

# **Yayasan Bina Swadaya**

## **A Case Study in NGO Revenue Generation linked to the NGO's Mission from Indonesia**

There are many ways through which NGOs can practice revenue generation. They are:

- Building income together - as part of a community economic activity
- Recovering (all or part of) the costs of Programs
- Income from enterprises linked to the NGO's Mission
- Income from enterprises not linked to the NGO's Mission

(for more on this see the Handouts from my workshop "Income Generation through NGO Enterprise" at this conference)

The case study offered here is of the third kind - Income from Enterprises linked to the NGO's mission - and the experience provided is of an Indonesian rural development NGO called Yayasan Bina Swadaya (Foundation for the Promotion of Self-Reliance) whose headquarters is in Jakarta.

When an NGO is considering income from enterprise(s) linked to it's mission it is likely to be asking itself the following sorts of questions:

- "Are there any spin-offs from the NGO's main work (or mission) which can make money from a different market?"
- "Is it possible to market for a price to a richer group of clients the same services that the NGO is providing free to the NGO's target group?"
- "Is it possible that the NGO's skills and equipment could be packaged differently to appeal to a different market?"
- "Is there some new saleable product or service possible using the NGO's core experience?"

Yayasan Bina Swadaya is a large NGO working in many of the provinces of Indonesia with a turnover of Rp 31 billion and assets worth Rp. 21 billion. In 1999/2000 it projects that it will cover 90% of its costs from revenue generated by its enterprises. Yayasan Bina Swadaya has found some very interesting answers to the questions above, and the enterprises that have resulted have many lessons for other NGOs.

Bina Swadaya is now running the following enterprises:

1. Assisting income generating activities
2. The agricultural magazine "Trubus"
3. The agricultural publishing house "Penebar Swadaya"

4. The Training Centre in Cimanggis
5. 5 specific agribusinesses
6. Alternative tourism
7. Development consultancies
8. Printing House.

Yayasan Bina Swadaya started work in the late 60s as an organisation specialising in improving the lives of small farmers and fishermen through savings, credit, and the formation of co-operatives. Because the Government of Indonesia had staked out the formation of Cooperatives as its own monopoly, Yayasan Bina Swadaya called the groups it helped to form "pra-kooperasi" (pre-cooperatives) - a legal fiction to avoid challenging Government's programs.

Its own ways of dealing with some of the problems that have often caused problems for other entrepreneurial NGOs (staffing, management, tax status, public perception etc) provide a lot of useful lessons for the NGO sector.

### **1. Early Years (70s/80s)**

Its early work was to encourage rural poor farmers to save their money and take out credit to expand their small self-employment possibilities. In Indonesia it is very common for small farmers to not only grow and process food crops, but to diversify risks by taking up a range of trading, home industry. Yayasan Bina Swadaya also offered, apart from help with savings and credit, technical training and assistance, and help with business feasibility studies. The Yayasan charged a service fee for the credit which went some way towards paying for the costs of its services. In a country where extortionate money lenders are the only way for most peasants to obtain credit, the moderate service fee added to a modest interest rate on money borrowed was very acceptable.

The Yayasan found that one of the investments that was most attractive to its customers was the raising of chickens, but that obtaining day old chicks was a real problem. It therefore went into the business of hatching and producing day old chicks and selling them, making a small profit, to its customers. It found that other people apart from its target group, also wanted this service and so it also started to sell day old chicks in the market place.

As part of its technical assistance the Yayasan provided a small extension newspaper to its target group with advice on agriculture, agri-businesses, and improved farming practices. It soon found that this magazine was filling a need for a farmers magazine that existed beyond its immediate target group, and that organisations and individuals involved in agricultural development were prepared to pay a realistic price for the magazine. This magazine, TRUBUS, is now produced as a monthly with a print run of 22,500 and a turnover in 1998 of Rp2.7 billion.

Linked to the TRUBUS magazine were specific technical manuals to help its target group with new enterprises, or new ways of using agricultural technology. Again the books originally produced for its target group attracted the attention of others involved in agricultural production and rural enterprise, and Bina Swadaya found that it had a revenue generating possibility. This has now expanded to become a wholly owned publishing house called Penebar Swadaya with sole distribution rights agreed with two commercial concerns PT Agrisarana and PT Agriwidya. Penebar Swadaya has produced 523 titles to February 1999, and the turnover in 1998 was Rp 4.1 billion.

From its earliest days it provided training and technical assistance to its target group. By the early 80s the number of its target groups had risen to so many that it became sensible to have one Training Centre to which they could be brought for generic training courses. This was set up in Cimanggis, about 50Kms from Jakarta in West Java. The usual courses are training for animators of the self-help groups which make up the "pra-kooperasi", and training for groups in community self-reliance. The value of the training offered, and the facility of the Training Centre itself soon became attractive to others outside their target group and they offered special training courses on demand, as well as training consultancies. Outsiders were charged for board and lodging, training materials and a fee for training. The facility itself could also be rented for training courses, conferences, workshops etc. More than 700 people have been trained in 1998 and its turnover that year was Rp 564 million.

### **Expansion (1990s)**

Three more enterprises were started in this period, as well as consolidation and expansion of the original 4 enterprises.

The next was the setting up of what grew to be 5 different businesses linked to agriculture. They were:

- a. 7 shops for the sale of TRUBUS
- b. Setting up and developing tree plantations
- c. Marketing agricultural equipment
- d. Nurseries for all kinds of plants
- e. Renting of decorative plants

These enterprises either sprang from the needs of Bina Swadaya's target group (e.g. tree seedlings) or from spin-offs from what Bina Swadaya was doing already (renting of decorative plants for offices). The turnover in 1998 was Rp. 4.74 billion.

The publishing house of TRUBUS had its own printing house, and this was also used for its agricultural book titles. During this period it realized that the same plant could also respond to commercial demand for printing books, magazines,

posters, labels and packaging. It developed this service, with capacity to deliver throughout Indonesia. In 1998 it had 279 customers and a turnover of Rp. 3.83 billion.

In 1987 Bina Swadaya started "Bina Swadaya Tours". This was an enterprise which aimed to promote better understanding between communities and individuals, and provided "responsible" tourism. It presently offers the following services:

- a. Indonesian Natural History Tours
- b. Study Tours on Culture, Environment and Development
- c. Agricultural Tours
- d. "Echo" Adventure Tours in National Parks and Forests
- e. Tailor made Tours specializing in cultural and development themes.

Bina Swadaya were able to start this enterprise because of their wide coverage in many provinces in Indonesia, including some of particular cultural, environmental, and development interest, and their links to thousands of families and local "guides" to what was happening through the "pra-kooperasi". Their paying customers were both domestic and international government and non-government groups. The turnover in 1998 was Rp 1.16 billion.

By this time Bina Swadaya had found that its skill and experience of running its original savings and credit operation, as well as all the other activities it was engaged in, was at a premium for other development agencies, and that other organisations wanted to know how this could be done. The Yayasan started a consultancy service, offering its senior employees on short term hire to other development agencies, both government and non-government, as well as donor agencies. The consultancies offered were in the following fields:

- a. Micro-finance development
- b. Micro-enterprise development
- c. Community based forestry development
- d. Community based health and environment development
- e. Community based agro-business development
- f. Community based housing development
- g. Community based development management training
- h. Community based water resource development

Through its work with foreign development agencies it realised that there was a market for the kind of knowledge about Indonesia life that was part of its essential way of working, and so it offered alternative tourism services to the supporters of foreign development agencies. Everything that it did to make money was a spin off from its original mission, based on skills developed in the course of activities connected to that mission. Its turnover in 1998 was Rp.10.09 billion

## **Consolidation and into 2000**

The only new enterprise planned for the immediate future is an expansion of the publishing house so that it prints and publishes general books on development rather than restricting itself to agriculture and related books.

## **Problems faced by Yayasan Bina Swadaya and the ways it coped with them**

- The conflict of an SDNGO culture and a Business culture
- The Lack of Business Management Skills and Experience
- Planning/Allocating Human and Financial Resources
- Access to Capital
- Public Perception
- Legal Status
- Competition with the Business Sector
- Relations with External Donors