

A Utopia: A Desire Credit Unions Expanding Ecological Realm

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Abstract. The recent Credit Unions (CUs) movement in West Kalimantan, or locally ‘CU Gerakan,’ consider the ecological aspect as a fundamental issue other than economic. Apart from their aim for farmers’ economic improvement, the new CU movement that came about a decade ago began their concern on environmental sustainability by prohibiting clients from using financial services for damaging ecological activities, such as oil palm and illegal logging investments. This noble idea seeks to accommodate the traditional Dayak livelihoods, such as swidden and rubber agriculture, which are considered more environmentally friendly. The question then is whether the idea can be instilled into CUs, which have been serving oil palm farmers for decades. To reveal the answer, I employ an ethnography approach through fieldwork, participatory observations, and interviews.

Keywords: Credit Unions, oil palm business, poverty alleviation, ecological preservation.

1 Introduction

As part of credit cooperatives, Credit Unions (CUs) are institutions that provide financial services in the form of savings, loans, and also insurance to unbanked groups, such as rural farmers [1], [2]. However, financial institutions, in fact, do not just limit their role as financial providers. CUs in West Kalimantan intend to provide added value by encouraging the preservation of local livelihoods considered more environmentally friendly than all forms of massive exploitation. This starts from the assumption that all acts of exploitation -logging, mining, and plantations- by external actors (market and state authorities) do not truly benefit local farmers. This exploitation actually causes permanent damage to the environment, namely the forest, a source of farmers’ livelihood. In response to the issue, the local Pancur Kasih NGO, which was one of CUs pioneers in West Kalimantan, encouraged the birth of the new movement called ‘CU Gerakan’ (CU Movement) [3]. The CU movement has recently campaigned for the preservation of traditional livelihoods, one of which is by minimising ecological damage due to the occupation of oil palm plantations.

Recently, the issue of financial inclusion has been intensively promoted by the world bank, namely encouraging each group to get equal opportunity to gain financial services, not just

stopping at matters of getting access. But it is also about how this access can be utilised to generate profits in a responsible and sustainable way. Within this framework, the CU Movement believes that all farmer's economic activities should not be based solely on an exploitative spirit or profit-making activities. Yet this must also pay attention to the balance of the social, cultural and natural environment. Concretely, CUs try to withdraw and simultaneously limit their clients from their involvement in ecologically damaging activities, such as investment in mining and oil palm plantations [3]. CUs prohibit members from using all financial services to support the above activities. The mining and plantation activities indeed are a profitable business, but these are considered destructive and cannot be tolerated. In addition, the oil palm occupation with large-scale land acquisitions also deprives the locals from their traditional livelihoods, such as farming, hunting, and tapping rubber.

In reality, palm oil itself is a magnet for financial institutions, including CUs. the transition of a semi-subsistence society, swidden and rubber agriculture, to become fully commercial with oil palm cash crops is a rational reason for financial services to exist in rural areas. Oil palm occupations shape society as producers of market commodities and turn them into money makers. Not only CUs, Village Unit Cooperatives (KUD), money lenders, and conventional banks such as BRI have also expanded their wings in rural areas. Their arrival looked not just an effort to reach unbanked groups but an expansion of new markets and new potential customers, namely oil palm farmers. Efforts to achieve a noble goal, namely the balance of economic and ecological aspects, seem to have collided with the reality that oil palm is the reason why financial institutions are present in rural areas.

A utopia here represents a perfect goal to see economic improvement and nature preservation go hand in hand. However, this is only a mere imagination which is difficult to become a reality. The question is, in the context of oil palm society, are CUs able to leave the role of providing services to farmers and follow the noble goals of supporting traditional livelihoods and ecological improvement efforts? To answer the questions, I worked on ethnography by doing fieldwork research for ten months in 2018 – 2019 [4]. The setting of this research is the oil palm community in the transmigration hamlet, Ulu. This settlement has been relatively new, established since the 1990s to support the transition to an oil palm program. as the name implies, the transmigration hamlet is inhabited by migrants from outside West Kalimantan, such as Java, Bali and Nusa Tenggara. But in fact, transmigration villages are also inhabited by local Dayak and Malay farmers, who are involved in the nucleus estate scheme (NES).

2 The New CU Movements

As the name suggests, Credit Union is not an Indonesian but an English word. From the foreign name used, I initially suspected that CU was not a local initiative. And sure enough, CU was an outside initiative brought into Indonesia and attached under the credit cooperative umbrella. The first CU idea was introduced by Raiffeisen, a German who created a savings and loan cooperative for rural farmers [5]. This cooperative was created to reduce farmers' dependence on loan shark moneylenders. Thanks to the catholic church, the idea of CU began to develop in Indonesia in the

1960s. This then spread to various regions, including West Kalimantan, which began to enter in 1975. With the help of the local Pancur Kasih NGO, CUs developed rapidly. Pancur Kasih was a Dayak empowerment organisation. This was also a place where Dayak intellectuals gathered and fought to liberate their group from poverty and the practice of marginalisation [6]. CUs were placed under the umbrella of NGOs as institutions to encourage the economic improvement of the Dayak who incidentally lived in the upstream rural areas.

Why are the Dayaks? Apart from the religious belief similarity, namely Christianity, the church sees Dayak as victims of exploitation in their own land. Their social life, which requires them to live communally in *betang* or long houses, was considered dirty and a source of disease outbreaks. In addition, the nomadic settlement model and its traditional livelihood -swidden agriculture or shifting cultivation- were labelled as unproductive and damaging to the forest. Under the pretext of economic development and social welfare, the state-regulated the life of the Dayak. They forced them to settle in specific areas, with private settlement patterns consisting of nuclear families. Some businesses, such as logging, mining, and large-scale plantations, were carried out under the disguise of making people more productive. However, in reality, these businesses have only become an arena for the exploitation of resources by Jakarta bureaucrats and businessmen, who even exclude the presence of locals. Through social work initiatives and establishing health, education, and financial facilities, the church intended to help as well as substitute the state's role, which is absent as a welfare provider [7], [8].

In his house, I met Pak Mecer, one of the CU pioneers in West Kalimantan. He was also one of the early founders of the NGO Pancur Kasih, which became the main actor in advocacy activities for the Dayak. From his house, Pak Mecer, who has retired from field activities due to illness, told me that he and his friends used to go in and out of the village to set up CUs. With his personal vehicle, he trained the people as a foundation of institutional operation and gave them knowledge about CUs. He also found the reality that the clients also began to expand. Apart from the Dayaks, in fact, the upstream rural is now inhabited by Malays and also migrants who come either on their initiative or participate in a government program, namely transmigration. CUs that have set up offices in rural areas targeting Dayak people were finding them in the reality where various ethnicities inhabited village areas. They began to spread their wings and not limit customers to a particular ethnicity. CU, which has set up offices in rural areas targeting Dayak, is now starting to expand and not limit it to certain ethnicities. Thanks to their efforts in developing the business, CUs today were growing rapidly, spread in the regions and recorded assets of up to trillions of rupiah with hundreds of thousands of members. They also started to expand their business, for example, in the fields of education, retail, and accommodation, which clearly increased the profit coffers.

A dilemma arises when the rapid CU improvement does not guarantee the welfare of its members. The NGO launched a book, 'CU Gerakan: Konsepsi Filosofi Petani' (CU Movement: Peasant Philosophy Conception), criticising the massive growth of CUs but seems to have lost direction [3]. Rather than focusing on people empowerment, the institutions turned to be more profit-oriented, achieving as much profit as possible for the sake of wealth accumulation. They shifted their focus to making institutions profitable rather than people prosperous. Pak Mecer then launched the Farmers' Philosophy idea that was closely related to the Dayak traditional way of

life. As an institution that aims to improve community welfare, especially Dayak, CUs must also accommodate the interests of Dayak as well. The imagination of the Dayak here referred to their traditional life, not only economically but also socially and religiously. For example, the Dayak depended on swidden agriculture, labour exchange patterns, to traditional rituals such as death rituals, etc. CUs were obliged to accommodate their needs to prepare for these various activities in the form of savings and loan schemes. All economic activities that undermined traditional life, such as the occupation of oil palm, should not be accommodated by CU.

Under the name CU Movement, the idea of Farmers' Philosophy was started to be campaigned on May 24, 2012, even though it was said to have existed about six years earlier. A Dayak and a leading administrator of the movement Pak Suharto said there were seven CUs agreed to join, (1) CU Philosophy of Pancur Kasih Farmers, (2) CU Gemalaq kemisiq, (3) CU Sumber Kasih, (4) CU Sepekat Mandiri, (5) CU Canaga Antum, (6) CU Petemai Urip, East Kalimantan, (7) CU Pewartaku, Blitar. According to him, the movement was born due to the feeling of anxiety when the majority of CUs turned to be commercial money oriented. 'They always talk about assets and compete to get the top position'; 'The reality is that there are many luxurious buildings, but many poor people live in modest houses', said Pak Suharto. In fact, the birth of the CU movement was inseparable from the political aspect. After the conflict of interest that occurred in the relationship between CU and NGOs, CUs decided to divorce and stand on their own. The NGOs have lost sources of capital as well as derivative institutions concentrating on economic empowerment. The establishment of the new movement, which was then followed by the creation of CU brands, was a form of replacement for the loss that befell them.

3 Living within Oil Palm

One of the CUs engaged in CU Gerakan was CU Sumber Kasih (CUSK). This institution was established in 1995, and since then, it has spread its wings by opening branch offices in many areas, including the Ulu hamlet. Branch offices were led by a manager who oversees several workers, such as tellers, credit officers, and field agents. The sensation of entering the CU office was more or less the same as coming to a bank, but people seemed more relaxed, with no need for formal attire. Sometimes farmers were from the garden, with shabby clothes they just stopped by in the office. If we translate the name, '*sumber*' means source and '*kasih*' meant love or affection. The name was not just a word but represented the spirit of kindness, care, and love for others. For CUs, the name was their way to communicate, sending a clear message that as a source of love, they intended to spread happiness to others. It was a double mission, as profit-seeking institutions as well as social ones that promoted members' welfare [9].

The CU branch establishment was inseparable from the oil palm occupation in the hamlet, which has become a magnet for financial institutions, including CUs. Apart from CUSK, two other CUs have established offices here. Oil palm occupation in West Kalimantan was started in around 1980, marked by the establishment of state-owned plantation company PTPN XIII in the Meliau area and at Parindu, to the west and southwest of Sanggau town [10]. In 1991, the private palm oil company PT Harapan Darma (HD) began their invasion, including in Ulu settlement covering

38,810 hectares [11]. With the help of a local agent, such as *kepala desa* (village head) and *kepala adat* (customary chief), the company successfully transformed most of the forest, rubber, and rice field belonging to local farmers into a monoculture oil palm plantation [12]. Unfortunately, the transition to oil palm was also followed by what is called land displacement, where companies and migrants now control lands that were once owned by Dayak and Malay farmers.

In the name of increasing local participation, farmers are tricked. Between 1978 and 2001, the government initiated the nucleus estates scheme (NES or locally called PIR) by inviting locals to participate in the business under the name of plasma smallholder farmers [13]. In order to get two hectares of oil palm land, a house and a small yard, local farmers have to give up 7.5 hectares of their rice fields, rubber gardens, or *tembawang* (fruit forest). This obligation to hand over land does not apply to fellow migrant farmers who suddenly come and get palm oil for 'free'. In addition to finding their land being taken over, the locals also found themselves trapped in debt in the form of palm oil credit. Local farmers felt angry and treated unfairly. This also sparked conflicts over land reclaiming of oil palm lands from the hands of transmigrants in the late 90s. In fact, these nucleus estate schemes involved permanently alienating local land for the development of a plantation 'core' under a state-granted 'land use permit' over what was considered 'state land', together with the provision of smallholder plots known as 'plasma'[13].

Apart from the land-grabbing experiences, now local farmers inevitably have to face the reality of living within oil palm plantations. To support the needs of farmers, CU offered various savings and savings programs, such as *tembawang* savings (long-term savings), holiday savings, and vehicle savings. There were also forms of productive loans for business financing with an interest of 10 - 18% per year. Farmers who needed financial assistance to fund their palm oil business could access this loan program. This is proof that CU has not been able to force its clients not to use financial assistance for the benefit of the palm oil business.

To limit CU giving clients access to activities that damage the environment, the NGO was very active in campaigning, especially by arranging direct visitation. In the annual members' meeting (RAT), the CU invited NGO activists to share their thoughts. They gave welcome and campaign speeches in front of 300 member representatives. In the speech, Bang Rian, the NGO member who came, reminded everyone to stick to the foundation of the CU movement about the importance of supporting local farmers' needs, their daily, long-term, social, and ritual needs. He also mentioned the environmental damage caused by palm oil and the importance of farmer awareness in protecting the environment. The invitees who came did not seem to raise any objections to the speeches delivered. They just kept quiet, listened and did not even reject the view that oil palm destroyed forests, or at least verbally in forums. Farmers might be aware that palm oil was destructive, but they were already plunged into this cash-crop economy, and it was difficult to get out of this hole.

In practice, restricting farmers from doing business in palm oil was difficult. The branch office manager Bang Hendra stated that although the institution where he worked followed the CU movement idea, he felt pessimistic about being able to apply the philosophy in day-to-day practice. This might be possible in communities that still practised traditional livelihoods, swidden agriculture and hunting and gathering, but not in the context of oil palm society. CUs might be

able to refuse clients' requests. However, are they ready to lose members and profits because most oil palm farmers, who make up the majority of CU members, will shift their choice to other financial institutions, such as banks, KUD, and even money lenders? In the end, CUs could not control how their clients use their financial services. They could have made strict rules forbidding their members to use financial services for palm oil activities. However, this is too risky for business continuity. Another reality, the CU manager also invested his money in palm oil. He had three plots or 6 hectares of oil palm. As a farmer, you just sit down at home, and the money will come by itself because the product has been neatly arranged. Although oil palm has uprooted traditional livelihoods and is the culprit in the destruction of forest ecosystems, this was still the most profitable business.

4 Farmer's Dependence

The majority of farmers in the hamlet worked in the oil palm plantation sector, be it as farmers, labourers, and other jobs supporting this economy, such as truck drivers, mechanics, and village unit cooperative (KUD) employees. Indeed some, apart from their busy cultivating oil palm, still ran their rubber and rice farming. However, in reality, many rubber gardens were neglected and full of shrubs. Apart from the limited manpower, farmers' reluctance to work on their rubber was also due to the drastic fall in commodity prices. From the price of Rp 20 thousand, rubber slabs fell to Rp 6 thousand per kilo. This was different from the reality of swidden farming, where many could not farm because there had no land left. There was idle land, but it already belonged to the landlords. Small farmers might borrow the land but be limited to those who already worked for the landlords. Besides that, the shops in the village also sold rice from the market. Farmers no longer needed to farm; As long as they had money, farmers could buy rice at the store.

Currently, oil palm is the main source of income for farmers in rural areas. Bang Yayat, for example, became a new rising Malay elite because of the intensive expansion of oil palm plots. I met him at his house, where the front of his house was transformed into a clothing store. He was the owner of the only clothing store here. He used to be a travelling merchant, selling clothes from village to village by motorcycle. After being recognised by people in his village, he began to work sedentary. Thanks to CUs, he was able to have his own clothes shop. This success as a clothes trader has prompted him to expand the business in other fields. He started to invest their money in the oil palm business. He was aggressively buying plasma plots. Not only plasma, but he also converted 'sleeping' land in the form of a rubber garden into oil palm. From his business manoeuvre, Bang Yayat now had seven plasma plots and three independent plots, or 20 hectares of oil palm in total.

A different and unfortunate fate befell Bang Ason, A Dayak with no oil palm plot. He was the second generation of his family who did not inherit land from his family because his parents had sold the only palm land they owned. As a landless farmer, Bang Ason was still working in the palm oil sector, namely as a laborer. He usually worked as a fruit harvester, but sometimes he was asked to weed and fertilise the plants. He did whatever his boss asked as long as he got the money. As a fruit harvester, he was paid Rp 150 per kilogram of fruit harvested. If he managed to harvest

3 tons of fruits, he and his group mates could get Rp 450 thousand. It was just income from one plot, which was harvested twice a month. The group usually worked continuously on several plots and several landlords. Bang Ason was the backbone of the family. His wife was very busy at home taking care of her two toddlers, so she could not help her earn money. Here there were not many job opportunities except to work for the landlords as labourers. If able to find another job, they have to leave the village. However, this was a risky and not viable option because many of them, including Bang Ason, had no education.

Next, I presented the success story of a Javanese transmigrant. A Javanese transmigrant Pak Tono was one of the richest oil palm farmers in the hamlet. As a landlord, he had 21 plots or 42 hectares of oil palm. Initially, he received one plot of palm oil from the government, the same as that received by other migrants. However, he managed to multiply his plots, either by buying plasma or making new plots. Pak Tono recently bought 23 hectares of hills located in the neighbouring hamlet. Currently, this land was being cleared and prepared to become an oil palm plantation. Thanks to CU, he was able to buy others' land. Access to finance also helped him to cover the high cost of creating independent oil palm plots. Today, he seemed to enjoy the palm empire he created.

The cases above tell us that oil palm was still a sexy business in rural areas. Oil palm was a business on which many farmers depended. Some farmers have also started to develop new businesses such as vegetable farming, such as corn, cucumbers, long beans, eggplant, tomatoes, and chillies, and raising chicken, pigs, goats and cows. Even vegetable farming which was initiated by Javanese transmigrants, has begun to be imitated by local Dayak and Malay. However, because marketing was only limited to the neighbouring village, the abundant supply of vegetables easily saturated the market. At the end of 2018, the oil palm price at the farmers' level had decreased from around IDR 1,500 to IDR 1,000. Pak Man, a Malay farmer, even said that he wanted to quit since his income was not enough to feed his family. He tried to grow *sahang* (pepper) and areca nut in a not-so-big land. Yet, the results were yet to be seen, and he could not free himself from oil palm. This is an illustration of the difficult situation experienced by farmers. Like a *simalakama* fruit, by participating in the oil palm economy, local farmers lose their land due to land acquisition by the company. When they want to withdraw, farmers are trapped in business options that are no more profitable than the palm oil economy.

5 Discussion

At the end of this article, I would like to invite the reader to reconsider whether this noble idea of CU Movement is actually realistic to put into practice in the real world; Or this is just a brand-new strategy to attract public sympathy. In the context of the oil palm community, where the majority of CUs operate, it is not possible to isolate financial services from the oil palm economy. There is a real gap that the village farmers have changed. Many of them have left their traditional jobs as rice farmers and rubber tappers. Oil palm occupation forces them to turn into oil palm farmers and labourers. CU activists certainly understand the risks of implementing a contrary business strategy to the reality on the ground. NGOs, as the initiators of the CU Movement idea, also understand

that implementing services that focus on boosting the local economy cannot be taken for granted. It takes time to change old habits. They did start to recruit several CUs to participate in this movement, but they could not guarantee the institution to implement this idea in their business strategy. Sometimes good ideas do not work in real life.

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