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LOCAL WISDOM IN RURAL MICROFINANCE: A DESCRIPTIVE STUDY ON VILLAGERS OF EAST SUMBA*

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Abstract. Developing microfinance in rural areas by considering local wisdom in Sumba-island becomes an urgent issue due to limited access to formal financial services experienced by the majority of the villagers. This study aims at describing the forms of local wisdom in rural microfinance to overcome problems of access to financial services. This is in line with the government program of financial inclusion for villagers in the remote area. This study uses the qualitative method in the form of a case study in Mbatakpidu village in East Sumba region. Data was collected through observation and focus group discussion with community leaders and several non-government organizations. The findings show the existence of local wisdom in saving and investing by the villagers to overcome the limited access to formal financial services. In addition, there is evidence of village development using a bottom-up approach by considering the local wisdom to reduce poverty through microfinance development. Thus, culture-led development might be an alternative policy for the local government in developing microfinance.

Keywords: Microfinance; Local Wisdom; Sustainable Development; Sumba

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1. Introduction

The World Bank (2015) study revealed that Indonesia was the country with the lowest level of ownership account in Southeast Asia (36.1%) whose account holdings were concentrated in urban population. Ironically, 50.21% of Indonesians in 2010 were in rural areas (Badan Pusat Statistik, 2013). Thus it indicated the low level of facilities and accessibility of banks especially in rural areas (Citradika, 2018). To address the funding needs of rural

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communities, the microfinance model can be an alternative to the limited accessibility of rural communities to banks (Mersland et al., 2013) and poverty alleviation (Hulme, 2000; Kabeer, 2005), which is an instrument of society economic empowerment. This is also in line with the government's financial inclusion program. According to Irmawati, Damelia and Puspita (2013), financial inclusion is an effort to encourage the financial system to be accessible to all levels of society, thereby promoting quality economic growth while addressing poverty. Further, financial inclusion aims to eliminate all forms of barriers to public access in the use of financial services supported by existing infrastructure (Citradika, 2018).

The various forms of regulation of economic empowerment through existing microfinance have shown the government's preference for the poor society. Unfortunately, the microfinance mechanisms developed tend to be centralized and instructive, resulting in the poor society's dependence on access to government capital. To overcome the weakness of the centralized policy, the East Sumba Regency has issued a community economic empowerment policy known as Integrated Operation Cooperation Economic Empowerment of Villagers. This policy aims to bring microfinance services closer to communities with less access to existing formal financial institutions through the development of microfinance in religious institutions (Abbas, 2010). In addition, since 2012, Bappeda (Development Planning Agency at Sub-National Level) of the East Sumba Regency has also run a SMART program targeting villagers living below the poverty line (income < Rp 600.000 per month) in the form of revolving funds used as venture capital. However, in an evaluation conducted in 2017, it was known that more than 50% of the funds disbursed were stalled (Badan Perencanaan Pembangunan Daerah, 2017).

In addition to the government's top-down approach, the bottom-up approach is expected to improve the effectiveness of poverty alleviation through microfinance. The bottom-up approach is established based on local wisdom that grows in the society, so it is expected to be positive energy that serves as the driving force for the success of the program. This has been proven by the Bondo Tera villagers in West Sumba in running the regular home social gathering system that can not be separated from the values that grow, develop and root in the socio-cultural life of this village community such as the mutual belief among fellow members in groups, the existence of shared values and norms, and the existence of a mutually beneficial relationship (Sulung, 2009). The result of Huruta's (2015) study indicated that there was local wisdom in the household and village level in microfinance, and it was revealed that microfinance is an alternative to open the access of the poor rural society to financial services of formal financial institutions or banks.

Based on Huruta's research (2015), it could be indicated that the development of microfinance is based on a communal rural development framework and is a form of local wisdom consisting of valuable social relationships between individuals and networks of relationships that are useful resources in the determination and reproduction of social positions.

Based on the results of previous research, it is necessary to identify the forms of microfinance that develop in rural areas, both centralized and decentralized based on local wisdom. Sumba has a *marapu* belief that become the basic value in the society framework to think, speak and act (*hamangu*) that someday he or she will become a superior person (*ndiawa*). *Marapu* is the basis local wisdom in the Sumba society in running economic life to be in harmony with the natural and social environment. This *marapu* belief is based on the principle of sustainable development considering economic, ecological and social aspects. This study aims to describe the forms of local wisdom in rural microfinance to address the access problem to financial services in East Sumba.

This research, as it is expected, will contribute in the form of identification of local wisdom forms in microfinance, and the obtained results later can be used as the guidance of the bottom-up approach in developing microfinance forms further. Besides, we assume that the implementation of the identified micro-finance forms can play an important role in improving the welfare of villagers by increasing the accessibility of the villagers to microfinance institutions (Beisland et al., 2015).

2. Literature Review

2.1 Microfinance for poverty alleviation

Robinson (2002) stated that microfinance is a small-scale financial service, especially credit and savings provided to those engaged in agriculture, fisheries or livestock in rural and urban areas in developing countries. There are three things underlined in microfinance: the relatively small amount of operational funds, the mental and social attachment within organizations and targets, and the members who have limitations in access and ownership of funds.

The presence of microfinance is outcome of the psychological condition experienced by humankind about the economic and financial conditions of the poor society (Hulme, 2000; Kabeer, 2005). The poverty condition is identical with the limitations, opportunities and or chances of the poor society to economic, production, finance and marketing access. The concept of microfinance focuses on inferiority, referring to the inferiority of the poor society who have difficult or limited access to financial services or banking. Therefore, the existence of microfinance becomes an alternative that opens space from the limitations and lack of ability to reach economic, production, finance and marketing access.

The concept indicates that in the context of the poor society, microfinance becomes an alternative opportunity for them to manage all forms of business to obtain business capital. In other words, microfinance becomes an innovation associated with microfinance, techniques, and institutions for the poor and low-income society (Hulme, 2000; Kabeer, 2005).

As an alternative to poverty alleviation and mobilizing the society's economics, the microfinance development needs to adhere to the principles of diversity, legal recognition, protection and development (Gerakan Bersama Pengembangan Keuangan Mikro, 2002). Thus, the development of microfinance based on local wisdom becomes an alternative to provide microfinance services for villagers. This is based on the existing conditions which indicate that the majority of villagers is those who are so-called the poor society (Hulme, 2000; Kabeer, 2005).

A debate about the exclusion of the poorest class in the microfinance services leads to two different views. At first, majority of people assume that the poorest do not need microfinance services, but direct assistance. The second, there was an assumption that the poor society was indeed eligible for microfinance services. Therefore, the design of the services should be tailored to their needs (Robinson, 2002). Thus, the reason for the impropriety of microfinance services for the poorest society raised by the first view was disputed by this second view (Usman et al., 2004). The focus of this view emphasizes on a shift in the microfinance paradigm from the promotion or supporting aspects of economic enterprises toward microfinance services that are protected through savings programs, emergency loans, or microinsurance.

2.2 Relationship of Microfinance, Local Wisdom, and Sustainable Development

Microfinance is an important contributor to strengthen and expand the formal financial system and to influence sustainable development (Ledgerwood, 1999; Stevens & Morris, 2001). The existence of microfinance became a basis for potential local management, which emerged from beliefs, norms or rules and networks built to facilitate coordination and strengthen the coalition within the group (Feigenberg et al., 2013). The existence of microfinance as a means of socializing for individuals in the society life (Beisland et al., 2015) could not be separated from its compatibility to Indonesian culture, especially communal culture so that the microfinance was believed to be a means to strengthen social relationships among individuals in the society. In its development, microfinance was not only used as a mean to access capital, but also it was used as a means of hospitality between members with one another. Thus, microfinance has become a mediator for economic and the social environment

relationship. Microfinance developed by considering the local wisdom can create justice to move forward in the social environment. The emerging sense of justice could help to alleviate poverty (Hulme, 2000; Kabeer, 2005).

Local wisdom underlying the development of microfinance also maintains natural harmony. Microfinance can facilitate people in obtaining capital. Capital becomes a means of procurement of production activities carried out. The natural environment becomes the main source of production activities, so the sustainability of the natural environment needs to be maintained to continue to run with local wisdom and social environment. The harmonization of economic, social, and environmental aspects will create sustainable conditions (van Marrewijk, 2003; Starik & Kanashiro, 2013; Scholtens, 2008; Busch et al., 2016).

Resource management is indeed a matter of choice. In the choice, it is presupposed that there is freedom, so the real issue of development is an ethical question. Associated with ethical issues, then Yuwono (2013) called optimization to be a keyword for individuals in every human behavior. Optimization requires choosing exactly one of the choices based on reasonable rules, leaving no ethics. By promoting ethics, microfinance can be the main stream in poverty alleviation on the island of Sumba.

3. Research Methods

This research was qualitative research with a case study of a women group conducting microfinance located in Mbatakpidu District, East Sumba Regency. The data collection of this research was through conducting Focus Group Discussion with *Tapa Walla Badi* Women Farmer Group. Triangulation served a method for processing results of an in-depth interview with *wunang* (traditional spokesperson) and government officials from the relevant offices (Regional Planning and Development Agency of East Sumba Regency).

4. Findings and Discussions

4.1 Identification of local wisdom

The entire Sumbanese native believed in a divine figure called *marapu*. The belief in *marapu* was the belief of the spirits of the ancestors. These spirits, as it was believed, were disastrous if not had cared for. The ancestors divided themselves into two groups namely the great-ancestor (*marapu ratu*) and the ordinary ancestor (*marapu*). *Marapu ratu* consisted of two groups: the great-ancestors who directly came from the sky, and who came to Sumba by boat. *Marapu ratu* was the ancestor who bequeaths some of *Marapu(s)*. The ordinary ancestors consisted of great ancestors (*marapu bokulu*) and small ancestors (*marapu pakahopi*). In general, every *marapu* has ties with the clan (*kabihu*). Each clan had *marapu* himself. Each *marapu* had his own history related to the clan's history closely. Therefore, ordinary ancestors might preferre *marapu* clan (*marapu kabihu*). *Marapu kabihu* was the leader, founder, and hero of the clan and surrounded by myths depicting that he had supernatural powers. Every *marapu* had unequal power, abilities and supernatural powers (Wellem, 2004).

Marapu as a mediator of the intimacy of the relationship between man and the creator performed a ritual. Dhavamony (1995) further mentioned rituals as a more logical expression rather than to be only logical. Rituals showed the order of symbols, which were objectified. These symbols expressed behavior and feelings, and form the personal disposition of devotees following their own models. This objectivity was important for the continuity and togetherness in the religious groups.

The *marapu* beliefs in East Sumba society still provides basis for conducting various activities in the society's life. The *marapu* beliefs as a recognized belief by the government become such a pride and strengthen the society to maintain the survival and balance of nature in Sumba. Some local wisdom that came from the *marapu* belief and became a culture of Sumba were:

4.1.1 *Panjulurungu* and *Pawandangu*

Panjulurungu (cooperation) and *Pawandangu* (taking turns) were communal values embraced by the Sumba society since the ancient times. Local values that already existed were *panjulurungu* and *pawandangu* in *belis* regular social gathering (dowry had to be brought by a groom to the bride's family).

Belis regular social gathering had no strict and clear rules. Community members understood and accepted non-formal norms. Everybody knew what donations were expected. The sanctions imposed on group members stem from the rules of the group that was not strict and assertive, but the goodwill of each member to contribute. For members who had not been able to contribute for various reasons, then the group should not be forced, as long as they remained active in group activities. If a member deliberately left the group, did not contribute, and was not active, he needed to reimburse all donations received from other members. In addition, there were also social sanctions, where negligence to pay *belis* by giving donations, then others would not help if they need help. Therefore, each member receiving a donation should record the persons who contribute to him, as well as his or her contribution.

Today, these local communal values are increasingly relevant for Sumbanese people to maintain cultivation of spirit of self-reliance and togetherness in a development process. Thus, social capital was created via the regular home social gathering in Bondotera village, West Sumba Regency that successfully had fostered the spirit of independence and accelerated development. Through the regular home social gathering, the spirit of *panjulurungu* and *pawandangu* was proven to have become a social capital in the Sumba region. This was in line with the findings of Sugianto (2011) who called communal cooperation value derived from their spiritual appreciation, which became the cornerstone of Mondo (Manggarai) community in doing development.

4.1.2 Empty Barns Are Not Allowed

Mbatakapidu people was a local community that had a hereditary tradition regarding food security. This was the inheritance of the Mbatakapidu people ancestors in the past, who were still embodied there. Food security in question was through the provision of three types of barns. There were three kinds of food barns that, in fact, is the inheritance of the ancestors such as the barns in the garden, tree, and attic (*hindi*). The barns in this garden included plants such as rice, corn, *luwa*, *iwi*, taro, cassava, ganyong, papaya, breadfruit, pumpkin, and so on. The barns in the tree-covered corn wrapped around a tree, while the barns in *hindi* consists of corn, sorghum, beans and rice prepared as seeds (*winingu*) for the preparation of the next planting season. The meaning of these three barns wanted to show that the household has adequate food sources. Thus, the existence of these three barns was more or less just to meet the primary needs or household consumption and the seeds preparation. The existence of the three granaries also indicated that the group would help each other during the hunger season (a modern term called it a joint venture or a small cooperative or in the customary language called *pa you rukungu parai ruping*).

The existence of these three barns did not only to support the food availability but was the forerunner of the cooperation version of the Sumbanese. This was in line with Bellah's (1992) view, who believed in Chinese Confucianism (efficiency and harmonization in production effort) collaborating with Japanese Buddhism; the importance of selfless relationships for collective interests (Brundtland, 1987) was emphasized.

4.1.3 *Mandara*: Between Gathering and Bridging Needs

Mandara was local values of Sumbanese heritage. *Mandara* had a meaning to strengthen kinship between one family and the family who lived in distant (still a clan or close family). This means that when a family visits his distant family's home, they will bring some kind of food and goods such as sarong, cloth, *mamuli*, *lulu amahu* and

so on. When they were about to go home, the host would give back the form of food and so on. This was not because of a causal relationship, but because it was a necessity for the host.

The logical consequences of this family gathering further strengthened the bond between them. Although the exchange rate was not balanced, but these were the local values that needed to be preserved. If it was linked to family visits, it could still be tolerated, but if we led to an individualistic system, there would be no kinship value. *Mandara* met the needs of certain parties with the needs of others, but the most visible thing was the ropes of gathering (kinship). Therefore, the *Mandara* implementation became very important for the life of the Sumbanese in bridging the kinship or tightening the bond between traditional local people, while the rest were partially to bridge the need. This was in line with Vel's (2010) view that the social dynamics of kinship-based has been rooted in the way of thinking and cultural behavior that still exists today.

4.1.4 Empty Cages Were Not Allowed

If we noticed, the Sumbanese ancestors had been thinking about the effort for poverty alleviation. This effort was done by using local wisdom. One of the concrete actions was to receive help from the closest relatives. For example, when somebody was helped by having 1 (one) chicken to be nurtured and bred (*manu tungu pani*). It was also similar if the person was given 1 (one) pig to be reared and bred (*we tungu uhu*).

If the assistance had been well developed (increased in number), it could also be returned to the donor. The calculation was to return half of the number of piglets or chicks. The rest (piglets or chicks) that were the result of my labor can be mine completely. If we want to have a pig or chicken, then we are allowed to return piglets or chicks that number more than half. In raising the livestock, there was a sale for household needs, children's school supplies, the need to buy materials to make houses and the need for customary affairs. When a livestock sale is to be made, the 'empty cages were not allowed' principle was indicated by the availability of livestock replacement before they were being sold. Thus, the sustainability of livestock raising could be maintained. The local wisdom of Sumba society showed the importance of sustainability principle in the maintenance of livestock as a source of livelihood of most of Sumba society at that time.

Until the present time, the poor society in Sumba still believes in advice or guidance from the ancestors. For example: if their children wanted to continue their education to the college level, then the livestock such as cows, buffaloes, horses, goats or pigs would continue to be maintained or kept until their children finish their high school, and then sold to enroll their children in college. This example illustrates what savings, adhering local wisdom at the household level, mean.

4.1.5 Rotu Padang

Rotu padang was the heritage of Sumba society ancestors. *Rotu padang* implied the attempt to preserve the livestock existence by resisting the sense of greed to use livestock as an object in meeting one's economic and social needs. *Rotu padang* was applicable when there was a consensus within the community, so *rotu padang* was very localistic. This means that livestock will be allowed to grow in accordance with the agreed time, so that the livestock population is controlled and increases in terms of quantity. This was the starting point of sustainability (van Marrewijk, 2003; Starik & Kanashiro, 2013; Scholtens, 2008; Busch et al., 2016). In the context of fisheries (lakes near the sea), it was called *mihi parotu*, where we should not catch fishes carelessly and usually after one or two years, there would be a simultaneous fishing by the local population.

In practice, if a person had several livestock, although there was a funeral matter, then the livestock still was not be used. Currently, the values have begun to shift where horse or cow or buffalo that is still in the mother's womb is already sold, corn that is not ready to be harvested then it is harvested for consumption, the chicken that

has not been large has also been cut or already sold and other livestock do too. It was a form of Sumbanese disobedience. Actually, there were suggestions that should be contemplated that *pa mbotu nya na limma*, *pa mbotu nya na eti*. This means, that the assets used carelessly. There was an obedience to keep the assets such as livestock, unless they were unproductive or their cattle having new physical disability; in this case, they could be sold or consumed.

4.2 Relating local wisdom with the widely used microfinance terminology

Based on the results of research in the women farmer group *Tapa Walla Badi*, the microfinance regular social gathering was identified as a form of rural microfinance because it was based on the local wisdom embraced by the Sumba people, where local wisdom was closely related to *marapu* customs or beliefs. The *Tapa Walla Badi* women farmer group was established in 1998, at the initiative of Ms. Marlina (wife of Kawanua NGO activist). The goal was to improve the economics of the mothers so that children did not drop out of school, especially girls. She invited Ms. Corlina who had the skills to weave to train the mothers around to weave and earn extra income. The involvement of Ms. Corlina was approved by her husband; and the activities should be done within her environment. The initial capital was as much as Rp 10.000 / person and followed by four mothers. The initial capital of the group was derived from the sales fee for the activities and the uang duduk. Currently (April 26, 2018), the group funds reached Rp 120.000.000.

The *Tapa Walla Badi* women farmer group activities included weaving which was held twice a week, crop farming (corn, cassava, chili, petatas, betel nut, areca nut, turmeric, galangal) conducted in the mother groups' yard, savings and loan activities, cattle breeding (goats, chickens, pigs) and regular social gathering savings for children. Meetings for the regular social gathering was held every 7th and 21st of the month. While the board meeting was held every 28th.

The continuity of regular social gathering as a means of individual socialization in the community life (Brundtland, 1987) could not be separated from its compatibility with Sumbanese culture, especially communal culture. The regular social gathering was considered as a means to strengthen social relationships among individuals in the society. Togetherness as a form of communal life became the main characteristic of this regular social gathering activity. The pattern of group life is originating from kinship culture "*kabihu*" made various activities performed from, by and for the group's interests. In the group, there were social sanctions as well as social concern for its members. *Patembi* appeared through the non-imposed conditions that incriminated members in following the regular social gathering. There was no need for guarantees and other conditions as in the formal financial institutions (Feigenberg et al., 2013; Allet & Hudon, 2015).

Savings and lending activities were also based on a barn or cage that should not be empty, *rotu padang* and *patembi* enriching the savings and loan activities and prefinancing. In the financial terminology and context of *Tapa Walla Badi* women farmer group, savings and loan activities was a form of investment activity and business credit of its members. This was indicated by the funds set aside 25% from the sale of group products as funds for the purchase of raw materials business. In practice, local wisdom still dominated the implementation of this activity. The principle of *patembi* was shown by the granting of interest-free loans (one month's term-borrowing loan) (Morduch, 1999; Armendáriz de Aghion & Morduch, 2005) to assist members with an urgent need, principally with regard to funding the children studies. In addition, the decision making in the forum of the meeting prioritized the principle of the *kabunggul patabokul* by still considering the mutual interests. Operational expenses for running the activities (*uang duduk*) and betel nut were also jointly strived through the membership fees (Rp 2.000 / meeting) and 25% of product sales.

The regular social gathering activities for children's education and savings and loans by mutual capital collection through the product sale of the group business results showed the application of local wisdom *rotu padang*

(reservation) and *tungu pani* or *tungu uhu* (profit sharing). Indeed, *rotu padang* is a reservation effort pasture of a clan. It contains an understanding of environmental preservation or reservation (Brown et al., 1987; van Marrewijk, 2003; Boons & Lüdeke-Freund, 2013; Gladwin et al., 1995; Starik & Kanashiro, 2013). In financial terminology, *rotu padang* can be understood as the capital provision. The fund was set aside for 25% of the sale as a saving and loan capital, and the child's deposit account showed the application of the reservation principle (*rotu padang*) in the activities of *Tapa Walla Badi* women farmer group.

4.3 Analyzing the existing conditions: lesson learned and future direction

Basically, *marapu* belief maintained harmony between nature, human or social and economic (triple bottom line or sustainable development movement). Social solidarity was the main characteristic of the communal Sumbanese community which was shown through *panjulurungu* and *pawandangu* by keeping the economic aspect, not sacrificing the kinship or social relationship (*patembi*), but using it as the basis for poverty alleviation through microfinance in the form of regular social gathering and saving and loan. The sustainability of group activities occurred because of the application of local wisdom of *rotu padang* in the form of funds set aside from the sale of group products. Awareness of the limits of natural and economic utilization with the limits of the ability to absorb these resources arose because of *marapu* beliefs.

Human awareness to maintain the social environment in relation to the economy with *panjulurungu*, *pawandangu*, *patembi* and *kabunggul patabokul* created rules and policies which were equitable. *Rotu padang* and that the 'barns or cages should not be empty' became a basis in policies and rules to sell livestock and the distribution of business product showed that the relationship between economy and environment could continue to run (Gladwin et al., 1995; Starik & Kanashiro, 2013). The human awareness within their social environment to keep the natural environment based on the rules and policies not allowing selling the parents and keeping the livestock became such a goal to survive (bearable). This condition was a proof of sustainable harmonization with a triple bottom line in microfinance activity in Sumba society done with local wisdom base (*marapu*). This was in line with the findings of van Marrewijk (2003), Boons and Lüdeke-Freund (2013), Starik and Kanashiro (2013), Scholtens (2008), and Busch et al. (2016).

A bottom-up approach based on local wisdom in the development of microfinance run by the *Tapa Walla Badi* women farmer group proven to be effective because it was able to survive and became great both in the number of members and managed funds. As microfinance was not only used as a means to access capital but also used as a means of gathering between members with one another, this suggests that microfinance has become a mediator for economic and the social environment relationship.

Based on the successful experience of *Tapa Walla Badi* women farmer group, the model of microfinance development based on local wisdom with bottom-up approach can be applied to other groups as a means of improving access to finance among the poor in the future (Hulme, 2000; Kabeer, 2005; Mosley, 2001), especially those living in rural areas. It was because according to Hulme (2000) and Kabeer (2005), the microfinance developed by considering the local wisdom could create justice to move forward in the social environment and help the attempt for poverty alleviation. This was also in line with Usman et al. (2004) who emphasized the need for a shift in the microfinance paradigm from the promoting aspect or as a support for economic business toward microfinance services that were protected through savings, emergency loans, or microinsurance programs. Figure 1 below depicts the microfinance practice in Sumba:

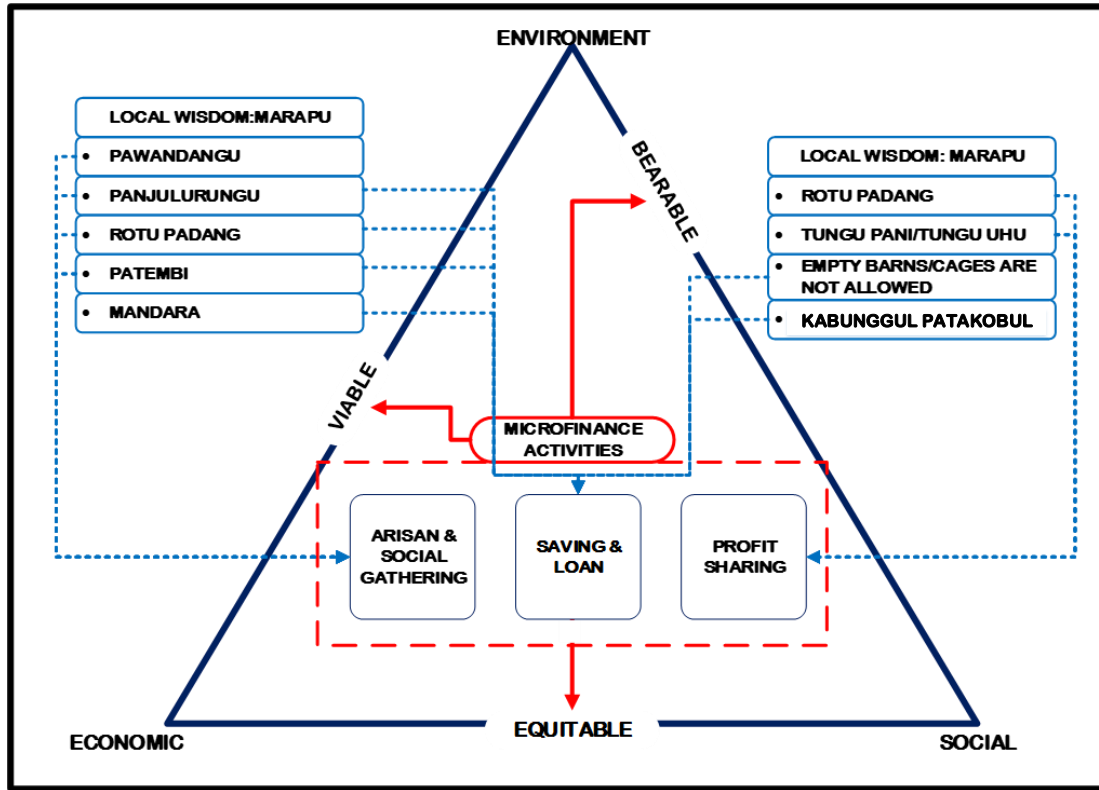


Figure 1. Microfinance Practice based on Local Wisdom in Sumba

Figure 1 shows that the microfinance activities based on local wisdom in Sumba relate to the triple bottom line framework (van Marrewijk, 2003; Boons & Lüdeke-Freund, 2013; Starik & Kanashiro, 2013; Scholtens, 2008; Busch et al., 2016). Local wisdom which is strongly adhered by Sumbanese such as *pawandangu*, *panjulurungu*, *rotu padang*, *patembi*, *mandara*, *tungu pani* or *tungu uhu*, *kabunggul patabokul* and *empty cages* or *barns are not allowed* become the foundation of microfinance activities conducted (artisan & social gathering, saving & loan, and profit sharing). The interaction between economic and environment factors resulted in the viability of microfinance (Gladwin et al., 1995; Starik & Kanashiro, 2013). The economic and social interaction create equitability of microfinance (Morduch, 1999; Armendáriz de Aghion & Morduch, 2005) and the interaction between environment and social factors lead to the achievement of microfinance bearability (Feigenberg et al., 2013; Beisland et al., 2015). Those interactions could be used as a framework of using bottom-up approach in developing microfinance to support rural development. Hence, culture-led development becomes a policy alternative for the local government of Sumba in developing microfinance as a tool to reduce poverty (Hulme, 2000; Kabeer, 2005; Robinson, 2002; Usman et al., 2004; Mosley, 2001).

Conclusions

Marapu customary belief existing in the East Sumba society is still being used as a basis for conducting various activities in the society life. *Marapu* belief as a recognized belief by the government became such pride and was able to strengthen the society to maintain the survival and balance of nature of Sumba.

On villagers of East Sumba, the microfinance forms developed could not be separated from the *Marapu* belief, which is *panjulurungu*, *pawandangu*, *tungu pani* or *tungu uhu*, and *rotu padang*. Regular social gathering, savings, loans, and profit sharing were conducted in management by considering the aspects of equity and sustainability. These microfinance forms became the basis for financing business management, child education, regulation of household cash flows, implementation of customary activities, and natural balance in various forms.

Thus, it appeared that the local wisdom of the Sumbanese community became positive energy and a social capital affecting the success and sustainability of rural microfinance activities as a means of increasing the villagers' access to informal sources of funding. This was in line with Robinson's (2002) opinion that the poor society was eligible for microfinance services so that the design of the services should be tailored to their needs.

The results of this study indicated that the development done with the bottom-up approach by considering the local wisdom became an alternative solution in rural development considering the culture-led development among the *Tapa Walla Badi* women farmer group proved to have succeeded in opening the access of funding for the marginalized community groups that became the target of microfinance service. By promoting ethics, microfinance could become the main stream in poverty alleviation on the island of Sumba. This implies to the local government's choice of bottom-up microfinance development through culture-led development or other approaches.

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