

Linking Participation with Economic Advancement: PEKKA Case Study

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This case study forms part of the collection of materials produced for the 'Linking Participation and Economic Advancement' project led by the Institute of Development Studies and funded by a grant from the Open Society Foundations. This research project recognises that economic processes impact the lives and livelihoods of people who frequently have little or no power in these processes. Through this research we identify alternatives: ways that communities, governments and enterprises are making economic decisions in which 'ordinary' people have a real voice. The aim of this research is to build an evidence base of these alternatives in order to explore the question: What constitutes meaningful participation in economic advancement?

Summary

Grass-roots member-owned cooperatives for female heads of households in rural Indonesia (PEKKA) empower the women members through three economic activities: community-based microfinance through savings and borrowing; a closed trading and marketing system, branded as PEKKA Mart; and economic lobbying and advocacy. Fieldwork for the PEKKA cooperative Lodan Do'e on the impacts of these economic activities shows that through their membership of the cooperative, female heads of households were able to increase voice and agency over economic decision-making. They increased their access and control over resources, mainly through the saving and borrowing activities, as members could use loans from the cooperative to access land and improve control over their microbusinesses (e.g. pricing, investment). PEKKA Mart gave members some control over the local trading systems through closed value chains and collective purchasing. Self-organisation also shaped women's autonomous grass-roots voice at village and district levels. However, control over societal influences remains complicated due to tradition, culture and stigmas in a society that still works against women.

Although on average 20–25 per cent of the loans are used for micro or small family businesses, PEKKA members also see investment in education for children or the purchase or improvement of a house as an advancement in their economic situation. Higher incomes through improved businesses is not the main purpose, but having more control over their economic future and creating better economic opportunities means more to the women. The fieldwork also shows that women's participation in economic advancement is still very much related to traditional gender roles. Women only gain economic advancement in traditional gender roles such as cooking, sewing and weaving. The access and control over capacity building through the link with the PEKKA Foundation and the exchange of information within the nationwide network of cooperatives is an important enabling factor to increase awareness and capabilities. Hence, self-organisation has proven to be an empowering means for rural women-headed households. However, this case study shows that self-organisation in a cooperative has limitations if it does not link in with the wider local economy to extend the cooperative network outside the strict cooperative structure. As such, PEKKA seeks to cooperate with economic and governmental actors, which has its challenges.

Contents

Summary	iii
1 Introduction	1
2 Organisation and governance structure	3
2.1 Organisational structure	3
2.2 Governance and decision-making	5
3 Research results	5
3.1 Changes in working status for PEKKA members	8
3.2 Factors for economic advancement	9
3.3 Linking economic development with saving and borrowing activities	11
3.4 Linking economic development with PEKKA Mart activities	13
3.5 Linking economic development with economic advocacy activities	15
3.6 The role of increased 'voice' and 'agency' over economic decision-making for economic advancement	17
4 Enabling factors: the importance of awareness raising and training to increase 'voice' and 'agency'	20
5 Challenges and lessons learned	22
5.1 Challenges	22
5.2 Lessons learned	23
Annexe 1 Methodology	26
Annexe 2 The PEKKA theory of change	28
Annexe 3 Map of Indonesia and the Flores Timur district	29
Annexe 4 The structure of PEKKA	31
Annexe 5 The PEKKA Federation	33
Annexe 6 Savings	34
Tables and figures	
Table A1 Characteristics of PEKKA activities in the three villages where the interviewees live	27
Table A2 Villages where PEKKA is active in Flores Timur district, NTT province, Indonesia	30
Table A3 PEKKA's organisational structure at different political levels in Indonesia	31
Table A4 The different savings used by PEKKA members	34
Figure A1 Illustration of the research model as used in the PEKKA case study	27
Figure A2 The PEKKA theory of change	28
Figure A3 Map indicating the three villages visited during fieldwork and the PEKKA Centre where Lodan Do'e cooperative and PEKKA Mart are based on the island of Adonara	29
Figure A4 PEKKA's organisational structure at different political levels in Indonesia	32

1 Introduction

Since 2001, Perempuan Kepala Keluarga (Women-Headed Household Empowerment), also known as PEKKA, has addressed social and economic exclusion of female heads of households in Indonesia. Indonesian marriage law states that the household heads are male, and does not recognise women in this capacity. In Indonesia, women who are heads of households are referred to in the Bahasa language as *janda* – a negative, dismissive term referring to widowed or abandoned women. By naming the organisation PEKKA, it sends a social and political message.

The idea of PEKKA as an organisation evolved from work in the northern province of Aceh to assist widows who were the victims of conflict in 2000. Today, PEKKA is a membership-based organisation empowering female heads of households in 20 of the 34 provinces in Indonesia to secure their livelihoods, participate in social, economic and political life, and improve their standard of living. Self-organisation in cooperatives (economic empowerment) and associations (social and political empowerment) has given over 31,000 members (rural widows, single women, carers for their terminally ill husbands, abandoned and divorced women) an autonomous grass-roots voice at village, district, provincial and national levels. This goes beyond organising marginalised women as ‘users and choosers’ of services,¹ to engaging women as leaders so that they can influence decisions and policies that directly affect their lives.²

PEKKA started in a new era of devolving government functions to local authorities after the fall of the centralising authoritarian regime of President Suharto in 1998. In 1999, Law 22 on regional autonomy was passed by Parliament. Provincial and district governments became autonomous jurisdictions with devolved powers at fiscal, political and administrative levels for basic services (e.g. public health, food security, basic education, public works, transportation) and economic sectors (e.g. agriculture, manufacture, trade, tourism, fishery).³ Parallel to devolved government functions, participatory development planning at province, district, sub-district and village levels was introduced (Musrenbang – Musyawarah Rencana Pembangunan – or Multi-stakeholder Consultation Forum for Development Planning). This participation in development planning gives communities the ability to influence annual development plans for districts and provinces, annual budgets for districts and provinces, and village allocation funds.

Over the years, the PEKKA organisation has been structured alongside these devolved powers. At its core are the PEKKA groups at the village level and the cooperatives at the sub-district level, where PEKKA counters the demobilising effects of the invisible power of culture, social norms, bias, and dominant religious beliefs. The PEKKA community works there proactively as an actor to change formal structures (visible power), values and beliefs (invisible power),

- 1 Cornwall, A. and Gaventa, J. (2001) *From Users and Choosers to Makers and Shapers: Repositioning Participation in Social Policy*, IDS Working Paper 127, Institute of Development Studies, www.ids.ac.uk/publication/from-users-and-choosers-to-makers-and-shapers-repositioning-participation-in-social-policy
- 2 Zulminarni, N.; Miller, V.; Bradley, A.; Bailey, A. and Fox, J. (2018) *Movement-Building for Accountability: Learning from Indonesian Women's Organizing*, Accountability Working Paper 3, Accountability Research Center, <https://accountabilityresearch.org/publication/movementbuildingforaccountability/>
- 3 An elected Governor heads the provincial government and an elected Regent heads the district government. In Indonesia, there are 34 provinces (autonomous regions), 491 districts (autonomous sub-regions) of which 93 are cities, 6,694 sub-districts (administrative regions), and 69,429 villages of which rural villages are in charge of tradition and customary functions. Source: UNDP (2013) *Policy and Participatory Local Governance in Indonesia*, presentation of Budiati Prasetyamartati, UNDP Indonesia programme manager decentralisation and local governance, 23 September, United Nations Development Programme, www.undp.org/content/dam/pakistan/docs/Democratic%20Governance/Federalism/International%20Conference%20Sept13/presentations/Day2/3rd%20Ms.%20Budiati%20pdf.pdf

and informal structures (hidden power), by promoting access and control over resources and decision-making (change in policy), and internalisation of new values (attitude change). As such, it seeks to influence economic, political, juridical, social and cultural dimensions of power (see Annexe 2: The PEKKA theory of change).

This case study focuses on the activities that aim to shift the economic power dimensions by increasing 'voice' and 'agency' in economic decision-making for PEKKA members. PEKKA's economic activities are channelled through the 2,559 PEKKA groups, representing 1,232 rural villages across Indonesia, which are brought together on the sub-district level in 62 cooperatives. Three core economic activities take place in the PEKKA groups (also known as cooperative units) and cooperatives, namely:

- **Community-based microfinance through savings and borrowing**, which aims to increase access to capital by democratic and participatory decision-making and member ownership of the microfinance institution.
- **A closed trading and marketing system, branded as PEKKA Mart**, which aims to control trading and marketing systems for members who can buy basic groceries in the PEKKA Mart and also sell their produce (individually or collectively produced) to the PEKKA Mart.
- **Economic lobbying and advocacy** to help improve the economic enabling environment, get access to public funds and programmes, and influence economic decision-making on the village, district, provincial and national levels.

To understand the impacts these economic activities have had on members' economic progress, fieldwork was conducted on the island of Adonara in the province of Nusa Tenggara Timur (NTT) for the cooperative Lodan Do'e. The choice to focus on the Lodan Do'e cooperative on Adonara was made because it was identified as demonstrating 'good practice' on all three economic activities for over 17 years – it was one of the first cooperatives established after PEKKA started in 2001 (see Annexe 1: Methodology). The Lodan Do'e cooperative is the largest cooperative in NTT, representing 29 of the 50 PEKKA groups that are active in the district of Flores Timur, covering five sub-districts (see Annexe 3: Map of Indonesia and the Flores Timur district). In total, there are four PEKKA cooperatives in the Flores Timur district.

The overall objective of this fieldwork was to identify what constitutes meaningful participation in economic advancement for PEKKA members, through their self-organisation in cooperatives. The research question is threefold:

- Are PEKKA members through self-organisation able to increase their participation in the wider local economy?
- Has participation resulted in sustainable economic development on the household level for members?
- How much have 'voice' and 'agency' over economic decision-making contributed to members' economic development and wellbeing to create economic advancement?

The following descriptions were used to clarify the terms used in the research questions:

- **Participation in the wider local economy:** Being economically active and contributing to local economic development through microbusiness development, trading and purchasing, employment and investments.

- **Economic decision-making:** Decisions related to economic activities within the household and cooperative; decisions related to governmental economic development planning, policies and support programmes (e.g. subsidies, procurement).
- **Voice/agency:** Access to and control over resources, control over economic decision-making processes, and economic and societal influence.
- **Economic advancement:** There is a difference between 'economic development' and 'economic advancement'. Economic development refers to improved capabilities, higher incomes and wellbeing. Only where economic development is the result of increased 'voice' and 'agency' is there economic advancement.

The structure of this case study is as follows. Section 2 explains the organisation and governance structure of PEKKA associations and cooperatives. In Section 3, the research results of the fieldwork are presented: (i) on the changing working status of the women; (ii) on how saving and borrowing, PEKKA Mart and economic advocacy activities have contributed to economic development and wellbeing; and (iii) on economic advancement. Section 4 discusses what enabling factors have contributed to meaningful participation in economic advancement in the case of the Lodan Do'e cooperative. Finally, Section 5 presents the most important challenges and lessons learned.

2 Organisation and governance structure

2.1 Organisational structure

Due to its scale – 2,559 PEKKA groups (also known as cooperative units), in 1,232 villages and 20 provinces, involving 31,447 women as members – and mission of increasing control and self-organisation, PEKKA is a fully member-run national organisation, based on two structures (see also Annexe 4):

- **PEKKA associations that together form the PEKKA Federation:** On the village level, PEKKA members are organised in one or more PEKKA group. These local women's groups form the core of the PEKKA organisation in which members are organised and make decisions. Together they are the social and political pillar of the PEKKA structure. Association members gather each month in their villages to make decisions and coordinate activities. Local associations have member representation in association structures at the sub-district, district and province levels. At the national level, PEKKA is organised as a federation of associations. All leaders and representatives of the associations are democratically elected members.
- **PEKKA cooperatives:** Local women's groups collectively run and own a cooperative at the sub-district level. Some cooperatives cover more than one sub-district. The cooperatives are the economic pillars of the PEKKA structure where, for example, the savings and borrowing activities take place and the PEKKA Mart is based. Because local PEKKA groups together form the cooperative, they are also referred to as cooperative units. The managers of the cooperatives are democratically elected members. They are called managers, not decision makers, as decisions take place in the associations.



PEKKA Mart managers at work for the Lodan Do'e cooperative.

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Representatives of PEKKA groups come together at the sub-district level in a Forum that takes place each month at the local PEKKA centre. Each centre facilitates and supports activities of the member groups and cooperative at sub-district level. In this Forum, the members make decisions, set an agenda for actions and activities, and discuss problems and opportunities. At the Forum, cooperative managers present a progress report on loans, sales, costs and profits. The Forum also makes decisions on what issues to take up at the district level.

In Indonesia, the district level has become one of the most important platforms for policy decisions on the implementation and funding of development programmes, due to decentralisation policies. For example, district governments allocate skills training programmes and development funds. Furthermore, PEKKA cooperatives are often invited by district governments to sell their products in special markets in the district capitals. Therefore, local PEKKA groups have their own representation in the PEKKA association (PEKKA *serikat*) at the district level to build networks, coordinate activities and maintain a dialogue with district institutions. Three democratically elected members manage and coordinate activities at the district level. Together with the representatives of other districts, they gather regularly in a Forum at the province level to exchange information, coordinate issues, and plan activities, and also take up some topics with the national Federation in Jakarta. In 2015, PEKKA decided that an association structure with representatives at the province level was no longer efficient because province governments and institutions had decentralised the implementation of development funding and programmes, mostly to the district governments.

The founding of an autonomous national PEKKA Federation in 2013 was the culmination of a seven-year exercise in democratic process, leadership, and organisational development. The federation represents all the associations (PEKKA *serikats*) in which the members are organised. Since 2018, the national Federation's three permanent members have been based in their own national secretariat in Jakarta to give them the opportunity to connect more frequently and directly with national policymakers and engage in advocacy work with the Indonesian women's movement. One of the benefits of being organised as a federation of associations is that PEKKA has a direct line to the women as members on the ground: therefore, stories, issues and cases reach efficiently to the national level. The Federation has three main tasks:



The monthly meetings of the PEKKA group Naratawa in the Desa Keluwain village on Adonara take place in their own building that they built with their own money. Photo credit: © Evert-jan Quak, all rights reserved.

- **Linking with other movements and organisations**, mainly women's organisations and civil society organisations recognised at the national level and involved in women's empowerment.
- **Governmental lobbying for policy changes**, and for awareness raising on specific issues, access to funding structures, and influencing regulations. This also includes parliamentary lobbying.
- **Internal coordination within the PEKKA structure** means involvement in meetings at provincial and district levels, planning activities, finding ways to improve information exchange, and collecting data and evidence on issues and cases necessary for lobbying and advocacy activities.

Although the Federation has not yet started any lobbying and advocacy on economic issues, as its focus has been more on themes such as child marriage and child abuse, the secretariat is working on an economic lobby and advocacy agenda using 17 years' experience and data collection of cooperatives.⁴

Independent from the associations, cooperatives and Federation, the PEKKA Foundation is an independent civil society organisation headquartered in Jakarta. The Foundation supports the PEKKA associations, cooperatives and Federation in their further development. It facilitates in particular capacity building, training and leadership programmes. Fieldworkers on the Foundation's payroll are linked to the local-level PEKKA groups and cooperatives for advice and audits.

2.2 Governance and decision-making

The local PEKKA members own and control collectively the PEKKA cooperatives. Both the cooperatives and PEKKA groups have a democratic system; every member can participate in decision-making processes during the monthly and annual meetings. The members are involved in making the agenda for each meeting, addressing issues and providing input for discussions. Every member has one voice to vote, no matter how much money she has in the cooperative. Furthermore, every member has the right to be elected as one of the cooperative managers and PEKKA group leaders. The PEKKA groups (cooperative units) put forward names of aspirational managers

⁴ Information comes from interviews with the Federation Chair and Secretary in Jakarta in March 2019 as part of this fieldwork.



A list with information about the PEKKA Mart for all the PEKKA groups (cooperative units) of the Lodan Do'e cooperative. Photo credit: © Evert-Jan Quak, all rights reserved.

and leaders for election, but are not obliged to do so. The same procedure is in place to elect representatives of the association at the district and national levels.

The elected leaders and managers learn to monitor and evaluate activities as they develop responsibility and credibility. There is a clear distinction between group leaders (who coordinate decision-making processes) and the cooperative managers (non-decision makers) to avoid any conflict of interest. Every month the cooperative managers make up the accounts for the cooperative and report all information back to the cooperative units. In the case of a grievance or redress decision (e.g. internal conflicts), each cooperative has a supervisory board that oversees management and reviews complaints from any member. The board members are non-PEKKA members from either within or outside the community, and could include PEKKA members from other areas to avoid conflict of interest. There are also supervisory boards for the association structures at the district and federal levels. A clear separation also exists between the associations and the PEKKA Foundation. The PEKKA Foundation does not intervene in the decision-making processes of associations. The PEKKA Foundation is the facilitator for capacity building and other support to associations and cooperatives through its fieldworkers. Financial staff from the PEKKA Foundation conduct internal audits once a year for each cooperative.

For the three economic activities, the following decision-making processes are in place:

- **Loans and borrowing:** A member can apply for a loan by submitting a request to the cooperative managers. The managers involved in loan and borrowing activities assess the feasibility of the loan by calculating the member's contributions in savings, her income and the ability to repay the loan. The first loan is three to five times the amount of a member's savings. The second loan can be increased if the loan repayment is good. The cooperative managers also take into account the total amount of money available for loan and whether the proposed loan could be paid. On occasions when demand for loans is too high, members have to make the final decision regarding who gets priority for a loan. When members with debts are not able to repay the loan in time, the cooperative managers – not the PEKKA fieldworkers – visit members at their houses to discuss the problem. If they find that the member



Bookkeeping of the saving and borrowing activities of the Naratawa group members during a monthly meeting in the Desa Keluwain village on Adonara.

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is in difficulty and unable to repay, the managers could rearrange the repayment, but only with consent from the members.

- **PEKKA Mart:** The cooperative owns and manages the PEKKA Mart at the sub-district level. This means that it is both owned and controlled by members. The PEKKA Mart has its own democratically elected managers within the cooperative, who cannot be involved in the saving and borrowing activities, to avoid conflict of interest. Members discuss together the regulation of the PEKKA Mart, such as profit sharing, the payment terms, price setting, and to what extent they can resell products to non-members. The PEKKA Mart managers are in direct contact with the PEKKA Mart coordinators of each PEKKA group at the village level. These coordinators are responsible for the bookkeeping in their group, to list for each member the products (units and volumes) they want to sell into the PEKKA Mart and buy from the PEKKA Mart. The management of the PEKKA Mart is more time consuming than most other economic activities within the cooperative as it includes storage, quality control, transport of products, and bargaining with large traders. Therefore, by decision of its members, PEKKA Mart managers receive a small salary paid from the profits they make in the PEKKA Mart. Each cooperative decides on the terms of these salaries as agreed by its members.
- **Economic lobbying and advocacy:** Lobbying and advocacy are coordinated outside the cooperative within the PEKKA groups by their leaders and individual members at the village level and by member representatives at the district, provincial and national levels. Lobbying and advocacy issues are raised during monthly and annual meetings. When necessary, a special project group may take up an issue and prepare it for policy meetings. In these meetings, members discuss the data and information to be presented to the government, the person who will conduct the talks with the authorities, the outline of the letter to the government, etc. In general, the aim is not so much to campaign, but to establish a lasting dialogue with the government institutions. At the village level, individual members are more directly involved in decision-making structures. At the other political levels, economic advocacy takes place through the elected association representatives.

3 Research results

3.1 Changes in working status for PEKKA members

Since becoming a member of the cooperative, many women have reported facing important changes in their working status. Traditionally, many members work for their income as micro or small producers of products (e.g. *sarungs* (traditional dresses), shawls, belts), making snacks and crackers from corn or cassava, making copra (dried pieces of coconut), or as small traders (*papalele*, meaning they buy anything for resale). The stories told by members of the Lodan Do'e cooperative about their working status show that the majority (8 out of 16 interviewees) described their working status as significantly improved. Others described their working status as not importantly changed over the years of their cooperative membership (6 out of 16), and a small group described the change as negative (2 out of 16).

All the interviewed women who described their working position as significantly improved during their PEKKA membership have been members of the cooperative for more than five years, with most of them being members for over ten years. Their positive change in working status can be described in four ways (most women described more than one of these pathways for progress):

- **Staying in the same work, but significantly improving the quality and volume of their main products:** Most of the women are involved in weaving activities, often combined with other work activities such as farming, food processing or small trade. They described how over the years they could significantly improve the quality and volume of their weaving work activities. For example, many women could improve their weaving methods through washing and colouring the threads themselves, so they could sell them for higher prices. Others described changes in other activities, like two women who moved from trading low volumes of clothes to high volumes of clothes.
- **Starting a business in new areas:** Over the years, new business opportunities have arisen for some of the women. For example, many women started producing and marketing 'virgin coconut oil' (a high quality of coconut oil). Some of them even started producing a salve made from coconut oils, which works against an itchy skin. There were several examples of women who shifted from running a low-profit *sembako* business (basic groceries kiosk) to a higher-profit *sarung* trading business. Another woman moved from making copra herself to become a trader in it, meaning higher profit margins and less physical work.
- **Moving from labourer to business owner:** Most of the women run their own small (family) business activities, although most of the women do not speak about themselves as 'business owners'. However, a small group of women were previously labourers: weavers hired by another weaver, labour workers on the land of someone else, or hired workers for processing food. These women were able to become independent and started a business for themselves. For example, several former hired weavers mentioned that they are now able to handle big orders from clients (e.g. schools), which they negotiate themselves and use their own designs. Some of them now even hire several other weavers to deliver the order.
- **Getting access to land:** Women on Adonara are not eligible to own communal or tribal land. However, there are two other ways women can access land. The first is through the system of *gadai sawah*, where a woman can pay a landowner in need of capital a certain amount of

money that gives her the right to use the land until the full sum of money has been repaid. This normally takes several years. The majority of the interviewed women (12 out of 16) had gained access to land through *gadai sawah*. Second, women have access to small plots of land already owned by the family. However, because it is hard work for the women to maintain and manage such land without much experience, many women initially do not use the land. However, over the years they obtained confidence to manage the land and increase production, which has changed their work status to farming significantly.

Further on in Section 3 it is explained how these women could improve their working status and if their membership of the cooperative was an important factor for their economic progress. On the question of whether women who have their own business are better able to control their economic futures, the answer was 'yes'. For example, business owners have more control over prices, orders, design and quality.

A closer look at the interviewed women who described no change or marginal positive change, shows that the most important reason for this was that they had been members of the cooperative for just four years, and a change during that short time had not occurred. Others explained that they had always been involved in high-quality weaving, had access to family-owned land that they have managed well, or have been successful small business owners for a longer period. For example, one woman has been a small business owner in brick making, with the only change being that since her husband became sick she runs the business with the help of her two sons. However, one woman explained that she does not have any ambition to improve her working status, as she is single without children. She is happy to have just enough for her basic consumption.

Two women described their working status as being negatively changed. One was unfortunate in that her mother died and due to traditional rules, she had to pay for the funeral rituals. Because she could not pay for these, she had to sell her *sembako* business. Just after she sold her business, she became very sick and was not able to work. The other woman went to Malaysia to work, where her husband died shortly after arrival, triggering high debts to pay back the travel costs, to pay for the funeral ceremony, and to repay her husband family the wedding price, as the local tradition requires.

3.2 Factors for economic advancement

During the focus group discussion with the Lodan Do'e cooperative managers, they discussed what factors contribute most positively to economic change for PEKKA members. The main factors mentioned were skills and education, capital/money, innovation/technology, access to natural resources, support from outside, willingness/mindset, and time to invest. The least important of these factors the managers described as innovation/technology, time, support from outside, and capital/money. Although all these factors contribute to economic progress for PEKKA members, the reason they are considered less important is that they will come over time when the members are better organised in the cooperative (time savings open up new opportunities, increase in access to capital, use of technology, etc.). Support from outside is not seen as fundamental, as the managers believe that it is more important to start from within the women's groups through self-organisation and through teaching each other to create ownership and stimulate mindset change. Being too dependent on support from outside, therefore, is not seen as positive for long-term change.

On the other hand, essential for positive economic change and development are capacity building, skills/education, and a change in mindset. Without any of



PEKKA members selling *sarungs* at the Lagaloe Market in Sakutokan village on Adonara.

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these factors in place, the cooperative managers decided that it is impossible to have real economic change and development for the PEKKA members. Mindset (determination and willingness) enables the members to use their abilities to make positive changes and be proactive. It also refers to mindset change in the broader community, to break with some negative stereotypes around the women and, in particular, in ceremonies and traditions that negatively influence economic progress, like widows having to pay back the wedding price or dowry to the family-in-law.

Although seen as most important factors for economic progress, the cooperative and associations have very little control over changing the community mindset, culture and traditions, and individual willingness for change. However, through advocacy activities the members aim to change the mindset of individual community members. This is often a long and difficult process. For example, PEKKA members have dismissed the tradition of men paying the family of the bride a dowry (often in ivory), which creates unequal relationships between husband and wife during the marriage. It also creates a difficult situation over demands of the family-in-law after the death of the husband (backed by informal leaders) for high volumes of expensive *sarungs* for compensation. In some cases where no wedding price was paid, widows do not have the burden of dowry payment. However, in most cases widows remain with high debts, which is a constraint for the women on Adonara for their economic progress. When a widow ignores the price that the family-in-law asks them to pay after the husband's death, there is often a social sanction; this is a burden for the whole family as they will be less accepted in the community.

Initially, advocacy activities resulted in a much lower amount of *sarungs* to pay (from 20 to 5). However, interviewed members and cooperative managers from the Lodan Do'e cooperative voiced concern that they have lost control and need to refocus advocacy to make sure things do not slide back to old habits. This shows how difficult it is to change mindsets in communities where informal traditional leaders (elderly men) have high status, representing a powerful hidden force within tribes. Even if the women have the formal village leader on their side, the leader cannot change tribal customs or traditions without consent from the informal leaders. Furthermore, there is a low level of awareness in the community about the impact of these traditions on women. Therefore, the Lodan Do'e cooperative is working on data to

show other community members the unfairness of the current situation for women. The aim is to expose the burden of some traditions for women and its impact on the community. For example, traditions affect productivity and opportunities for children's education.

The cooperative, on the other hand, has most control over shaping capacity building, skill trainings and education. Within the PEKKA community, through support from the PEKKA Foundation or through internal teaching and information exchange, members are able to increase their education (e.g. PEKKA's Paradigta Academy and leadership programmes – see Section 4 on enabling factors). PEKKA stimulates its members to have formal certificates to present their skills and education level for wider recognition. For example, a certificate is received by any member who successfully passes a course at the Paradigta Academy or completes a leadership training.

3.3 Linking economic development with saving and borrowing activities

Cooperative members can only access loans if they have sufficiently contributed to the saving account. All members have to pay the principal saving when they first become members, and then pay a compulsory saving every month. Furthermore, members can pay in voluntary savings and special savings for education and celebrations. Most of the members who have voluntary savings use these as a safety net for periods when they do not have enough income. Each cooperative makes its own rules for saving and borrowing. Members of the Lodan Do'e cooperative, for example, pay 50,000 IDR for principal saving and a monthly contribution of between 5,000 and 7,000 IDR for compulsory savings. Members can only withdraw money from the voluntary and special savings, while the principal saving works like a deposit during their membership. Data from June 2017 show that a total saving of nearly 3,000 million IDR was collected in the Lodan Do'e cooperative, of which the most (approximately two thirds, just under 2,000 million IDR) was in special savings, mainly for education. Total voluntary savings are slightly higher than compulsory savings, both around 500 million IDR (see Annexe 6: Savings). This shows that in case of the Lodan Do'e cooperative, the members are willing to save much more money in the cooperative than they are obliged to, therefore creating opportunities for loans.

The reasons PEKKA members are willing to participate in the saving and borrowing activities of the cooperatives can be distinguished between external and internal factors.

External factors:

- They face difficulty in borrowing money from formal channels, like microfinance institutions, because it is not easy for women to fulfil requirements, especially collateral;
- Getting access to capital in the formal market is time-consuming and a formal agreement is needed, which means that women need to be able to write and read well, which often is not the case;
- There are informal money-lending opportunities in the villages, but the interest is too high and lending rules can easily change;
- Borrowing from relatives or neighbours is difficult because they are usually poor too and cannot pay in cash; and
- Relatives or neighbours do not always trust the women's capability to repay the loan.

Internal factors:

- Members are in control of decision-making regarding what happens with the money;
- At the end of the year they will get a share from the profits;
- PEKKA members can use the loan for all types of family needs;
- The loan process is faster;
- Repayment can be rearranged when there are difficulties; and
- The requirements are easier.

Nearly all members have accessed loans from the cooperative. Most women have had several loans for different purposes. Only one of the interviewed cooperative members had never accessed a loan from the cooperative, because she was not in the position to repay a loan as she was out of work due to sickness. Although the cooperative know the purpose of the loan, data is not recapped; therefore, exact data are not available. Based on this fieldwork, four categories could be identified: business, education, housing, and extra consumption and social expenditure.

During a focus group discussion, all cooperative managers agreed that before 2008, when loans were still small, nearly all loans taken out were business related. Now, due to higher maximum loans (IDR 50 million is the maximum loan for the Lodan Do'e cooperative, which has to be paid back in 18 months with interest), the cooperative managers estimate that 20–25 per cent of the total loans are business related. Around 35–40 per cent of the loans are for education for children or other family members. Many women also invest in housing (e.g. new house, kitchen, toilet, bathroom, connection to electricity). An estimated 15–20 per cent of the loans are for this purpose. A higher uncertainty arose for consumption and social expenditure purposes: 15–25 per cent on average was the estimation. However, some managers think that the number of loans taken out for this purpose could be far higher, while others think it could be far less.

Interviews with members largely confirm these estimations. They also revealed that some cooperative members use the loans to increase their voluntary or special savings (mainly to cover expected education and social expenditure costs in the future). Some also said they had used part of a loan to pay off debts (older loans in the cooperative and/or outside the cooperative in the informal market). Most women see these new loans for old debt repayments, particularly in the informal market, as an economic advancement to get rid of the pressure of paying high interest rates. Cooperative members also use the loans to purchase expensive items for family members rather than for themselves. For example, a motorbike for their children or nephews, or helping a brother in his business or housing.

The members mentioned the following usage of business-related loans:

- **To increase volume of inputs:** Having the ability to buy larger volumes of inputs (e.g. for weaving) means women can bargain better prices for them. Furthermore, this gives them the opportunity to make in advance larger volumes of the end products, which they can sell for higher prices as they are not dependent on a quick sale before they can start their next production. For example, many *sarung* weavers used to sell their end products to traders for a reduced price because they got inputs (e.g. threads and dyes) for free. As such, they were dependent on them for inputs and for sale prices.

- **To buy larger volumes of tradable goods at once:** Women member traders have the opportunity to buy larger volumes of their tradable goods, mostly for *papalele* trade (small daily trading), but some use it for other trade. For example, two interviewed women used their loans to fly once a year to other parts in Indonesia (e.g. Jakarta and Surabaya, both on the island of Java) to buy in a large amount of clothes for resale at high profit at the local market over the whole year.
- **To invest money in *gadai sawah*:** Normally, only men do *gadai sawah* and female heads of households who have family land were the ones who had to give away the land in order to receive some extra money. However, with the access to loans, cooperative members who have no family land or want to expand in farming are now using the same system in their own favour. It is their only way to get access to (more) land. Women use *gadai sawah* mainly for the cultivation and sale of cash crops like coconut, cocoa, cashew nuts and bananas. Vegetables and other food crops (e.g. corn, cassava, eggplants) are mainly used for their own consumption (and therefore reduces their monthly costs). Some women also use the corn and cassava to produce snacks and crackers to sell.
- **To have other investments:** Several women used their loans to invest in raising pigs. Buying a small pig and feeding it for two years can increase its price by over three times. Other small investments are made in buying in extremely good-quality *sarungs* only to resell them at the right time for the highest profit in the future.

The fieldwork suggests some dynamics between loan objectives. The main factor in this is the age of the children in a household. Although the family business is important, it is often not the main purpose of a loan if there are school-going children in the household. Furthermore, regarding housing, the first and most important loan of a new member is often used to improve their housing position. In particular, divorced women or members whose husband left them are in need of a house, which creates the opportunity for them to start an independent life. When over the years fewer children are going to school, the main purpose changes in favour of business. The fieldwork also showed that households that do not use the loans for business purposes often use part of it for consumption.

Overall, the conclusion from the fieldwork at the Lodan Do'e cooperative on Adonara is that the opportunity to access loans is highly used by its members. Although just 20–25 per cent of the loans on average are used to improve businesses, this is not the only way to achieve economic development for the households. Improved income due to better business opportunities enabled by these loans is, indeed, important for economic advancement. However, it is also through investment in education for children and other family members; investment to increase economic opportunities for non-educated children through the purchase of, for example, a motorbike; or through the purchase or improvement of a house that is seen as an advancement in the economic situation.

3.4 Linking economic development with PEKKA Mart activities

The concept of PEKKA Mart has been in operation for five years. PEKKA Mart works as a small closed market system that collectively buys merchandise and other products (preferably from members, but often this is not enough) and sells them on to members or non-members in the villages. In the Lodan Do'e cooperative, the majority of its members take part in PEKKA Mart on a monthly basis. They mainly buy rice, cooking oils, salt, sugar, detergents and soaps. However, not all PEKKA groups fully participate in the PEKKA Mart (at sub-district level) as not all have sufficient space to store the products

safely and/or their cooperative unit has not yet received a soft loan from the cooperative to meet all the necessary requirements to take part in PEKKA Mart. In general, on Adonara this supermarket concept is very popular amongst the members, as the women live far away from larger cities. The sale price of groceries is based on the local market price. As such, the members have no price benefit from the PEKKA Mart concept. However, other factors benefit members economically, namely:

- **Profit sharing:** PEKKA Mart is based in the cooperative as the central point where all the products are distributed to all the cooperative units. PEKKA Mart sells the products with a small profit margin to the units. Lodan Do'e makes a profit of around 7 million IDR each month from the PEKKA Mart. This profit is needed to pay for the costs (e.g. transportation, salary for PEKKA Mart managers). More or less 50 per cent of the profit is redistributed to the PEKKA groups, based on the share of the volume of what the members have purchased collectively. The incentive, therefore, is to buy as much as possible in the PEKKA Mart to increase the benefits of profit sharing. Most of the PEKKA groups have decided that the share of the profit they receive is paid into a social fund (e.g. life and health insurance). Furthermore, because non-members (consumers and kiosk owners – also known as 'sympathisers') have the opportunity to buy from the PEKKA Mart, but without access to profit sharing, their purchases increase overall profits.
- **Payment terms:** A more direct economic benefit for the members is that they do not need to pay at the time of each purchase, but have a month to pay back without paying interest. Members say that having such flexible payment terms is a great benefit, as they can purchase larger volumes at once for food or sanitary products. Furthermore, if women do not have the money to pay the next month, they can arrange to pay back in instalments.
- **Time and cost benefits:** Related to the benefits of the flexible payment terms, members save a significant amount of time as they buy once a month from the PEKKA Mart and collect their groceries every month in the village. As such, they can invest this time in their business. The PEKKA Mart concept also lowers the women's monthly transport costs, as they go to the market less frequently. In particular, for those who do not have their own means of transportation, having to pay less in monthly transport fees is an important cost saving.
- **Trading products into the market:** Although most of the members only buy from the PEKKA Mart, members can individually or collectively sell products into it. Several women occasionally sell *sarungs* to the PEKKA Mart. Some women's groups collectively produce virgin coconut oil for the PEKKA Mart, which means they are secured to sell each month and earn some extra money from this trade. The PEKKA Mart of the Lodan Do'e cooperative trades the Adonara coconut oil with other members and non-members, and also exchange it for other products made by members of PEKKA Marts in other regions. For example, Lodan Do'e exchanges their coconut oil for honey from a PEKKA cooperative on the island of Lembata, also in NTT province.
- **Possibility to resell products to the community:** Cooperative members have decided that they can resell a part of their monthly groceries purchased from the PEKKA Mart to non-members in their community. In particular, rice, which does not grow on Adonara, is a product that many community members are willing to buy from members. With a small profit on the resale of the rice (or other product) the individual PEKKA member can earn some extra money each month. For example,

one member explained that she pays 11,000 IDR/kg rice and resells it to her neighbours for 12,000 IDR/kg. Because she sells 135kg of rice a month, she has 135,000 IDR in extra income each month. Non-members or 'sympathisers' appreciate this service, as they benefit from being able to buy large quantities of high-quality rice and other products and reducing their transport costs. Non-members do not share in the profits. The interviewees often mentioned trust as the most important factor to accept 'sympathisers': for example, knowing the people want to buy on a monthly basis and being strict regarding payment, only accepting cash.

PEKKA Mart is still in its initial stages and has focused mainly on supplying PEKKA members. However, it has also become the supplier to several kiosk owners in the villages. Due to these trade relations, PEKKA Mart can increase its profits; it also provides employment and knowledge for PEKKA Mart managers in marketing and networking. There is discussion on food safety and PEKKA Mart creates the opportunity for members to understand better food safety issues and regulations. For example, to colour food products is common in Indonesia, but the members who make such food products need to understand the food safety and health issues of using certain colours. Furthermore, promoting healthier food is also one of the themes for PEKKA Mart, since some PEKKA members sell unhealthy food and snacks.

There is a strong positive relationship between running a PEKKA Mart and the improvements of the PEKKA Centre at the Lodan Do'e cooperative. PEKKA centres are the physical location for important meetings and for capacity building and training purposes. They also harbour the PEKKA Mart, with a small kiosk and storage for bulk products. The PEKKA Centre of the Lodan Do'e cooperative at the sub-district level also is looking to other markets, like renting out the space and its chairs and tables for large group celebrations by external parties. The buildings were built using the profits made from the cooperative, with some support from other resources such as donations. Having their own building improves the visibility of PEKKA members, as well as the attitudes of other community members towards the group. It also makes the brand of PEKKA Mart visible for people able to visit the PEKKA Mart to buy products from the shelves.

However, there are still problems with scale for PEKKA Mart. For example, production of homemade cooking oil from coconuts by members is not at a scale to cover full demand. PEKKA Mart is able to promote the sale of members' produce to local kiosks and to shops in other PEKKA areas in Indonesia if members can produce more. At this stage, the opportunities to open the market space and build a network with other traders are limited, as members mainly make use of the PEKKA Mart for their monthly purchases and far less as buyers for their produce. This has limited the economic impact of PEKKA Mart, mainly contributing to very small economic advancements directly related to saving time and costs for members, while less as a contribution to increased income.

3.5 Linking economic development with economic advocacy activities

Half of the interviewed cooperative members (8 out of 16) said that in some way they were involved in economic advocacy activities with the aim to directly or indirectly improve their individual business, collective business or the cooperative's economic activities (mainly PEKKA Mart). For the interviewees who were not involved in economic advocacy, this does not mean that they are not active in any lobbying and advocacy activities, only not on economic matters. Several cooperative members, who have been trained by PEKKA as paralegals, have been lobbying on legal and juridical matters. For example, they help their communities to access legal documents like birth certificates and IDs, and social protection programmes.



Four PEKKA members from Lewobunga village show the coffee grinder and coconut shredder that they received from the village head following advocacy activities. Photo credit: © Evert-jan Quak, all rights reserved.

The economic lobbying and advocacy activities can be described as follows:

- **Lobbying at village or district level to get access to machinery to improve productivity:** Several women had successfully lobbied for funding to purchase a machine (e.g. coconut shredder, coffee grinder, and weaving machines), which they use in their collective businesses. Most of the time the decision by the village heads or the district government did not give the women exclusive access to these machines. For example in one village, the village head purchased four coconut-shredding machines using public funds after lobbying from members. Two are in use exclusively for PEKKA members and the other two are for non-members. In another village, two shredder and grinder machines purchased by the village head are managed and maintained by the local PEKKA group; however, the village head made sure that for a small fee non-members could have access to the machines.
- **Lobbying at village or district level for specific skill trainings:** Several trainings have been paid for through public funds to improve skills on leadership and farm management, and to improve the quality of coconut oil and weaving products.
- **Advocating for local economy improvements:** Members advocate for improvements in infrastructure, markets and local businesses. For example, the local PEKKA group backed one member actively to campaign for purchasing locally produced food. Another member proposed an investment in building a new road from the village to a farming area where she has some land. She was successful and can now access her land more easily.

- **Advocating against traditions that are too much of a constraint on economic advancement of the PEKKA members:** Changing some traditions that constrain women's economic empowerment is one of the most debated subjects on Adonara. For example, being required to make excessive payments to the family-in-law after the husband passes away is a real obstacle for the affected woman. Another tradition is that women are not allowed to work for several months after the death of their husbands.
- **Lobbying at village or district level for investments in PEKKA Mart to reach more members and non-members:** PEKKA members are lobbying several village heads to scale up the concept of PEKKA Mart for the whole community. As this needs some investment to improve storage capacity and to pay for wage and distribution costs, members are negotiating for public investment. One village has already managed to receive 10 million IDR because the village head sees the overall benefit of the PEKKA Mart.

These lobbying and advocacy activities have to some extent improved household incomes and business productivity or reduced costs to PEKKA members. However, the women do not describe advocacy activities for the purpose of income improvement, although having access to more productive machines, better access to land or inputs, and better skills to improve their businesses could affect positively their incomes. They describe the indirect economic improvement as being much more significant, and related to an improved recognition of their economic contribution to the community, which has opened up new social and economic networks and opportunities.

3.6 The role of increased 'voice' and 'agency' over economic decision-making for economic advancement

Improvements in voice and agency over economic decision-making can be described in three ways:

- **Access to and control over resources:** Due to saving and borrowing activities, access and control have significantly improved. Women own their own microfinance institution and are able to access capital. PEKKA Mart gives them access to and control over basic purchases and opportunities for trading in a closed value chain. Access to land has become possible for many women.
- **Access to and control over decision-making processes:** The cooperative's decision-making processes are fully accessible and controlled by the members. The women are able to better control important business decisions (e.g. pricing, investment) due to having access to cooperative loans and through PEKKA Mart.
- **Access to and control over society influences:** In community decision-making, the women – thanks to self-organisation and economic progress – have significantly increased their voice within the communities. However, control over societal influences is still complicated due to tradition, culture and stigmas in society that are still working against the women.

The women mentioned that the saving and borrowing activities have mostly contributed to increased voice and agency over economic decision-making. Having access to loans and having savings has contributed significantly in expanding businesses or opened up new work, investment and business opportunities. Having access to finance gives members better control over their businesses and economic futures. The cooperative structure is a trusted



PEKKA members' gathering in the Adobala village on Adonara. Photo credit: © Evert-jan Quak, all rights reserved.

way to increase control and voice over decisions on savings and borrowing, as it is a closed circuit, which is easier to manage and control. Some constraints that remain within the wider context of the local economy still hinder further progress. For example, the bargaining power of member farmers is still limited for pricing their agricultural products, like cashew nuts or coffee. However, the women who are in the weaving business have significantly increased control over pricing their products, due to being able to use the loans to increase volumes and becoming less dependent on traders for their inputs.

Having access to and control over some resources makes members less vulnerable to others. For example, having debts outside the cooperative, in particular in the informal market, makes members vulnerable. For women who had such debts and were able to use new cooperative loans to repay the remaining debt, it relieved them of the burden of being dependent on someone else in the community, having no control over what this person will decide while putting lots of pressure on them to pay high interest rates. Access to land is also an important gain through the saving and borrowing activities of the cooperative, reducing their costs to pay for vegetables and fruit in the market, and giving them some extra income.

Some women are in the position where they now pay others to maintain their land or pay for weaving labour. The women feel proud of being able to pay others and that they are in control of decisions regarding how and when to ask for extra help. This has given them a higher status in the community, respected and trusted by community members. Increased self-confidence and self-esteem was often mentioned during the fieldwork. Being able to pay for education of children, starting a new business, improving income, having some extra for a small investment (like in a pig), or being actively involved in development planning at the village level all increased the confidence of members to step up within their communities and widened their participation in the local economy. It has given members the opportunity to show that they can do more and better: it has not only resulted in greater acceptance in the community and increased control over economic decision-making, it also makes them dream about a brighter future.

According to members, the PEKKA Mart activities have had less impact on their voice and agency and as such have contributed less to economic advancement. By reselling some products from the PEKKA Mart to other community members such as neighbours, it has given some members more



The monthly meeting of the PEKKA group Naratawa in the Desa Keluwain village on Adonara.

Photo credit: © Evert-jan Quak, all rights reserved.

respect and the feeling of being integrated in the community. It gives PEKKA members voice and control over decisions on purchasing activities. Also, it has increased their social status in the community, because PEKKA Mart is not a threat for local kiosk owners as they do not sell products in large quantities (mainly small volumes in sachets or snacks) and some of them purchase products from PEKKA Mart to access quality products and reduce transportation costs. For the members, being part of a closed value chain that they as members control has its advantages; in particular, being able to buy from PEKKA Mart gives them improved control over time and expenditure on basic needs, which is economically important as these purchases form a large part of their total household expenditure each month.

Advocacy activities have contributed to greater voice and agency over economic decision-making and as such on members' economic advancement. Directly, because of being involved in talks with policymakers to access funding for skill trainings or machinery, which they would not get without engaging in proposals and lobby activities to authorities, it has had a positive impact on their business productivity, investment opportunities and household incomes. Indirectly, it is because women have gained voice in community decision-making at the village level and district level. Even when women are not very active in economic advocacy (e.g. by lobbying for machines, skill trainings, etc.), they feel empowered to speak out to other community members or during village meetings. They feel supported by other PEKKA members in the cooperative to speak out at meetings on issues that are important for them. They can be small things, as being confident in speaking out by holding a microphone is in itself an important step forward for the women. This increased voice contributed to better recognition of the contribution female heads of households make for the whole community. However, members' control over societal influences is still limited and constrained by hidden powers within the society.

Therefore, it can be concluded that it is not possible to have an exact measurement of how much voice and agency have contributed to the women's economic development. However, by being able to speak out and having some control over important economic decision-making, the women members of the Lodan Do'e cooperative could increase their voice and agency significantly to improve their economic position. Higher income is not the main purpose, but having more control over their economic future and creating better economic opportunities means more for them.

4 Enabling factors: the importance of awareness raising and training to increase ‘voice’ and ‘agency’

There are two important enabling factors for meaningful participation in economic advancement for PEKKA members: (i) the direct link between the member-owned cooperatives and the PEKKA Foundation; and (ii) decentralisation and participation policies in Indonesia.

Firstly, given that PEKKA’s focus is on solving economic needs by looking at long-term changes in power relations, skills and capacity building are at the core and help women to make decisions, lead within their organisations, and engage with allies and government officials at different levels. Each cooperative is linked with local fieldworkers on the payroll of the Foundation whose task is to advise members and managers of the cooperatives, monitor for progress and bottlenecks, and link members with available trainings for capacity building. They are in contact with educators and organisers within the PEKKA Foundation to establish what they call ‘female popular education processes’. This means that members have access to a participatory, problem-solving approach to learning and action that focuses on women’s realities.

In practice, this means that members analyse concrete problems, develop strategies to address them, and learn skills to deal with the inevitable challenges and conflicts that emerge. The aim is that women take action, and the fieldworkers provide opportunities for critical reflection about experiences, successes and failures. Creating an environment in which experiences are exchanged between cooperatives is at the forefront of this approach. In Adonara this was emphasised by members and managers of the Lodan Do’e cooperative who said that always at the first opportunity members exchange information with each other. If more knowledge is necessary, members could ask for specific trainings, which either the Foundation could offer, or lobbying at the village or district levels could create access to such trainings.

Practical training on subjects such as decision-making models and basic accounting are the foundation of success for the individual cooperatives and are, therefore, offered to each member when new cooperatives or PEKKA groups are started. Cooperative managers and leaders of the associations receive additional skill training for their particular leadership roles (social, political or economic), including the basics of democratic processes, business management, and organisational development.

Since 2015, the PEKKA Foundation has strengthened capacities for community engagement, public deliberation, and decision-making by developing an education programme for women both for its own members and non-members. This education programme for women is called the Paradigta Academy. *Paradigta* comes from an ancient Javanese word meaning ‘a woman who stands tall and strong’. The Paradigta Academy offers each year a curriculum of 13 training modules; for example, writing, leadership, advocacy, communications, monitoring, budgeting, and village law. The aim is to increase women’s leadership capacity and to stimulate practice so that they can be actively involved in decision-making and development processes in their area. Since its development, 2,524 women have participated in the Paradigta Academy and 2,081 of them successfully graduated. They came from 523 villages in ten provinces, including NTT.

All members from the Lodan Do’e cooperative on Adonara received initial basic trainings on bookkeeping, facilitation and democratic decision-making. The majority experienced extra trainings to improve skills from within the

PEKKA community or from outside. The types of skill trainings that these women accessed can be described as follows:

- The majority of cooperative members had access to further trainings facilitated by the PEKKA Foundation. These trainings are mostly non-economic skill trainings, like trainings on leadership, community organisation and facilitation, sanitation and reproductive health, and trainings to become a paralegal officer.
- The PEKKA Foundation facilitates some specific economic trainings, mainly on advanced bookkeeping, but also on farm management, organic farming and soil quality.
- The main economically oriented skill trainings are facilitated from outside PEKKA, through district and village programmes, and Pembinaan Kesejahteraan Keluarga (PKK, Family Welfare Movement, organised by the local elite's wives who have long been the only force organising rural women). Women described having accessed trainings to improve the quality of coconut oil and weaving products, to start a business in traditional medicine products and soap production, and farm system management.

If members have obtained a formal certificate for a specific skill training, often they are asked to give workshops to other members to share their knowledge. Some women have been asked by the village heads and district government to be involved in delivering trainings to other community members in other villages.

Secondly, historically women – especially young women – have been excluded from the local public sphere and village decision-making. With the 2014 Village Law a new opening was created to exercise those skills in the public realm. Paradigta in particular prepares rural women for that participatory role. The law includes downward accountability innovations, such as community assemblies, as well as a very substantial increase in the local budgets for social investments. The Village Law offers opportunities for the inclusion of women's voices in public decision-making, including the potential for participatory budgeting processes. Due to their self-organisation and access to skill trainings, cooperative members have participated in consultations on regulations for the Village Law. As the section above on economic advocacy shows, thanks to the Village Law members were able to propose their own projects and some even have active roles in the development planning commissions or monitoring and evaluation activities for village projects.

Therefore, it can be concluded that decentralisation processes and access to trainings and capacity building have increased awareness of members, improved their capabilities and shaped new opportunities for a meaningful participation in the local economy. The cooperative members used these created spaces to improve voice and agency in decision-making for important economic activities, which has resulted in economic advancement.

Asked if they had received any financial support from family or others (outside the formal support through some district- and village-level programmes and the PEKKA Foundation) who contributed to their economic development, a small majority (9 out of 16) said they had not. Some of them even pointed out that they are now the ones who support other family members or neighbours due to their improved economic position. Those who received some support mentioned that the support structure is very limited, mainly small amounts of money from older in-work children or other family members. Only one woman said she received support for managing her land from an informal community support system, which brings together a group of men and women who are not able to pay others to work on their land, to work in a shared labour system as a group on each person's land. They only have to provide the others with food and drink when they work on their land.

5 Challenges and lessons learned

5.1 Challenges

Key constraints or challenges for members' meaningful participation in the local economy that were mentioned in the interviews and focus group discussions with members and managers are:

- Although all members receive leadership trainings, most of them mainly only practise it within the PEKKA groups and less so within the wider community. Many lack confidence, since they are still considered less important in the community, even after progress has been made.
- Women are not used to being involved in village decision-making processes. Although progress has been made through training in and practising village development processes, some women remain reluctant to propose projects and activities to the village head or local authorities.
- When the village meetings are late in the evening, it is often impossible for women to be involved.
- To access government programmes, a formal legal entity is required. PEKKA groups have experienced some difficulties in fulfilling the requirements to achieve legal status. Through paralegals who are members, with support from fieldworkers, PEKKA is working on this issue.
- Although women carry out the work of a micro family business, the business is sometimes owned and controlled by male family members other than the husband.
- Women are disrupted from doing business because there is a gender role inherent in them, such as taking care of their children and family members.

Internally, within the PEKKA groups (cooperative units) and cooperatives, there are some problems in running the economic activities, which are mainly the result of leadership and management failures. For instance, it happens that the treasurers of the cooperative do something that could result in a loss of trust of members in their cooperative leaders; for example, some treasurers lose the savings and loan bookkeeping books, or use money without following the cooperative procedures. Therefore, in some cases cooperative members do not often come to regular meetings because of a lack of trust. In one case, members did not want to repay their loans because the cooperative leaders misleadingly told them that the money was a grant. These challenges and constraints are dealt with by open discussions; and in some cases when no agreement can be reached, issues are brought to the attention of the PEKKA Foundation and its fieldworkers. Improvements in training, capacity building and auditing could reduce cases of failure.

In general, PEKKA Mart has more structural problems than the saving and borrowing activities as it is more complicated to manage, it is still in its initial phase, and it deals with third parties. One of the main challenges is its lack of success in marketing the products produced by members. Ideally, PEKKA Mart sells products that are produced by members, individually or collectively, so the money and the profit circulate within the cooperative or between several cooperatives. Related challenges are:

- PEKKA Mart has the challenge of scaling up and improving the quality of its members' produce, as the PEKKA Foundation and its fieldworkers have no expertise in these issues yet.



A PEKKA member selling fish at the Lagaloe Market in Sakutokan village on Adonara.

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- It was described by members and managers that a mindset change is needed for women to understand that they can produce and sell within PEKKA Mart. For example, in Lodan Do'e the production of virgin coconut oil is now increasing because members see the benefit of selling large quantities to one trusted trader, i.e. PEKKA Mart. However, with other products this is still not the case.
- There are some problems with quality control: PEKKA Mart has a policy to buy only the best quality and this had upset some members who were prevented from selling to PEKKA Mart.
- Transport could be a problem for bringing produce to the PEKKA Mart as members are used to spot markets, particularly for agricultural produce.
- Competition from supermarket chains that enter the rural markets and offer competitive prices for their products are increasingly a challenge, in particular for PEKKA Marts operating closer to urban areas.

5.2 Lessons learned

In general, it can be concluded that women's participation in PEKKA economic activities resulted in economic advancement; however, the women only gained economic advancement in traditional gender roles such as cooking, sewing, weaving, etc. Cooperatives could be more proactive in looking for economic opportunities outside traditional gender roles. For example, a cooperative on the island of Lembata in NTT province is working on a concept for building a dam in the sea next to the local PEKKA Centre that can hold fish when the tide is low. The women can collect fish without using boats because, according to fisher community tradition, women are not allowed to go on the sea. When operational, the collected fish will be sold through PEKKA Mart to fish traders. Other cooperatives also are looking at ways to engage with tourism (domestic and international). Some cooperatives are already experimenting with collective transport services for tourists.

Internal communication and information exchange are important. Lodan Do'e managers, for example, are in contact with managers at other cooperatives to learn from each other's experiences and are looking for ways to extend economic activities into other areas. The Federation structure, therefore, is



PEKKA members making coconut oil in the village of Adobala on Adonara. Photo credit: © Evert-jan Quak, all rights reserved.

important for setting up a clear lobbying and advocacy agenda for economic issues that is rolled out over the provinces, districts and villages. One issue that has been put forward by the associations to the Federation is to improve general knowledge of setting up and managing collective businesses (see Annexe 5). In addition, more data collection on economic impact is needed to show progress.

Some specific lessons learned from the saving and borrowing activities are:

- The saving and borrowing activities are very much the core of the cooperative that binds the women members. This success is based on member ownership and democratic decision-making processes that have emphasised flexibility, ease of procedure, and encouragement of women's independence in doing business.
- Saving and borrowing activities play a more fundamental role in economics than just supporting business (e.g. they have an impact on education and housing). However, the two are interrelated: women cannot invest in a small business if they are worried about short-term risks and problems at home.
- In order to keep the cooperative in good condition, strict supervision and control are needed from its members through bookkeeping trainings, but also through assistance on financial management. Keeping trust in the cooperative and its elected leaders and managers is key for members to proactively be involved in the further development of the cooperative and PEKKA groups.
- A decent interest rate (decided on by the members) is important to pay for the costs of running these activities and being independent from external funding.
- Through saving and borrowing activities, PEKKA members learn how to manage income for saving, repaying the loan, and in general to manage daily expenses.



A view of the Ile Boleng volcano from Lewobunga village on Adonara.
Photo credit: © Evert-jan Quak, all rights reserved.

PEKKA Mart has three aims: (i) to continue to buy in quality food and other products for a good price; (ii) to stimulate own produce and sell it through PEKKA Mart; and (iii) to extend selling to non-members to increase profits. Until now, the focus has been on buying in quality products from external traders and to start working on own produce for selected products, like virgin coconut oil in the Lodan Do'e cooperative.

- To increase knowledge on scaling up member-owned businesses that produce for PEKKA Mart, while improving quality at the same time, is essential. This knowledge is now looked for from outside the organisation. For example, in Lembata and West Sulawesi some PEKKA cooperatives work together with a non-governmental organisation called Toraja Melo, which specialises in quality artisan products for high-end consumer markets. This is a pilot, which could result in bringing in some external expertise on entrepreneurship.
- A change of attitude is needed for the women to see PEKKA Mart not only as a supermarket to buy from, but also as an opportunity to sell to. PEKKA Mart can learn a lot from the way saving and borrowing activities have changed women's mindsets, as the women are often reluctant to save money at the start of their membership.
- Self-organisation has proven to be powerful, but has limitations if it does not link within the wider local economy. PEKKA Mart could be an important way to extend the cooperative network outside the strict cooperative structure by working with sympathisers in a formal way and building linkages with others outside the movement. PEKKA Mart is experimenting to do this, but for many managers and members this is out of their comfort zone. Specific capacity building to cooperate with economic actors, beyond the current focus on government actors, is required.
- To be competitive with other supermarkets in small rural towns, PEKKA Mart needs to focus on the quality of local produce through its own networks, with traders, wholesalers and their own members. Coordinating some large purchases between cooperatives has improved efficiency and kept prices low. On the other hand, the competitiveness comes not only from affordability, but also from services such as delivering the produce to the villages (impact on time and travel cost), flexible payment methods and profit sharing.

Annexe 1 Methodology

For this case study, fieldwork on the island of Adonara in the province of Nusa Tenggara Timur (NTT) was conducted for the cooperative Lodan Do'e. During the fieldwork, data were generated from in-depth interviews with 16 PEKKA members from different PEKKA groups within the cooperative. The interviews took place either in the PEKKA Centre where the Lodan Do'e cooperative is based, in the houses of the members, or at the PEKKA group centres in the villages.

Three villages were visited and included interviews with the three village heads, in Redontena, Adobala and Lewobunga (see Table A1). One meeting was attended by Naratawa group in Desa Keluwain village, and the Lagaloe market in Sakutokan village was visited to talk with PEKKA members and non-members.

Two focus group discussions took place with:

- Ten members of different PEKKA groups in several villages; and
- Ten leaders and managers of the Lodan Do'e cooperative.

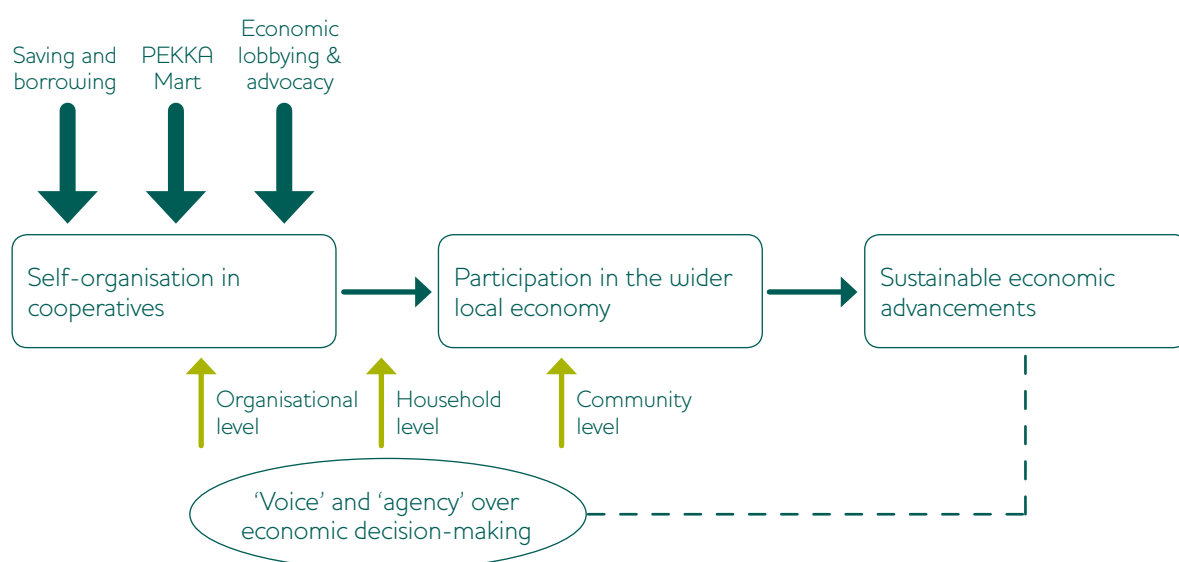
The choice to focus on the Lodan Do'e cooperative on Adonara was made because the cooperative could be identified as demonstrating 'good practice' for a period of 17 years. Because it is located in the first region where PEKKA started working in 2002, Lodan Do'e provides good insights into success factors and good practices, and lessons learned from their engagement in the area. The reasons why fieldwork was done at Lodan Do'e are:

- Started in 2002, the economic empowerment programme has run for a long time and has shown consistent impact compared to other areas.
- PEKKA Mart is well established and makes year-on-year profits, from which PEKKA Mart managers are paid.
- There are good examples of women's leadership and economic empowerment through advocacy at Lodan Do'e.
- The saving and loan activities run well. The cooperative is able to give high loans of up to 50 million IDR to create impact.
- The cooperative has some experience in facing challenges and has managed to overcome them.
- The cooperative is located in one of the least developed regions of Indonesia, facing multiple challenges including geography, and a strong patriarchal social and cultural system.
- The Lodan Do'e cooperative is large and links 29 PEKKA groups in five sub-districts. Some of them do better than others – they were started between 17 years and just four years ago – which gives a good representation of dynamics that take place within PEKKA.

Although Lodan Do'e is a good example of the workings of PEKKA cooperatives in general and their economic impacts at the household level for its members, the results of this fieldwork do not represent other cooperatives in different parts of Indonesia. Regional differences in culture, markets, infrastructure and networks in particular are important variables that could change outcomes for PEKKA cooperatives elsewhere.

Table A1 Characteristics of PEKKA activities in the three villages where the interviewees live

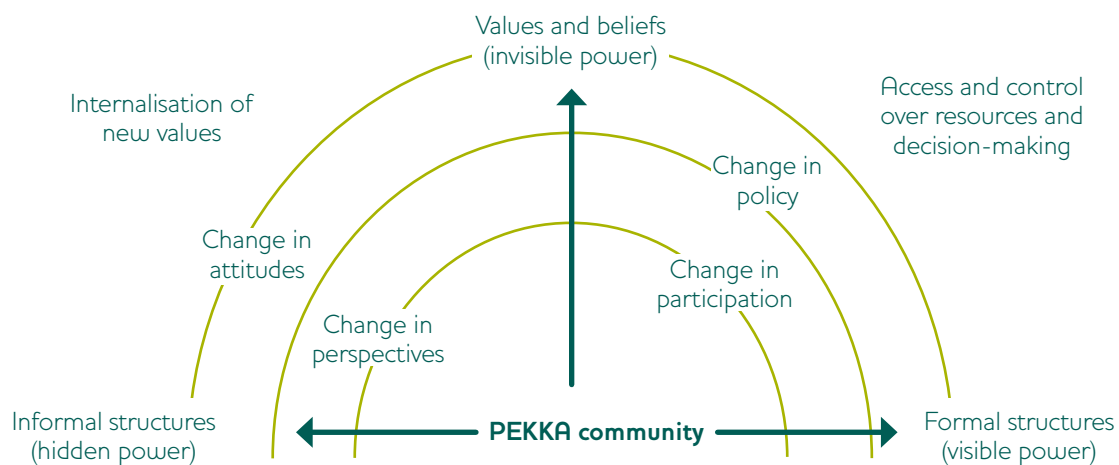
District/sub-district	Village	Activities
Flores Timur/ Kelubagolit	Adobala	<p>2 PEKKA groups:</p> <ul style="list-style-type: none"> Nyjur Melambai, profit sharing 22 million IDR Burung Pelikan, profit sharing 72 million IDR <p>The groups buy products from Lodan Do'e PEKKA Mart</p> <p>Coconut oil processing for individual and collective sale</p> <p>Weaving</p>
Flores Timur/ Kelubagolit	Redontena	<p>2 PEKKA groups: Reragere and Bungaredong</p> <p>Profit sharing for both is 30 million IDR</p> <p>The groups make use of Lodan Do'e PEKKA Mart</p> <p>Weaving is the women's main economic activity.</p>
Flores Timur/ Adonara Timur	Lewobunga	<p>One PEKKA group, which is 4 years old; profit sharing 1 million IDR</p> <p>PEKKA Mart profit 5 million IDR per year</p> <p>PEKKA members: 12 women</p> <p>Advocacy to the village to get a coconut shredding machine and coffee grinding machine</p> <p>Collectively make coconut oil which is sold to Lodan Do'e PEKKA Mart</p> <p>PEKKA members who have coffee trees sell coffee through groups to the Lodan Do'e PEKKA Mart</p>

Figure A1 Illustration of the research model as used in the PEKKA case study

Source: The author.

Annexe 2 The PEKKA theory of change

Figure A2 The PEKKA theory of change



Source: https://accountabilityresearch.org/wp-content/uploads/2018/10/WP3-Indonesia_Oct18_web-1.pdf, CC BY 4.0.

Annexe 3 Map of Indonesia and the Flores Timur district

Figure A3 Map indicating the three villages visited during fieldwork and the PEKKA Centre where Lodan Do'e cooperative and PEKKA Mart are based on the island of Adonara



Source: Author's own based on map data ©2019 Google.

Table A2 Villages where PEKKA is active in Flores Timur district, NTT province, Indonesia

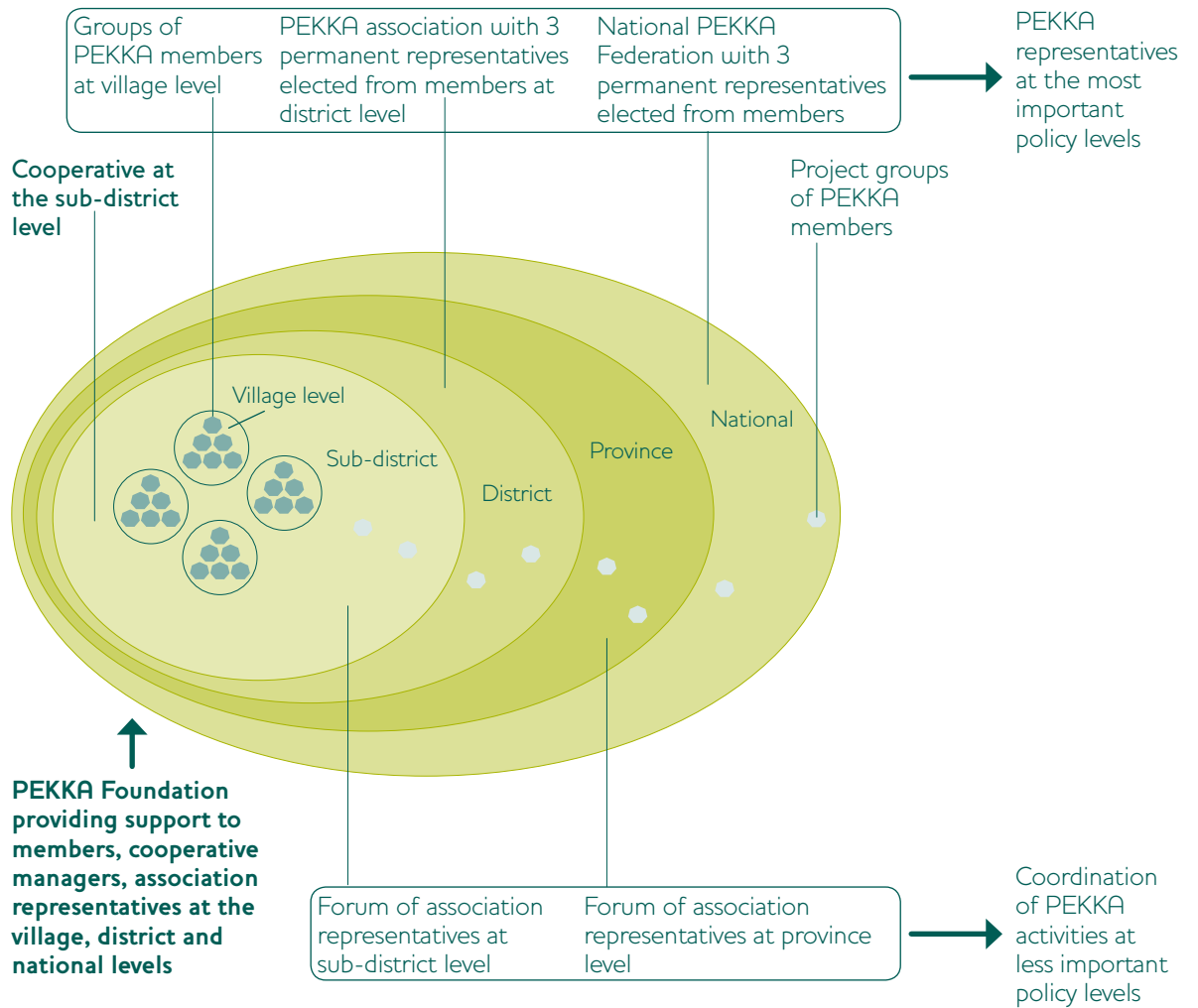
District	Cooperative	Sub-district	No.	Village			
Flores Timur	Lodan Do'e	Kelubagolit	1	Horowura			
			2	Nisa karang			
			3	Lamapaha			
			4	Hinga			
			5	Redontena			
			6	Sukutokan			
			7	Keluwain			
			8	Pepakgeka			
			9	Adobala			
			10	Mangaleng			
			11	Muda			
			Adonara Timur			1	Tapobali
						2	Lewobunga
			Witihama			1	Tuwagoetobi
						2	Riangduli
3	Watoone						
4	Oringbele						
5	Weranggere						
6	Lamablawa						
7	Pledo						
8	Waiwuring						
9	Balaweling						
10	Watololong						
Adonara			1	Nisanulan			
			2	Kolilanang			
			3	Kolimasang			
Adonara Barat			1	Dikoduli			
			2	Bungaweling			
Seni Tawa	Ile Boleng		1	Lewopao			
			2	Helanlangowuyo			
			3	Nele Lamadike			
			4	Boleng			
			5	Ria Wale			
			6	Nele Lamawangi			
			7	Dua Blolo			
			8	Nobo			
			9	Nele Reren			
			10	Harubala			
			11	Lebanuba			
			12	Lamawolo			
			13	Doken			
			14	Lewokeda			
			15	Bajuntaa			
Taan Tou	Larantuka		1	Waibalun			
			2	Mokan Tara			
	Ile Mandiri			1	Badu		
				2	Lewo Loba		
			3	Muda Keputu			
			4	Waimana 2			
Tonu Wuyo	Demonpagong			<i>Not operational yet</i>			

Annexe 4 The structure of PEKKA

Table A3 PEKKA's organisational structure at different political levels in Indonesia

Structure	Level	Who	Timeline	Purpose
PEKKA group (also known as cooperative unit)	Village	Women members meet monthly	Started in 2002	Political, social and economic
Forum	Sub-district	Representatives of PEKKA groups meet monthly	Started in 2002	Political – coordinate issues
Cooperative	Sub-district	Formed and owned by the PEKKA groups and its members; the managers are democratically elected	First cooperatives in 2002	Economic: managing the saving and borrowing activities and the PEKKA Mart
PEKKA association (PEKKA <i>serikat</i>)	District	Member representatives elected by members	Started in 2009	Political and social – meet government officials
Forum	Province	Representatives of districts meet twice a year	Province association was disbanded in 2015 and replaced by a forum	Political – mainly coordinate issues, but occasionally also meet government officials
Federation	National	Representatives of all associations	Operational since 2013	Political – coordinate issues and meet government officials
Foundation	National	Supports associations, cooperatives and federation	Started in 2001	Support structure

Figure A4 PEKKA's organisational structure at different political levels in Indonesia



Source: The author.

Annexe 5 The PEKKA Federation

In 2019, the PEKKA Federation received its own funding for special projects. The Federation has started to work with five districts in a pilot to set up these projects, mainly to improve fundraising, budget management and impact evaluation. The current lobbying and advocacy work at the national level has a strong focus on domestic violence and child marriage. The PEKKA Federation works with other women's organisations to put these issues on the agenda and campaign for change and protection for the vulnerable. The direct link to women in the villages makes PEKKA a good partner for other movements or civil society organisations to bring cases of domestic violence and child marriage to attention at higher levels. Other campaigns with which the Federation is involved are related to free health insurance and access to birth certification and other documentation.

Economic topics have not been prioritised yet at the Federation. The Federation is not involved in any economic activities, but it is starting to look at proposing projects on collective business models (starting and running collective businesses) after the topic was raised within the associations. Another economic issue that the Federation is willing to work on is related to access to land. Women face many constraints in accessing and owning land in Indonesia, particularly those who are heads of households. Lobbying and advocacy on land-related issues will be coordinated by the Federation, but executed at province, district and village levels by PEKKA representatives. To strengthen this, the Federation is working on a special economic lobby and advocacy agenda, which will make use of 17 years of experience and data collection of cooperatives' saving and borrowing activities, and the recent experiences in PEKKA Mart to control trade and markets and keep capital within the cooperatives.

There is a lot of travelling involved within the Federation, but coordination is increasingly organised with WhatsApp groups and teleconferences.

Annexe 6 Savings

Table A4 The different savings used by PEKKA members

Ways of saving	Amount of saving (IDR)
<p>Principal saving (<i>Pokok</i>) is the membership deposit required to join the cooperative. This deposit cannot be withdrawn while being a member of a cooperative. All joining members pay it once and in the same amount. If a member resigns her membership, she can withdraw this deposit.</p>	<p>Depending on the cooperative rules, this ranges for all cooperatives from 10,000 IDR to 100,000 IDR.</p> <p>Lodan Do'e asks 100,000 IDR.</p> <p>Lodan Do'e has 93.5 million IDR in principal savings.</p>
<p>Compulsory contributions (<i>Wajib</i>) are paid on a monthly basis, according to the member's ability. This deposit becomes part of the cooperative's working capital and cannot be withdrawn during membership.</p>	<p>Depending on the cooperative rules, members pay each month between 2,000 IDR and 7,000 IDR.</p> <p>Lodan Do'e asks for between 5,000 IDR and 7,000 IDR per month.</p> <p>Lodan Do'e has 468 million IDR in compulsory savings.</p>
<p>Voluntary saving (<i>Sukarela</i>) is a deposit that members pay voluntarily, the amount is not determined, and it can be taken at any time as needed. For a group with limited capital, however, voluntary deposits become an important part of its capital structure, especially for developing capital-sourced loans. Therefore, members may have to agree on withdrawal terms; for example, every six months or only at the cooperative's annual meeting. Managers can then schedule and allocate loans from this source.</p>	<p>Members can choose to start a voluntary saving and can pay in each month as much money as they want. This ranges mainly from 1,000 IDR to 100,000 IDR.</p> <p>Lodan Do'e has 5275 million IDR in voluntary savings.</p>
<p>Special saving (<i>Khusus</i>) is deposit that is destined for specific purposes and can only be withdrawn within the specified and agreed time. Some cooperatives embedded special savings in the cooperatives; for example, <i>Simpadi</i> (saving for education) is a deposit intended to finance children's education, and <i>Simpaya</i> (deposit for Eid Mubarak and Christmas celebrations) can be taken before Eid Mubarak and Christmas Day.</p>	<p>Members can save for special occasions. Most of the women make use of <i>Simpadi</i>, to save money for the education of their children. If they decide to start a special saving, they pay every month 5,000 IDR to 100,000 IDR depending on their incomes.</p> <p>Lodan Do'e has 1,862 million IDR in special savings.</p>

ECONOMIC PARTICIPATION STUDY

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