

Analysis of the Implementation of the Merah Putih Village Cooperative from a Political Economy Perspective

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Abstrak

This study aims to analyze the implementation of the Koperasi Desa Merah Putih program from a political economy perspective, focusing on policy motivations, institutional challenges, and its impact on village economic governance. Employing a qualitative methodology, the research is grounded in a comprehensive literature review and policy document analysis, encompassing official government sources and academic studies.

The findings indicate that while the Merah Putih Village Cooperative initiative holds potential for enhancing food security and empowering local economies, its implementation encounters significant challenges. These challenges include a top-down approach that may overlook local contexts, potential politicization of the program, and limited human resource capacity at the village level. Additionally, concerns arise regarding the possible overlap with existing Village-Owned Enterprises and the risk of misusing village funds.

The study concludes that a more participatory and context-sensitive approach is essential for the successful implementation of the Merah Putih Village Cooperative program. Strengthening institutional capacity, ensuring transparency in fund management, and fostering synergy between central and village governments are crucial for the program's success and sustainability.

Kata kunci: Merah Putih Village Cooperative; political economy; village economy; governance; community participation.

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INTRODUCTION

In early 2025, the Indonesian government, under President Prabowo Subianto, announced the establishment of the Red and White Village Cooperatives (Koperasi Desa Merah Putih, or Kopdes Merah Putih). This initiative aims to create 70,000 to 80,000 cooperatives across the nation, serving as hubs for economic activities in villages. The cooperatives are envisioned to manage essential services, including basic food outlets, savings and loan units, agricultural input distribution, and social assistance programs.

The program is designed to address persistent rural challenges such as poverty, limited access to capital, and the dominance of middlemen in agricultural markets. By empowering local communities through cooperatives, the government seeks to foster economic independence and resilience at the village level.

However, the implementation of Kopdes Merah Putih has raised several concerns. Critics point to potential overlaps with existing Village-Owned Enterprises (BUMDes), the risk of politicization, and the lack of clarity in the program's financial framework. Additionally, challenges such as disparities in human resource capacities, technological adaptation, and governance structures pose significant hurdles to the program's success.

Given the ambitious scope of the Kopdes Merah Putih program and the complexities of rural economic development, this study seeks to address the following questions:

- a. How is the Kopdes Merah Putih program being implemented from a political economy perspective?

- b. What are the institutional, social, and political challenges affecting its execution at the village level?
- c. How does the program interact with existing rural economic structures, such as BUMDes?

The objectives of this study are:

1. To analyze the motivations behind the establishment of Kopdes Merah Putih within the framework of political economy.
2. To identify the challenges and implications of the program's implementation at the village level.
3. To assess the potential overlaps and synergies between Kopdes Merah Putih and existing rural economic institutions like BUMDes.
4. To provide policy recommendations for enhancing the effectiveness and sustainability of the program.

This study employs a political economy approach to examine the interplay between political interests, economic policies, and institutional structures in the implementation of Kopdes Merah Putih. The political economy perspective allows for an analysis of how power dynamics, governance mechanisms, and stakeholder interests influence policy outcomes in rural development (Niu et al., 2024).

To deepen the theoretical framework of this study, we explore the political economy perspective, which examines how political institutions, the political environment, and the economic system influence each other (Obeng-Odoom, 2023). This approach is particularly relevant for analyzing the implementation of the Kopdes Merah Putih program, as it allows for an understanding of how power dynamics and institutional structures affect economic outcomes at the village level.

One pertinent theoretical lens is the Power Resource Theory, which posits that the distribution of power among different social classes significantly impacts policy outcomes and economic structures (Stockhammer, 2022). In the context of rural cooperatives, this theory suggests that empowering marginalized groups through collective organizations like cooperatives can lead to more equitable economic development (Awdel et al., 2020).

Additionally, the concept of Pancasila Economics, rooted in Indonesia's foundational philosophy, emphasizes a balanced approach to economic development that integrates social justice, collective welfare, and national unity (Hasan, 2021). This economic model advocates for cooperatives as a means to achieve economic democracy and reduce disparities, aligning with the objectives of the Kopdes Merah Putih initiative (Iskandarsyah Siregar, 2023).

Furthermore, the Solidarity Economy framework offers insights into alternative economic models that prioritize social well-being over profit (Turner et al., 2022). This approach supports the development of cooperatives as tools for community empowerment and sustainable development, resonating with the goals of the Kopdes Merah Putih program (Baiza, 2023).

By integrating these theoretical perspectives, the study aims to provide a comprehensive analysis of the Kopdes Merah Putih program's implementation, assessing how political and economic structures influence its effectiveness and sustainability in promoting rural development.

Additionally, the study draws on theories of cooperative economics, which emphasize the role of cooperatives in promoting democratic participation, equitable resource distribution, and community empowerment. These theoretical lenses provide a comprehensive framework for understanding the complexities of implementing large-scale cooperative programs in diverse rural settings.

Previous studies have highlighted the potential of cooperatives in enhancing rural economies. For instance, Surianta & Patunru (2024) discusses the Indonesian government's plan to establish a network of village cooperatives as strategic instruments for reducing rural poverty. However, concerns have been raised regarding the program's financial framework, with critiques pointing to the lack of clarity and potential for mismanagement.

Furthermore, the coexistence of Kopdes Merah Putih with existing BUMDes has been a subject of debate. Analyses suggest that without clear delineation of roles and functions, the two entities may compete for resources and authority, leading to inefficiencies and conflicts at the village level.

These studies underscore the importance of careful planning, stakeholder engagement, and robust governance structures in the successful implementation of cooperative-based rural development programs (LPEM FEB UI, 2024). The urgency of analyzing the implementation of the Red and White Village Cooperatives (Koperasi Merah Putih) from a political economy perspective is paramount, given the program's scale, financial implications, and potential impact on rural governance structures.

The Indonesian government's initiative to establish 80,000 village cooperatives aims to enhance rural economic competitiveness and empower communities. However, concerns have been raised about the program's financial framework and its potential overlap with existing Village-Owned Enterprises (BUMDes), which could lead to inefficiencies and conflicts at the village level.

From a political economy standpoint, it's crucial to examine how political interests and power dynamics influence the program's design and implementation (Liu & Lim, 2023). The allocation of substantial resources estimated at Rp400 trillion (approximately US\$24.5 billion)—raises questions about the motivations behind the program and its alignment with broader political agendas.

Furthermore, the program's top-down approach may undermine local governance and community participation, essential elements for the success of cooperative movements. Analyzing the program through the lens of political economy allows for a critical assessment of these factors, ensuring that the cooperatives serve their intended purpose of fostering inclusive and sustainable rural development.

In conclusion, a political economy analysis of the Red and White Village Cooperatives is vital to understand the interplay between political interests, economic policies, and institutional structures. Such an analysis can inform policy adjustments to enhance the program's effectiveness and ensure that it genuinely benefits rural communities.

METHODS

Research Design

This study adopts a qualitative research design to explore the complex interplay between political and economic factors influencing the implementation of the Red and White Village Cooperatives (*Koperasi Merah Putih*) in Indonesia. Qualitative methods are particularly suited for understanding the nuanced motivations, institutional dynamics, and socio-political contexts that quantitative approaches may overlook (Creswell et al., 2007).

Data Collection Methods

Data were collected through two primary qualitative methods: literature review and document analysis.

- a) Literature Review: A comprehensive narrative literature review was conducted to synthesize existing research on cooperatives, rural development, and political

economy in Indonesia. This approach allows for a broad understanding of the topic and helps identify gaps in the current literature.

- b) Document Analysis: Official documents, including government regulations, policy papers, and program implementation reports related to the *Koperasi Merah Putih*, were systematically analyzed. This method involves coding and categorizing content to identify themes and patterns relevant to the research questions.

- c) Analytical Framework

The analysis is grounded in a political economy framework, which examines how political institutions, the political environment, and economic systems influence each other. This perspective is instrumental in understanding how power dynamics, governance structures, and policy decisions impact the implementation and outcomes of the *Koperasi Merah Putih* program.

By integrating insights from the literature review and document analysis within this framework, the study aims to uncover the underlying motivations, challenges, and implications of the cooperative program from both political and economic standpoints.

- d) Data Analysis Procedure

The collected data were subjected to thematic analysis, a method for identifying, analyzing, and reporting patterns within data. This process involved:

1. Familiarization: Reading and re-reading the data to become immersed and intimately familiar with its content.
2. Coding: Generating concise labels (codes) that identify important features of the data relevant to the research questions.
3. Theme Development: Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing Themes: Checking if the themes work in relation to the coded extracts and the entire data set, generating a thematic 'map' of the analysis.
5. Defining and Naming Themes: Ongoing analysis to refine the specifics of each theme and the overall story the analysis tells.
6. Writing Up: Weaving together the analytic narrative and data extracts, contextualizing the analysis in relation to existing literature.

This method facilitates a rich, detailed, and complex account of data, allowing for a nuanced understanding of the political and economic factors at play in the implementation of the *Koperasi Merah Putih* program (Cresswell, 2013)

RESULT AND DISCUSSION

Policy Motivation: Centralization and Political Instrumentalization of Village Economy

The implementation of the Red and White Village Cooperatives (*Koperasi Desa Merah Putih*) reflects a top-down approach by the central government that overlooks the principle of village autonomy. According to Indonesia's Village Law, villages should be the subjects of development, not merely objects of central policies (Runanto et al., 2021). However, this program mandates villages to establish cooperatives with predetermined business types and funding sources set by the central government, such as basic goods outlets, pharmacies, and logistics services, with capital loans from state-owned banks (Himbara).

This approach risks diminishing community participation in determining their own economic needs and creating dependency on central policies (Tanaiyo et al., 2020). From a political economy perspective, this situation underscores how economic policies can be

influenced by political interests and existing power structures, potentially sidelining local aspirations and autonomy.

Institutional Challenges: Overlap with BUMDes and Human Resource Limitations

The Red and White Village Cooperatives may overlap with existing Village-Owned Enterprises (*Badan Usaha Milik Desa* or BUMDes), which also aim to enhance village economies. Differences in institutional structures and management could lead to conflicts and confusion in resource management at the village level (Yaqin et al., 2023).

Moreover, the capacity of human resources at the village level presents a significant challenge (Hong et al., 2023). Many cooperative managers lack knowledge and skills in cooperative management, accounting, and marketing (Qoriani & Hidayatullah, 2021). Without adequate training and assistance, cooperatives are at risk of mismanagement and failure. This highlights the importance of strengthening institutional capacity and governance structures to ensure the success of such programs (Tarlani et al., 2022).

Social and Economic Impacts: Potential Inequality and Dependency

The Red and White Village Cooperatives could create social inequalities within villages. Membership-based cooperatives require each member to contribute capital, which may pose a barrier for economically disadvantaged community members. This contradicts the inclusivity principle that cooperatives should uphold (Wahyuddin et al., 2020).

Additionally, reliance on loans from the government and state-owned banks could increase the financial burden on villages. If cooperatives fail to operate effectively, villages may become trapped in a cycle of debt, reducing their autonomy and independence. This situation exemplifies how economic policies, when not carefully designed, can lead to unintended negative consequences, such as increased inequality and dependency (Z et al., 2021).

Theoretical Dialogue: Cooperatives as Instruments of Economic Politics

From a political economy perspective, cooperatives should serve as democratic, independent institutions focused on member empowerment (Aritenang, 2021; Zhang et al., 2023). However, the implementation of the Red and White Village Cooperatives positions them more as instruments of central government policy, potentially undermining community participation and reinforcing political control over the village economy.

The theory of political economy emphasizes the importance of institutional structures and human resource capacity in the implementation of economic policies (Sara et al., 2021; Setiawan, 2021). Without robust institutional support and skilled human resources, economic programs are less likely to achieve their objectives and may even exacerbate existing problems (Nurul Aini Mustika Dewi, 2020; Putra & Erlangga, 2022).

CONCLUSION

The implementation of the Kopdes Merah Putih reflects a strategic initiative by the Indonesian government to strengthen rural economies through community-based cooperative models. This program aims to enhance rural welfare, improve food security, and promote financial inclusion across the nation.

From a political economy perspective, this policy underscores the state's active role in directing rural economic development. However, the top-down approach employed raises concerns regarding potential infringements on village autonomy as stipulated in the

Village Law. Utilizing village funds to establish cooperatives without adequate participatory processes may lead to financial dependency and overlook the unique needs and potentials of local communities.

Furthermore, the overlapping functions between Kopdes Merah Putih and existing Village-Owned Enterprises (BUMDes) pose risks of inefficiency and conflicts of interest in managing village economies. The lack of thorough evaluation of BUMDes' performance prior to launching this new cooperative program indicates a deficiency in evidence-based policy formulation.

Nevertheless, if managed with transparency, accountability, and active community participation, Kopdes Merah Putih holds the potential to become a driving force for inclusive and sustainable rural economic development. The government must ensure that this policy transcends political motives and genuinely empowers village communities in alignment with the constitutional mandate for economic democracy.

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