

Keynote Speech for the International Conference Integrated Microfinance Management In Bandung, Indonesia

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Jakarta

Your Honor Prof. Dr. Slikkerveer and Madame Slikkerveer, Participants of the Integrated Microfinance Management International Conference,

Ladies and Gentlemen,

Good morning and welcome to the International IMM Conference.

It is my distinct pleasure and privilege to be invited as the Keynote Speaker of this illustrious Conference. For this great honor I thank Prof. Dr. Slikkerveer.

It is said that poverty is the trademark and curse of humanity since inception. And how not. All that one has to do is to look around and study the dreary statistics. The large majority of the world's some 7 billion population survives on one meager meal a day. In Indonesia based on the United Nations Development Report, almost 20% or about 50 million people earn less than \$ 1.25 per day while *The Economist*, a renowned international journal, even mentioned that 100 million Indonesians survive on only \$ 2 dollars or less a day. Throughout history, various efforts were exerted by individuals and organizations to alleviate poverty. King Hammurabi of Babylon and the Pharisees in ancient Jerusalem, the Templar Knights throughout Europe and the Mormons in the United States, for the good of humanity or their own salvation, all tried in their own ways to help the destitute. However all these were disparate activities which eventually bore relatively little results.

It was not until the 1970's when in Bangladesh Yunus of the Grameen Bank started the microcredit scheme to provide loans with subsidized low interest rates, to the poor on a group basis, repayable through group efforts.

This scheme exploded into a movement which helped some 20 million poverty-stricken people, especially women, who borrowed money in order to start micro-enterprises.

Later on, this microcredit evolved into a microfinance stage, where borrowers were provided not only with credit, but increasingly broader services, such as insurance, deposit banking etc., albeit on a more commercial basis of higher market-based interest rates.

Despite the significant efforts of microcredit and microfinance to help the poor, the schemes often led to over-indebtedness and continued dependence of this segment of the population on financial institutions.

A recent breakthrough in the alleviation of poverty came in the form of the Integrated Microfinance Management concept, generated by the Leiden Ethnosystems and Development Programme (LEAD) of Leiden University under the auspices of Prof. Dr. L. Jan Slikkerveer, which not only provides for the prospect of obtaining credit, but also a comprehensive and inclusive methodology of solving the problems of the poor at the community level.

In a nutshell, this concept is based on functionalizing indigenous traditions and initiatives to activate and strengthen local participation to reduce the poverty of marginalized families. The novel idea here is to strive for self-sustenance through mutual aid on the basis of indigenous knowledge, belief and practice among fellow members of the community in order to achieve well-being in a comprehensive array of needs, such as health, education, economic/financial services, ecological preservation of culture and others. The expected result is not only welfare, but self-determination, empowerment and sustainability of the local community.

This is a formidable breakthrough concept which emphasizes on indigenous knowledge and self-help to achieve communal prosperity through the functionalization of existing local institutions. In Indonesia, as in most other countries, indigenous knowledge with its accompanying institutions, traditions and customs have been functioning over many generations, which can support and make *integrated microfinance management* a reality. Needless to say, some seed money is needed to start it up.

Now is a most opportune time to make it happen, as globally, **macro-economics** have currently evolved to **micro-economics**.

Governments are now striving to focus on satisfying the needs of smaller units of the economy such as districts, villages and families, as opposed to that of the whole nation.

This is especially the case in Indonesia, where the government recently initiated a program whereby each village is given *one billion rupiah* every year to realize their own priorities. Additionally, the democratic climate which promotes freedom of speech, facilitates current bottom-up aspirations. This can foster the development of community empowerment and self-help improvements, which in time will make the cost of national welfare and prosperity less costly and more effective.

Given these golden climatic opportunities, the concept of Integrated Microfinance Management has the immense potential to make a major difference in the global fight against poverty by mustering the inherent strengths of individual groups and traditional institutions, and harking back to their indigenous knowledge and practices through mutual assistance in order to achieve sustainable prosperity.

For this grand prospect, we have Prof. Dr. Slikkerveer and the LEAD Programme to thank. It is now up to all of us to contribute in whatever way we can make this concept and its aspirations to come true.

The destitute of the past compels us to change the future and history for the better of all humankind.

Thank you.

Dr. Anak Agung Gde Agung,

Jakarta,

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