Being entrepreneurial in giving loan, for the sustainability of the earth

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Abstract. Entrepreneurship is part of the obligatory struggle for a good cause in a peaceful Islam. This research uses the narrative elaboration about the UMi program's initiation and its process to become a national program to reach 46.8 million grassroot or 78.11 percent of Indonesia's micro-enterprises. It is a specific case study, not a complete, chronological, and deductive writing, but a thematic, eclectic semi inductive process. UMi program matches SDG's Goal 5, 8, and 16 about gender equality, economic growth, and Peace & Justice for the earth's sustainability. The significant result is seen from the parliament permit to use the 7 trillion rupiahs of the State Budget for the UMi program in Indonesia, a peaceful poverty alleviation, albeit being used as a political tool during Jokowi's presidential campaign.

1. Introduction

Muhammad Yunus encouraged entrepreneurship through micro-credits [1]. He is a Muslim and was the Nobel Peace Prize winner in 2006 by helping the poor people through Grameen Bank. The first concept of Islamic entrepreneurship encourages individuals to behave as a Khalifa (vicegerent), in the sense of 'stewards' handling the 'gifts' (earth) given to them by God [2]. Davis develops this concept [3]. Umi program in Indonesia is a modification of the Grameen Bank concept. UKM Center FEB UI produced the UMI concept adopted from the Grameen Bank practice since in 2009, the leader of this institution got a University of Indonesia's Research grant program award as part of Community Services based on an agreement letter DRPM 750/DRPM-UI/B/N1.4/2009. Eight years later, the Ministry of Finance of the Republic of Indonesia adopted this concept in 2017.

1.1. Entrepreneurial struggle to keep earth sustainability

'Struggle for a good cause' is very entrepreneurial because it is part of the obligatory "striving" in peaceful Islam and how it creates earth sustainability. Davis's ideal Islamic entrepreneurship model aims to present a systematic behavior through five concepts of entrepreneurship from the general Islamic faith: (1) the Entrepreneur behaves as a 'steward'; (2) Prophet Muhammad, peace be upon him (pbuh) as exemplars; (3) the Quran and hadiths as the source of wisdom; (4) submission to God's will (where zakat charity and volunteering is embedded here) and (5) concern for the community. Entrepreneurship elaboration is scarce in Islam [4]. Hence Yunus's Grameen Bank [1] and Davis's 'modern' entrepreneurship model is extraordinary [2]. Indonesia's Umi program adopts Yunus Grameen Bank [1] that matches SDG's 5, 8, and 16 about gender equality, economic growth, and Peace & Justice [5]. Sustainability of the planet is essential because Islam was
born in the despairing environment of the desert [6]. The umma is a social glue. It was based on their understanding of the Islamic teaching that God is One and that men are created to live together. Its main task is to illuminate one's group's admiration and fulfill the 'struggle for a good cause' as a solidarity unit [7]. However, we need to bear in mind that a solidarity unit means justice towards human beings, animals, birds, insects, and the environment [8].

1.2. SDGs and its link to the UMi Program in Indonesia
Concerning SDG's, Gender equality is evident in UMi or Grameen Bank, due to almost 100% of Grameen Bank's debtors are women. In Indonesia, UMi employs mixed gender because, during the program's inception, the parliament urged to disburse both genders. Economic growth is boost by financial inclusion. There is a positive correlation between economic growth and financial inclusion in India [8] and in and Zimbabwe [9]. No wonder that the G20 supports the 'Digital Financial Inclusion' globally as their supporter for 'Sustainable Development Goals' (SDGs) [10]. The UMi program supports peace and justice because Islam involves rahmatan lil alamin or 'Grace for All Nature'[11]. It means prioritizing the area of peace (dār al-silm) [12] represented by the Indonesian Ultra Micro (UMi) credit policy as the adoption of Yunus' Grameen Bank [1], the 2006 joint winner of the Nobel Peace Prize.

1.3. UMi program and Islamic Entrepreneurship
The Quran and Sunnah are the most important sources of Islamic entrepreneurship. The most lengthy and detailed ayat in the Qur'an concerns business transactions [13], specifically about writing down debt contracts and making an ethical commitment by taking witnesses and avoiding harm, which requires continuous improvements in human resource quality. To lend money is a deed encouraged by Islam. It has more rewards than giving charity [14]. Ultra Micro (UMi) financing in Indonesia adopts Yunus' Grameen Bank method to help the poor through micro-lending. Unlike dedicated only for women, the Umi program has a mixed-gender concept using dual scheme disbursement. The one-step loan is from the PIP (an agency institution at the Ministry of Finance that managed Umi) to State Own Enterprise (SOE). The two-step loan is from PIP to SOEs and then to cooperatives. In 2005, the UN launched 'the International Year of Micro Credit' [15] because, through development that prioritized economic growth, the gap between the rich and the poor worldwide was widening. Hence, credit to the poor was encouraged. Similar to Bangladesh's Grameen Bank, UMi capped a micro-entrepreneur at Rp 10 million (US$ 670) loan. As part of the "Ekonomi Kerakyatan/Ekonomi Rakyat" (people's economy).

2. Method
2.1. The inception of the UMi Concept
In 2008, the Head of the UKMC FEB UI and five University of Indonesia's graduates joined the Koperasi Mitra Dhuafa (Komida) [16]. Together, they augmented Komida's status into a national cooperative. Slamet Riyadi led this cooperative using the Grameen Bank method for four years. In 2009, UKMC FEB UI received a University of Indonesia research grant programs UI to create a government program concept using the Grameen Bank approach for the City of Depok. Unfortunately, it was turned down.

2.2. Selling the UMi concept
In Jakarta, on May 17, 2011, UKMC FEB UI proposed the UMi policy to Jokowi. He won The True People's Representative in Sindo (Seputar Indonesia)[17]. He agreed to implement this concept in his city, Solo, in Central Java. Unfortunately, in 2012, the ongoing UMi proposal was terminated in Solo because Jokowi ran in the Jakarta gubernatorial election with Ahok. Together, they won and ruled Jakarta,[18]. In December 2014, UKMC FEB UI was invited by the Ministry of Finance (MoF) under Bambang Brodjonegoro. At that time, nearly 13.8% of the Indonesian population was poor, rural, and
agricultural workers. On this occasion, UMi was proposed as a poverty alleviation tool and as a complement to the existing bank-based KUR program (People's Business Credit). In 2014, when the Umi program was introduced to the Ministry of Finance, Indonesia's poverty line was one of the world's lowest classifications. At that time, for the urban and rural population, the poverty line was Rp 318,514 (US$ 21.34) and Rp 286,097 (US$ 19.17) per capita/month consecutively [19]. It was analogous to those of the most impoverished sub-Saharan Africa [20], even though Indonesia's status as a middle-income country with GDP per capita US$ 10,500 in 2011 PPP dollars. PPP is Purchasing Power Parity. It is used as an international benchmark to compare the ability to buy [21]. With the growth elasticity of poverty at around 0.7, it means a ten percent increase in economic growth would raise the poor's income by only seven percent [22]. With 27.73 million poor people in September 2014 [23], the poverty alleviation program was badly needed. In 2014, the Indonesian Government planned an eight percent reduction of the national poverty rate by 2019. The Gini coefficient was also set at 0.36. The Gini index calculates the income distribution inside an economy and diverges from equality by measuring the space between the Lorenz curve and the imaginary absolute equality line. Zero Gini index represents perfect equality [24]. The creation of employment and the provision of essential services and social protection policies was also targeted [25]. Meanwhile, in the absence of government subsidy, the cost of funds to operate the pro-poor lending activity by borrowing money from the bank was around 16% when UMi was in inception stages. Hence, state intervention was needed to reduce this cost.

2.3. The Concept is Accepted

On 27 July 2016, Sri Mulyani Indrawati replaced Brodjonegoro's place as the minister [26], and on 23 February 2017, the first Ministry of Finance's decision letter for UMi was launched. At that time, the poverty rate hit 10.64 percent. As the institution under the MoF that manages Umi, PIP gained the momentary ascendancy over parliamentary sessions. Forty-nine parliament members in the Commission XI officially agreed to add the UMi funding Rp 2.5 trillion (US$174,825,175) and Rp 3 trillion (US$209,790,209.8) for the 2018 and 2019 fiscal years. To maintain professionalism, PIP asked for help from the Government's telecoms provider (BP3TI) to handle the UMi loan information system before disbursing credit through healthy and capable non-banking financial institutions. In March 2017, the poverty rate decreased by 0.06 points, and in September 2016, the Gini coefficient decreased by 0.001 points to 0.393 [27]. It was considered high since the Government’s national poverty rate target was to lower it to 7%–8% by 2019 [28]. In September 2018, one year after UMi's launching and the piloting period was over, the number of UMi debtors in Indonesia reached 404,282 debtors (grassroots entrepreneurs) with an average loan of Rp 2,82 million (US$ 197.2).

3. Results and discussions

3.1. Filling the Financial Gap

According to the World Bank, Indonesia's Micro Small Medium Enterprise's financing gap is US$ 330 billion [25]. During a discussion about UMi in 2018, Bank Indonesia revealed that the amount of all banks' line has been exceeding Rp 1 trillion (US$ 66,998,624). Banks could not give credits to small and medium enterprises, albeit the Government created People's Business Loan (KUR) as a financial inclusion apparatus in 2007. KUR reached only 12.3 million (21.89%) of a total of 59.1 million MSMEs in 2016. Hence, the UMi program is critical to serving poor people unserved by the KUR program through Non-Bank Financial Institution.

3.2. Adjustment of the Grameen Bank Concept

UKM Center FEB UI adjusted Muhamad Yunus' Grameen Bank concept as a government-sponsored program of the Ministry of Finance (MoF). UMi applies two schemes. First, the individual loan with little collateral; and second, a solidarity group loan system by joint co-guarantors; hence, no collateral would be needed. Most of the UMi policymaking processes were done by bottom-up approaches, such
as focus group discussions, stakeholder consultations, expert discussions, and surveys to 2,000 respondents and Non-Bank Financial Institution (NBFI)s all over the country and some parliamentary hearings from 2015 until 2017. UMi was finally launched on February 23, 2017 [29], with an additional piloting process for policy improvement until 2018.

3.3. The Stakeholder's Benefit

UMi, as a microfinance product, merges three major groups' interests [30]. First, grassroots entrepreneurs who buy access to goods to start their business with the sale or provision of social services, add-ons bundling activity with compulsory empowerment, by frequent face to face or high touch meetings. Second, the Non-Bank Financial Institutions have different niches than banks, even though both impose the lender's interest in paying for all activities. Third, as the funding coordinator, the PIP assumes the microfinance by-products such as the desired sustainable building trust and social peace despite the limited amount of State Budget being disbursed. The future leveraging was planned based on the UMi's accountability and transparency to gain more funding to cater to more extensive borrowers' outreach.

The Non-Bank Financial Institutions with entrepreneurial assistance had two schemes of UMi loan disbursement. First, from PIP to SOEs; second, the two-step, from PIP to SOE, and then to cooperatives. Indonesia's PIP position is different from the Bangladesh government who controls the Grameen Bank because it acquired the civil society movement [31]. PIP strives to maintain the tenet of 'the more you stay away from government, the better.' During the discussion with the Ministry of Finance, the UMi program was designed to cater to the remaining 46.8 million or 78.11% of total MSMEs who were unserved by KUR due to the bank's stringency. It is the "win-win" framework between KUR (bank-led lending) and the previous agriculture-based business (KUT) through cooperatives.

3.4. A Peaceful Campaigning Tool & UMi Performance up to 2019

On Thursday, September 8, 2018, President Jokowi pair with Ma'ruf Amin in his second presidential election [32]. Based on the FTCR's survey, the social issue was the voters' priority concern. The second, third, and fourth of the voters' priority concerns were economic problems, corruption, and religious matters [33]. Unlike the CSIS finding in 2016, the FTCR's survey in 2018 revealed that Jokowi had built enormous progress in poverty reduction and employment creation [34]. Hence, the UMi program was part of Jokowi's social issue campaign [34]. Below is the news about UMi as a campaign tool being disbursed through media

*Women's group program dubbed MEKAAR and the ultra-micro financing (UMi) credit program, said Jokowi, had assisted 1.2 million Indonesian women in obtaining business capital worth Rp7 trillion [35].*

Mekaar is an UMi loan disbursed by PNM, a State Own Enterprise (SOE) [36]. In the first five days before Umi loans were spent, the potential debtors obliged to recite Pancasila, the Indonesian Ideology, and also during their weekly meeting. This 'procedural' is needed to defend the unitary state of Indonesia.
In Figure 1, there is a link between the number of Umi debtors and Jokowi votes in 34 provinces in the 2019 election year. There is a significant and positive correlation.

**Figure 1.** Umi Debtors and Jokowi voters in 2019 in 34 provinces.

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**Table 1.** The accumulation of Umi Performance and Jokowi’s votes in 2019

| National | % Jokowi’s votes in 34 Provinces | Jokowi Voters (people) | Umi Debtors in 2019 | Umi Debtors/Jokowi Voter | Outstanding Loan in Million Rupiahs | Average Loan/Debtors in thousand rupiahs |
|----------|---------------------------------|------------------------|---------------------|--------------------------|-----------------------------------|---------------------------------------|
| Average  | 54.65%                          | 2,521,613              | 49,237              | 1.37%                    | 148,160                           | 4,101                                 |
| Total    |                                 | 85,734,849             | 1,674,071           | 46.65%                   | 5,037,452                         |                                       |

In Table 1, the accumulation of Umi Performance and Jokowi’s votes in 2019 records the successful performance of UMi as a campaigning tool. In 2019, the disbursement of Umi in 34 provinces is seen in Figure 2.
Figure 2. The number of UMi debtors up to the year 2019.
Jokowi’s successful key was by combining social issues campaigns mentioned above with his aggressive infrastructure development. Albeit Umi was not designed as a political tool, but UMi performance gave a good impression about Jokowi’s performance in poverty alleviation in Indonesia that later as a peaceful campaigning tools that produced good results for more votes for Jokowi to win his second presidential term.

4. Conclusion
This case study elaborates on the policymaking process of the UMi program that matches SDG's Goal 5, 8, and 16 about gender equality, economic growth, and peace & justice for the earth's sustainability. This study reveals that a policy entrepreneur, especially when trying to help the poor in public policy, is a very lengthy process (about eight years), from policy idea, getting government attention, and finally receiving approval from the congress. Due to the peaceful style, the UMi program, like Grameen Bank, can also be used as a gentle campaigning tool. Indonesia’s UMi program is a modest way to exhibit peace by practicing a modification of Grameen Bank—the masterpiece of Muhammad Yunus, a prominent Muslim, and a Noble Peace Laureate—and shows that Islam is "Rahmatan lil Alamin" or a Grace for All Universe [37]. When doing a struggle engagement for a good cause, peace is attained, the sustainability of the earth is maintained.

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