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The Development of Local Organization Function for Agricultural Development in Indonesia*

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Rural economic development as a largest part of agricultural development could be developed as an autonomous unit of government in rural area. Rural development could be done by self-supporting through the strengthening of local organization function with a set of norms and supported by available resources. Data used in this paper was the result of the research related to the strengthening of local institutions that was carried out in the Martaya Village, West Sulawesi Province, Indonesia. Research results showed that development of irrigation infrastructure, farmer group, and rice mill business could be done based on farmers’ needs. Farmer group members were dominated by Bali as self-support transmigration. The development of farmer group encouraged village roads and village regulations that supported the government of autonomous village. The community development activities could be done by local organization and supporting the village development planning and sustainable agricultural development. Local organizations could be functioned in the activities of joint discussion meeting (Musrenbang) at the village level which was one of the stages in the system of national development planning.

Keywords: local community organization, farmer group strengthening, agricultural and rural infrastructure development, rural economic development

Agricultural development is a major part of economic development in Indonesia, even most of the agricultural sector development is the development of the village. Development activities should be focused on the village as an administrative unit that organizes the function of public administration and development activities. Given these issues, community development is very popular among the development planners with the terms of the participatory approach. This approach is one of the most suitable methods developed for sustainable agricultural development in the countryside that aims to improve the community’s capacity through institutional strengthening in the form of organization and norms, so that the local community can carry out various activities of the village community through the development of organization functions.

The problem faced in the implementation of rural development is mostly not carried out based on the needs of rural communities, or the community is not involved in the planning processes as well as the implementation. It tends even to involve only certain parties who carry out various programs from different sources. These figures tend to create the negative impact that makes people apathetic to any development activities undertaken in the village.

This paper aims to identify the potential, functions and roles of local community organizations in

* The study was financed by Local Government of North Mamuju District, West Sulwesi Province, Indonesia in 2006 Fiscal Year. Corresponding author: Rahim Darma, Ph.D., senior lecturer, Department of Agricultural Socio-economics, Hasanuddin University; research fields: agricultural economics, rural development. E-mail: rdarma@indosat.net.id.
agricultural development activities in the village, where village-based self-help development will encourage the institutional capacity of local communities and improving the social capital.

**Research Methodology**

Research was conducted in 2006 with the site selected that was the village of Martajaya, North Mamuju District, West Sulawesi Province where many people did self-support for the agricultural development activities. Primary data was collected using depth interview to the village head, farmers and farmer group boards. Data collected were about the history of the arrival of the Balinese in the village, farmer group activities, the construction of agricultural infrastructure, rural infrastructure, social infrastructure and business development of farmer group.

The method used is descriptive analysis that explains the form of institutional strengthening of development planning at the local level. The scope of analysis is the organization’s functions, both to members and to the surrounding environment, planning processes, and development activities.

**Agriculture Development Based on Local Community Organizations**

**Institutional Strengthening**

Planning and development activities in the village can be realized through the development of local organization function as well as the development of society democracy and autonomous village administration systems. The democratic system generates participatory members (Ife, 2002; Lauer, 1993) as well as encouraging the development of organizations. Thus, the local organization can be developed with the participatory method that is presently widely used in the empowerment approach in development activities through the organizational functions, roles of members regulated by a set of norms and supported by acquisitioned resources. Following this framework, the activities of development planning, the execution of democratic principles, and village autonomy are being realized by the functions of community organization.

Participatory approach is an alternative method to help community members who have potential means but are not utilized to be positioned as one of the principal or main actors of development (Ohama, 1999). The focus of participatory approaches is how to facilitate the society to be able to solve the problems faced in the activities of development planning and implementation undertaken by the community through its organization. One of the factors that drive the functioning of this approach is the developing of community organization with very large role for the members in terms of planning and financing, as well as in implementation, monitoring, and evaluation of the development. In addition, if the local organizations regularly participate in the village development process, the process will become learning by doing or by practicing or experience-based learning process (Israel, 1990; Salman, 2005). The course of action will create a strong institutional capacity that ultimately manifest social capital planning and sustainable development in the rural area.

**Local Community Organizations as Development Actors**

Social organization is the interaction and networking among members of the public cohesion forming a social unit called the local communities (Ife, 2002). This community facilitates the members to interact institutionally and support each other in a social organization as well as a media which embodies the interests of each member to be a common goal at the community level. Social organization is equipped with a set of norms that regulate the structure and roles. According to Uphoff (1992) and Fowler (1992), an institution was a complex norm and behavior that persisted over time by serving some socially valued purpose, while an
organization is a structure of recognized and accepted roles.

Organizational function is to encourage the development of collective action on various social and economic activities, while the norms established framework of social interaction among members, manage the distribution role of members of the group, and the pattern of resource utilization. The existence of these norms will function and govern the behaviors of community members to interact, both in social and economic activities for rural development. The functions of organization is to encourage the formation of social capital which is a feature of social life consisted of networks, norms, and trust that can move the participation of members of the group to achieve common goals (Putnam, 1995).

In order to achieve common goals, the function of social organization is to mobilize and manage the utilization of individuals or communal resources. Local community organization is a media to employ the norms to the members, such as resource mobilization, organizational pattern, the pattern of distribution of benefits, and characteristics of reinvestment of surplus in internal organization (Ohama, 1999). In detail, Ohama divided the typology of local social organization based on the form of interactions and cohesion among members’ so-called functional categories of collective action. Collective action is to help each other (mutual support) gather resources (resources pool), assets and other resource management for the revenue creation, and the community autonomy.

Local community organization is one of the development elements. Other elements are resources and norms. The elements of resources and norms could come from the government and or community, whereas the organization of community is formed by members. The success of a development activity in the context of local development must be supported by these three elements.

The development of community organizations function in the planning process includes: (1) the programs formulated are more in line with community needs and local circumstances; (2) the community feels to the program/development activities that they had planned together to carry out more serious and responsible in construction and maintenance as the results of its local community development; and (3) to foster and encourage community participation in village development management.

Results and Discussion

Brief Profile of Martajaya Village

Martajaya village is one of the self-supporting villages in the sub-district of Pasangkayu, Mamuju District, Province of West Sulawesi with the area of 86.22 km² and inhabitants of 4,057 or population density is low with 152 inhabitants/km².

Economic activity of the village is dominated by rice farm and it is a village in North Mamuju district with which many of its population specifically were self-transmigration form Bali province during 1981-1982. This community characterizes and encourages the development of economic activities in agriculture.

The village head, who was elected in 1993 through the village head election, has served for 13 years and is presently the second term period. The village was developed well in the form of social capital through self-supporting of planning and development activities.

Forms of development activities implemented through the institutional farmer groups are irrigation canals and reservoir, infrastructure construction of Islamic and Hinduism relegions, construction of village road, and development of rice mill for the business of farmer group.
Farmer Group Development

Bambarabba Farmer Group located in the Village Martajaya, Pasangkayu Sub-district, West Sulawesi Province, is one example of a case of successful local organizations to strengthen their institutional capacity and social capital formation. Local organizations also successfully develop a variety of programs that are self-supporting rural development planning in a participatory way.

Bambarabba Farmer Group is one of the farmers’ groups based on rainfed farming. At the beginning of the group formation, the number of members of farmer groups were 47 people with an average field of 0.5 ha for each member of the group. The majority of the members of this farmer group are self-supporting transmigrant of Balinese ethnic. Currently Bambarabba Farmer Group members develop into 173 people, where 95 is the Baliness ethnic and the rest are Buginess and Kailiness ethnics.

Given to the self-construction of irrigation facilities along the 2.44 km by members of the farmer group, the occupational level of rice field increased with rice cropping intensity as much as two times per year.

Bambarabba Farmer Group has 1 ha of crooked land, a business unit of rice mill, and some agricultural machineries and equipments like tractors which could be rented by the members of the farmer group. A part of crooked land used for the mill business unit, and the rest in the form of rice which is rotstely cultivated by the members with the share tenance system.

The Development of Rice Mill Unit

The initiation of the rice mill unit development for Bambarabba Farmer Group was not really coming from the members of the group, but came from one of community leaders called Sinar who was indeed quite close to some members of the group. Mr. Sinar offered services to provide the capital development of farmer group’s rice mill. This proposal was welcomed by all members of the group, including the village head who also always accompanied the members in every group discussion. The village head was promised to arrange for a crooked land in the village that could be used by farmers’ groups as the asset of group, as well as the location of rice mill business unit.

Rice mill business development began in 1995 with Rp 50 Milion capital of non-interest loans from Mr. Sinar which was not accompanied by written agreements, but only an informal agreement, that the group would return the loan capital by 20 per cent of the rice mill revenue. This agreement was only on the underlying trust between Mr. Sinar and farmer group. Well harmony and cooperation by the members of the group was a factor underlying the emergence of a sense of trust from Mr. Sinar.

After five years from the beginning to operate the rice mill, capital loans from Mr. Sinar has been completely returned. The results of this rice mill business were not just loans from Mr. Sinar that have been paid, but this unit also has provided additional income to the members.

The additional income of the members of the group who work in this business unit is earning as much as 20% of net income of the rice mill business unit. The net profit of operations is divided equally to each member based on calculations agreed within the group.

The rice mill of farmer group is not only used to process the rice production of members but also increase the efficiency and the quality of production because the members of the farmer group could be facilitated to sell their rice production at competitive prices and getting lower the mill lease payments. Some profit-making from rice mill business is used to build infrastructure such as reservoir and roads, and partly distributed to each member with the division of members used to build religious facilities, namely the mosque for the Muslim and
The income of rice mill business unit was derived from mill services by the amount for 10% of the rice mill. Gross income from the rice mill is about 14 tons of rice per each planting season or the rice mill business unit can generate gross revenue of Rp 42 million per harvest with which the local rice price is approximately Rp 3,000 per kg. However, the gross income still must be paid for various operational costs estimated at 30%, such as fuel, maintenance machinery, and others, and labor costs by 20% of gross income.

In the period of installment payments to Mr. Sinar, 20% of the income after deducting all the rice mill operational costs for mortgage payments. Thus in the period of repayment installments, the net gains are around Rp 16.8 million per season. Except the post-installment repayment of capital, the group can get the net profit of approximately Rp 21 million per season. The amount of loan capital repayment installments are paid by the group to Mr. Sinar range from Rp 4.0 to 5.0 million per season. With two times of harvest in a year, loans from Mr. Sinar can be completed over five years.

Rice mill management of group business developed in the collaboration with Mr. Sinar and farmer group members was a form of collective action in assets management and simultaneously provides income generation. The result of this mill business encourages the development of road infrastructure and worship facilities in the village of Martajaya.

Mr. Sinar as a rice marketing businessman makes profits in the form of certainty of supply and marketing margins of rice. Mr. Sinar is the main supplier of rice for both companies as well as some communities in sub-district of Pasangkayu.

**The Development of Village Infrastructure**

The net profit of rice mill business unit is given to members as entitled members. But after distributing the net profit, the members of the group reuse for the building religious facilities, while the construction of roads and irrigation infrastructure are directly performed by the group without returned to the members. Thus, the results of rice mill unit are widely used to build a means of supporting community activities or programs of other development. Even in creating a variety of programs that have been agreed, the members are still required to give tuition to fulfill the infrastructure development budget.

Various infrastructure development programs have realized with funds coming from the net profit of the operating farmer business unit and the fund of self-help group members. Some programs are: (1) construction of irrigation facilities along the 2,440 meters; (2) making the dam; (3) hardening village road along 4.4 km; (4) construction of community hall; and (5) construction of religious facilities.

Any program formulated by farmer groups is always based on common problems faced by members of the group. In addition, the scope of defined programs is always tailored to the capacity of groups or group members, so any program can be realized by the group members and assisted by other villagers.

Construction of irrigation canals along the 2,444 m was completed in 1998, driven with the problems of land occupation rate only once a year and often failed harvests, the group dominated by members of 47 Balinese ethnic as self-support transmigrants known as self-civilized societies of rice farming has agreed to develop rice farm on the location of land given by the local government (sub-district head).

This irrigation may not work well at the beginning of its use as little water flow, so it proceeds with the construction plan of little reservoir. The results of irrigation channels and little reservoir development can regularly supply water and rice farming can be cultivated twice a year.
All financing for development of irrigation channels and little reservoir was a pure self-help support of the communities in the form of voluntary contributions. The amount of reservoir construction cost was Rp 80 million, while the irrigation channel was built in the form of mutual assistance. Successful development of irrigation channel and little reservoir was simple because the development planning process was carried out through community consultation mechanisms among villagers led by members of the farmer group.

The positive impact of irrigation networks and little reservoir are not only benefitted by members of the farmer group, but also by other villagers, especially in some areas of paddy fields outside the village where the way through of irrigation channel is also irrigated and cultivated twice a year.

After the irrigation networks and little reservoir have been operated properly, the other main problem faced by members of Bambarabba Farmer Group with other villagers is poor road infrastructure in the village, especially the main village road which is the main route to access the site of rice mill of farmer group. Based on these issues, the village head invites Bambarabba Farmer Groups to initiate hardening of the village road.

The members of farmer group agreed through group discussion to construct the village road. Some of board members communicated the village road development planning to the community of village neighbour as well as to collect the donation. The number of fund collected reached Rp 103 million sourced from the benefit of the mill unit and the contribution of community. The funds were earmarked only for the purchase of materials such as sand, gravel and other construction materials. All road work has been done by the villagers so that there was no cost for labor.

Keeping the continuity of village road construction, especially the maintenance of the road, the villagers agreed with village head to make a Village Regulation (Peraturan Desa) about the car coming from outside the village that passed the village roads would be subject to tariff of Rp 2,500 per car. The results of these levies would be used to finance the maintenance of village roads. However the implementation of regulation was not supported by the local/district government.

Some of the infrastructure development programs have been built by farmer groups, including the community hall. All funding was derived from the profit of mill business units and member contribution of farmer groups. Membership fee is always paid by all members with the rate of of contribution is Rp 25,000 per month. Farmer groups also often contribute to the development of worship infrastructure facilities in the form of mosques and public temples construction.

The above description shows that Bambarabba Farmer Group has a success in improving its institutional capacity, both local social organizations, and strengthening of institutional rural governance and development planning. This capacity is described from the aspect of ability to manage profitably the assets of farmer group. In addition, this group also initiated the implementation of various rural infrastructure development programs which generates positive impact on not only benefited members of the group, but also other villagers. Forms of contribution provided or positive impact (positive externality) generated are village roads, construction of mosques and temples of worship facilities, and irrigation. The net benefit from the rice mill is part of income for members donated for the construction of mosques and temples both in Martajaya village and in the village neighbour. Equally, irrigation facilities are also utilized some residents in other villages.

Bambarabba Farmer Group was successively in managing the group assets and implementing various self-supported rural infrastructure development due to by several key factors, such as: (1) constructing the network with outsiders, especially to the investors (Mr. Sinar) and the government (village head) who always facilitated in obtaining the additional resources from the outside; (2) the cooperation among group members in
carrying out together various activities of the group and bearing the financing of the activities of development and plan formulation; (3) sharing of roles is seen from the clear roles of each member and the role of mutual support to each other, so that cooperation and solidarity within the group are always maintained; (4) transparency in the management of business units and development funds generates mutual trust between members of the group, accountability reports done periodically. Even there differences among group members in terms of dividend income from business unit because of different roles, but it was never disputed; (5) the rules (norms) are agreed and adhered by members or citizens, and (6) development programs are formulated based on the actual problems faced jointly by members of the group or people, and involvement of every member of the group ranging from formulation to implementation of program activities is the key to success in completing the various activities formulated.

The Reflection of Strengthening Local Institution in Development Planning

Based on the best practice described above, the success story of farmer group lies in its ability to foster social capital, both at the group level and village level. According to Coleman (1999), social capital was generally defined as a set of norms, networks, and organizations with which everyone gained access to power and resources as a tool that enabled to make the decision and policy formulation. Basically the formation of social capital through the strengthening social organizations is to encourage the creation of mutual support (complement), foster the trust (mutual trust), and create compliance with the norms. Those factors encourage every member to understand the roles, responsibilities, and mutual control of each member, so as to create a sustainable development process.

The success of local organization in the village of Martajaya (Bambarabba Farmer Group) has the capability to improve its institutional capacity and foster social capital, so that this organization has been realized as a self-support and sustainable rural infrastructure development program. Increased social cohesion is an important factor that can bring about sustainable development (Putnam, 1995). Sustainable development can be done by local communities because of cooperation among community members who encourage the principle of trust. “Trust” is defined as an informal norm that encourages cooperation among members of the community and it is also a form of social capital (Fukuyama, 1999; Lin, 2002). With a variety of opinions that are complementary to the various differences, capacity and social capital, a based-trust is formed through the principles of transparency, community consultation, democracy, network, mutual support, and norms (rules). The potency of local organization is a forum where social capital formation can be functioned at the same time and developed in the process of planning and development in the village.

Conclusions and Recommendations

Conclusions

Local organizations are encouraged to grow by the principles of same goals, the same needs, the norms created according to the conditions and objectives of the organization, assets management based on the principles of transparency, development plan activities organized by the principles of community consensus and needs, and all decisions made democratically and deliberately.

The development and management assets of local organizations and the creating of financing source can be done well if earmarked for rural infrastructure development and at the same time encouraging economic activities of group and local community.
Recommendations
The task of the village government in carrying out the development function in the village is to develop and use the local organizations in formulating the plan, budgeting, implementation, and evaluation of development activities.

The development extension worker should be a concern as a functional planner which can facilitate the process of planning in the village and at the same time bridging the formulation of a plan of activities in the village and decision-making process at the district level.

References