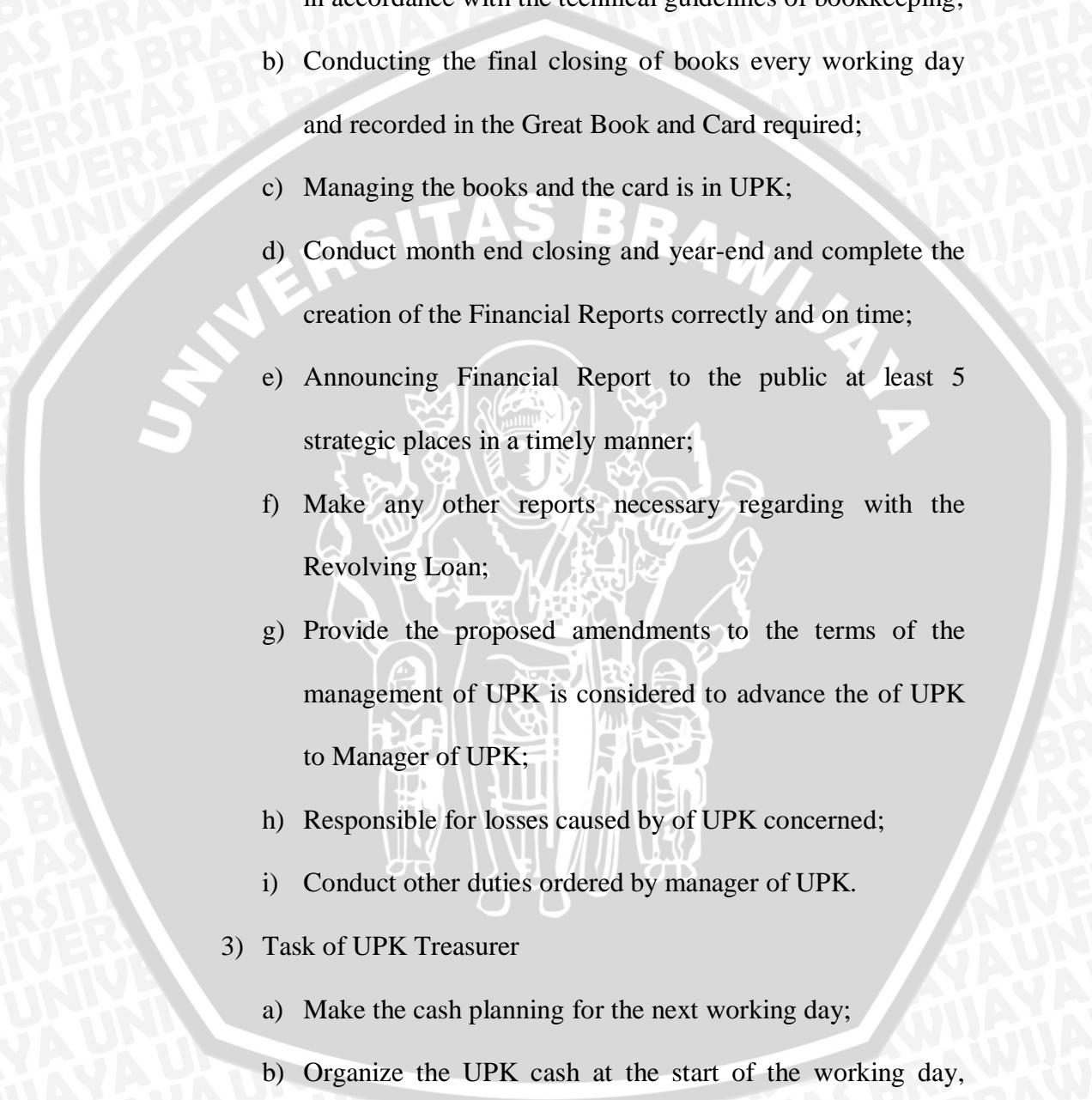
Organizational Structure of UPK at BKM "Tunas Harapan"

Below is job description of each part in the organizational structure of UPK:

- 1) Task Manager of UPK:
 - a) Preparing an annual business plan of UPK;
 - b) Compiling the plan annual budget of revenues and costs of UPK;
 - c) Directing and motivating of UPK personnel in their respective activities for the performance of UPK can achieve determined indicators;
 - d) Conducting oversight and guidance to all personnel of UPK in order to carry out the work according to their duties and responsibilities;
 - e) Conduct the verification and analysis the proposed of loan submitted by UPK personnel;

- f) Provide a decision of approval or rejection of the proposed the loan;
- g) Overseeing the use of the loan and to provide guidance to KSM borrower;
- h) Examining the books and cash before the end of the day;
- i) Facilitate deposits and withdrawals KSM savings in the bank/UPK;
- j) Approve the UPK expenditures;
- k) Maintaining the UPK assets;
- l) Evaluate the UPK activities;
- m) Provide assistance and access to information about the activities of the management of revolving loans above examination conducted by the supervisor, the independent auditor nor from the government;
- n) Provide guidance on the things that needed to support the performance of the Revolving Loans to KSM and their members, for example the management of the household economy, entrepreneurship and so on;
- o) Conduct proposed changes provisions of revolving loan management are considered to further advance the UPK.

2) Task of UPK Bookkeeping Section

- 
- a) Record each transaction in the books and cards that have been established, exactly on the date of the transaction and in accordance with the technical guidelines of bookkeeping;
 - b) Conducting the final closing of books every working day and recorded in the Great Book and Card required;
 - c) Managing the books and the card is in UPK;
 - d) Conduct month end closing and year-end and complete the creation of the Financial Reports correctly and on time;
 - e) Announcing Financial Report to the public at least 5 strategic places in a timely manner;
 - f) Make any other reports necessary regarding with the Revolving Loan;
 - g) Provide the proposed amendments to the terms of the management of UPK is considered to advance the of UPK to Manager of UPK;
 - h) Responsible for losses caused by of UPK concerned;
 - i) Conduct other duties ordered by manager of UPK.
- 3) Task of UPK Treasurer
- a) Make the cash planning for the next working day;
 - b) Organize the UPK cash at the start of the working day, while operations and the end of the day;
 - c) Paying the loan has been approved or decision from Manager;

- d) Paying drawdown recourse savings and other expenditure that have been approved by Manager;
- e) Receive an savings deposits, instalment or repayment of loans and services or other deposits;
- f) Conduct a deposit and withdrawal cash money/cash to and from banks and formal financial institutions;
- g) Maintain asset and inventory UPK generally, and especially those directly worn;
- h) Saving the rest of cash money (cash balance) and details of cash into the safe deposit box together with the books;
- i) Provide the proposed amendments to the terms of the management of UPK which was considered to advance the UPK to the Manager of UPK.

Based on the results of interviews related to the performance of UPK in of BKM “Tunas Harapan” of Jabon village, sub-district of Jombang, Jombang regency in carrying out their duties, the secretariat of BKM “Tunas Harapan” states that: “... The performance of UPK in this of BKM is fairly satisfactory, as evidenced by the results of the performance of UPK, of BKM “Tunas Harapan” got ranked number 2 Jombang regency as a of BKM free arrears (bad debts)”. (the interview to Mr. Achmad Robil as secretariat of BKM “Tunas Harapan” , Friday, March 21, 2014 at 01:30 pm).

Moreover, interview result also been submitted by the coordinator of BKM “Tunas Harapan” which states that: “... the officer of UPK indeed a very good performance. Such as the early implementation of this program, at that time the amount of arrears (bad debts) is many. In this case the officer of UPK quite decisive, they immediately stop the distribution of funds to the people who have these arrears”. (the interview to Mr. Didik Waluyo, SP, M.Si as coordinator of BKM “Tunas Harapan”, Saturday March 15, 2014, 06:00 pm).

d. Kelompok Swadaya Masyarakat (KSM)

KSM eligibility criteria include:

- 1) KSM borrower has been formed and its members are poor people who are on the list, and all members have gained a briefing on the books of KSM, revolving loan (borrower requirements, joint responsibility, and the stages of borrowing), PERT, entrepreneurship and had engaged saving among members of KSM;
- 2) KSM formed only for the purpose of creating business and employment opportunities and increasing the incomes of the poor people;
- 3) KSM formed on the basis of the agreement of its members voluntary, democratic, participatory, transparent and equality;

- 4) Members of KSM including categories of poor households according the criteria set by the of BKM/Community;
- 5) The number of KSM members at least 5 persons;
- 6) The number of KSM members 30% of woman;
- 7) Have adequate accounting as required;
- 8) All members approved the joint responsibility of KSM and poured in writing in the statement of joint responsibility.

Based on the results of the documentation of the data KSM proposal contained in UPK of BKM “Tunas Harapan” of Jabon village, sub-district of Jombang, Jombang regency mention that all eligibility criteria KSM which has been mentioned in the handbook of Revolving Loan from PNPM Urban Self has been implemented by the KSM in the village well and correctly.

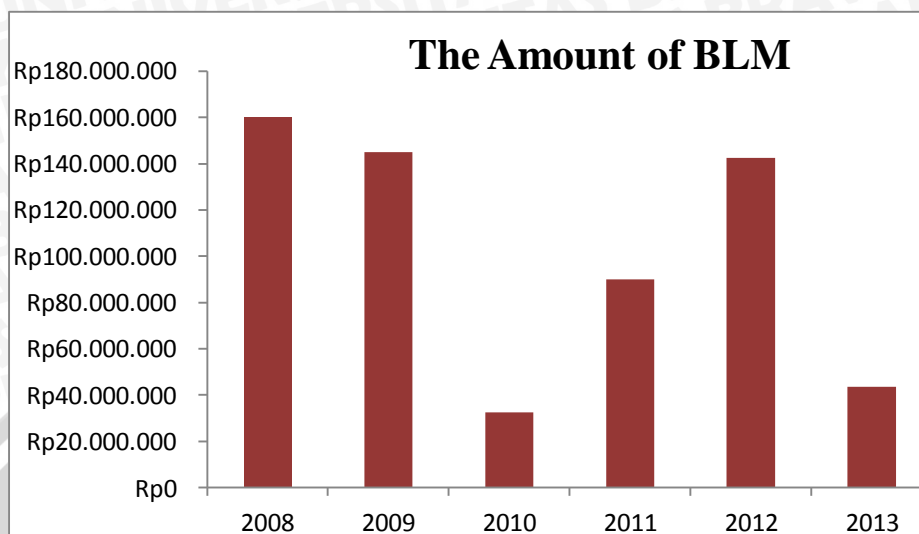
Based on the results of interviews related to KSM Economics at the BKM “Tunas Harapan” of Jabon village, sub-district of Jombang, Jombang regency, UPK officer states that: “... until now regarded all KSM in the village of Jabon included in the criteria of proper. They have been understood about the loan scheme, loan stages, instalment of payback and savings activities. The KSM members also have been understood rules that are set”. (the interview to Ms. Romikatin as a head of the UPK Friday March 21, 2014, 06:00 pm).

Analysis:

On the regulation of revolving loan from PNPM Urban Self, the handling organization at the village of Jabon, sub-district of Jombang, Jombang regency have been accordance with the procedure. The handling organization of revolving loan from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency already executing the program in a fair way. They have already implementing the provisions accordance with the regulation of revolving loan. The organizations are: Badan Keswadayaan Masyarakat (BKM) “Tunas Harapan”; Badan Pengawas Unit Pengelola Keuangan (BP-UPK); Unit Pengelola Keuangan (UPK); Kelompok Swadaya Masyarakat (KSM). This implementation have already accordance with the cooperation theory from (Fujikake, 2000; 2001).

3. The amount of BLM from PNPM Urban Self to the village of Jabon, sub-district of Jombang, Jombang regency.

The village of Jabon is one of the villages Jombang regency that receives assistance program from PNPM Urban Self since 2008. Till now the activity has been running for 5 years. Here is an overview the amount of BLM from the government given to Jabon village, sub-district of Jombang, Jombang regency:



Source: The analysis of author, (2014)

Figure 4.3

The amount of BLM from the Government to Jabon Village

Based on the results of the documentation from the archives of the BKM “Tunas Harapan” mentions that:

- a. In 2008 Jabon village, sub-district of Jombang, Jombang regency receives allocations of BLM as Rp160,000,000, -
- b. In 2009 Jabon village, sub-district of Jombang, Jombang regency receives allocations of BLM as Rp145.000.000,-
- c. In 2010 Jabon village, sub-district of Jombang, Jombang regency receives allocations of BLM as Rp32.500.000,-
- d. In 2011 Jabon village, sub-district of Jombang, Jombang regency receives allocations of BLM as Rp90.000.000,-
- e. In 2012 Jabon village, sub-district of Jombang, Jombang regency receives allocations of BLM as Rp142.500.000,-

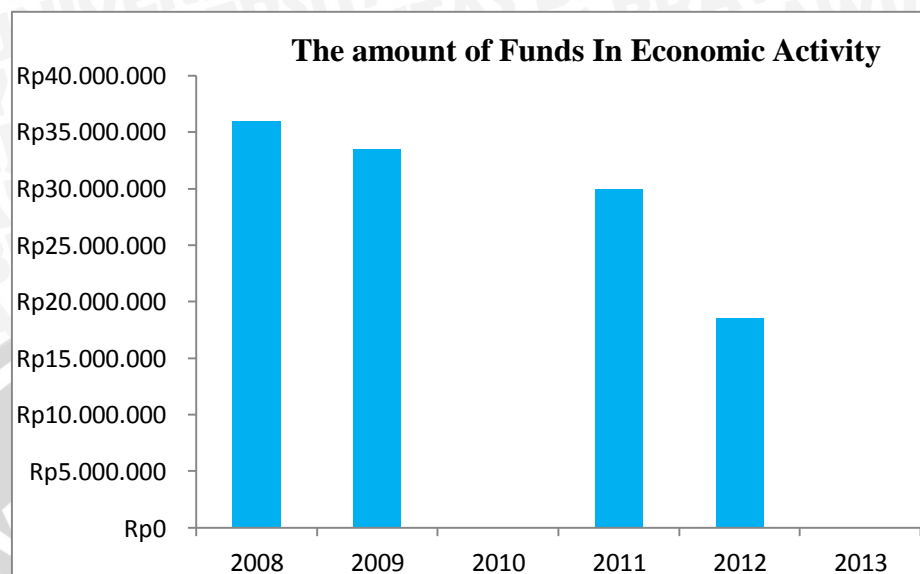
- f. In 2013 Jabon village, sub-district of Jombang, Jombang regency receives allocations of BLM as Rp43.500.000,-

Based on the results of interviews related to the amount of BLM received Jabon village, sub-district of Jombang, Jombang regency in the program from PNPM Urban Self, secretariat of the BKM “Tunas Harapan” states that:

“... The beginning of this program in 2008, the BLM received is greater than the next year. Then in 2010 the village did not get the BLM, but getting Package phase 3 or Reward. And the reward is obtained as the BKM “Tunas Harapan” assessed has been succeeded in carrying out activities properly in 2009. Continue in 2011 and 2012, village of Jabon reinstate the BLM. Then in 2013 the village of Jabon again did not get a BLM, but receive Reward again”. (the interview to Mr. Achmad Robil as secretariat of BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

1) The amount of Funds In Economic Activity

The BLM will then be distributed to the three management units that will be responsible from tridaya program, the Environmental Management Unit (UPL); Social Management Unit (UPS); and Financial Management Unit (UPK). And for the distribution of funds in the economic activities of Revolving Loans, UPK party is only entitled to get the maximum funding as 20% from the BLM. Here is an overview the amount of funds on economic activity of Revolving Loans of Jabon village, sub-district of Jombang, Jombang regency:



Source: The analysis of author, (2014)

Figure 4.4

The amount of Funds on Economic Activity on Jabon village

Based on the results of the documentation from the archives of BKM “Tunas Harapan” mentions that:

- a) In 2008 the economic activity on revolving loans receive an allocation of funds from the BLM as Rp36,000,000, -
- b) In 2009 the economic activity on revolving loans receive an allocation of funds from the BLM as Rp33.500.000,-
- c) In 2010 the economic activity on revolving loan does not receive budget allocation from BLM.
- d) In 2011 the economic activity on revolving loans receive an allocation of funds from the BLM as Rp30.000.000,-
- e) In 2012 the economic activity on revolving loans receive an allocation of funds from the BLM as Rp18.500.000,-

- f) In 2013 the economic activity on revolving loan does not receive budget allocation from BLM.

Based on the results of interviews related to the amount of funds on economic activities of revolving loan at Jabon village, sub-district of Jombang, Jombang regency, UPK officer states that:

“... In 2008 and 2009, all units been allocated of BLM. In 2010, the allocated of BLM only UPL, UPK does not receive, because the BKM considered that the source of funds owned UPK is still sufficient, so the funds are not routed to UPK. Then, in 2011 all unit receive allocation again. Then in 2012 that received allocations only UPL and UPK, while UPS does not get it. And in 2013 which receive funds only UPL because UPK still considered have sufficient financial resources”. (the interview to Ms. Romikatin as the head of UPK Friday March 21, 2014, 06:00 pm).

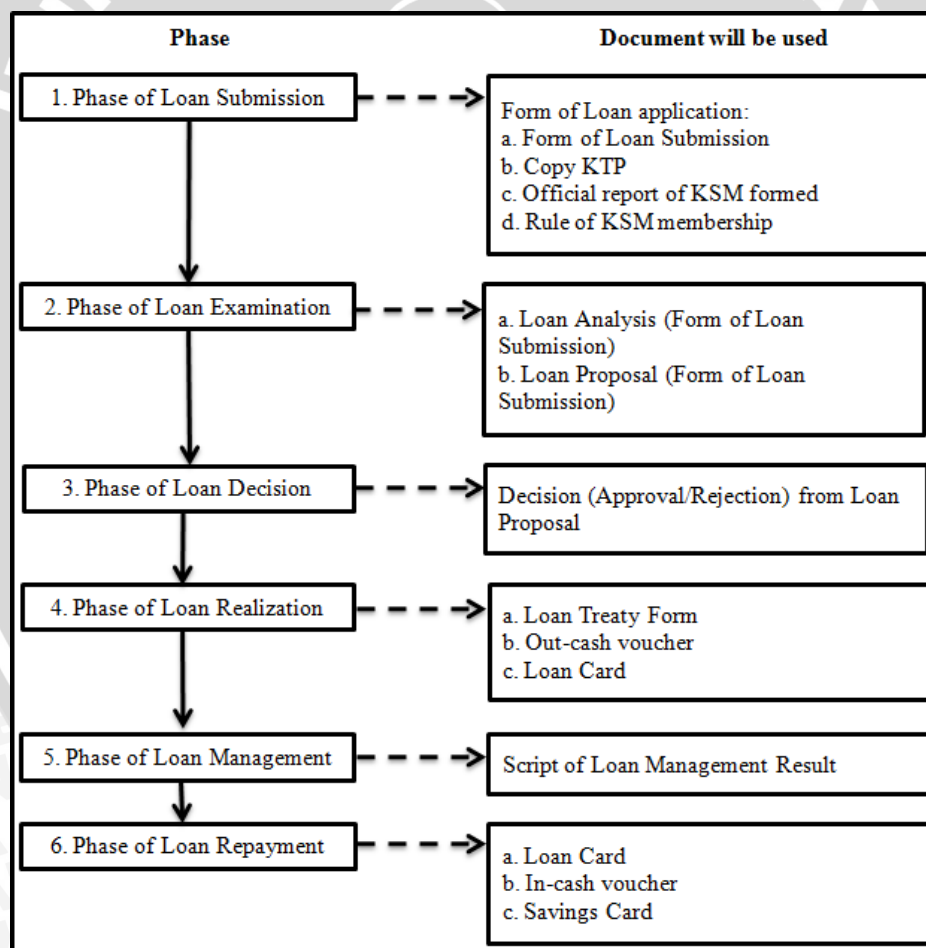
Analysis:

On the regulation of revolving loan from PNPM Urban Self, BLM that is to be given are divide into three sector, ie, (Social, Environment, and Economic) and especially for economic sector just got maximum 20% of BLM. Based on the documentation and interview, at the village of Jabon, sub-district of Jombang, Jombang regency the regulation has been implemented accordance with the procedure. This implementation has already accordance with the Administrative and Economic Management theory from (Fujikake, 2000; 2001).

4. The mechanism of revolving loan from PNPM Urban Self to the village of Jabon, sub-district of Jombang, Jombang regency.

In the implementation activities of revolving loans, divided into six phases, which: Phase of Loan Submission, Phase of Loan Examination, Phase of Loan Decision, Phase of Loan Realization, Phase of Loan Management, Phase of Loan Repayment.

Below is a schematic mechanism of implementation the revolving loan from PNPM Urban Self:



Source: Revolving Loan Module (2010)

Figure 4.5
Scheme of Loan Provision Phase

The explanation Scheme of Loan Provision Phase a revolving loan from PNPM Urban Self of Jabon village, Jombang sub-district, Jombang regency, as below:

a. Phase of Loan Submission

In this phase activity conducted by KSM was accompanied by UPK officer, volunteer or facilitator. Activities carried out are:

- 1) Each member of KSM can be assisted by Caretaker of KSM, UPK, volunteers or facilitators in completing Loan Submission form of KSM Members, and signed with the husband/wife. Furthermore, the form submitted to the head of the KSM.
- 2) Head of KSM checking the completeness and correctness of form of Loan Submission of KSM members (PB-01) and signed on the column of Head the KSM. Then create a form of Request and Lending Decisions, attached:
 - a) News event of Establishment the KSM;
 - b) Rules of the KSM;
 - c) Copy of ID card of each member the KSM;
 - d) Form of Loan Submission the KSM Members that have been filled;
 - e) Power of Attorney.
- 3) Chief of the KSM submits application form and Lending Decisions and its attachment to the officer of UPK.

Based on the results of interviews related to Phase of Loan Submission of Jabon village, sub-district of Jombang, Jombang regency, UPK officer states that:

“... broadly the process in this loan submission phase was implemented by UPK. For submission of funds rightfully the KSM parties who submit to me, but understandably, they were borrowing is not of person that can make submission the letters like that, so to make the letters (proposals) is difficult, so I was prepared all the required purposes, they just have to collect a copy of ID card and household registration to me, and then they just signatures”. (the interview to Ms. Romikatin as head of the UPK Friday March 21, 2014, 06:00 pm).

Based on the results of interviews related Loan Submission Phase of Jabon village, sub-district of Jombang, Jombang regency, one of the chief of KSM “Bangkit Jaya” states that: “... Initially I was told UPK to make a proposal, could let able the loan, but because I can not make it, Ms. Romikatin (UPK) is preparing the letters. Last I just collect a copy of ID and households card only to Ms. Romikatin. And last just signature only”. (the interview to Ms. Kusmianingsih as chief of KSM “Bangkit Jaya” Saturday March 22, 2014, 04:00 pm).

Analysis:

The implementation of first mechanism on the phase of loan submission at Jabon village, sub-district of Jombang, Jombang regency is not accordance with the theory of “Loan policy should address the definition of a problem loan and specify the steps to be taken, with particular emphasis on responsibility for problem loan

management. Ideally, loan policy should be developed as the loan officer's guide to the extension and control of credit". (Michael Groves 1992: 145-146).

b. Phase of Loan Examination.

Activities carried out are:

- 1) Officers of UPK receive and check the completeness and correctness of application forms and Lending Decisions and attachments received from the chief of the KSM;
- 2) Application form and Lending Decisions is already complete and correct;
- 3) A copy the News Book of KSM formation and Rules;
- 4) Form of Loan Submission from KSM Members is already complete and correct;
- 5) A copy of ID card of each candidates borrower is already existing, is still valid and locals. If everything is filled in completely and correctly, UPK officer then explained the terms of the Revolving to KSM and their members.
- 6) Officers of UPK furthermore conduct field inspections and make an analysis of the loan application. Field inspections aimed to determine the feasibility of KSM members (poor/no; had a business/no) and to obtain basics information in order to analyze the willingness and ability of the borrower in returning

the loan. Matters should be conducted by UPK Officers in order to analyze the loan:

a) Checking the feasibility of KSM and its members by comparing documents and list of and News Events Establishment of KSM;

b) Looking for the information and conduct the analysis a loan each of the members of KSM by 5 C (character, condition, capacity, capital and collateral):

(1) Character: character or nature of potential borrowers with requesting information to neighbor and local village apparatus.

(2) Condition: business conditions of prospective borrowers, whether new to stand up, or already running. Contrary is to law, decency and morality or not. Competitor is strong enough or not. Possible future is able to compete or not. Thus can be seen the possibility of the continuation of these efforts.

(3) Capacity: The ability of a business to make a profit. How Sales, How much anyway. How much income/profit earned in the business cycle. What is the cost of family life. How much the net profit. What is the % increase in its business plans.

(4) Capital: How much capital of which is owned, how debt incurred. How much net capital in the business.

(5) Collateral: What material is used as collateral for the loan. What is the value of the goods sold? Easily sold or not. What proof of ownership. For PNPM collateral only recourse in the form of saving while other collateral material is not allowed.

c) Results of the examination are recorded in a loan analysis sheet. If the character, business conditions, capital and savings joint liability is not problematic, UPK officer then make an approximate calculation of the ability to pay return a large a loan as the basis for determining, term and repayment schedule.

Based on the analysis, UPK officer makes recommendations to the Manager UPK if the loan is approved or rejected, and signed the loan proposal signatures column. Loan application documents along with proposal sheet after the signed officer UPK submitted to UPK manager for approval or rejection.

Based on the results of the documentation of KSM proposal on UPK of Jabon village, sub-district of Jombang, Jombang regency mentions that all Examination Revolving Loan of Jabon village, sub-district of Jombang, Jombang regency has implemented well

by the UPK. All forms-forms and regulations required in the Revolving Loan have been present in the proposal of KSM on UPK.

Based on the results of interviews related Loan Examination of Jabon village, sub-district of Jombang, Jombang regency, secretariat of BKM “Tunas Harapan” mentions that: “... Judging from the borrower of KSM proposal, the UPK is already implementing Loan Examination Phase well and correctly, all the provisions necessary for economic activities have already contained in the proposal”. (the interview to Mr. Achmad Robil as secretariat of BKM “Tunas Harapan”, Friday, March 21, 2014 at 01:30 pm).

Analysis:

The implementation of second mechanism on the phase of loan examination at Jabon village, sub-district of Jombang, Jombang regency have already accordance with the theory of supervisions of problem loan “Who should handle that loan, be responsible for its supervision, and make the decisions regarding it?” Responsibility can be left with the loan officer servicing the loan; Turned over to an officer who specializes in handling problems loan; Delegated to a committee of loan officers”. (Robert H. Behrens 1992: 51).

c. Phase of Loan Decision.

Activities carried out are:

- 1) Manager of UPK then examined of KSM loan applications and proposed decision of Officers UPK. Matters that need to be considered include:
 - a) Eligibility of KSM as the target of PNPM Urban Self and as the prospective borrowers.
 - b) Results of analysis the officers of UPK to KSM member business.
 - c) The proposed decision of UPK officer.
- 2) If upon closer inspection there is a problem Manager of UPK give agreement on proposals of UPK staff and signing the consent signature column. When findings are based on the problem / doubt (like omzet, cost, improper revenue) the UPK Manager-check on things that are doubtful. Based on the results of re-examination, Manager of UPK decided approval or rejection. If, based on the findings results is unfeasible for a given loan, Manager of UPK decided to reject the loan. The file for a loan which had been cut off and then handed back to the officer of UPK to be resolved further.

Based on the results of the data documentation the KSM proposals of UPK at Jabon village, sub-district of Jombang, Jombang regency mentions that in Phase of Loan Decision

(approval/rejection) of this loan, procedures has been implemented by all relevant parties, that is of UPK. In the proposal has agreement on the proposal contained UPK officer and the signature contained in the approval signature column.

Analysis:

The implementation of third mechanism on the phase of loan decision at Jabon village, sub-district of Jombang, Jombang regency has already accordance with the theory of identification of problem loan “loan in which the risk is greater than a lender ordinarily would willingly assume. Therefore, it requires special attention on the part to be collected in full within a reasonable period of time after its maturity. Identify problem loans in time to solve the problem before the situation deteriorates to the point where it has no alternative but to take the loss. In addition, if proper corrective measures are to be taken, the type, cause, and magnitude of the problem must be identified. Loans do not deteriorate suddenly and without warning”. (Robert H. Behrens 1992).

d. Phase of Loan Realization

Activities carried out are:

- 1) After receiving the loan files has been decided by UPK manager, UPK officer told KSM about the decision. If rejected, KSM told with the reason for disapproval. If

approved, KSM told about the terms of the loan agreement and repayments.

2) If the KSM have understood and agreed to the terms of the loan agreement and the instalment, the UPK prepare the loan documents realization:

- a) The Loan Agreement Letter with stamp Rp6.000, - (1 set)
- b) Evidence Cash Out of UPK as the receipt cash (3 copies)
- c) Borrower card of KSM (UPK 04A and UPK 04B)
- d) Loan Card of KSM
- e) After the KSM and their members understand all the terms of the loan that will be received, KSM and members are asked to sign a document Letter of Loan Agreement and Evidence of Cash out of UPK.
- f) Officers of UPK submit file who has signed of KSM and its members to the Manager of UPK to seek approval realization.
- g) Manager of UPK examined the filling Letter of Loan Agreement well as attachments and Evidence Cash out of UPK. Both are matched, then give approval to signing on the signature column in Evidence Cash out of UPK, and submit the file to Accounting.
- h) Accounting check filling Letter of Loan Agreement and Evidence Cash out of UPK. If there is a problem, recorded

in the Daily Ledger of UPK, records of Money Depart, Cards of KSM loans, Register of The rest of the loan and submit the evidence of Cash out of UPK to the cashier to get paid. File other loans administered.

- i) The cashier summoned the KSM and its members, describes of the lending and other the loan terms including services, term, instalment and joint responsibility. After the KSM understand the explanation, the cashier asked the KSM sign the back of the evidence of Cash out of UPK as the receipt cash. Then the cashier have sign the cashier column in the evidence of Cash out of UPK and submit the cash lending to the KSM along with duplicates the evidence of Cash out. The evidence Cash out of UPK while the original is saved by cashier as evidence of cash. At the end of the day left to accounting as evidence of bookkeeping. Other third sheet is inserted into the loan file.
- j) Officer of UPK examine the completeness of the contents of loan files (Copy Proof Cash Out, Letter of Loan Agreement, form of Decision the UPK manager, form of Examination the analysis, Proposed the UPK Officer, and Loan Application, Loan Submission of KSM members, copy of ID and BA Formation of KSM with Rule of KSM),

then store in a sequence based on the number of loan accounts. The smallest number is at the bottom.

Based on the results of the documentation from KSM proposal on UPK at Jabon village, sub-district of Jombang, Jombang regency mentions that the Realization Phase of Revolving Loans from PNPM Urban Self, the UPK has been carrying out the procedure properly. Which, after getting approval then the UPK give to KSM for signature by the member. Once complete signing papers, each member earned cash of course there are some exemptions that is provision and administration costs.

Analysis:

The implementation of fourth mechanism on the phase of loan realization at Jabon village, sub-district of Jombang, Jombang regency has already accordance with the theory of monitoring credits “loans do not usually go bad overnight. Good monitoring of credits by the loan officer, backed up by good loan review procedures, goes a long way towards determining the potential for problems in time for preventative action to be taken. Loan monitoring procedures should be spelled out in detail in the loan policy”. (Michael Groves, 1992: 145-146).

e. Phase of Loan Management.

To prevent abuse of usage a loan and to remind the borrower to their obligation to make loan payments, then the Officer of UPK need to provide guidance to the borrower. Shape of coaching conducted by conducting a visit and relationship to the borrower maintain good relations 1 month after the realization of a loan:

- 1) Visit the borrower's place of business, with the aim of:
 - a) Seeing the condition of the business is still running or not;
 - b) Seeing the borrower's business development, growing or diminishing;
 - c) Seeing the loan purpose used in accordance with a request or deviant;
 - d) Helping to find a way out if there are problems with business borrowers
- 2) Visit to the house of the borrower, with the aim of:
 - a) Looking at the domicile of the borrower certainty;
 - b) In view of the welfare of borrowers;
 - c) Helps to find a way out to the borrower in the event of a problem with the welfare of borrowers that affect the smoothness of instalment loans.

With stay of friendship and guidance to borrowers in the first month after the realization, it will be early detected in case of

irregularities in the use of a loan, or if there are problems on the borrower.

Based on the results of interviews related to the Phase of Loan Management at Jabon village, sub-district of Jombang, Jombang regency, one of the chief of KSM “Bangkit Jaya” states that: “... if a month after the loan is liquid, UPK does not ever come into my business place for seeing my business”. (the interview to Ms. Kusmianingsih as a chief of KSM “Bangkit Jaya” Saturday March 22, 2014, 04:00 pm).

Analysis:

The implementation of fifth mechanism on the phase of loan management at Jabon village, sub-district of Jombang, Jombang regency is not accordance with the theory of training “training is a subject that is often overlooked as a long term cure for loan quality problems. Training of lending personnel, both in-house and externally, can go along way towards ensuring that the loans entering the portfolio are in accordance with management’s loan policies. Good credit management is not simply a matter of good credit analysis. It requires an understanding of the credit philosophy. Training sessions in the bank’s philosophy and application can provide a useful road map for loan officers so that they can avoid problems”. (Michael Groves, 1992: 145-146)

f. Phase of Loan Repayment.

Activities carried out are:

- 1) Towards 1 or 2 days the date of payment of a loan instalments, KSM member hand over money and instalment a loan services to the head of KSM to be deposited to UPK.
- 2) Officers and member of KSM shall remind each to those who has not been depositing of money loan instalment, to immediately fulfill its obligations.
- 3) Instalment a loan (basic and services) with savings collected, deposited by of KSM Chief to the UPK with bring KSM Card and Savings Card
- 4) The cashier counts the number of deposit from KSM. When the appropriate amount, the cashier made a Proof of Cash in on UPK, then accounting note deposit receipt from KSM on UPK Daily Cash book, Loan Cards of KSM, Records Money Sign, KSM Savings Card, Register Savings and Registry Book of KSM.
- 5) UPK submit again KSM Loan Cards, Savings Loan Cards KSM owned that has been filled and signed by the officer of UPK to the depositor (chief of KSM).
- 6) KSM Chief at the earliest opportunity informs deposit loan transaction and the savings to its members.

- 7) Not recommended for instalment loan payments outside the office of the BKM / UPK and outside working hours.
- 8) If the chief or the member of KSM having trouble paying loan instalments, the chief and other members shall seek to fulfilling this duty first as a form of agreement jointly and severally liable.

Based on the results of interviews related the Phase of Loan Management at Jabon village, sub-district of Jombang, Jombang regency, one of the head of KSM “Bangkit Jaya” states that: “... every month my KSM member collect repayment deposit loan payments, along with the service and savings. Then I was deposit the loan repayment to Ms. Romikatin (UPK)”. (the interview to Ms. Kusmianingsih as chief of KSM “Bangkit Jaya” Saturday March 22, 2014, 04:00 pm).

The same thing has also been explained by either members of KSM “Mekar Jaya” the Ms. Suparmi, which states that: “... every month I was pay the instalments, services, and savings to Ms. Anik my KSM chief. Then Ms. Anik depositing money instalments along with services collected to Ms. Romikatin (UPK)”. (the interview to Ms. Suparmi as a member of KSM “Mekar Jaya” Saturday March 22, 2014, 06:00 pm).

Analysis:

The implementation of sixth mechanism on the phase of loan repayment at Jabon village, sub-district of Jombang, Jombang regency has already accordance with the theory on collection of the problem loan “in most problem loans, the decision to collect is made quite sometimes after the loan is recognized as a problem loan. Action to collect the loan is ordinarily taken only after all these measures have proved ineffective. The loan officer should always ask three questions in considering a decision to collect”. (Robert H. Behrens, 1992: 65)

C. The impact of the provision a revolving loan program from PNPM Urban Self in people's empowerment at the village of Jabon, sub-district of Jombang, Jombang regency.

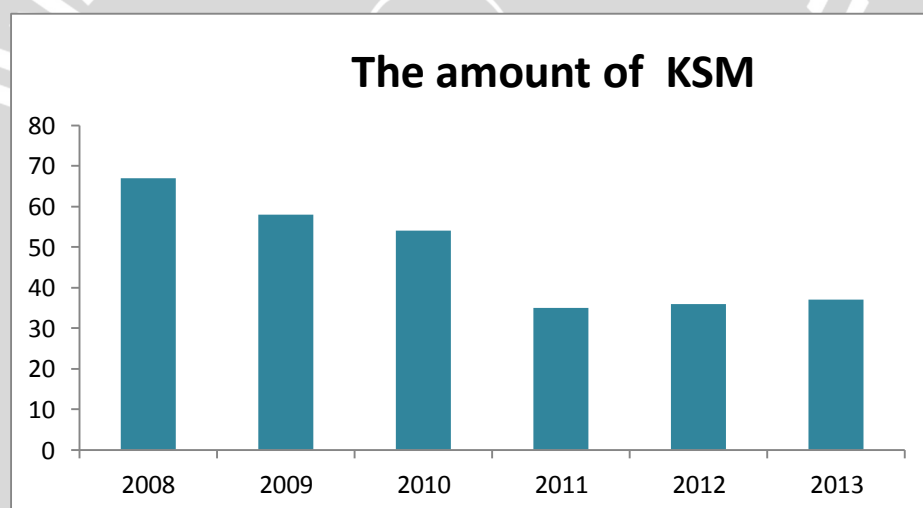
According to Fujikake (2000, 2001) in “*Japanese Journal of Evaluation Studies Vol: 8, No. 2. March 2008*” states that there are 12 indicators of people's empowerment. In this research, the researcher focus on four indicators among others, namely:

1. The participation of the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.

Community participation in development is obtained when the society has been able to bring itself or have the power to get involved in the

development, so the concept of participatory development must be accompanied with people's empowerment.

In the implementation of Revolving Loan activities from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang district, community willingness to participate in activities revolving loan from PNPM Urban Self was fluctuating after running for 5 years of implementation. This can be shown by the amount KSM from the year 2008-2013 following:



Source: The analysis of author, (2014)

Figure 4.6
Charts of Community participation in the Revolving Loan Activities

Based on the results of the documentation from KSM proposal on UPK Jabon village, sub-district of Jombang, Jombang regency mentions that:

- a. In 2008 the number of KSM in BKM "Tunas Harapan" at Jabon village, sub-district of Jombang, Jombang regency are 67 of KSM.

- b. In 2009 the number of KSM in BKM "Tunas Harapan" at Jabon village, sub-district of Jombang, Jombang regency are 58 of KSM.
- c. In 2010 the number of KSM in BKM "Tunas Harapan" at Jabon village, sub-district of Jombang, Jombang regency are 54 of KSM.
- d. In 2011 the number of KSM in BKM "Tunas Harapan" at Jabon village, sub-district of Jombang, Jombang regency are 35 of KSM.
- e. In 2012 the number of KSM in BKM "Tunas Harapan" at Jabon village, sub-district of Jombang, Jombang regency are 36 of KSM.
- f. In 2013 the number of KSM in BKM "Tunas Harapan" at Jabon village, sub-district of Jombang, Jombang regency are 37 of KSM.

Based on the results of interviews related to public participation in the activities of the Revolving Loans from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency the UPK officer Ms. Romikatin states that:

“... At the beginning of the implementation the revolving loan, there is indeed an error procedure, which should receive a loan are poor people who want to build or expand its business, but it is loan target selection time is not exact. Many people who get the BLM as appointed and advised by the socialite, but not all, when it should be themselves who asked me if would like to get the revolving loan. Because the people who had been appointed less information, they are assume that the fund is not a loan that must be returned, but they felt that it is a grant from the government for the poor. Finally in 2008, many people with problems (bad debts) and I decided to stop lending to people who had been troubled. Last until the year 2011, the amount of KSM has declined since they were already borrowed in previous years are no longer borrows. Yes it is, I may not force them to borrow again”. (the interview to Romikatin Ms. as the head of UPK Friday March 21, 2014, 06:00 pm).

From the results of these interviews, the community at Jabon village, sub district of Jombang, Jombang regency shows that the high level of participation in 2008 on the Revolving Loan activity from PNPM Urban Self is not due these community has been able to bring themselves or have the power to get involved in the process of empowerment, but rather due to procedures adopted by UPK is still not in accordance with the regulations.

Analysis:

Based on the result of interview and documentation of the participation of the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency states that the highest KSM on the early of implementation (2008) is not due bring themselves. They have joined to participation on revolving loan program because suggested from the bureaucracy of Jabon village. This condition show that the process of empowerment still not in accordance with the regulation. But coinciding until now, the participation based on the awareness. The community have been joined to the program has already accordance with the expectation. The implementation at the village of Jabon, sub-district of Jombang, Jombang regency on revolving loan activity has already accordance with the theory of “the participation of the community”. (Fujikake, 2000; 2001).

2. Change of Consciousness the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.

The implementation of Revolving Loan program from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency have been the positive impact on people's empowerment. The change of consciousness of the community at Jabon villagers, sub-district of Jombang, Jombang regency shows a better change. This is shown by the success of BKM "Tunas Harapan" and UPK in implementing the Revolving Loan program well and correctly. It has been explained by Mr. Didik Waluyo, SP, M.Si as coordinator of BKM: "... Alhamdulillah, 2013 years ago, the BKM "Tunas Harapan" got 2nd rank as Jombang regency as the BKM talented. This is because it is supported by good participation from the community. In the absence of KSM is delinquent show that the level of public awareness in this village is getting better". (the interview Mr. Didik Waluyo, SP, M.Si as coordinator of BKM "Tunas Harapan", Saturday March 15, 2014, 06:00 pm).

Table 4.10
Progress of the Consciousness of Community

No.	Year	Total of KSM (Unit)	Total of KSM be in arrears (Unit)
1	2008	67	9
2	2009	58	3
3	2010	54	-
4	2011	35	-
5	2012	36	-
6	2013	37	-

Source: UPK, 2013

In addition to the positive impact of the achievements of BKM “Tunas Harapan”, the implementation of Revolving Loan program from PNPM Independently has also provided awareness to the people to rise up and further leverage existing capabilities.

Based on the interview to one of the chief KSM “Bangkit Jaya” states that: “... once I am an ordinary housewife who do not own a business, then know there is a loan socialization of Ms. Romikatin, I am interest to make quail farming, just add family income. And Alhamdulillah now my business grow”. (the interview to Ms. Kusmianingsih as head of KSM “Bangkit Jaya” Saturday March 22, 2014, 04:00 pm).

Analysis:

Based on the result of interview and documentation, Change of Consciousness the community on revolving loan activity from PNPM

Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency states the good impact. Proven to be the got 2nd rank as Jombang regency as the BKM talented. The appreciation was got because there is no bad debts on revolving loan activity. Not existing of bad debts because good performance of community using the loan. The implementation at the village of Jabon, sub-district of Jombang, Jombang regency on revolving loan activity has already accordance with the theory of “Change of Consciousness the community”. (Fujikake, 2000; 2001).

3. Creation of the community on revolving loan activity from PNPM

Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.

The level of creativity of the community in utilizing the revolving loan fund to businesses owned communities in the village of Jabon, sub-district of Jombang, Jombang regency shows good results. Based on the results of interviews related to the level of creativity of the community in the activities of the Revolving Loans from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency one of the beneficiaries of the Revolving Loan has been successfully manage and usage of Revolving Loan fund it well and correctly. Business owned by one of the informant has grown from year to year.

Table 4.11
Type of Business the Borrowers

No.	Type of Business	Total (person)	Percentage (%)
1.	Catering	5	2,5
2.	Services	6	3
3.	Sell the fried rice	10	5
4.	Sell the mini meatball	5	2,5
5.	Sell the bread	3	1,5
6.	Sell the vegetable	15	7,5
7.	Sell the meatball	5	2,5
8.	Sell the pangsit	3	1,5
9.	Sell the hodgepodge	4	2
10.	Farmer	5	2,5
11.	Laborer	4	2
12.	Cultivation of plants	1	0,5
13.	Pet shop	1	0,5
14.	Woodcraft	1	0,5
15.	Leathercraft	1	0,5
16.	Couturier	6	3
17.	Shoes tailor	2	1
18.	Animal husbandry	10	5
19.	Sales of shop	4	2
20.	Kiosk	19	9,5
21.	Worker	6	3
22.	Warnet	6	3
23.	Small shop	18	9
24.	Laundry	4	2
25.	Motorcycle wash	2	1
26.	Rental of PS	2	1
27.	Car shed	2	1
28.	Motorcycle shed	6	3
29.	Patcher	4	2
30.	Salon	3	1,5
31.	Sell the pulse	8	4
32.	Fotocopy	2	1
33.	Fishpond	7	3,5
34.	Swasta (not business yet)	20	10
Total		200	100%

Source: UPK, 2013

As described by one of the head of KSM “Bangkit Jaya” Ms. Kusmianingsih which states that: “... once I was only just as a housewife, then in 2008 I was invited Ms. Romikatin (UPK) to participate the revolving loans, I made a quail farm, initially there are only 100 birds, and the daily net profit of Rp10.000, - goodly can add pay school children. Then each year I have borrowed for add quail, now I was have got various of farm animals”. (the interview to Ms. Kusmianingsih as head of KSM “Bangkit Jaya” Saturday March 22, 2014, 04:00 pm).

Table 4.12
Description of businesses owned by the borrower

Name of KSM member : Kusmianingsih			
Age : 49 years old			
Type of business : Animal husbandry			
The year of Loan	The amount of Loan	Type of business	Profit a month
2008	Rp500.000,-	Livestock of quail eggs are 100 tails	Rp300.000,-
2009	Rp1.000.000,-	Livestock of quail eggs are 500 tails	Rp1.500.000,-
2010	Rp1.500.000	Livestock of quail eggs are 1000 tails	Rp3.000.000,-
2011	Rp2.000.000	Livestock of quail eggs are 1000 tails Livestock of ducks are 25 tails	Rp3.200.000,-
2012	Rp2.000.000	Livestock of quail eggs are 1000 tails Livestock of ducks are 50 tails	Rp3.400.000,-
2013	Rp2.000.000	Livestock of quail eggs are 1000 tails Livestock of ducks are 75 tails	Rp3.600.000,-

Source: The analysis of author, (2014)

Based on the data table above, the borrower has already borrowed as much as 6 times. In the terms of the revolving loan schemes which:

“For the KSM members who have received a loan of Rp2.000.000, - or four times the loan sought for BKM recommended to formal financial institutions or in the form of channelling as a source of loan funds”. (the Revolving Loan guidebook from PNPM Urban Self, 2012).

However, in its implementation, the borrower has obtained a loan of more than four times. It certainly is not in accordance with a predetermined scheme. Based on the results of interviews related schemes/provisions of the Revolving Loans in Jabon village, sub-district of Jombang, Jombang regency, the secretariat of BKM, Mr. Achmad Robil states that: “... For lending to the public, the BKM did understand the schemes/provision, that given a maximum loan of 4 times, but we will give loans to people even if they have a loan of 4 times, because to save our revolving loan program from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency”, (the interview to Mr. Achmad Robil as the secretariat of BKM “Tunas Harapan”, friday, 21 March 2014 at 01:30 pm).

Analysis:

Based on the result of interview and documentation, creation of the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency states that have a good impact. The creation of business was developed accordance with the expectation. The community also got the impact of the program,

which providing the capital to develop or establish the business of community. The implementation at the village of Jabon, sub-district of Jombang, Jombang regency on revolving loan activity has already accordance with the theory of “Creation of the community”. (Fujikake, 2000; 2001).

4. Satisfaction of the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency.

Satisfaction of the community at Jabon village, sub-district of Jombang, Jombang regency the activities of revolving loan from PNPM Urban Self high belong. Revolving loan from PNPM Urban Self evaluated direct benefit to the community at Jabon village that is in the case of business capital. The community states that there is no difficulty in raising funds of capital on revolving loan from PNPM Urban Self.

People who want to earn a revolving loan fund from PNPM Urban Self does not have to give (warranty of whatever nature) that for some people as an obstacle in getting a capital funds to expand its business. Besides that lending services set also not burden the people, which 1.5% till 3% per month was calculated from basic loan initially within a period of 10 months. Based on the results of interviews related to people's satisfaction with the Revolving Loan activities from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency, according to the Ms. Suparmi, one of the members of KSM “Mekar Jaya” states that: “... I

open the porter house, if borrowed from the BKM is easy, do not wear warranty, usually if want to borrow capital for venture wear letters as BPKB, then interest are also few, so glad if borrowed capital for the venture". (the interview to Ms. Suparmi as a member of KSM "Mekar Jaya" Saturday 22 March 2014, at 06:00 pm).

The same thing has also been explained by one of the chief KSM "Bangkit Jaya" Ms. Kusmianingsih which states that: "... I prefer that borrow the funds from PNPM Urban Self, because if there was an easy loan, just deposited the same copy of ID card copy of households card, I've been able to loan. Than if the loan at a bank or other financial institution that even difficult, must wear a guarantee, then the process was too complicated and long". (the interview to Ms. Naning as a member of KSM "Mawar Merah" Sunday March 23, 2014, 06:00 pm).

Analysis:

Based on the result of interview and documentation, satisfaction of the community on revolving loan activity from PNPM Urban Self at the village of Jabon, sub-district of Jombang, Jombang regency states the good impact. The community recognize that the revolving loan program from PNPM Urban Self is friendly program to poor people. Because they felt that the program was support them to become powered. The implementation at the village of Jabon, sub-district of Jombang, Jombang regency on revolving loan activity has already accordance with the theory of "Satisfaction of the community". (Fujikake, 2000; 2001).

CHAPTER V

CLOSING

A. Conclusion

Based on the discussion above related with the People's Empowerment through National Program for Urban Self Community Empowerment studies on the provision of revolving financial in the village of Jabon, sub-district of Jombang, Jombang regency then the researcher could conclude in this research in the following points:

1. Mechanism of implementation the provision a revolving loan from PNPM

Urban Self in people's empowerment at the village of Jabon, sub-district of Jombang, Jombang regency:

- a. The first target of revolving loan program is not accordance with the procedure, ie "The borrowers are from poor households that have been identification on the PJM PRONANGKIS and are registered in the list of poor citizens".

On the implementation, not all the targets as is proper derived from poor people. The first target of revolving loan is important to made the grade of empowerment, but in this village the targets uncommitted coverage.

- b. There are four organizations which implementing the Revolving Loan program from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency, among others:

- 1) Badan Keswadayaan Masyarakat (BKM) “Tunas Harapan”
- 2) Badan Pengawas Unit Pengelola Keuangan (BP-UPK)
- 3) Unit Pengelola Keuangan (UPK)
- 4) Kelompok Swadaya Masyarakat (KSM)

On the implementation, all of the organization has already executing the revolving loan program accordance with the procedure.

- c. The amount of BLM was intended in economic activities only at 20% from the total of BLM are given to Jabon village, sub-district of Jombang, Jombang regency.
- d. There are two phase of mechanism on Revolving Loan program from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency that are not in accordance with the procedure, that are:
 - 1) Phase of Loan Submission
 - 2) Phase of Loan Management
2. Impact of provision the Revolving Loan program from PNPM Urban Self in people’s empowerment at Jabon village, sub-district of Jombang, Jombang regency:
 - a. Public participation in the activities of Revolving Loan program PNPM Urban Self at Jabon village, sub-district of Jombang Jombang regency at the beginning of the program is not based on the awareness of the community itself to participate, however, than the recommended of the socialite. However, over time, people’s

participation better because the public awareness to participate is increasing.

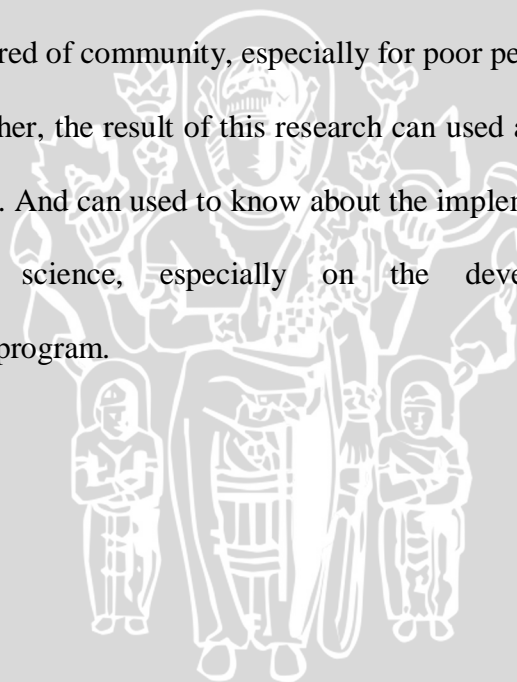
- b. Change of Consciousness in the Revolving Loan activities from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency shows a good improvement. Fluently the Revolving Loan program activities at Jabon village produce result, that the achievement grabbed by the BKM “Tunas Harapan” with rank number 2nd as Jombang regency because there are no arrears of KSM (bad debts).
- c. Creation in the Revolving Loan program activities from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency show good results. Showed by one of the informants of the citizens at Jabon village has expanded its business into a wide variety.
- d. Satisfaction of communities in the Revolving Loan activities from PNPM Urban Self at Jabon village, sub-district of Jombang, Jombang regency shows good result. The informant states that they were satisfied with the business capital which has been given by the BLM from PNPM Urban Self.

B. Recommendation

1. For the government, the result of this research states that the impact of empowerment in this study was carried out accordance from the expectation. But there are still mechanism which uncommitted coverage. I

suggest the government to focus on the system evaluation of this empowerment program. Because the system evaluation is important step to made the grade of empowerment in community and successfully the development of the state.

2. For the community, the result of this research states that there are still the community have neither the awareness of the empowerment program. So, I suggest to community was expected able to increase the awareness about the empowerment program. Because I think this is a good program to make the powered of community, especially for poor people.
3. For the researcher, the result of this research can used as reference for the next researcher. And can used to know about the implementation on public administrative science, especially on the development through empowerment program.



REFERENCE

- Atmosudirjo, Prajudi. 1982. *Administrasi dan Manajemen Umum*. Jakarta: Ghalia Indonesia.
- Bappeda Kabupaten Jombang. 2008. *Kabupaten Jombang Dalam Angka 2008*. Bappeda Kabupaten Jombang.
- Behrens, Robert H. 1992. *Commercial problem loans and workouts*. Tokyo: Toppan Co., Ltd.
- Berita Resmi Statistik. 2013. *Profil Kemiskinan Di Indonesia Maret 2013 No. 47/07/Th.XVI*.
- Bryant, Coralie dan Louise G White. 1987. *Manajemen Pembangunan Untuk Negara Berkembang (penerjemah: Rusyanto L. Simatupang)*. Jakarta: LP3ES.
- Creswell, John W. 2012. *Research Design: Pendekatan Kualitatif, Kuantitatif, dan Mixed*. Yogyakarta: Pustaka Pelajar.
- Fujikake, Yoko. 2008. *Qualitative Evaluation: Evaluating People's Empowerment, Japanese Journal of Evaluation Studies, Vol 8 No 2, 2008*. Japan Evaluation Society.
- Groves, Michael. 1992. *Managing Problem Loans*. Tokyo: Toppan Co., Ltd.
- Kartasasmita, Ginandjar. 2003. *Pemberdayaan Masyarakat: Konsep Pembangunan yang Berakar Pada Masyarakat*. Jakarta: Bahan Kuliah SP 605 Program Pasca Sarjana ITB.
- Kebijakan Percepatan. 2011. *Sepanjang Satu Decade Terakhir, Tingkat Kemiskinan dan Jumlah Penduduk Miskin Secara Nasional Terus Menurun*. Accessed through <http://www.tnp2k.go.id/kebijakan-percepatan/perkembangan-tingkat-kemiskinan/> [accessed on October, 20 2013].
- Laporan Pinjaman Bergulir Nasional. 2014. *Ranking Provinsi Penilaian Kinerja Output Program Bidang: Micro Finance (RLF)*. Accessed through <http://www.pnpm-perkotaan.org/laporandetil.asp?mid=309&catid=22&menuid=4> [accessed on June, 26 2014].
- Miles, Matthew B. dan A. Michael Huberman. 1992. *Analisis Data Kualitatif: Buku Sumber Tentang Metode-Metode Baru*. Jakarta: Universitas Indonesia (UI-Press).
- Prijono, O.S dan A.M.W. Pranarka. 1996. *Pemberdayaan: Konsep, Kebijakan dan Implementasi*. Jakarta: Center for Strategic and International Studies (CSIS).

- Riggs, Fred. W (editor). 1986. *Administrasi Pembangunan: Batas-Batas, Strategi, Pembangunan Kebijakan dan Pembaharuan Administrasi*. Jakarta: CV. Rajawali.
- Rosenbloom, David H. and Kravchuk, Robert S. 2005. *Public Administration: Understanding Management, Politics, and Law in The Public Sector*. New York: Mc Graw Hill.
- Siagian, Sondang P. 1972. *Administrasi Pembangunan*. Jakarta: PT. Gunung Agung.
- Sulistiyani, Ambar Teguh. 2004. *Kemitraan dan Model-Model Pemberdayaan*. Yogyakarta: Gava Media.
- Sumaryadi, I Nyoman. 2005. *Perencanaan Pembangunan Daerah Otonom dan Pemberdayaan Masyarakat*. Jakarta: Citra Utama.
- Sumodiningrat, Gunawan. 1999. *Pemberdayaan Masyarakat dan Jejaring Pengaman Sosial*. Jakarta: Gramedia Pustaka Utama.
- Syafiie, Inu Kencana. 2003. *Sistem Administrasi Negara Republik Indonesia (SANRI)*. Jakarta: Bumi Aksara.
- Thoha, Miftah. 2010. *Ilmu Administrasi Publik Kontemporer*. Jakarta: Kencana.
- Tjokroamidjojo, Bintoro. 1974. *Pengantar Administrasi Pembangunan*. Jakarta: PT. Pustaka LP3ES Indonesia.
- _____. 2010. *Buku Pedoman Teknis Kegiatan Pinjaman Bergulir*. Direktorat Jenderal Cipta Karya, Kementerian Pekerjaan Umum. Jakarta.
- _____. 2010. *Buku Pedoman Pelaksanaan Pinjaman Bergulir*. Direktorat Jenderal Cipta Karya, Kementerian Pekerjaan Umum. Jakarta.

APPENDICES

A. The official statement of research from Jabon village, sub-district of Jombang, Jombang regency



PEMERINTAH KABUPATEN JOMBANG
KECAMATAN JOMBANG
KEPALA DESA JABON

Jl. Kapten P Tendean No. 5 Telp (0321) 850833 Kode Pos 61451 Jombang

SURAT KETERANGAN

Nomor : 70/814/415.53.15/2014

Yang bertanda tangan di bawah ini :

Nama : **EKO WAHYUDI**

Jabatan : Kepala Desa Jabon

Kecamatan Jombang Kabupaten Jombang

Menerangkan dengan sebenarnya bahwa :

Nama : **RAGIL SEPTIANAWATI**

NIM : 10503010012016

Jurusan : Ilmu Administrasi Publik

Fakultas Ilmu Administrasi, Universitas Brawijaya

Adalah mahasiswa Jurusan Ilmu Administrasi Publik, Fakultas Ilmu Administrasi, Universitas Brawijaya yang telah selesai melaksanakan penelitian di BKM "Tunas Harapan" Desa Jabon Kecamatan Jombang Kabupaten Jombang mulai Bulan Maret sampai dengan Bulan April 2014, dengan judul penelitian "People's Empowerment Through Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri Perkotaan". (Studies on Provision of Revolving Financial at The Village of Jabon, Subdistrict of Jombang, Jombang Regency).

Demikian surat keterangan ini dibuat untuk dipergunakan sebagaimana mestinya.



B. Interview Guide of the research

1. Pinjaman Bergulir PNPM Mandiri Perkotaan

- Bagaimana gambaran organisasi di Badan Keswadayaan masyarakat (BKM) sebagai pelaksana PNPM Mandiri Perkotaan?
- Bagaimana kinerja UPK dalam melaksanakan program Pinjaman Bergulir?
- Apa pengertian dari Pinjaman Bergulir PNPM Mandiri Perkotaan?
- Apa saja fungsi dan tujuan dari Pinjaman Bergulir PNPM Mandiri Perkotaan tersebut? Apakah tujuannya untuk memberikan fasilitas kepada masyarakat untuk memperoleh bantuan permodalan?
- Siapa saja sasaran dari program Pinjaman Bergulir PNPM Mandiri Perkotaan?
- Bagaimana mekanisme pelaksanaan program penyediaan pinjaman bergulir mulai dari tahap persiapan sampai pelaksanaan program yang telah ditentukan?
- Apakah program penyediaan pinjaman bergulir yang dilaksanakan dapat memberikan dampak terhadap pemberdayaan ekonomi masyarakat di desa Jabon, kecamatan Jombang, kabupaten Jombang?
- Apa saja faktor yang menghambat dan mendukung dalam pemberdayaan ekonomi masyarakat ?

2. Pemberdayaan Masyarakat

- Berapa jumlah anggota keluarga anda?
- Bagaimana anda bisa mengetahui adanya program penyediaan Pinjaman Bergulir PNPM Mandiri Perkotaan terhadap warga yang membutuhkan modal membangun usaha ?
- Bagaimana prosedur yang diberikan oleh UPK untuk mendapatkan pinjaman bergulir PNPM Mandiri Perkotaan?
- Berapa nominal atau jumlah pinjaman yang telah diberikan dan dimanfaatkan sebagai apa saja?
- Apa saja prasyarat yang diberikan kepada anggota untuk mendapatkan pinjaman bergulir PNPM Mandiri Perkotaan?
- Bagaimana produktivitas anda sebelum dan sesudah program? Apakah dengan adanya pinjaman tersebut produktivitas yang anda hasilkan semakin membaik?
- Apakah tingkat pendapatan yang anda hasilkan semakin meningkat?
- Bagaimana perkembangan usaha anda setelah mendapatkan pinjaman?
- Apakah pihak UPK meninjau kembali terkait dengan perkembangan usaha anda?

B. The documentation of interview to the informant at Jabon village, sub-district of Jombang, Jombang regency.

1. The interview to the Headman of Jabon village, sub-district of Jombang, Jombang regency.



2. The interview to the Secretary of Jabon village, sub-district of Jombang, Jombang regency.



3. The interview to the senior facilitator of Jabon village, sub-district of Jombang, Jombang regency.



4. The interview to the coordinator of BKM “Tunas Harapan” at Jabon village, sub-district of Jombang, Jombang regency.



5. The interview to the secretariat of BKM “Tunas Harapan” at Jabon village, sub-district of Jombang, Jombang regency.



6. The interview to the head of UPK of BKM “Tunas Harapan” at Jabon village, sub-district of Jombang, Jombang regency.



7. The interview to the members of Economic KSM on UPK of BKM “Tunas Harapan” at Jabon village, sub-district of Jombang, Jombang regency.





