



Establishment of BUMDes as a Strengthening of Sustainable Development Goals (SDGs) in Improving Village Economy during the Covid-19 Pandemic

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ABSTRACT

Badan Usaha Milik Desa (BUMDes) as an instrument to drive the village-based economy has shown a significant role in achieving SDGs targets, which amounted to 74 percent before the Covid-19 pandemic hit the world. However, the situation changed during the Covid-19 pandemic, where the focus of the program was on the health and economic recovery process affected by the pandemic. This research was conducted with a descriptive-prescriptive approach that aims to get suggestions on what should be done to overcome the problems faced by BUMDes in the Covid-19 pandemic situation. From the results of this study, it is concluded that in the context of national economic recovery after the Covid-19 pandemic, the participation of all policy makers is needed to formulate the various needs needed to restore the economy at the village level which is also affected by the pandemic. The momentum of the Covid-19 pandemic can be used by the government to ensure the formation of BUMDes in villages while still paying attention to the potential and needs of the village, as well as optimizing the role and operations of BUMDes that have been formed.

Keyword: *BUMDes; Covid-19 Pandemic; Sustainable Development Goals; Village Economy.*

ABSTRAK

Badan Usaha Milik Desa (BUMDes) sebagai instrumen penggerak perekonomian berbasis desa telah menunjukkan peran yang signifikan dalam mencapai target SDGs, yaitu sebesar 74 persen sebelum pandemi Covid-19 melanda dunia. Namun keadaan berubah pada masa pandemi Covid-19, dimana fokus programnya adalah pada proses pemulihan kesehatan dan perekonomian yang terdampak pandemi. Penelitian ini dilakukan dengan pendekatan deskriptif-preskriptif yang bertujuan untuk mendapatkan saran mengenai apa yang harus dilakukan untuk mengatasi permasalahan yang dihadapi BUMDes dalam situasi pandemi Covid-19. Dari hasil penelitian ini disimpulkan bahwa dalam rangka pemulihan perekonomian nasional pasca pandemi Covid-19, diperlukan peran serta seluruh pengambil kebijakan untuk merumuskan berbagai kebutuhan yang diperlukan untuk memulihkan perekonomian di tingkat desa yang juga terkena dampak pandemi ini. Momentum pandemi Covid-19 ini dapat dimanfaatkan pemerintah untuk memastikan terbentuknya BUMDes di desa dengan tetap memperhatikan potensi dan kebutuhan desa, serta mengoptimalkan peran dan operasional BUMDes yang telah dibentuk.

Keyword: *BUMDes; Ekonomi Desa; Pandemi Covid-19; Sustainable Development Goals (SDGs).*



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1. Introduction

In September 2015, the UN General Assembly adopted the 2030 Agenda for Sustainable Development which includes 17 goals within the framework of the Sustainable Development Goals (SDGs). The SDGs have the principle of "leaving no one behind", which is a global agenda that emphasizes a holistic approach to achieving sustainable development for society. (Nations, 2019).

As agreed at the UN Conference on Sustainable Development or Rio+20 (Rio de Janeiro, June 2012), the '2030 Agenda' commonly known as the 'SDGs' was adopted in September 2015 by 193 United Nations member states, after more than three years of intergovernmental negotiation process on the Post-2015 Development Agenda. The post-MDG development outcome framework called 'Transforming Our World: The 2030 Agenda for Sustainable Development' features 17 goals and 169 interlinked targets, referred to as the UN SDGs, which are essentially the successors to the MDGs, aiming to end poverty, increase prosperity and well-being of people while protecting the environment within 15 years (2015-2030).

In the years before the Covid-19 pandemic, the world had seen some good progress in terms of successful achievement of the SDGs, but the pandemic has had an adverse impact on the momentum of achievement. The impact of the Covid-19 pandemic on the SDGs has resulted in three impacts, namely: erasing some of the good achievements made so far (2015 to the start of the pandemic) against some of the directly affected goals; slowing down the progress of some other goals in the coming years due to re-prioritization; and resources have been prioritized for the pandemic response sector.

As an impact of the Covid-19 pandemic, in the period September 2019 to March 2020, the opposite direction occurred with the number and prevalence of poverty in urban, rural, and national areas, which showed an increase. The increase in the number of poor people was 1,300 thousand, 333 thousand, and 1,630 thousand respectively or an increase in prevalence of 0.82% points, 0.22% points, and 0.56% points. The number of poor people in March 2020 reached 26.42 million people, an increase of 1.63 million people (9.78%). (Tarigan, 2024) Whereas before the Covid-19 pandemic, based on its prevalence, BPS data (2018 and 2019) recorded that the percentage of poverty in urban areas consistently fell from 7.07% points in March 2018 to 6.56% points in September 2019. Prevalence in rural areas fell from 13.20% points in March 2018 to 12.6 in September 2019. The decline in poverty in rural areas is slightly greater than in urban areas, but in terms of numbers, the rural poor are still much higher than the urban poor. (Tarigan, 2024, *Ibid*) And according to data released by the Ministry of National Development Planning/Bappenas, due to the Covid-19 pandemic globally, 196 million people lost their jobs and 420-580 million people became poor. (Rudiyanto, 2020) Based on this data, the rural poor are a group that is very vulnerable to the impact of the economic crisis caused by the Covid-19 pandemic.

During the pandemic, the United Nations (UN) responded to the Covid-19 pandemic in several ways. One of them is by creating a UN framework on the Immediate Socio-Economic Response to Covid-19, through five important pillars, namely (1) health as the top priority, (2) protecting people/human focus, (3) economic response and recovery, (4) macroeconomic response and multilateral collaboration, and (5) social cohesion and community resilience. The five pillars fall under the broad framework of 'Building Back Better'. In implementing the five pillars, the UN emphasizes member states to encourage the role of government and local communities as the frontline. (ASPAC, 2020)

The United Nations Development Program (UNDP) has redirected US\$17.8 billion of its Sustainable Development Goals (SDGs) portfolio funds to help match the needs of countries affected by COVID-19 (UN, 2020). UNDP explains that the implementation of the SDGs and the response to the COVID-19 pandemic are intertwined and must be addressed in an integrated manner. (ASPAC, 2020, *Ibid*)

As a result of the Covid-19 pandemic, globally countries that are implementing the SDGs agenda are experiencing significant economic shocks. According to the United Nations (UN) Report on the World Economic Situation and Prospects in mid-2020, the global economy contracted sharply by 3.20 percent in 2020, with little hope for a rebound in 2021. The projected cumulative output loss in two years (2020-2022) is US\$8.5 trillion, which is equivalent to all the output gains of the previous four years. World trade fell by as

much as 15 percent in 2020 due to a sharp decline in global demand and disruptions in established global supply chains. (Habibi, 2021)

The Covid-19 pandemic has caused an increase in the percentage of poor people in most provinces in Indonesia. BPS data states that in June 2020, around 22 out of 34 provinces have been affected. The biggest impact occurred in Java and Bali, respectively the provinces of DKI Jakarta, DI Yogyakarta, West Java, Central Java, East Java, Bali, and Banten. The fastest and largest impact is in urban areas at 7.49% and rural areas at around 6.56%, especially business centers, both industry, trade, transportation services to tourism. The transmission process through exposure and social barriers, causes a reduction or loss of working time, as well as a decrease in individual productivity which results in a decrease in income and purchasing power. Subsequently, the poor-prone group experiences a decline in income and most fall into poverty, while the poor become poorer. (Tarigan, 2024, *Op.Cit*)

Based on these developments, the condition of villages during the Covid-19 pandemic is also vulnerable to crises, requiring the role of economic business units that can push back the pace of the economy at the rural level. As part of the national policy strategy to improve the quality of life of Indonesians on a rural basis, Village-Owned Enterprises (BUMDes) can strengthen the economic position of rural communities during the crisis caused by the Covid-19 pandemic. As a national policy strategy in achieving the prosperity of rural communities, BUMDes activities can be synergized with the 2030 SDGs agenda together with stakeholders, both at the regional and central levels.

Based on this background, the author determines the formulation of the problems to be discussed in this study, how is the role of BUMDes in strengthening SDGs goals for improving the village economy during the Covid-19 pandemic? And how to restore the economy of rural communities due to the Covid-19 pandemic using the BUMDes institutional approach in the framework of achieving the goals of the 2030 SDGs agenda?

2. Method

This research is legal research with a normative approach method, namely an approach based on the applicable laws and regulations. (Marzuki, 2017) This research is in the legal research category, a descriptive-analytical specification. According to the research needs, this study seeks to describe legal problems and the legal system by either reviewing or analyzing them. (Soekanto, 1986) The data collection method uses secondary data from library research, namely by reading the applicable laws and regulations, literature books, and other documents related to discussing the issues.

3. Result and Discussion

One of the efforts that can be done is to encourage the movement of the village economy through village entrepreneurship, where village entrepreneurship becomes a strategy in the development and growth of welfare. The development of the community's economic base is one of the important instruments of development that has been promoted by the government for a long time. The development of the economic base is one of the government's efforts to reduce poverty and equalize economic development. This is in line with the Sustainability Development Goals (SDGs), which aim to reduce poverty and equalize access to economic development that must be achieved by 2030.

In village-driven development, there are several things that need to be considered: first, the village government, especially the village head, takes the initiative and consolidates the village movement to develop the economy. Second, the village government and the community take collective action (togetherness) to build the local economy. Third, the collectivity utilizes and optimizes the potential of local assets that are available and certainly worth selling. Fourth, decision-making on commodities, capital, mechanisms, movements and profit sharing is carried out through village deliberations. In the future, with larger village funds, it can be used as an investment resource for villages to develop the local economy. (Eko, 2014)

As part of the effort to achieve the national sustainable development goals (National SDGs) target to the village level, the Ministry of Villages, Disadvantaged Regions and Transmigration (Kemendes PDTT) issued Permendesa PDTT Number 13 of 2020 which focuses on village SDGs. This regulation regulates the priority use of village funds in 2021, which also focuses on efforts to achieve the SDGs. Permendesa PDTT Number 13 of 2020 is motivated by thoughts related to the national development model based on Presidential Regulation Number 59 of 2017 related to the implementation of achieving sustainable national development goals.

Village SDGs are concrete efforts in developing villages that are derived from Presidential Regulation No. 59/2017 on the Implementation of Achieving Sustainable National Development Goals or National SDGs. The goal is to achieve the national SDGs through integrated efforts to achieve village SDGs. Village SDGs are in line with the RPJMN 2015-2019 and also adapt the global SDGs which are a world agreement. This shows the world about Indonesia's commitment to achieving the SDGs.

In order to reduce poverty, the state grants autonomy to villages to manage and regulate their own households. One of the institutional instruments used for the welfare of village communities is the Village-Owned Enterprises (BUMDes). BUMDes as an institution engaged in village economic empowerment is no longer established on the basis of government instructions, but rather on the wishes of the village community that departs from the existence of potential that if managed properly will generate demand in the market. So that the existence of this economic institution is not controlled by certain groups with large capital in rural areas, the ownership of BUMDes is jointly controlled where the main objective is to improve the economic standard of living of the community.

The goals of the SDGs (Sustainable Development Goals) according to Presidential Regulation Number 59 of 2017, include the following:

1. Goal 1 End poverty in all its forms everywhere.
2. Goal 2 Eliminate hunger, achieve food security, improve nutrition and promote sustainable agriculture.
3. Goal 3 Ensure healthy lives and promote well-being for all people of all ages.
4. Goal 4 Ensure inclusive and equitable quality education and enhance lifelong learning opportunities for all.
5. Goal 5 Achieve gender equality and empower women.
6. Goal 6 Ensure availability and sustainable management of water and sanitation for all.
7. Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all.
8. Goal 8 Promote inclusive and sustainable economic growth, productive and full employment opportunities, and decent work for all.
9. Goal 9 Build resilient infrastructure, promote inclusive and sustainable industries, and foster innovation.
10. Goal 10 Reduce intra- and inter-country disparities.
11. Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Objective 12 Ensure sustainable production and consumption patterns.
13. Goal 13 Take urgent action to address climate change and its impacts.
14. Goal 14 Conserve and sustainably utilize marine and oceanic resources for sustainable development.
15. Goal 15 Protect, restore and enhance sustainable use of terrestrial ecosystems, sustainably manage forests, halt desertification, reverse land degradation and halt biodiversity loss.
16. Goal 16 Strengthen inclusive and peaceful societies for sustainable development, providing access to justice for all, and effective, accountable and inclusive institutions at all levels.
17. Goal 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Furthermore, the seventeen Sustainable Development Goals above are grouped as 4 (four) pillars of sustainable development, namely:

1. Social development pillar; consisting of goal 1, goal 2, goal 3, goal 4, and goal 5;
2. The pillar of economic development; consisting of goal 7, goal 8, goal 9, goal 10, and goal 17;
3. Environmental development pillar; consisting of goal 6, goal 11, goal 12, goal 13, goal 14, and goal 15; and
4. The law and governance development pillar, goal 16.

Article 20 letters b and c Presidential Regulation of the Republic of Indonesia Number 59 of 2017 on the Implementation of the Achievement of Sustainable Goals states that the National Action Plan for SDGs/TPB must be established 6 months after the Presidential Regulation takes effect (January 10, 2018), while the Provincial Government must establish the RAD (Regional Action Plan) for SDGs/TPB no later than 12 months after the Presidential Regulation takes effect, which is July 10, 2018.

The Ministry of National Development Planning/Bappenas in implementing the SDGs together with Ministries/Institutions, CSOs and Media, Philanthropy and Business Actors as well as Academics and Experts need to formulate a SDG Action Plan (Renaction) as a reference for all stakeholders both at the national level (National Action Plan/RAN) and at the regional level (Regional Action Plan/RAD). The SDG Action Plan is a 5 (five) year work plan document for the implementation of various activities that directly and indirectly support the achievement of national and regional targets. With the Renaction, it is expected that relevant parties at the national and regional levels will have commitment and clarity in planning and budgeting programs and activities to achieve the SDGs.

3. 1. Legal Basis for Establishing BUMDes

To strengthen the establishment of BUMDES, the legal basis of BUMDES establishment can be seen as follows:

1. Law of the Republic of Indonesia Number 6 of 2014 concerning Villages (State Gazette of the Republic of Indonesia Year 2004 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 5495);
2. Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to State Gazette of the Republic of Indonesia Number 5587) as amended by Government Regulation in Lieu of Law Number 2 of 2014 concerning Amendments to Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2014 Number 246, Supplement to State Gazette of the Republic of Indonesia Number 5589);
3. Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);
4. Law of the Republic of Indonesia Number 3 of 2024 concerning Second Amendment to Law Number 6 of 2014 concerning Villages (State Gazette of the Republic of Indonesia of 2024 Number 77, Supplement to the State Gazette of the Republic of Indonesia Number 6914);
5. Government Regulation of the Republic of Indonesia Number 11 of 2021 concerning Village-Owned Enterprises (State Gazette of the Republic of Indonesia of 2021 Number 21, Supplement to State Gazette of the Republic of Indonesia Number 6623);
6. Government Regulation of the Republic of Indonesia Number 47 of 2015 on the Amendment to Government Regulation No. 43/2014 on the Implementation of Law No. 6/2014 on Villages (State Gazette of the Republic of Indonesia 2015 No. 157, Supplement to State Gazette of the Republic of Indonesia No. 5717);
7. Government Regulation of the Republic of Indonesia Number 43 of 2014 on the Implementation of Law Number 6 of 2014 on Villages (State Gazette of the Republic of Indonesia of 2014 Number 123, Supplement to State Gazette of the Republic of Indonesia Number 5539);
8. Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 4 of 2015 concerning the Establishment, Management, and Dissolution of Village-Owned Enterprises (State Gazette of the Republic of Indonesia 2015 Number 296); and
9. Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 3 of 2021 concerning Registration, Data Collection and Ranking, Guidance and Development, and Procurement of Goods and/or Services for Village-Owned Enterprises/Joint Village-Owned Enterprises (State Gazette of the Republic of Indonesia 2021 Number 252).

The existence of BUMDes is regulated in Minister of Villages, Development of Disadvantaged Regions and Transmigration Regulation Number 3 of 2021 (Permendesa PDTT 3/2021) concerning Registration, Data Collection and Ranking, Guidance and Development, and Procurement of Goods and/or Services for Village-Owned Enterprises/Joint Village-Owned Enterprises. In this regulation, BUMDes is a legal entity established by a village and/or together with villages to manage business, utilize assets, develop investment and productivity, provide services, and/or provide other types of business for the greatest welfare of village communities. (Permen Desa, 2021)

The establishment of BUMDes is intended to accommodate all activities in the economic sector and/or public services managed by the village and/or intervillage cooperation. It should be noted that the nature of BUM Desa activities is profit-oriented, while the nature of its business management relies on the principles of openness, service, honesty, participation and justice. To achieve these objectives, BUM Desa must function as a driving force of the village economy, as a business institution that generates Village Original Revenue (PADes), and as a means to encourage the acceleration of the improvement of the welfare of the village community. Therefore, BUMDes is expected to be a powerful instrument to drive the village economy so that it can provide prosperity to the community. (Dewi, 2014).

The purpose of establishing BUMDes is to manage businesses, utilize assets, develop investment and productivity, provide services, and can provide other types of businesses aimed at the greatest welfare of the community. To be able to achieve the above objectives, the development of BUMDes functions includes becoming an incubation platform for community business activities, a brokering function by accommodating, buying and/or marketing community products; as well as increasing the added value of village assets and village original income (PADesa). It can be said that BUM Desa has two roles that cannot be separated from one another, namely the role in economic empowerment of village communities and the role of supporting village development activities. (Riyanti, 2021).

There are five main objectives for establishing BUMDes, as stated in Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises, namely: a. carrying out economic business activities through business management, as well as developing investment and economic productivity and Village potential; b. carry out general service activities through the distribution of goods and/or services as well as meeting the needs of the Village community, and managing the Village food barn; c. obtain profits or net profits to increase the Village's original income and develop the maximum benefits of the Village community's economic resources; d. utilization of Village Assets to create added value to Village Assets; and e. developing a digital economic ecosystem in the Village. (Permen Desa, 2021).

Regarding supporting access to capital, Article 50 letter d Government Regulation No. 11 of 2021 states that BUMDes can provide financial services. Financial services that can be provided by BUMDes are microfinance institutions which aim to obtain financial profits and provide benefits to the community. (Permen Desa, 2021) Apart from that, business units within BUMDes can provide access to credit and loans that are easily accessible to village communities.

3. 2. The role of BUMDes in improving village economy

In terms of the role of BUMDes services, it is known that there are differences in services between BUMDes and other microfinance institutions in the village. BUMDes services emphasize convenience with the principle of kinship and trust for its customers. Whereas in other microfinance institutions, the loan process must be carried out properly and according to procedures, without any exceptions. In addition, it was found that services at BUMDes are conducted professionally and flexibly, the procedures used are more concise so as not to burden the customers, the ease of loan requirements and the relatively low interest rate. (Amirya, 2022).

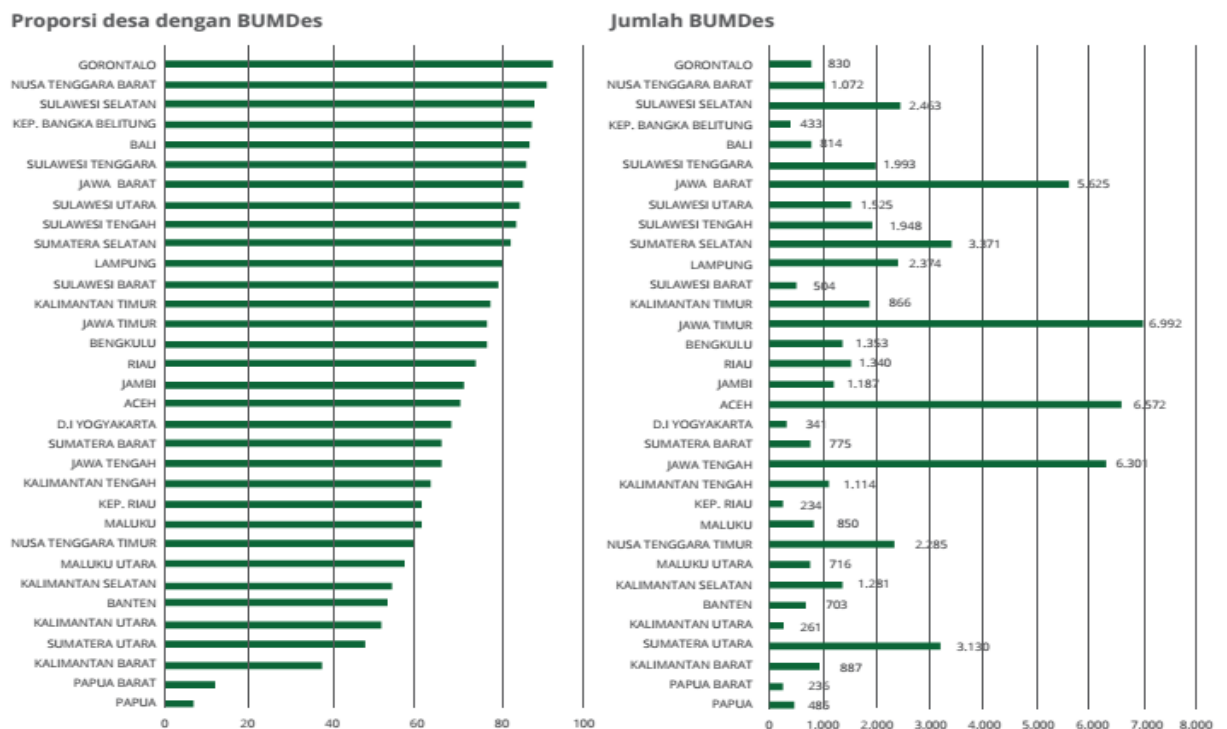
According to research by Ni Luh Putu Sri Purnama Pradnyani (2019) in Tibubeneng Village, North Kuta, BUMDes has a role in improving community welfare. (Pradnyani, 2019) Likewise, research by Miftah Husnul (2022) in Rindingallo Village, Rongkong District, North Luwu Regency, stated that there is a positive correlation between the performance of BUMDes and improving the community's

economy. (Husnul, 2024) This shows that the existence of BUMDes has an impact on improving the community's economy.

In terms of the role of BUMDes profits, it was found that BUMDes profits or revenues are also influenced by revenues received from other BUMDes businesses such as real businesses managed by the BUMDes. BUMDes businesses can also be formed according to the existing potential in the village, so as to maximize excellence and profit. The development of BUMDes real businesses also has an impact on the surrounding community, these businesses can be a source of income for some of the people who manage BUMDes businesses. Improved Services, Profits and Sustainability BUMDes have an influence in Improving the Village Economy. (Desita, 2022) The services provided by BUMDes can increase the productivity of its customers as obtaining a loan does not require a long and convoluted process. Finally, production can be carried out immediately after materials have been purchased using borrowed money from the BUMDes.

In terms of the role of BUMDes Accountability, it is known that the asset management strategy (increased accountability) that has been carried out by BUMDes has contributed as well as increased village income. In addition, BUMDes has been able to accommodate other assistance programs obtained from the government and help accommodate government program funds that enter the village will indirectly help maintain village assets. Through the BUMDes program, it has contributed to the Village Original Income (PADes) where the strategies undertaken can contribute to increasing village income. (Rangka, 2023) Most BUMDes have a positive impact, for example, they can accommodate government assistance programs, maintain existing program assets and maintain the village assets themselves.

Figure 1: Distribution of Village-Owned Enterprises (BUMDes) in 2019



Source: National Team for the Acceleration of Poverty Reduction (TNP2K) (TNP2K, 2024).

The increase in PADes was found to still have several obstacles in its management. The inhibiting factors in terms of asset management carried out by BUMDes, namely the difficulty in developing new businesses, limited innovation in developing local products, lack of facilities and infrastructure, low supervision from the Regional Government.

It is known that the role of BUMDes related to the Aspects of Improving the Living Standards of Management-Commissioners-Community is considered to have implications for Community Economic Independence, especially in terms of its ability as the backbone of rural economic growth and equity. The role in improving the standard of living of the management, commissioners and community is considered a form of success of BUMDes as the backbone of rural economic growth and equity. Referring to one of the objectives of BUMDes, namely improving community welfare and growing the economy, it can be identified that one of the roles of BUMDes can be seen from improving the standard of living of the management, commissioners and the community. (Dima, 2022) An allowance is provided from the results of BUMDes management, which is a source of additional income for BUMDes administrators and commissioners, which in turn can improve the welfare of each administrator and commissioner.

In addition to the ability to become the backbone of rural economic growth and equity achieved by BUMDes, there are still shortcomings in its implementation, including the lack of educated, trained and professional resources to support the diversification of BUMDes businesses in the real sector in addition to the savings and loan sector. In addition, a good role will increase the revenue and profit of BUMDes, automatically increasing the income of BUMDes administrators and commissioners.

But on the other hand, the indirect benefits are not yet visible, the lack of interest, ability, and courage is the cause of the low number of working people who dare to be entrepreneurs themselves so that both the management and the community still lack awareness in realizing real community empowerment in the real sector and micro-enterprises.

Village SDGs have contributed 74 percent to the achievement of national sustainable development goals. (Kemenkeu, 2020) The 74 percent figure is based on territorial and civic aspects. From the territorial aspect, 91 percent of Indonesia's territory is a village area. As many as 12 of the 18 goals of the Village SDGs are closely related to village territoriality, especially in goals 7 to 18 which are closely related to village territoriality. In addition, from the aspect of citizenship, 43 percent of Indonesia's population is in villages and 6 SDGs goals are closely related to villagers. From these conditions, it can be seen that the village SDGs action has a significant contribution. (Kemenkeu, 2020, *Ibid*).

The results showed that the Village SDGs contributed 74% to the achievement of the Sustainable Development Goals (SDGs). (Iskandar, 2021) Referring to the Regulation of the Minister of Villages, Disadvantaged Regions and Transmigration Number 13 of 2020 concerning Priorities for the Use of Village Funds in 2021, there are at least 18 development goals and targets through the Village SDGs, namely (1) villages without poverty; (2) villages without hunger; (3) healthy and prosperous villages; (3) quality village education; (5) gender-equal villages; (6) villages with clean water and sanitation; (7) villages with clean and renewable energy; (8) village employment and economic growth; (9) village innovation and infrastructure; (10) villages without gaps; (11) sustainable village residential areas; (12) environmentally conscious village consumption and production; (13) village climate control and change; (14) village marine ecosystems; (15) village terrestrial ecosystems; (16) villages of peace and justice; (17) partnerships for village development; and (18) dynamic village institutions and adaptive village culture.

From a territorial aspect, 91% of Indonesia's territory is a village area, therefore the 11 National Sustainable Development Goals are closely related to village territories. Actions towards the achievement of the 12 Village SDGs (7-18) contribute 91% of the achievement of the National Sustainable Development Goals (number 7-17). In terms of citizenship, 43% of Indonesia's population is in villages (BPS, 2020), so the 6 National Sustainable Development Goals are closely related to villagers. Actions towards the achievement of 6 SDGs Villages contribute 43% of the achievement of the National Sustainable Development Goals (1-6).

Efforts to achieve village SDGs in the situation and conditions of the COVID-19 Pandemic face many challenges, therefore the use of village funds 2021 is prioritized to finance activities that support the achievement of 18 (eighteen) village SDGs related to national economic recovery activities, national

priority programs, and adaptation of new village habits. The leadership role of village heads and communities is dominant in overcoming poverty and social inequality. (Rumkel, 2019)

Based on a mandate from President Joko Widodo, the Minister of Villages, Disadvantaged Regions and Transmigration, Abdul Halim, said that village funds next year should be felt by all villagers, up to the lowest class. He said that the previous village funds were allegedly still not fully felt by residents, especially the lowest class. Therefore, the Village SDGs are expected to be a reference for village development in 2020-2024 and will be included in the priority use of village funds in 2021.

The Permendesa PDTT on Village SDGs is the basis for 74,953 villages in Indonesia in preparing work plans and APBDes 2021. 72 trillion rupiah of village funds are prioritized for Sustainable National Development in villages. Related to that, there are three focuses of the village fund budget in 2022, namely: first, national economic recovery according to village authority, which consists of the establishment, development and revitalization of BUMDes/BUMDesma, provision of village electricity, and third, the development of productive economic businesses, mainly managed by BUMDes/BUMDesma.

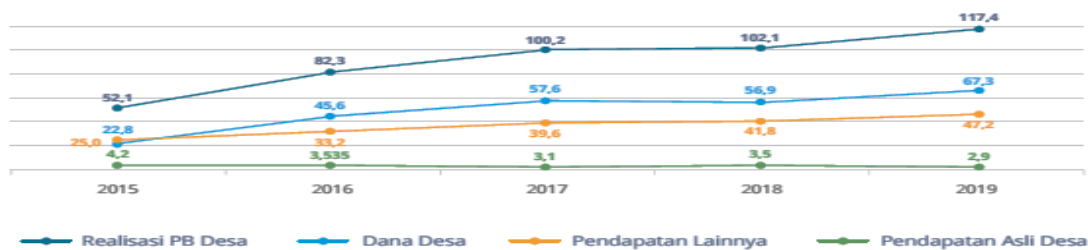
Second, national priority programs in accordance with village authority, which include village data collection, mapping of potential and resources, and development of information and communication technology, development of tourism villages, strengthening food security and preventing stunting in villages, and inclusive villages.

Then third, the priority of village funds in 2021, adaptation of new habits, namely COVID-19 Safe Villages. The determination is based on Presidential Regulation Number 59 of 2017 concerning the Implementation of Achieving Sustainable National Development Goals or SDGs. The use of village funds in 2021 uses the Village Cash Labor Intensive (PKTD) mechanism, then it is done in a self-managed manner and used to finance the capital of BUMDes or BUMDesma.

3.3. The Condition of BUMDes during the Covid-19 Pandemic

The implementation of the Village Law, which has been ongoing since its enactment in 2015, mandates the government to provide Village Funds, which are annually budgeted through the mechanism of Transfers to Regions and Village Funds (TKDD). The increasing amount of TKDD has had an impact on the increasing financial capacity of village governments from 2015 to 2019, as can be seen in the graph below.

Figure 2: Realization of Village Revenue (2015-2019)



Source: National Team for the Acceleration of Poverty Reduction (TNP2K), 2021 (TNP2K, 2021)

According to data from the Central Bureau of Statistics in 2018, the number of villages in Indonesia in 2018, there are 83,931 village administrative areas. This number consists of 75,436 villages (74,517 villages and 919 nagari in West Sumatra), then 8,444 urban villages and 51 Transmigration Settlement Units (UPT) or Transmigration Settlement Units (SPT). In the development of BUMDes in Indonesia, according to data from Kemendes PDTT, the number of BUMDes in Indonesia from 2014 amounted to 1022 units and until 2019 increased quite sharply, which amounted to 50,199 units. And 61% of the total number of villages in Indonesia already have BUMDes with an increase every year. This shows

that the role of BUMDes to improve the welfare of rural communities is very important and is expected to become an economic buffer in Indonesia.

Village Potential Data 2019 shows that there are 60,911 BUMDes units spread across 58.28 percent of villages across Indonesia. The remaining 41.72 percent of villages do not yet have BUMDes. Although the number of villages with BUMDes is relatively high, the government is faced with the problem that many BUMDes are not operating properly. There are also many micro and small enterprises (MSEs) in villages, including processing industries. The 2018 Village Potential data shows that there are 123,689 operating MSEs. If non-production MSEs and the agricultural sector are added, the number is likely to be higher than this. As a result of the analysis of the advanced economic census conducted by Statistics Indonesia, 60.14 percent of businesses experienced liquidity and capital difficulties. (CBS, 2019).

The pandemic has had a significant impact on the soaring percentage of poverty, not only in the health sector, but in almost all sectors. The policy of limiting community activities has resulted in a decrease in business/business activities which of course has an impact on the decline in the dynamics of the economy at large. Entering 2021, it is expected that economic activities will begin to increase in line with the increasing number of people who have been vaccinated and increasing public awareness of the importance of implementing health protocols in carrying out social interactions and various activities.

The development of BUMDes is experiencing shocks due to the Covid-19 pandemic, many BUMDes are experiencing impacts, namely the closure of a number of BUMDes in several BUMDes that cannot survive this pandemic. Related impacts felt by BUMDes due to this outbreak include: disrupted work activities, decreased revenue, delayed implementation of village meetings, and delays in adding business units.

According to Kemendes PDTT, there are 10,026 BUMDes that are able to survive and conduct economic transactions or operate during this pandemic. Of the 51,000 BUMDes before the pandemic, 37,000 had been running their businesses and conducting economic transactions. However, during the pandemic this has decreased. And only 10,026 still survive and conduct economic transactions. BUMDes that can survive during the pandemic because they have conducted a community needs assessment and were established on the basis of village community initiatives. In contrast, BUMDes that were established due to district government programs tend not to be able to survive the pandemic. (Kemendes PDTT, 2024)

According to the Ministry of Villages, Development of Disadvantaged Regions (Kemendes PDTT), village funds in 2021 are focused on 3 priorities, namely establishing, developing, and revitalizing Village-Owned Enterprises (BUMDes). The establishment of BUMDes is based on Law No. 32/2004 on Regional Government. However, during the birth of the Regional Government Law, the position of the government above the village government did not provide autonomy to the village. However, at the time of the issuance of Law No. 6/2014 on Villages, the position of the village government was autonomous from the sub-district and district governments. Villages are fully authorized to formulate their own steps through village meetings, including the authority to establish Village-Owned Enterprises (BUMDes).

During the Covid-19 pandemic, the government has formulated various policies to anticipate social and economic impacts due to social restrictions. One of the efforts to affirm handling at the village level, the government has issued Minister of Villages, PDT and Transmigration Regulation Number 6 of 2020 which deregulates the provisions on the Use of Village Funds in 2020. With this provision, the Village Fund can be allocated for Covid-19 Prevention and Handling activities, Village Cash Labor Intensive Program (PKTD) and Village Fund Cash Assistance (BLTDD). The government needs to take similar steps related to Village Capital Participation (PMD) to BUMDes to maintain the sustainability of MSEs and accelerate economic recovery affected by Covid-19. In addition, the government can utilize this momentum to accelerate the establishment of BUMDes in every village which is currently uneven, there are still 41.72 percent of villages that do not have BUMDes.

The policy direction of BUM Desa as an economic institution that carries out a social mission is also contained in the 2020-2024 National Medium-Term Development Plan (RPJMN), where the strategic

direction of village development focuses on improving the village economy through developing village tourism, promoting village local products, accelerating digital villages, and strengthening the role of BUM Desa / BUM Desa Bersama for village and rural economic activities. Then, through the Village Minister Regulation Number 13 of 2020 concerning Village Fund Management, the priority scale of Village Fund utilization for 2021 is aimed at economic recovery in the village in the form of social safety nets, cash labor intensive, empowerment of micro, small and medium enterprises, agricultural business sectors and development of village potential through Village-Owned Enterprises.

3. 4. Strengthening Village Economy through BUMDes

BUMDes as a business/economic institution conducts economic empowerment of MSE actors, so that they can continue to grow and develop. BUMDes as an economic institution has a function as a forum and incubator for business actors in the village. As an incubator for community activities, BUMDes can conduct an incubation process for pilot MSE activities to grow and develop into those that will drive various activities in the village economic sector. In carrying out the role of business incubation, several activities are carried out:

1. BUMDes positions itself as a place for various business actors, by accommodating productive/economic activities, and is managed professionally, but still relies on the real potential that exists in the village, expected to support the sustainability of community businesses.
2. BUMDes that play the role of container and incubator will provide coaching programs to accelerate the success of business development. The coaching program activities can be in the form of training, skills and capital. With the aim of making community businesses able to develop, be sustainable and of course provide profits.

To further understand the role of BUM Desa as an incubation platform for MSE actors and its role in carrying out two functions as a social and business/economic institution, it can be seen in the figure below:



Empowerment is defined as an effort to provide power (empowerment) or strengthening (strengthening) to the community to improve the ability of the community by developing and dynamizing its potential. (Suaib, 2023) Meanwhile, the economic empowerment of small business actors is a variety of efforts made to improve the ability of the condition of not / lack of power in running their business so that it can grow and develop which in turn can improve the welfare of small business actors. Therefore, efforts to empower the economy of small business actors are very important in order to achieve prosperity, so the government (central / regional / village) should take part to play an active role through BUMDesa which is managed properly and correctly in accordance with the provisions of the rules and regulations that have been issued.

Economic empowerment for small business actors is not enough to accommodate the products produced, but it is also necessary to provide business assistance to small business actors. That way there will be a mutually beneficial ecosystem, BUMDesa will get a guarantee of product supply and quality while small business actors get sales certainty, of course at a good price, thus increasing profits and sales turnover.

One of the other forms of economic empowerment is business capital assistance to small business actors. Lack of business capital is a common problem faced by business actors, especially accessibility to formal financial institutions. Access to this capital is difficult for business actors to obtain, so the development of business capital capitalization is a big problem, especially for small business actors. Therefore, economic empowerment of BUMDesa in the form of business capital assistance in the form of loans with various facilities that can be fulfilled by business actors is important.

There are still few BUMDesa that provide business loans and the amount given is still limited due to the fact that many BUMDesa are still categorized as not yet independent. In addition, capital participation from the village is still very limited in both amount and frequency of distribution (not allocated every year). If indeed the acceleration of economic growth/recovery in villages from the impact of the COVID-19 pandemic is a priority for the use of village funds as directed by the President of the Republic of Indonesia and Permendesa 13/2020, capital participation to BUMDesa should be a priority of the village government to strengthen BUMDesa capital by taking into account the capacity and capability of BUMDesa. The Government and Local Government can provide access to government programs and bridge with financial institutions.

One of the efforts to empower the economy of small businesses is to accommodate and distribute products to the market. To expand the market, in addition to accommodating and marketing it directly conventionally by opening a shop or minimarket, it can also be done by (i) establishing partnerships with market players and (ii) reaching out to market markets by utilizing technology (e-commerce/marketplace). To build market partnerships, what is needed are (i) products/potential that are superior to the village, (ii) market information, (iii) government and local government support, (iv) banks, (v) business partners, and (vi) other stakeholders. Often there is a lack of confidence from BUMDesa on the products or potential that can be sold to potential business partners, ignorance, product quality and others. This issue cannot be resolved by BUMDesa alone. There needs to be intervention from the government, especially the local government.

4. Conclusion

The government needs to direct the utilization of village funds to maintain the sustainability of MSEs and accelerate the economic recovery process that starts at the village level. One step that can be taken is to determine the amount of village fund allocation that can be used in PMD as for BLT-DD and PKTD and to strengthen the local economy through empowerment activities. BUMDes can also partner with MSEs to act as distributors or marketers of village MSE products. In line with this, BUMDes can also partner with farmers to distribute agricultural products and supply local food needs. Currently, the government has begun to allocate subsidized MSE micro loan funds that can be accessed through banks/microfinancing and fintech, in the future, BUMDes, if managed properly, have the potential to participate in channeling these loans. Thus, it can provide access to credit and loans that are easily accessible to rural communities in the midst of the economic downturn during the Covid-19 pandemic.

The government needs to form a "steering committee" involving relevant ministries and institutions, including the Financial Services Authority, Bank Indonesia, Ministry of Cooperatives and Small and Medium Enterprises, Ministry of National Development Planning/National Development Planning Agency, Ministry of Home Affairs, and Coordinating Ministry for Economic Affairs, to formulate the various needs required to restore the economy at the village level. The momentum of the Covid-19 pandemic can be used by the government to ensure the establishment of BUMDes in villages while taking into account the potential and needs of the village, as well as optimizing the role and operations of BUMDes that have been established.

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6. Conflict of Interest

The authors whose names are listed immediately below certify that they have NO affiliations with or involvement in any organization or entity with any financial interest (such as honoraria; educational grants; participation in speakers' bureaus; membership, employment, consultancies, stock ownership, or other equity interest; and expert testimony or patent-licensing arrangements), or non-financial interest (such as personal or professional relationships, affiliations, knowledge or beliefs) in the subject matter or materials discussed in this manuscript.

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