

**SYNERGY OF BUMDES AND VILLAGE COOPERATIVES IN THE
FREE NUTRITIOUS MEAL PROGRAM:
(RECONSTRUCTION OF LOCAL GOVERNMENT AUTHORITY BASED ON
ECONOMIC DEMOCRACY AND WELFARE STATE)**

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Abstract

The Free Nutritious Meal (MBG) program, as a national welfare policy, requires a food procurement system that not only ensures the availability of food for consumption but also encourages sustainable community economic development. However, in practice, the public food procurement structure has not been fully integrated with village economic institutions, so the potential for local production has not been fully utilized within the state welfare distribution system. This study aims to analyze the constitutional basis of local government authority in village economic integration, formulate a policy model for local commodity-based food procurement through the synergy of Village-Owned Enterprises and village cooperatives, and examine the implications of these policies on economic democracy and the welfare state. The research employs normative juridical methods with a comparative approach to laws, regulations, concepts, and policies. The results of the study show that local governments have constitutional legitimacy to integrate the village economy into public food supply programs through their authority over local economic development, community empowerment, and food security management. The local commodity-based food procurement policy model establishes a structural relationship between state demand and village communities' production capacity through the institutional synergy of BUMDes and cooperatives. This integration not only increases the effectiveness of food distribution but also reconstructs the welfare state's function from a redistribution mechanism to one of facilitating community-based social production, and strengthens the practice of economic democracy within Indonesia's constitutional system.

Keywords: public food procurement, BUMDes, village cooperatives, regional autonomy, economic democracy, welfare state.

A. INTRODUCTION

The fulfillment of society's basic needs is a constitutional mandate inherent to the modern state, especially within the framework of a welfare state. In the Indonesian constitutional system, this obligation acquires strong normative legitimacy through the Preamble to the 1945 Constitution of the Republic of Indonesia, which affirms the state's goal

of protecting the entire nation and advancing public welfare.¹ This provision was then emphasized in Article 33 of the 1945 Constitution, which placed the national economic system as a joint venture based on the principle of kinship, as well as providing a basis for state control of economic resources for the greatest prosperity of the people.²

In this context, public policies related to the fulfillment of community nutrition are not only understood as social interventions, but are a direct manifestation of the state's constitutional responsibility. The Free Nutritious Meal (MBG) Program, developed as a national policy to improve the quality of human resources and ensure access to nutritious food, is a concrete manifestation of the redistributive function of the welfare state. The program not only has a public health dimension, but also has broad economic, institutional, and governance implications.

However, the MBG program's implementation design faces structural problems that cannot be ignored. One of the fundamental problems lies in the lack of integration of the program food procurement system with the local economic structure, especially the village economy. In practice, the public food supply chain is often still dominated by conventional distribution mechanisms that do not systematically link state demand with the production capacity of rural communities. As a result, welfare programs that should serve as instruments for strengthening the people's economy can operate independently of the local production system.

This condition creates a policy paradox. On the one hand, the state seeks to improve welfare through public food programs. On the other hand, local economic resources that could serve as the basis for the program's production have not been fully institutionalized. From a public policy perspective, this situation shows a fragmentation between social welfare policies and local economic development policies.

In fact, the national legal framework has provided a relatively strong institutional foundation for the development of the village economy. Law Number 6 of 2014 concerning Villages provides the legal basis for the establishment of Village-Owned Enterprises (BUMDes) as village economic institutions that aim to harness local potential to improve community welfare.³ This regulation places BUMDes as an instrument of community-based

¹ "Preamble to the Constitution of the Republic of Indonesia in 1945," 1945, <https://www.dpr.go.id/jdih/uu1945>.

² "Article 33 of the Constitution of the Republic of Indonesia of 1945," 1945, <https://www.dpr.go.id/jdih/uu1945>.

³ "Law Number 6 of 2014 concerning Villages," 2014.

economic development that can play a role in production, distribution, and public economic services at the village level.

In addition to BUMDes, village cooperatives are people's economic institutions with a strong constitutional basis in Indonesia's economic democratic system. Cooperatives are not only understood as business entities, but as a form of economic organization that reflects the principles of joint venture and community participation. In the context of the local economy, cooperatives play a strategic role as distribution institutions, aggregators of production, and as a means of strengthening the bargaining position of small economic actors.

Conceptually, the existence of BUMDes and village cooperatives opens opportunities to form a public food supply chain system based on local production. In this kind of model, state demand through welfare programs can serve as a guaranteed market for rural communities. Such integration not only improves the efficiency of food distribution but also creates a multiplier effect on the local economy through increased income, job creation, and strengthening of community production capacity.

A number of empirical studies show that the involvement of local economic institutions in the public food distribution system can increase logistics efficiency and strengthen the community's economic resilience. Studies on the role of cooperatives and BUMDes in the distribution of nutritious food programs show that local institutional consolidation can shorten the distribution chain and increase supply stability.⁴ Other research also shows that strengthening the legal and economic capacity of villages is an important factor in increasing access to government programs and expanding the local market for production.⁵

Similar findings are also reported in international studies on the home-grown school feeding model, a public food supply program sourced from local production. This model has been proven to increase the food security of farmers' households while strengthening the community's economic system.⁶ In fact, local production-based food procurement

⁴ Achmad Tarmidzi Anas, "The Role of Cooperatives and BUMDes in Improving the Efficiency of Food Distribution in the Free Nutritious Meal Program in Indonesia," *J-ESA: Journal of Sharia Economics* 8, no. 2 (2025): 222--??, <https://doi.org/10.52266/jesa.v8i2.6487>.

⁵ Rahmadi et al., "Assistance in Making Business Identification Numbers for the Development of MSMEs in Ciketak Village," *El-Mujtama: Journal of Community Service* 4, no. 6 (2024): 3500–3507, <https://doi.org/10.47467/elmujtama.v4i6.5234>.

⁶ Bulus Barnabas et al., "Impact of Homegrown School Feeding Program on Smallholders' Farmer Household Food Security in Northeastern Nigeria," *Foods* 12, no. 2408 (2023), <https://doi.org/10.3390/foods12122408>.

interventions have been proven to encourage diversification of agricultural production and strengthen the relationship between social policies and economic development.⁷

Although the conceptually sound integration of the village economy with welfare programs has a strong basis, its realization is highly dependent on the government's authority structure. In Indonesia's decentralized system, local governments have a strategic role in managing local economic development. Law Number 23 of 2014 concerning Regional Government grants the regions authority to regulate government affairs in the fields of the economy, community empowerment, and food security in accordance with the principle of regional autonomy.⁸

However, this authority has not been explicitly constructed as the basis for the formation of a public food procurement policy based on local commodities. In the practice of government administration, the procurement of state goods and services is often still oriented solely to the principle of administrative efficiency, without considering its strategic function as an instrument of local economic development.

This is where the constitutional and policy issues that this research focuses on lie. The question that arises is not only whether BUMDes and cooperatives can be involved in the MBG program, but also how the authority of local governments can be normatively reconstructed to allow systemic integration between state welfare programs and village economies.

The question has broad theoretical implications. From the perspective of the welfare state, social policy is no longer understood solely as a redistribution mechanism but also as a productive instrument that builds the community's economic capacity. The integration between public procurement and local production reflects the transformation of the state's role from a facilitator to a facilitator of community-based economic development.

From the perspective of economic democracy, the involvement of village economic institutions in welfare programs represents real economic practices as a joint effort. The state not only distributes resources but also creates an economic structure that allows people to participate directly in the process of production and distribution.

⁷ Samrat Singh and Meenakshi Fernandes, "Home-Grown School Feeding: Promoting Local Production Systems Diversification through Nutrition Sensitive Agriculture," *Food Security* 10 (2018): 111–19, <https://doi.org/10.1007/s12571-017-0760-5>.

⁸ "Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government," 2014, https://bapenda.jabarprov.go.id/JDIH/Undang-Undang/UNDANG-UNDANG_REPUBLIK_INDONESIA_NOMOR_23_TAHUN_2014.pdf.

Thus, the integration of BUMDes and village cooperatives in the MBG program is not just a technical issue in food policy, but also part of the reconstruction of the relationship among the state, the market, and the community within the Indonesian constitutional system.

Departing from the construction of normative and empirical problems, the main problem in this study is no longer just about the effectiveness of food distribution in the Free Nutritious Meal Program, but is related to the design of institutional relations between the state, local governments, and community economic institutions within the framework of the Indonesian constitutional system. The fragmentation between social welfare policies and local economic development shows a conceptual vacuum in positioning public food procurement as an instrument of community-based economic development.

In this context, the central issue to be analyzed is how the authority of local governments is constitutionally constructed to enable the integration of the village economy into the state's welfare programs. This includes not only the normative legitimacy aspect of authority, but also how this authority is operationalized through food procurement policies that systematically connect state demand with the production capacity of village communities.

Furthermore, such integration raises broader conceptual questions regarding the transformation of the state's role in the welfare system. When food procurement policies are directed to be based on local production through institutional synergy of BUMDes and village cooperatives, welfare policies no longer function solely as a redistribution mechanism, but have the potential to become an instrument of social production based on community participation. Thus, the analysis of village economic integration is not only relevant to food policy but also to economic democracy and welfare state reconstruction.

Based on this frame of thought, this research is directed to systematically analyze the three main dimensions. First, to examine the constitutional basis of the authority of local governments in integrating the village economy as part of the implementation of the Free Nutritious Meal Program. Second, formulate a policy model for local commodity-based food procurement by fostering synergy between Village-Owned Enterprises and village cooperatives within the framework of local government authority. Third, analyze the constitutional implications of the policy on strengthening economic democracy and transforming the role of the welfare state in the Indonesian constitutional system.

B. RESEARCH METHODS

This research is a normative legal study oriented towards a prescriptive analysis of the construction of local government authority and the design of public policy within the

framework of the Indonesian constitutional system. The normative approach was chosen because the main object of the research is legal norms, authority structures, and policy designs, all of which are formed within the framework of laws and regulations.

The research approach uses several complementary analytical methods.

First, the legislative approach is used to examine the structure of local government authority in the national legal system. The analysis was carried out on constitutional norms, laws governing local and village governments, and regulations related to the procurement of government goods and services and to food security. This approach aims to identify the legal basis for the attribution of authority and policy space owned by local governments in the integration of the village economy.

Second, a conceptual approach is used to analyze the relationship between welfare policies, economic democracy, and government decentralization. This approach utilizes theoretical constructions of the welfare state, government authority, and community-based economy as an interpretive framework in reading legal norms.

Third, a comparative policy approach is used to examine the practice of integrating local production into public food programs, both nationally and internationally. This approach aims to gain an analytical perspective on the possibilities of adaptable policy design in the local government system in Indonesia.

The legal materials used in this study include both primary and secondary sources. Primary legal materials include the 1945 Constitution of the Republic of Indonesia, laws on local and village government, regulations governing village-owned business entities, and regulations on the procurement of government goods and services. Secondary legal materials include scientific literature, national and international journal articles, and results from previous research on village economic development, food security, and public procurement policies.

Data analysis is carried out qualitatively through deductive legal reasoning. Legal norms are analyzed to construct the concept of local government authority, then associated with the concepts of public policy and economic democracy to formulate a prescriptive policy model. With this approach, the research not only explains the applicable norms but also formulates policy designs that are normatively justifiable in the Indonesian constitutional system.

C. THEORETICAL FRAMEWORK AND CONCEPTUAL FOUNDATION

The Welfare State and the Transformation of Public Policy Functions

The concept of the welfare state in modern development is no longer understood solely as a mechanism for income redistribution or the provision of social assistance, but as a policy system that actively builds people's economic capacity. In the classical paradigm, the welfare state functions to correct market failures through social protection instruments. However, in contemporary developments, welfare policies are increasingly positioned as productive instruments that create economic opportunities, expand access to resources, and encourage community participation in the production process.

Within the framework of the Indonesian constitution, the principle of the welfare state derives legitimacy directly from the state's goal of advancing public welfare as affirmed in the Preamble to the Constitution of the Republic of Indonesia in 1945.⁹ This principle is emphasized in Article 33 of the 1945 Constitution, which treats the national economy as a joint venture organized on the principle of kinship.¹⁰ This constitutional formulation not only regulates the national economic structure but also provides a normative basis for state intervention in organizing the production and distribution system for the benefit of the community.

In this perspective, public food provision programs such as the Free Nutritious Meal Program cannot be understood solely as a social assistance policy, but as part of a community-based economic development strategy. Public food procurement policies linked to local production reflect the transformation of the state's role from a mere aid provider to a facilitator of community economic development.

International experience shows that integrating local production into public food programs can strengthen community economic resilience while increasing the effectiveness of welfare policies. Studies on *home-grown school feeding* programs show that food procurement policies that source food from local production significantly improve the food security of farmer households and strengthen the link between social policy and economic development.¹¹ In addition, local production-based food procurement also encourages agricultural diversification and expands markets for small producers.¹²

⁹ "Preamble to the Constitution of the Republic of Indonesia in 1945."

¹⁰ "Article 33 of the Constitution of the Republic of Indonesia of 1945."

¹¹ Barnabas et al., "Impact of Homegrown School Feeding Program on Smallholders' Farmer Household Food Security in Northeastern Nigeria."

¹² Singh and Fernandes, "Home-Grown School Feeding: Promoting Local Production Systems Diversification through Nutrition Sensitive Agriculture."

Thus, the integration of the village economy in the welfare program is not just an administrative policy innovation, but a logical consequence of the transformation of the welfare state towards a community-based economic development model.

Economic Democracy as the Foundation of Local Production Institutions

Economic democracy is a fundamental principle in the Indonesian economic system that places community participation at the core of the production and distribution process. This principle affirms that economic activities are not solely driven by market mechanisms but also by social organizations that reflect society's collective interests.

In the institutional context, economic democracy finds its operational form through cooperatives and village-owned enterprises. The two institutions represent an economic organizational model based on community participation, collective management, and a shared welfare orientation. Law Number 6 of 2014 concerning Villages explicitly places BUMDes as an instrument for managing village economic potential aimed at improving community welfare.¹³ Meanwhile, cooperatives have a historical and constitutional foundation as a form of joint venture rooted in the principle of kinship.

Within the framework of public policy, the existence of local economic institutions allows the state to establish a community-based system of production and distribution. The integration of BUMDes and cooperatives in the public food supply chain reflects the real practice of economic democracy, where the community is not only the beneficiary of policies but also the main actor in the production process.

Empirical research shows that strengthening local economic institutions plays an important role in improving food distribution efficiency and enhancing community economic resilience. Studies on the role of cooperatives and BUMDes in the distribution of nutritious food programs show that local institutional consolidation can shorten the distribution chain and increase supply stability.¹⁴ In addition, strengthening the legal status of village economic enterprises has been shown to increase local economic actors' capacity to participate in government programs.¹⁵

Thus, economic democracy is not only a normative principle but also an operational framework for establishing a community-based public food production and distribution system.

¹³ "Law Number 6 of 2014 concerning Villages."

¹⁴ Anas, "The Role of Cooperatives and BUMDes in Improving the Efficiency of Food Distribution in the Free Nutritious Meal Program in Indonesia."

¹⁵ Rahmadi et al., "Assistance in Making Business Identification Numbers for MSME Development in Ciketak Village."

The Authority of Local Government in the Decentralized System

The integration of the village economy into the national welfare program cannot be separated from the local government's authority structure within the decentralized system. Regional autonomy provides space for local governments to regulate government affairs in the fields of local economic development, community empowerment, and food security.¹⁶

In the theory of government authority, the legitimacy of government actions is determined by the attribution, delegation, or mandate of authority granted by laws and regulations. Therefore, the establishment of a local commodity-based food procurement policy must have a clear legal basis in the authority structure of local governments.

Law Number 23 of 2014 concerning Regional Government grants the regions authority to manage economic development and community empowerment in accordance with the principle of autonomy.¹⁷ Meanwhile, Government Regulation Number 11 of 2021 on Village-Owned Enterprises provides a legal basis for the development of BUMDes as economic entities that can participate in business activities related to public services and the management of local potential.¹⁸

Within this framework, the public food procurement policy based on local production can be understood as a form of regional economic policy oriented towards community empowerment. However, for the policy to have strong legitimacy, a conceptual reconstruction of government procurement of goods and services is needed as an instrument of local economic development, not merely an administrative mechanism.

Conceptual Integration: From Redistribution to Social Production

If the three theoretical frameworks above are understood in an integrated way, it can be seen that the integration of BUMDes and village cooperatives in public food programs represents a shift in the paradigm of social policy. The state no longer simply distributes aid, but organizes an economic structure that allows people to participate in the process of production and distribution.

The transformation reflects a shift from a passive redistribution model to a community-based model of social production. In this model, the state welfare program serves as a

¹⁶ "Article 18 of the Constitution of the Republic of Indonesia in 1945.," 1945, <https://www.dpr.go.id/jdih/uu1945>.

¹⁷ "Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government."

¹⁸ "Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises," 2021, <https://peraturan.bpk.go.id/Details/161840/pp-no-11-tahun-2021>.

mechanism for creating markets for community production, while local economic institutions function as operational instruments of economic democracy.

Thus, the analysis of the authority of local governments, village economic institutions, and food procurement policies cannot be separated. These three are interrelated elements in the reconstruction of the relationship among the state, society, and the economy within the Indonesian constitutional system.

D. RESULTS AND DISCUSSION

The Constitutional Basis of Local Government Authority in Village Economic Integration to Support Free Nutritious Meal Programs

The integration of the village economy into the public food supply program cannot be understood solely as an administrative policy choice, but rather as a normative consequence of the construction of the welfare state embraced within the Indonesian constitutional system. The Constitution places welfare not as an abstract goal, but as a concrete mandate that must be realized through active, structured, and sustainable state action. The Preamble to the 1945 Constitution of the Republic of Indonesia explicitly affirms that the purpose of the state is to advance the general welfare, a formulation that places welfare as a fundamental legitimacy for the exercise of state power.¹⁹

The constitutional formulation obtained operational articulation through Article 33 of the 1945 Constitution, which affirms that the economy is structured as a joint venture based on the principle of kinship.²⁰ This norm not only regulates the ownership structure of economic resources but also confers constitutional legitimacy on the state to organize production and distribution systems for the collective benefit. From a constitutional law perspective, the provision forms a constitutional mandate for the state to develop an economic system that allows the community to participate in the production process, not just to be the recipient of the distribution results.

Thus, the policy of public food provision cannot be understood as a technocratic activity separate from the national economic structure. The public food program is part of the country's constitutional mechanism in ensuring welfare while organizing the production system. In this context, the integration of local production into the country's food procurement is not just a strategy of logistics efficiency, but a direct manifestation of constitutional economic principles.

¹⁹ "Preamble to the Constitution of the Republic of Indonesia in 1945."

²⁰ "Article 33 of the Constitution of the Republic of Indonesia of 1945."

However, the implementation of the constitutional mandate is not carried out through a fully centralized government structure. The Indonesian Constitution expressly adopts the principle of decentralization as an operational mechanism for the administration of government. Article 18 of the 1945 Constitution emphasizes that local governments conduct government affairs on the basis of the principle of autonomy and the duty of assistance.²¹ This provision has a fundamental implication: state functions, including welfare functions, are not carried out in a monopolistic manner by the central government but are distributed to local governments as part of the state structure.

In this framework, decentralization is not just a government administrative technique, but a constitutional design to bring the implementation of state functions closer to the community. The welfare state in Indonesia's constitutional system is decentralized, so the implementation of welfare policies inherently involves local governments as the main implementers.

The constitutional construction then took on a more concrete juridical form through Law Number 23 of 2014 concerning Regional Government. This regulation places regional economic development, community empowerment, and strengthening food security as part of government affairs that are the authority of the regions.²² Thus, the development of the local economy is not a residual authority, but an attribution authority explicitly granted by law.

This authority has the normative consequence that local governments are authorized to design policies that link welfare programs with local economic structures. In the context of public food programs, this authority includes developing local production systems, strengthening community economic institutions, and regulating region-based distribution mechanisms.

The legal legitimacy of village economic integration is further strengthened by the village legal regime, which systematically places economic development as a function of village government. Law Number 6 of 2014 concerning Villages not only regulates village governance, but also explicitly provides the basis for the establishment of Village-Owned Enterprises as an instrument for managing local economic potential.²³ This regulation shows that the state is consciously building a community-based economic institutional structure as part of the national development system.

²¹ "Article 18 of the Constitution of the Republic of Indonesia in 1945."

²² "Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government."

²³ "Law Number 6 of 2014 concerning Villages."

Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises then strengthens the position of BUMDes as a legal entity capable of carrying out business activities related to public services and local economic development.²⁴ As legal entities, BUMDes have the authority to engage in economic activities related to public needs, including food production and distribution.

From the perspective of state administrative law, the existence of these norms constitutes a configuration of interconnected authorities among the constitution, local government laws, and village regulations. This configuration results in an integrative authority structure that allows local governments to link welfare policies with local economic development policies.

The main problem that arises in practice is not the absence of authority, but the policy paradigm that still separates the functions of social distribution and economic production. The government procurement system of goods and services has been more widely understood as an administrative mechanism oriented towards procedural efficiency. In fact, from the perspective of modern public economics, state procurement is a strategic instrument for market formation.

Presidential Regulation Number 16 of 2018 on the Procurement of Government Goods and Services emphasizes the principles of efficiency, transparency, and accountability.²⁵ However, this principle does not negate the strategic function of procurement as a development policy instrument. As the largest buyer in the economy, the country has the capacity to create stable demand for people's production.

Thus, if the authority of regional economic development has been attributed by law, if the village economic institution has been legitimized by the legal system, and if public procurement is a legitimate policy instrument, then the integration of the village economy in the public food program is a logical consequence of the entire legal structure.

Empirical findings regarding strengthening the village economy through local institutional synergy support this normative construction. Research on the revitalization of the village economy, based on food security, shows that integrating community economic institutions into public programs increases production capacity while strengthening regional economic resilience.²⁶ Other research on the development of BUMDes through economic

²⁴ "Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises."

²⁵ "Presidential Regulation Number 16 of 2018 concerning the Procurement of Government Goods/Services," 2018, <https://peraturan.bpk.go.id/Details/73515/perpres-no-16-tahun-2018>.

²⁶ Gunawan Prayitno et al., "Revitalization of Village Economy through Food Security Based on Food Security and Local Institutional Synergy," *Indonesian Civil Society Journal* 5, no. 1 (2026), <https://doi.org/10.59025/0q3v2d91>.

institutional partnerships shows that the collaboration of local economic organizations expands market access and improves people's welfare.²⁷ In fact, studies on local economic development through village cooperatives show that community economic institutions can function as a link between public policies and community production activities.²⁸

Thus, both normatively and empirically, the integration of village economics into public food supply programs is highly legitimate. Local governments not only have the authority to implement these policies but also have a constitutional responsibility to link welfare policies to local economic development.

From a constitutional perspective, the authority of local governments over village economic integration is a concrete manifestation of a decentralized welfare state grounded in economic democracy. The state carries out its constitutional mandate by organizing community production, while local governments serve as a link between national policies and local economic potential.

Local Commodity-Based Food Procurement Policy Model through the Synergy of BUMDes and Village Cooperatives

If the constitutional basis of local government authority has provided legitimacy for the integration of the village economy into welfare programs, then the next problem lies in how this authority is translated into operational, measurable policies that can be implemented systemically. The integration of the village economy into the public food procurement program cannot be achieved solely through partial sectoral policies, but requires a policy design that links state demand to the community's institutional production capacity.

From a public policy perspective, state food procurement is essentially a structured mechanism for demand formation. The country, as a buyer, holds a strategic position in determining the direction of economic production. When food procurement is carried out without any connection to the local production structure, the welfare policy function is limited to distributing consumption. However, when procurement is directed toward local production, welfare policies become instruments of economic development.

In this framework, the existence of BUMDes and village cooperatives is a structural factor that determines the possibility of integration. These two institutions are not just

²⁷ Nina Farliana, Indri Murniawaty, and Ahmad Jaenudin, "Development of BUMDes through the Establishment of Cooperatives to Improve Village Economic Welfare," *Journal of Community Service of the Archipelago* 7, no. 1 (2026): 600–610, <https://doi.org/10.55338/jpkmn.v7i1.8269>.

²⁸ Ivanovich Agusta, "Village Cooperatives, BUMDes, and CSR," *CANTING: Village Cooperatives, Village-Owned Enterprise and CSR* 1, no. 1 (2025), <https://doi.org/10.64895/mgkp7q46>.

microeconomic actors but community economic organizations with a strong social and territorial base. BUMDes function as managers of the village's economic potential based on local resources, while cooperatives function as aggregation and distribution institutions that link individual production to the broader market system.

Research on the development of village economic institutions shows that the integration between BUMDes and cooperatives can strengthen the structure of local production by consolidating resources, improving distribution efficiency, and increasing the capacity of community economic organizations.²⁹ In this kind of model, BUMDes can function as producers or managers of local food commodities, while cooperatives function as a mechanism for collecting, standardizing, and distributing commodities into the public procurement system.

The construction of policies that integrate the two institutions requires a change in perspective on the procurement of government goods and services. Public procurement is no longer positioned solely as an administrative mechanism oriented towards prices and procedures, but as an economic policy instrument that can create a market for people's production. Within the legal framework of procurement, the principle of efficiency is not measured solely by short-term transaction costs but also by the long-term economic impact it produces.

The experience of village economic development through institutional partnerships shows that strengthening community economic organizations increases the village's ability to access institutional markets.³⁰ In fact, the establishment of village-based cooperatives has been proven to increase production aggregation capacity and expand the local commodity distribution network.³¹ In this context, cooperatives function not only as member economic institutions but also as a public distribution infrastructure that connects community production with state demand.

The integration of food procurement policies with village economic institutions also requires a governance framework that ensures coordination among institutions. Studies on the governance of data-driven welfare programs show that the effectiveness of public policies is highly dependent on institutional integration and administrative coordination between

²⁹ Irsyadi Siradjuddin and Muhammad Anshar, "Analysis of the Role and Strategy of the Development of BUMDes and Red and White Cooperatives for the Local Economy in Lembang Angin-Angin," *Journal of Agricultural and Environmental Policy Minutes* 12, no. 3 (2025), <https://journal.ipb.ac.id/jkebijakan/article/view/68919/32251>.

³⁰ Farliana, Murniawaty, and Jaenudin, "Development of BUMDes through the Formation of Cooperatives to Improve Village Economic Welfare."

³¹ Agusta, "Village Cooperatives, BUMDes, and CSR."

government and community actors.³² These findings suggest that the design of locally-based food procurement policies must be accompanied by a coordination system that connects local governments, village economic institutions, and welfare program management units.

From the perspective of regional economic development, integrating local production into public procurement also has implications for regional economic stability. When state demand is directed to local production, a guaranteed market is created, reducing people's economic uncertainty. Research on village economic revitalization shows that the connection between local production and public demand enhances the sustainability of community economic efforts and strengthens regional economic resilience.³³

In addition, the integration enables the optimization of village development resources. Village funds that have been widely used for infrastructure development can be directed more strategically to support local food production capacity. Thus, the policy of food procurement based on local commodities is not only related to the distribution of consumption, but also to the financing structure of community production.

Within the framework of public economic policy, this kind of integration model essentially creates a productive closed local economic cycle. The state provides demand through welfare programs, the community provides production through village economic institutions, and local governments function as regulators and facilitators of the system. This cycle produces an economic multiplier effect that extends the impact of welfare policies beyond the direct distribution function.

Research on local economic empowerment shows that policies that link community production to public programs produce more sustainable welfare impacts than policies that are oriented only towards social transfers.³⁴ In other words, the sustainability of welfare policies is largely determined by their ability to build the community's production capacity.

Thus, the local commodity-based food procurement policy model, through the synergy of BUMDes and village cooperatives, can be understood as an integration mechanism between social and economic development policies. The state not only distributes welfare but also builds an economic structure that enables the community itself to produce it sustainably.

³² Dwiyani Pratamawati, Endang Sutrisno, and Harmono Harmono, "Legal Study on the Integrated Social Welfare Data Policy for the Effort to an Orderly Legal Administration for Social Assistance Recipients," *Hermeneutics: Journal of Legal Sciences* 8, no. 2 (2024), <https://doi.org/10.33603/hermeneutika.v8i2.9593>.

³³ Prayitno et al., "Revitalization of Village Economy through Food Security-Based Food Security Design and Local Institutional Synergy."

³⁴ Suharto et al., "Empowerment of MSMEs to Improve Food Security of Informal Sector Workers in Tanakaraeng Village," *Devotees: Global Journal of Community Service* 4, no. 3 (2025): 318–22, <https://doi.org/10.55681/devote.v4i3.4417>.

Policy Implications for Economic Democracy and the Welfare State

The integration of village economics into the public food procurement system not only has administrative or economic consequences but also carries structural implications for the configuration of relations among the state, society, and the national production system. Policies that link welfare programs to local economic institutions fundamentally alter the community's position within the country's economic structure. The community is no longer solely positioned as a beneficiary of social policies, but as a production actor who participates directly in meeting public needs.

This change in position is a concrete manifestation of economic democracy in a substantive sense. Economic democracy does not only mean the freedom of business or distribution of economic opportunities, but the direct involvement of the community in the production process that determines the allocation of public resources. When BUMDes and village cooperatives become part of the public food supply chain, the production process for state needs is no longer centralized in large economic entities but distributed across the community's economic structure. Thus, the production of public needs becomes a social process based on community participation.

Research on village economic development shows that the involvement of local economic institutions in public economic activities increases community participation in the production process and strengthens the capacity of community economic organizations.³⁵ In this context, a local production-based food procurement policy not only results in distribution efficiency but also expands the social base of national production. The economic system is no longer completely controlled by market mechanisms or large corporate structures, but also by the economic organization of society.

These implications have direct consequences for the construction of a welfare state. In the classical model, the welfare state serves as a redistribution mechanism that corrects inequality through social transfer. However, the integration of local production into welfare programs shows a transformation in the state's function from a redistributor to a facilitator of social production. The state not only distributes aid, but also creates an economic structure that allows people to generate prosperity independently.

³⁵ Farliana, Murniawaty, and Jaenudin, "Development of BUMDes through the Formation of Cooperatives to Improve Village Economic Welfare."

This transformation shifts the paradigm of social policy from *consumption-based welfare* to *production-based welfare*. In this new paradigm, welfare is not only measured by the distribution of benefits but also by society's capacity to produce economic value in a sustainable manner. Studies on community economic strengthening show that policies that link social programs to local production produce more stable welfare impacts by strengthening the community's economic base.³⁶

Another equally important implication is the change in the meaning of decentralization in constitutional practice. Regional autonomy in the context of village economic integration is no longer just a mechanism for dividing administrative authority, but also a means of region-based economic development. Local governments not only carry out central policies, but also function as actors that organize the relationship between national policies and local economic structures.

Research on welfare policy governance shows that the effectiveness of public policies is greatly influenced by local governments' ability to coordinate various institutions into an integrated policy system.³⁷ In this context, the integration of village economics in public food programs strengthens the role of local governments as coordinators of community economic development, not just implementers of administrative programs.

Furthermore, the policy also has implications for the national economic structure. When state demand is directed toward local production, economic opportunities are redistributed from the large corporate sector to the community economy. This does not mean replacing market mechanisms, but creating a new balance between community-based production and corporate-based production. The national economic system has become more plural and more resilient to market fluctuations.

Research on strengthening the local economy through community institutions shows that economic structures based on local organizations are more resilient to crises because they do not depend on a single production or distribution center.³⁸ Thus, integrating the village economy into welfare programs not only improves the welfare of the village community but also strengthens the nation's overall economic resilience.

³⁶ Suharto et al., "Empowerment of MSMEs to Improve Food Security of Informal Sector Workers in Tanakaraeng Village."

³⁷ Pratamawati, Sutrisno, and Harmono, "Legal Study on the Integrated Social Welfare Data Policy for the Effort to an Orderly Legal Administration for Social Assistance Recipients."

³⁸ Prayitno et al., "Revitalization of Village Economy through Food Security-Based Food Security Design and Local Institutional Synergy."

From a constitutional law perspective, the most fundamental implication of this policy is the reconstruction of the relationship between the state and society in the economic system. The state is no longer positioned as an actor who fully controls production through regulation or distribution through social transfers, but as a facilitator who creates a participatory economic structure. The relationship between the state and society becomes co-productive, in which welfare is generated through the interaction between public policy and the community's economic activities.

Thus, the integration of BUMDes and village cooperatives in the public food supply program not only generates short-term economic benefits but also forms a new configuration of a welfare state based on economic democracy. The welfare state is no longer just about guaranteeing the distribution of welfare, but also about building society's capacity to produce welfare itself.

E. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

This research shows that the integration of the village economy in the public food supply program is not only a technical problem of welfare distribution, but part of the constitutional construction of a welfare state that is decentralized and based on economic democracy. Analysis of the structure of constitutional norms, decentralization systems, and village economic legal frameworks shows that local governments have strong normative legitimacy to integrate local economic institutions in public food procurement policies.

First, the authority of local governments in village economic integration has a clear constitutional basis. The constitution's mandate to advance the general welfare and organize the economy as a joint venture provides legitimacy for the state to organize production and distribution systems for the benefit of the community. In a decentralized system, the mandate is implemented by local governments as part of the welfare state structure. The authority of local economic development, community empowerment, and food security attributed to the regions forms the legal basis for integrating the village economy into public food supply programs.

Second, the local commodity-based food procurement policy model through the synergy of BUMDes and village cooperatives is an operational form of this authority. The institutional integration of village economics into the public procurement system establishes a structural relationship between state demand and community production capacity. In this model, welfare programs function not only as a mechanism for distributing consumption but

also as an instrument of economic development that creates a secure market for local production. The state not only distributes social benefits, but also organizes an economic system that allows welfare to be produced sustainably.

Third, the integration of village economics in public food programs has structural implications for the configuration of the welfare state and the practice of economic democracy. The policy expands public participation in the production of public needs and reconstructs the state's role from a welfare redistributor to a facilitator of social production. At the same time, regional autonomy acquires substantive meaning as a mechanism for region-based economic development, not merely as a division of administrative authority. Thus, the policy of village economic integration not only increases the effectiveness of food distribution but also forms a new configuration of the welfare state based on community participation in economic production.

Overall, this study confirms that the integration of BUMDes and village cooperatives in the public food supply program is a logical consequence of the constitutional structure of the Indonesian welfare state. The policy is not only legally valid but also necessary to realize the principles of economic democracy and strengthen the sustainability of local economic development.

Recommendations

Based on the study's findings, the integration of village economies into public food supply programs requires systemic, structured, and sustainable policy interventions. Policy implementation does not rely enough on normative legitimacy; it must be supported by regulatory design, institutional strengthening, and public procurement governance that favor local economic development. Therefore, recommended policy steps include:

1. The establishment of regional regulations for local commodity-based food procurement, which explicitly prioritize the utilization of village production in the public procurement system and place BUMDes and village cooperatives as part of the institutional supply chain.
2. Strengthening village economic institutions in an integrative manner, through facilitating synergy between BUMDes as production units and village cooperatives as aggregators and commodity distributors, accompanied by business management coaching, product standardization, and access to production financing.
3. Reorientation of government procurement of goods and services from an administrative-procedural approach to a regional economic development approach, so

that public food procurement functions as a market creation instrument for local community production.

4. Optimizing the use of village funds and local economic empowerment policies to support increasing food production capacity, developing village logistics infrastructure, and strengthening the community economic ecosystem.
5. Development of a policy evaluation system based on local economic indicators, which measures the impact of public food procurement on increasing the income of rural communities, food production stability, and strengthening community economic institutions.

Through these measures, the integration of the village economy in the state welfare program not only functions as a social distribution mechanism but also becomes a strategic instrument for sustainable local economic development and the strengthening of economic democracy in constitutional practice.

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