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IMPROVING TRADITIONAL MARKET COMMUNITY WELFARE THROUGH WASTE MANAGEMENT PROGRAM



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"I really appreciate 'My Clean, Healty and Prosperous Program' conducted by Danamon Peduli. This program has assisted the government to develop clean, safe, convenient and fair tradisional markets. Danamon Peduli could be a role model for other private and public organizations in conducting their corporate social responsibilities".

-Minister of Trade, Mari Elka Pangestu

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IMPROVING TRADITIONAL MARKET COMMUNITY WELFARE THROUGH WASTE MANAGEMENT PROGRAM

As an independent foundation established by PT. Bank Danamon Indonesia Tbk, the Danamon Peduli Foundation specifically manages the corporation's Corporate Social Responsibility (CSR) programs. One of the foundation's main programs is "Traditional Market Compost Program" or "Danamon Go Green," which is a sustainable community development program through converting market waste into high quality organic fertilizer. With the program successfully implemented in a number of pilot projects, the foundation is encouraged to replicate the program to various provinces across Indonesia. As of 2009, the foundation has carried out the program across 29 districts/cities, working together with local government.

Meanwhile, the traditional markets nowadays are in dreadful condition, in which almost 90% of which are in critical condition. There are many factors contributing to this situation, starting from the poor management system of traditional market, increasingly competitive condition as a result of modern retail industry expansion, to hygiene issue as well as poor waste management virtually in all traditional market. Implicitly, this phenomenon results in the decrease of the welfare of traditional market community.

In this case, it is shown how "Danamon Go Green" program enhances the community welfare. Direct benefit can be felt by traders and consumers: a market that is cleaner, healthier and convenient. In addition, the farmers will benefit from the availability of high-quality compost that is relatively less expensive than chemical fertilizer. Meanwhile, compost-making facility and compost business activities will provide employment, and regional governments will find their region cleaner and efficient for being able to manage their waste properly. Positive result is also felt by PT Danamon Indonesia Tbk, particularly because "Danamon Simpan Pinjam," one of Danamon's business units is designated for consumers at traditional market segment.

THE CHALLENGES FACED BY TRADITIONAL MARKETS

According to Association of District Government/ City of Indonesia (APKASI), today there are 13,450 traditional markets throughout Indonesia, with more than twelve million traders¹. It is estimated that this traditional market community also includes 50 million people, implying that the livelihood of 25% of the Indonesians is dependent on the traditional markets. Therefore these traditional markets must be sustained and even further developed, as their existence are instrumental for the people's economy which include farming community, fishermen, craftsmen and small traders.

¹ *Traditional Market Revitalization (27 Februari 2009). Available at: <http://www.danamonpeduli.or.id>.*

However, the contemporary condition of traditional market is generally alarming, notably in terms of cleanliness, health, and environmental comfortability, thus losing their consumers to the modern market which provides consumers with convenient shopping atmosphere. According to the Association of Market Traders in Indonesia (APPSI), almost 90% of traditional markets spread across Indonesia are in critical condition, leaving only 10% in relatively normal condition.² This phenomenon is attributable to the poor capacity in managing traditional markets, a role mostly carried out by local government. Meanwhile, the existence of traditional markets are increasingly threatened by such modern markets as hypermarkets, supermarkets and even minimarkets that enter into competition at the district and subdistrict level.

According to a survey carried out by AC Nielsen, from 2004 to 2006, there is a decline in the traditional market growth as high as -8.1%, whereas the modern market grew by 31.4%.³ From 2001 to 2006, the market share of this modern market grew by 11.8%, a condition implying that in such period 11.8% of Indonesia's retail consumers no longer shop in the traditional market and opted for shopping in the modern market.⁴ APPSI estimates that every year, about 400 traditional market stalls in Jakarta closes down, and this trend also takes place in other major cities. It is also found that in 2008, the traditional market turnover plummeted by 60%, while the occupancy rate of traditional market traders fell by around 30-40%.⁵

For saving the traditional markets from further demise, revitalization action is necessary to address the issues rendering traditional markets unable to compete with modern ones. One of the issues is how clean or hygienic the traditional market is. Traditional markets are often associated with a place that is dirty, smelly, shabby and disorganized. Part of the problem contributing to these labels is that traditional market have yet to dispose their garbage in a proper way. With evidence suggesting that traditional market produce thousands of tons of garbage everyday, or about 20 tons per market, this waste, when not properly, becomes an outstanding problem faced by the market community, society and government altogether. This problem can be resolved if the management of these markets could carry out the proper waste management in collecting, disposing and even reusing wastes disposed by the traditional markets everyday.

DANAMON PEDULI FOUNDATION

Danamon Peduli Foundation implements "Waste Market to Compost", a program better known as "Danamon Go Green," a sustainable community empowerment program which turns market waste, particularly that from the traditional markets, into high quality organic fertilizer. With the program applied to the traditional market, the program helps the market rid of its waste, making the market convenient for consumers to shop. This in turn helps the market involved in this program to become more competitive.

As a foundation established by PT. Bank Danamon Indonesia and PT Adira Dinamika Multifinance Tbk, the foundation implements Corporate Social Responsibility program on behalf of Bank Danamon. In fact, Danamon Peduli began its activities in 2001, as part of Corporate Affairs Division of PT. Bank Danamon Indonesia. In 2004, Danamon Peduli enhanced its vision, with the establishment of Danamon Peduli Foundation on February 17, 2006⁶ by PT Bank Danamon Tbk and PT Adira Dinamika Multifinance Tbk. The foundation's vision: "We care and help millions of people achieve prosperity". Meanwhile, the foundation's mission is to support such sustainable activities based on community's needs as (1) improving health, hygiene, and standard of living through broad-impact-based programs; (2) delivering relief to disaster victims

2 *Modernisasi Pasar Tradisional Untuk Pedagang Tradisional dan Pedagang Kecil (9 Juni 2009)*. Available at <http://perubahanuntukrakyat.com>.

3 *Traditional Market Revitalization (27 Februari 2009)*. Available at: <http://www.danamonpeduli.or.id>.

4 *Economic Article: Traditional Market vs Modern Market*. 31 Maret 2009. Available at <http://warnadunia.com>

5 *Moch. Eri Irawan. Jalan Berliku Pasar Tradisional (2). Kompetisi Bebas Pasar Tradional dan Pasar Modern Tidak Relevan. (21 Juli 2009)*. Available at: kabarbisnis.com.

6 *History Danamon Peduli Foundation*. Available at: <http://www.danamonpeduli.or.id>.



and helping them recover their life.

Danamon Peduli Foundation believes that Danamon's employees are also community member who can get involved in improving the well being of community where they live and work at. Thus, through Danamon Peduli program, more than 40,000 of Bank Danamon employees in 1,400 locations across Indonesia are capable of acting as agent of change and part of community members who really care to help.⁷

One of PT. Bank Danamon Indonesia's business units is Self Employed Mass Market (SEMM)⁸, a banking product designed to meet the needs of Small and Medium Enterprises (SMEs) located in the traditional markets, which cleanliness and comfortability determine the sustainability of these SMEs. As a member of traditional market community, SEMM obviously has an interest in the cleanliness, health and comfortability afforded by the traditional markets, which in turn will affect the competitive value of the traditional markets themselves. When seen from the perspective of banking industry, the millions of small traders operating in traditional markets are potential customers for banking products, particularly those of SMEs.

With Danamon Savings and Loans service available in more than 800 branches reaching about 1,500 traditional markets throughout Indonesia, Danamon Peduli Foundation has the opportunity of helping these SMEs by implementing the "Waste Market to Compost" program to improve the condition of traditional markets.⁸ It is important to note that the existence of these traditional markets also reflects the value of system that has been part of the nation's culture as well as center of the people's socio-economic development. This implies that all efforts aimed at preserving the existence of traditional markets have to be supported. Thus the implementation of Danamon Go Green program, initiated by Danamon Peduli Foundation, becomes strategic, as the programs provides benefits to a number of stakeholders, especially the traditional market community that represents the majority of people with low income.

This program has a characteristic that could be considered appropriate to be included as one of "Growing Inclusive Markets Models" or "Pro-poor Business Models", a community development model often carried out by international donors such as the United Nations Development Program (UNDP). This "Market Waste-to-Compost" program is a sustainable community development program, which will be successful provided the program is supported by the local government. Therefore, in implementing the program, Danamon Peduli Foundation works with local government, and at present, is working with 31 local governments across Indonesia⁹.

Puryanti, Prawirotaman Market Vendor, Yogyakarta

"Back then, if I wanted to go to the bathroom, I had to go back to my house. But, since Danamon Peduli repaired the toilets, I could just use the ones in the market here. Now the toilets are cleaner and more convenient". (Annual Report Danamon Peduli Foundation, 2008)



THE COMPOST MARKET WASTE PROGRAM

Cleanliness is the major issue which the traditional markets are difficult to deal with. Everyday the traditional markets in Indonesia produces thousands of tons of waste, with 70-90% of this amount valued as high quality organic materials. If this waste can be managed properly, the problems faced by the traditional market could turn into something benefiting the traditional market. Through its "Compost Market Waste" program, Danamon Peduli works closely with any

⁷ Annual Report Bank Danamon, 2008.

⁸ Traditional Market Revitalization (27 Februari 2009). Available at: <http://www.danamonpeduli.or.id>.

⁹ Annual Report Danamon Peduli Foundation, 2008: Together Building Prosperity.



local government to build waste disposal facility, which is capable of turning 1-3 tons of organic waste disposed by a traditional market into 400 kg – 1.2 ton of high-quality compost¹⁰.

Basically, most organic materials can be turned into compost. These include market organic waste, household organic waste, livestock waste, agricultural waste, agro-industry waste, and other waste having fibrous characteristic. On the other hand, the type of organic materials that should not be used as composting material is organic matter having high amount of water content (such as watermelon, melon, cucumber, tomato, etc.), as these materials will increase the water content of the compost.

Composting has many benefits. In terms of environmental benefit, composting reduces air pollution caused by the process of burning trash, reduces the need for space otherwise used as landfill, and reduces the potential for the emergence of diseases caused by harmful bacteria. In terms of agricultural benefit, compost can improve soil fertility, can be used to rehabilitate soil structure and characteristic, and delivers high-quality agricultural yields.

In addition to delivering these benefits, this program is also believed to give other social and economic benefits for the traditional market community¹¹:

- Systematic reduction of waste, with the result of healthier environment for the community.
- New jobs opening, with each compost processing unit capable of absorbing 4-6 labors.
- Additional income for the market community, with some of the income used to maintain the quality of cleanliness, comfortability and security provided by the markets.
- Provision of high quality organic fertilizer to farmers at affordable prices.
- Fertilizers become abundant, the result of local government and market community establishing their own organic fertilizer factory.
- The program helps reduce the load of local government in dealing with their waste and give cost saving as a result of less costs associated with waste collection, processing etc.
- the program helps mitigate the impact of global warming, thus minimizing the effect caused by global warming to people's livelihood.
- The program ensures greater national food security based on organic farming.



¹⁰ Annual Report Danamon Peduli Foundation, 2008: Together Building Prosperity.

¹¹ Annual Report Danamon Peduli Foundation, 2008: Together Building Prosperity.

The composting steps carried out by Danamon Peduli Foundation are as follows (Yulianto, et al¹²):

- **Supplying**

Waste delivered to the composting house is the market organic waste carried directly from the source (vendors, kiosks, etc) as well as waste carried from Temporary Disposal Facility (TPS) available in the market. Two baskets are provided at the market premise, one for organic waste and the other for anorganic waste, helping market tenants to easily separate the waste they dispose. When collected properly, the basket full of organic waste is delivered to a composting house.

- **Sorting**

The organic waste contained in the basket is not 100% organic. Thus the waste is re-sorted so as to get the sort of organic matter that can be used as materials for making compost. What is needed for composting is fresh organic waste such as leaves and vegetables.



- **Mincing**

Waste has to be minced so the composting process will become faster. Mincing can be carried out using a machine, significantly reducing the size of the waste (2-10 cm). If the resulting waste contains too much water, then the waste can be dried under the sun until its water content is reduced to about 50%.

- **Spraying**

Raw materials that have been weighed are then spread over dirt, with 10-20 cm thickness, to be sprayed with bioactivator. A liter of bioactivator, mixed with about 20 liters of water, is sufficient for fermenting a ton of raw material.

- **Piling**

Piling aims at accelerating the fermentation process and save the use of space otherwise needed for unpiled sprayed raw materials. The ideal height for the heap ranges from 70 to 150 cm. This will make the microbes to work faster in breaking down the organic material.



12 Yulianto, dkk. *Buku Pedoman Sampah Terpadu: Konversi Sampah Pasar Menjadi Kompos Berkualitas Tinggi*. Yayasan Danamon Peduli. Jakarta.

- Fermentation/Maturation

The materials are then fully covered by gunny plastic or packed into gunny sacks so the fermentation process will take less time to complete and there is air circulation. After 4-7 days, the piled materials are uncovered and turned upside down. Then the materials are piled again and left uncovered for approximately six days until they turn into compost. The compost is considered mature if the structure of the materials is crumbly, its color blackish, it smells like humus and its temperature is below 40°C.



- Drying

Once the compost is matured, the compost should be dried until its water content is below 50% (in compliance with the Indonesian National Standard).

- Sifting and packaging

If resulting compost is still too coarse, it is recommended that the compost is processed again. Then the compost is sifted using a 0.5-cm-by-0.5-cm wire sieve, so only the ones uniform in size will be chosen, weighed and packaged according to market demand.

- Marketing

The compost will be marketed if the compost produced is packaged and is ready for sale. The price of compost varies, depending on operational costs incurred in compost production. Marketing activities will be carried out to reach break even point and to sustain production.

Minister of Trade, Mari Elka Pangestu

“I really appreciate ‘My Clean, Healthy and Prosperous Program’ conducted by Danamon Peduli. This program has assisted the government to develop clean, safe, convenient and fair tradisional markets. Danamon Peduli could be a role model for other private and public organizations in conducting their corporate social responsibilities”. (Annual Report Danamon Peduli Foundation, 2008)

PARTNERSHIP MODEL

The program is implemented through a partnership model which mutually benefits both the foundation and local governments, thus making the program increasingly sustainable. The foundation provides the design of the project, necessary equipments and facilities, capacity building for using the machine and producing compost, and monitoring and evaluation. Danamon covers the first monthly cost involving labors and materials until the work of the program is handed over to local government. Danamon appoints someone to be responsible for carrying out the capacity building program as well as monitoring and evaluating the program. On the other hand, the local government has the role to (Yulianto, dkk¹³):

¹³ Yulianto, dkk. *Buku Pedoman Sampah Terpadu: Konversi Sampah Pasar Menjadi Kompos Berkualitas Tinggi*. Yayasan Danamon Peduli. Jakarta.



1. Carry out needs analyses and calculate the amount of waste they generate.
2. Provide a space to be used for processing facility or a 250-500-meter-square market. It is also possible to modify a temporary disposal facility (TPS).
3. To carry out local coordination, provide the legal requirements and socialize the program the local community.
4. Build a compost facility, which is developed by a local contractor selected through a tender that specifies the facility specification and design agreed upon by both Danamon and the local governments.
5. Provide a manager to ensure the sustainability of the program.
6. Coordinate the distribution of the compost (in collaboration with the Agriculture Agency at the district level).
7. Prepare budget for operation once the established composting facility is handed over to the local government and before the product is absorbed by the market.
8. Replicate the program in traditional markets operating in the district/city.
9. Incorporate this program into the local government's annual strategic planning.

The local government will appoint a project manager, preferably of relevant governmental agencies/department working in areas where the program is implemented,, to carry out coordination and other necessary preparations with stakeholders related to the activities of the program. This preparation includes providing land, licensing, labor needed for the facility, management and carrying out socialization and monitoring and evaluation. Danamon Peduli Foundation will be technically responsible for establishing the facility, while the local government ensures the success and sustainability of this program and replicates the program in other traditional markets available in their district/city.

The program has been carried out as a pilot in 2007 in Ciputat, Banten, Bantul and Sragen, all are traditional market in Java. These are followed by the success of 2 pilot projects implemented in Bantul (DI Yogyakarta) and Sragen (Jawa Tengah) respectively. This success encouraged Danamon Peduli to replicate the program other regions across Indonesia, particularly when there are many local governments interested in the implementation of this program at their traditional markets. As of 2008, there are 26 out of 31 local governments who have signed a memorandum of understanding to replicate the program. In 2008, the program has been implemented in five districts: Bantul, Sragen, Pacitan, Wonosobo and Grobogan.¹⁴ As of 2009, the programs have been implemented in 29 districts/cities across Indonesia.

PERFORMANCE INDICATORS OF THE PROGRAM

Understanding challenges encountered during the implementation of the program, Danamon Peduli Foundation works with local governments to develop indicators needed to measure the progress of the project and how to use these indicators to make the program increasingly sustainable. Periodically, the local government submits a report on the progress of the program, and the foundation management dissects the information obtained from the report. The indicators

¹⁴ Danamon Peduli Foundation and Wonosobo Regency Inaugurate Market Waste Composting Unit in TPA Wonorejo. Press Release Danamon No. 07/X/YDP/2008. 29 Oktober 2008.



are related to four types of measurement¹⁵:

1. Success and sustainability of program.
2. Added values of high quality compost for the consumers.
3. Efficient and professional production process and management.
4. Commitment of the local government, capable human resources, and sustainable learning process.

These four criteria are further classified into 14 indicators as set out in the following table:

Table 1. Indicators of Success and Sustainability for "Danamon Go Green"

No.	Standard Measurements	Indicators
1.	Success and sustainability of program.	<ol style="list-style-type: none"> 1. Reduction of waste dumped in final disposal site. 2. Compost production reaches Break Even Point. 3. Distribution reaches communities and local government. 4. Local government or community independently replicates the program in other markets or communities using their own budget.
2.	Added values of high quality compost for the consumers.	<ol style="list-style-type: none"> 5. Laboratory test results of compost meet National Industry Standard (SNI). 6. Local government develops demonstration farming plots using the compost.
3.	Efficient and professional production process and management.	<ol style="list-style-type: none"> 7. Waste separation works completed at the market traders level. 8. Machine breakdown/other obstacles can be handled without interrupting the production process. 9. Production and distribution recorded daily in logbook. 10. Monthly report submitted to Danamon Peduli Foundation and local government heads. 11. Communication with Danamon Peduli Foundation carried out through emails.
4.	Commitment from local government, capable human resources, and sustainable learning process.	<ol style="list-style-type: none"> 12. The program is incorporated into local government's strategic planning; compost purchasing and program replications are budgeted using the local government's state budget. 13. Program manager and operators on the field have necessary capabilities. 14. Lessons learned and best practices are disseminated to various multi stakeholders.

Source: Annual Report Danamon Peduli Foundation, 2008.

¹⁵ Annual Report Danamon Peduli Foundation, 2008: Together Building Prosperity.

Based on the success indicator table shown above, Danamon Peduli Foundation developed monitoring and evaluation forms that must be filled by the composting facility unit to be reported to Danamon Peduli Foundation and the local government. The detailed questions proposed in the forms can be found in Table 2.

Table 2. Monitoring and Evaluation Form

No.	Strategic Goal	Question
1.	Success and Sustainability of Program.	<ol style="list-style-type: none"> 1. Is there a reduction in the amount of waste sent to the final disposal site? (Yes/No) <ul style="list-style-type: none"> • How many kilo/ton of the waste is processed last month? • How many kilo/ton of the waste is processed this month? 2. Is the compost production unit capable of covering its own operational cost? (Yes/No) <ul style="list-style-type: none"> • How's the BEP calculation? • What is the cost of good solds per kilogram? • How much is the selling price for each kilogram? • If the operational cost is not covered, how does the unit financially sustain its operation? 3. Has the marketing strategy reached the public and local government? (yes/no) <ul style="list-style-type: none"> • Who are the main buyers representing the community? • Who are the main buyers representing the local government? • How much of produced compost have been sold last month? • How much of the produced compost have been sold this month? • What is the proportion of the main buyers (percentage of total sales)? 4. Is there any plan to replicate the program in other market or community either independently or using the state government's budget? (Yes/No) <ul style="list-style-type: none"> • Where and when is the plan going to be carried out?
2.	Added Values of High Quality Compost for the Consumers.	<ol style="list-style-type: none"> 5. Has lab tests result met the requirement of Indonesian National Standard? (yes/no) <ul style="list-style-type: none"> • If not, what has to be improved? 6. Does the local government have any land on which the compost can be tested and/or used? (yes/no) <ul style="list-style-type: none"> • Explain the tests carried out using the compost and its scale in terms of area, and the used amount of compost produced from the market waste • Is there any significant progress in terms of agricultural yields resulting from the use of compost? (a comparison between pre and post compost)
		<ol style="list-style-type: none"> 7. Has the waste separation process been carried out at the trader level? (yes/no) <ul style="list-style-type: none"> • What is the percentage of inorganic waste still sent to the final disposal site?

3.	Efficient and Professional Production Process and Management.	<p>8. Could the malfunction of any machine related to composting or other obstacles be handled without impeding production?</p> <ul style="list-style-type: none"> • Explain the nature of this month's obstacles and efforts undertaken or planned to deal with them. <p>9. Are the production and marketing log activity carried out daily?</p> <ul style="list-style-type: none"> • Daily reporting should cover at least: <ul style="list-style-type: none"> ○ the amount of processed waste ○ the amount of compost produced ○ the amount of sold compost ○ the usage of fuel, bioactivator, water and electricity ○ Workers' attendance and their working hours ○ who the main buyers are • Monthly report: Explain the type of experiments using the compost and the scale of land area on which the experiments are carried out and the amount of compost produced from the market waste used in these experiments. <p>10. Have the reports been submitted regularly to Danamon Peduli Foundation and the head of local government (Yes/No)</p> <p>11. Has the communication with Danamon Peduli Foundation been carried out through email? (Yes/No)</p> <ul style="list-style-type: none"> • If it has not, is there any plan to appoint someone from the local government to communicate with Danamon Peduli Foundation through email?
4.	Commitment from Local Government, Capable Human Resources, and Sustainable Learning Process.	<p>12. Has the program been incorporated into the local government's strategic planning, so that the purchase of compost and the replication of the program are already included as part of the state budget? (Yes/No)</p> <ul style="list-style-type: none"> • If it has, how much is the amount of state budget allocated for this program this year? For what purpose? • If it has not, what initiative will the unit manager undertake so this unit will be able to operate successfully and sustainably? <p>13. Do someone appointed to be responsible for the program and field operator have the capacity necessary to carry out the program successfully and sustainably? (yes/no)</p> <ul style="list-style-type: none"> • If not, what sort of competency that needs to be improved? <p>14. Is there any lesson learnt or success story that can be disseminated to other district or city? (yes/no). If there is, please provide a concise description (maximum 500 words)</p>

Source: Yulianto, dkk. *Buku Pedoman Pengolahan Sampah Terpadu*.

PROGRAM IMPLEMENTATION

As of 2009, there are 29 composting facilities in operation across many areas: Banjarnegara, Bantul, Barru, Bitung, Bojonegoro, Cisarua, Grobogan, Jepara, Kabupaten Probolinggo, Kendal, Klaten, Magelang, Pacitan, Palopo, Payakumbuh, Pekanbaru, Pemalang, Pinrang, Kota Probolinggo, Purbalingga, Rembang, Semarang, Sidrap, Soppeng, Sragen, Tanjung Balai, Tapanuli Selatan, Temanggung dan Wonosobo.



Based on the monitoring and evaluation carried on these facilities, as of December 2009, 309.11 tons of waste has been turned into 102.371 tons of compost. Detailed progress can be seen from table 3.

Tabel 3. "Progress: Total Waste Vs Total Compost"



Note: Total waste processed: 4630,99 tons ; total compost produced: 1367,72 tons (source: Yayasan Danamon Peduli. 2009)

Meanwhile, based on the monitoring and evaluation report, 14 performance indicators of the 29 composting facilities can be observed in December 2009 (See Appendix 1).

MULTIPLIER EFFECT

The multiplier effect brought by the program is multi-pronged:

- With the market's waste managed properly, the traditional market will have better shopping atmosphere important to consumers and are thus more likely to be capable of competing with the modern market. In addition, the government will also find it district/city cleaner and livable, as a result of better waste management.
- Farmers will have access to fertilizers that is relatively less expensive compared to chemical ones. As this cost component goes down, farmers will gain higher profit margin. Compost also help farmers to adopt sustainable farming practices, as compost is environmentally safe to use.
- The establishment of composting facility will provide new job opening as well as economic function for the market community involved in sales of compost.

Subandi, the Head of Tani Manunggal Farmers Group, Bantul

"Back then, we used chemical fertilizer and manure for our shallots farm, the harvest could only reach 21 tons per hectare. But, now, by applying market waste compost from pasar Bantul, our shallots harvest has increased by 30%, reaching 22 to 27 tons per hectare". (Annual Report Danamon Peduli Foundation, 2008)





IMPACT ON BANK DANAMON AND DANAMON PEDULI FOUNDATION

Despite the intended beneficiary of the program is the traditional market and SMEs, the program also benefits Bank Danamon. The brand “Danamon” is not exclusive to the image of Main Corporation that engages in banking industry. How the program benefits Bank Danamon depends on how significant the benefit is for the traditional market community and how fast the community respond to the program. The one that immediately experience the impact is Danamon banking product related to the tradisional market community, particularly those that have implemented “Danamon Go Green” program. As stated earlier, PT Danamon Indonesia Tbk has a product called Danamon Loans and Saving (DSP), which target market is the economic actors at the traditional market. DSP banking product was developed responding to the needs of small and medium enterprises. In 2008, it was estimated that there are about 50 million SMEs in Indonesia, yet only about 18 million of which have access to banking services. From the research conducted by Danamon through survey of 1,000 SME respondents in 8 major cities, it is found that bank is considered too complicated and frightening with a variety of requirements, when a SME entrepreneur intends to borrow some credit¹⁶. These SME entrepreneurs require a banking service with simple requirements, as well as easy and fast process. Based on this background, in 2004, the DSP (Self Employed Mass Market/ SEMM) was launched, in order to provide service specifically designed for SMEs. Their product is related in terms of financing and savings, with the amount of financing ranging from Rp1 to Rp 500 million. Based on the product characteristic, DSP market target is the traditional market trader and small scale non-agribusiness entrepreneurs/traders. Therefore DSP business unit will be associated with the existence of traditional market. Until the end of 2008, there have been 1049 DSP units operating across Indonesia. DSP performance is significant, with its outstanding loans continuously increasing. The outstanding loans were Rp 5801 billion, Rp 8600 billion and Rp 10965 billion in 2006, 2007 and 2008 respectively. Meanwhile Loans Market Share also increased from 5.3% (2006) to 6.9% (2007) to 7.6% (2008)¹⁷.

Although there is no direct connection, the “Market Waste Compost” program is estimated to have been given and will keep giving positive impact on the DSP performance. With the traditional markets becoming clean and interesting to visit, economic activities will increase. This affects the loans and savings activities at the traditional market community. According to a data¹⁸, until the third quarter of 2009, Danamon Mass Market credit constitutes 53% of the credit total, consisting of micro credit channeled through DSP, vehicle/motorcycle financing, credit for individual customer through Consumer Mass Market (CMM), as well as financing for household appliances and electronics. As for DSP, in 2009, it has grown rapidly, with 15% annual growth, from Rp 10.28 to Ro 11.85 trillion.

¹⁶ Danamon Simpan Pinjam. Available at: <http://www.danamon.co.id>

¹⁷ Annual Reports Bank Danamon 2008.

¹⁸ Danamon Show Continued Improvement in Third 2009. Press Release Danamon. No. 18/X/Humas BDI/2009. 20 Oktober 2009.

CONCLUSION

The “Danamon Go Green” program is successful in giving benefits to as well as improving the welfare of traditional market community. Managing market waste and turning it into organic fertilizer have positive impact either directly or indirectly on SMEs operating within the scope of traditional market environment. The program is also beneficial for local government and for PT Danamon Indonesia Tbk, which is represented by Danamon Peduli Foundation. In order to ensure that the program is successful, it is important to obtain the full support of the company and local government. The support includes financial support, land, permit, access, technology, management, and technical support, from the design stage to monitoring and evaluation stage.



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PROFILE OF CASE WRITERS

Andrianto Widjaja



Education:

- Professor of Strategic Management according to the decree from Science Education Ministry, as from 1 September 2005;
- Certified Professional Marketer (Asia-Pacific), issued by Asian Marketing Federation (2008);
- Post Graduate Degree (Doctoral) in Agricultural Economics Program at IPB Bogor (1995-2000). Major: Macroeconomics & International Trade;
- Post Graduate Degree (Master of Science) in the Department of Industrial Engineering and Management at Bandung Institute of Technology (1985-1988);
- Bachelor Degree in the Department of Engineering at Bandung Parahyangan Catholic University (1979-1984).

Work Experience:

- Head of Labora School of Management in Jakarta (2003-Present);
- Graduate Program Director in Master Management in School of Economic at Surabaya (2000-2004);
- Director at PT. Jasola Gading Jakarta (1989-1997), and as a Commissioner (1998 – Present);
- Plant Manager at Sekar Group Surabaya (1988).

Other Positions:

- Director, Academic Relation IMA (Indonesia Marketing Association) (2005-2008);
- Director of Program Indonesia Marketing Association (2009 – Present);
- Head of Business Journal at LABORA (2000-2009);
- Head of Media Mahardhika (2000-2004).



PROFILE OF INSTITUTIONS

LABORA School of Management



ORLAB Education Foundation and Training Management, abbreviated as YPPM ORLAB founded on April 23, 1982 based on notarial deed of John Sutjiono, SH. No. 81 in Jakarta. Originally YPPM ORLAB was an educational institution which serves management courses and consulting.

In the following years the development of YPPM ORLAB have increased rapidly, which was originally only provide management courses, transformed into a university in accordance with applicable regulations of the Ministry of Education and Culture (Coordinator of Private Higher Education Area III).

LABORA School of management has its objectives:

1. Equip participants with management programs knowledge, especially in the areas of marketing management concentration, finance, and human resources, so that the graduates are able to:
 - a. Identify to solve problems at once;
 - b. Managing available resources effectively and efficiently;
 - c. Make quick decisions appropriately in the global environment.
2. Equip participants with knowledge and skills in entrepreneurship, with the ability to identify business opportunities, and strategies selection when facing business competition.

Yayasan Danamon Peduli



Yayasan (Foundation) Danamon Peduli was established on 17 February 2006 by Bank Danamon Indonesia, together with its subsidiaries, Adira Multifinance. Danamon Peduli supports sustainable, community-based activities, involving volunteers mainly from employees of Bank Danamon. By participating in the activities of Danamon Peduli, more than 40,000 employees from 1,400 branches of Bank Danamon play active role in improving public welfare in their environment where they live and work, and have the opportunity to become agents of change in their environment. 'Care' reflects the vision of Bank Danamon "We care and enable millions to prosper".



Danamon Peduli has three main programs. The first, 'My clean Healthy and Prosperous Markets' focuses on the revitalization of traditional markets. The second program, "Danamon Go Green" is an innovative program where YDP works with 30 local governments to convert organic waste from their respective markets in its territory into high quality compost. This program gets the BBC World Challenge Award from Runner Up as the first runner-up in 2009. While the third program, "Quick Disaster Response" aims to make Bank Danamon as the first private parties who were present to assist disaster victims around the branches throughout Indonesia.



Appendix 1.

Monitoring & Evaluation Indicators Achievements From 29 Composting facility units (December 2009)

NO	INDICATORS	TOTAL INDONESIA
1.	Is there any reduction of waste disposed to landfill?	Yes (26) No (3)
		Total wastes processed this month: Total Indonesia : 309.215 ton Reduksi tertinggi : 50 ton
2.	Has the compost production unit passed the break-even point?	Has reached break-even (6) Has not (23)
		Organic fertilizer produced this month: Total Indonesia : 102.371 ton Highest production: 15.2 ton Lowest production: 0.168 ton Production cost per kg Highest production cost: Rp. 2250 Lowest production cost: Rp. 175 Selling price per kg Highest selling price: Rp. 1200 Lowest selling price: Rp. 300
3.	Has the marketing reached the general public and local government?	Has (14) Has not (15)
		Product sold this month: Total Indonesia: 79.278 ton Highest: 17.56 (wonosobo) Lowest: 0 (magelang)
4.	Is these any plan to replicate the program in a market or community in a self-supporting manner or using the local government budget?	Has a plan (24) Does not have a plan yet (5)
		Districts that will replicate the program in 2009: Banjarnegara . Pekanbaru . Wonosobo . Sragen . Purbalingga . Pematang . Pacitan . Cisarua . Probolinggo . Kab probolinggo . Semarang . Rembang . Kendal . Payakumbuh . Barru . Pinrang . Jepara . Grobogan . Tapanuli selatan . Palopo . Bojonegoro . Bitung . Bantul . Magelang .
5	Does the lab result meet the Indonesian National Standard?	Most are in compliance with existing standard. Most elements have met SNI despite there is few that needs to be corrected.

6.	Does the local government already has demonstration plot that uses compost made of waste?	Already has (20) not yet (9)
7.	Has the waste separation activity been implemented at the trader level?	Has carried out separation (20) Has not (9)
8.	Can any machine breakdowns/other operational problems be tackled without disturbing production?	Can be tackled (26) Could not (3)
9.	Has the reporting on production and marketing been conducted regularly every day?	Conducted regularly (23) Has not (6)
10.	Have the monthly reports been sent regularly to Yayasan Danamon Peduli and regional leader?	Have been sent regularly (28) Have not (1)
11.	Have the communication with Yayasan Danamon Peduli been carried out via email and online reporting	Yes (26) No (3)
12.	Is the program included incorporated into the local government's strategic planning, so the purchase of fertilizers as well as the program replication is budgeted in the state budget?	incorporated into the strategic planning (18) Has not (11)
13.	Does the person responsible for the program or field operator have the capability needed for running the program successfully and sustainably?	Has capability (26) Does not have (3)
14.	Is the any success stories or lesson learnt that can be disseminated to other districts/cities?	Sharing experience (18) No (11)