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REPORT ON THE PARTNERSHIP VISIT BETWEEN RDIS AND YAK GBKP IN INDONESIA, 13 – 26/06/2024

INTRODUCTION

Based on the existing Collaboration Agreement between the two parties:

- Rural Development Inter Diocesan Service (RDIS)¹
- Ate Keleng Foundation (YAK)²

Dated 23rd November 2019 with a purpose to learn from each other, as it is stipulated in the MoU, with an overall goal “to shift from their own closed model to a more open one by integrating external ideas, solutions, resources and capabilities into their developments and other related practices to help them achieve greater return and stay competitive and relevant in their context.”

To this end, we have received a delegation from YAK/PARPEM GBKP in November 2022, and our turn came to effect from 10th - 27th June 2024, where a delegation made of Pastor NTARINDWA Viateur RDIS Executive Director, and Mr NSABIMANA Jean Chrysostome RDIS Deputy Executive Director paid a visit to YAK. The main focus was to learn from their best practices of their Rural Bank and Credit Union so that, we get insights and ideas that can help enhance the processes of the 5 Talents - Ubumwe Financial Institution, which undoubtedly will help improve the livelihood of the rural communities served by RDIS.

VISITING THE CHURCH SYNOD AND MEETING THE MODERATOR

During the visit, RDIS delegation visited the Church Synod (the Head Office of the GBKP Church) in Kabanjahe Town in North Sumatra Province. It has been an occasion to meet the Church Moderator Rev KRISMAS Barus who welcomed us well in his office. In the meeting

¹ **RDIS:** Rural Development Inter diocesan Service, an organization for promoting sustainable development owned by five dioceses of the Anglican Church of Rwanda (Butare, Cyangugu, Kigeme, Nyaruguru and Shyogwe), www.rdis.org.rw

² **YAK/PARPEM GBKP:** Yayasan Ate Keleng / Partisipasi Pembangunan Gereja Batak Karo Protestan (Ate Keleng Foundation / Development Participation of Karo Batak Protestant Church), www.yakparpem.org

with him, we conveyed him greetings from the president of RDIS Board whom he knows very well, and we shared about the partnership between YAK and RDIS, talked on the Collaboration Agreement and the purpose of the visit. He shared more about the church, the Credit Union and the Rural Bank. In fact, the church has a presence in the Karo region since the last 140 years with 350,000 members mostly Karo people 90% of them being farmers. It has 540 pastors and 960 churches across 5 big Indonesia islands. The region is mostly muslims, but the church is currently growing. Details on the Credit Union and on the Rural Bank will be highlighted in their respective sections in this report.

VISITING THE FORMER YAK DIRECTOR

When the partnership was initiated, YAK was led by Pastor Yusuf Tarigan whose term came to an end in October 2023, succeeded by Pastor Rut Pandia. It was a good opportunity to meet him to discuss his new roles and responsibilities, and convey to him greetings from RDIS family. He is currently a parish Pastor in a GBKP Church in Medan City, at the same time a Senior Manager of Women Movement and a member of Reformation Committee of the church, but also helps in another organization with similar activities as YAK.

VISITING YAK OFFICE, MEETING THE STAFF AND VISITING YAK ACTIVITIES

During the visit, we met the YAK office staff and were warmly welcomed.

We were taken through their activities both of the office and the field in the community. YAK work is mainly done through five Divisions:

- Empowerment and Society Development
- Climate Change and Waste Management Division
- Organic Farming Division
- Finance, Administration and Training Centre Division
- Social and Internship Division

which are quite similar to the departments in RDIS. We visited some of their field work especially the organic farming, the Credit Union and the Rural Bank. We were also taken through their annual family gathering where both YAK employees and their family members gather to celebrate the fruits of their organization work, and to strengthen their relationship. Again, we were taken to a traditional wedding of two of their employees who were married. It was a good experience to see how family, culture and work bond to make a fruitful work result.

VISITING CREDIT UNIONS, PERKELENG AND A RURAL BANK

Our most interest were about leaning from their Credit Union and the Rural Bank. On our journey to this study, we came to learn also about the Perkeleng.

Credit Union

We meet the head of YAK department in charge of Credit Union (CU), talked with the four staff of the CU, and visited some credit unions in their monthly meeting to witness their activities. A CU is similar to a saving and credit group into our context. Church members meet once a month to put together their savings (share capital, compulsory saving, voluntarily saving), disburse loans and collect payments. Accounting books and forms are updated, member booklets updated, report compiled and sent to the office at YAK together with a bank payment of the savings to Perkeleng.

Perkeleng

During our time in YAK, we visited a Perkeleng office, met the management and the Board. It is a secondary Credit Union (union or umbrella of all credit unions) managing all 186 primary Credit Unions with 50,000 members. It officially started on the 27th July 2009 with 29 Credit Unions, but was registered under Indonesian law in 2020. It is a member of KSP (a regional union of cooperatives), and Inkopidt which is Indonesian union of Saving and Credits Cooperatives. It has total assets of 74 billion rupiahs (1 IDR = 0.08 RWF at the time of visit), with 58 billion members savings and 48 billion in loans. It has a Board renewable every three years, and a staff made of 7 employees. Credit Unions are given loans for their members at an annual interest varying from 6% to 12% per year where the highest loan provided is 1 million rupiah, and loans reimbursement goes from 1 to 150 months. Loans are mainly for agriculture, microbusiness, wellbeing (house, land, vehicle), and investment.

Rural Bank

We visited a Head Office of the Rural Bank which was founded by YAK and met the Operation Director and Complaint Director. From the information provided by the GBKP church moderator, the YAK director and the Management of the Rural Bank, this bank is founded by YAK who owns 60% of total shares, but Alfa Omega (Church Disability Organisation) has a share of 24% and the staff of both YAK and GBKP Church has 15% of total shares, the remaining shared among some individuals. The rural bank founded in 1992 but started its operations in 1993 has 4,100 members/shareholders and 7,100 borrowers. It currently has five branches and 232 permanent employees with an average salary of 2.3 million rupiahs. Its starting

story was driven by a number of Karo people who didn't have access to financial services, or hindered by a high interest rate on loans provided by debt collectors in the time which could even go to 10% a month. It is the sole bank formed by a church (or church organization) in Indonesia, and the best performing growing development bank in North Sumatra, with the first in assets.

VISITING PLACES

In the course of our journey, we were hosted by YAK Training Center in Sukamakmur, attended Church Services, visited GBKP Church museum (Kuta Karo) in Karo culture, the church retreat center, the Church orphanage (Gerola Kassih) and participated in its 75th anniversary, elderly center (PPOS) and participated in inauguration of built hall in the center, the first GBKP Church and some other touristic places in North Sumatra namely the Air Terjun Kulikap Negeri Suah hotspring water, the Patung Kristus Penyelamat at Bukit Sibeabea, Simanindo Port Crossing, Samosir Island in Toba lake, local markets, entertainment and leisure facilities.

LESSON LEARNT

We would like to mention few lessons learnt during our visit to YAK:

- It is possible for the Church and Church institutions to promote and make functional the firm circuit of financial services for the benefit of initiator shareholders as it is for GBKP which have played a crucial role in the establishment of the Rural Bank, Credit Union and Perkeleng.
- The Church and Church Institutions plays a key role in achieving Sustainable Development Goals such as decent work and economic growth (8), No Poverty (1) and some others. Out of financial institutions and services, more than 350 jobs were created by YAK: the Rural Bank employs 233 staff, the Perkeleng employs 7 permanent employees whilst YAK itself employs 43. Furthermore, those whose loans are given by the Rural Bank and Credit Union run their businesses in different sectors of activity. This creates huge number of Jobs.

CONCLUSION

In overall, the visit was successfully carried with a decision of enhancing the partnership between RDIS and YAK, to be put to another level. As per a concluding meeting with the

Executive Director of YAK, it has been agreed that online video meetings should be arranged to keep sharing experiences.

We would like to underlined that, the visit has strengthened the way we plan the 5T-UBUMWE to the extent that, we committed to speed up the mobilization and sensitization process so that, soon, we get at least 1,000 individual members. We came to know that, via YAK, the rural Bank has got a financial support by the UEM. Therefore, RDIS should continue market 5T-UBUMWE and explain how much it benefits the members and community as a whole as a strategic way to bring on board institutions and organizations which are interested.

The Rural Bank established by YAK and GBKP counts 5 branches, one can assume that, it is because, by the time of our visit, the Rural Bank did not have an accounting software; therefore, as it has been urged and recommended in different meetings of RDIS and 5T-UBUMWE; as soon as we get the accreditation of Rwanda National Bank, we need to set a software which will help members/shareholders to access financial transactions without necessarily travelling to the main branch given, by consensus and as a strategic manner to make possible the provision of dividend to the members, the opening of the branches is not priority during the early days of 5T-UBUMWE.

SOME PICTURES OF THE VISIT



YAK staff (Left), YAK Head of Departments (Center), YAK Family Gathering (Right)



Perkeleng visit (Left), Perkeleng Office (Center), Credit Union Visit at Kuala Church (Right)



Rural Bank Head Office visit (Left), Visit Moderaman (Center), Former YAK Director (Right)



Visit First GBKP Church (Left), Sunday Service (Center), YAK staff wedding (Right)

Done at Muhanga, the 01st July 2024

Mr NSABIMANA Jean Chrysostome
RDIS Deputy Executive Director

Pastor NTARINDWA Viateur
RDIS Executive Director



Mission Statement: "To safeguard environment, increase the production aiming at sustainable and holistic development."