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The Role of Village-Owned Enterprises (Bumdes) in Achieving Food Security and Controlling Inflation in Rejang Lebong Regency

Dennis Rydarto Tambunan[1], Kresnawati[2], Lydia Gustina Putri[3]
Universitas Dehasen Bengkulu[1,2,3]
Corresponding email: ragilkresnawati@unived.ac.id

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ABSTRACT

Villages play a role in developing food infrastructure and managing food-based community businesses through Village-Owned Enterprises (BUMDes) as a local capacity booster and driving the village economy to improve community welfare. Inflation can disrupt economic stability, reduce people's purchasing power, and create uncertainty in consumption and investment decisions. BUMDes in Rejang Lebong Regency, as coffee commodity managers, face challenges when fluctuating coffee prices impact the regional inflation rate. Strengthening aspects of production, diversification and processing, marketing and price stabilization, as well as farmer empowerment and institutional strengthening by BUMDes is expected to be able to reduce the inflation rate in the food security sector in Rejang Lebong Regency.

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Introduction

Achieving the vision of Golden Indonesia 2045 requires sustainable economic growth of 6%–7% per year, supported by a stronger government role in the economy and national development. The continuing increase in the global population, which has not been matched by growth in employment opportunities, also presents a strategic challenge. An additional 56% increase in food production will therefore be required to meet the needs of a projected global population of 10 billion by 2050 (1). Government initiatives include increasing land productivity through the intensification and extensification of agricultural land, beginning at the village level and implemented through effective, integrated, and sustainable systems. Achieving self-sufficiency in food, energy, and water is a national priority under Asta Cita 2, which aims to increase the harvested area of food crops by at least 4 million hectares.

Villages are at the forefront of utilizing land and local resources to produce and distribute food through food diversification and sustainable agricultural practices. Villages also play a role in developing food infrastructure and managing community-based food enterprises through BUMDes, which strengthen local capacity and stimulate the village

economy to improve community welfare. Land modification is highly beneficial for enhancing food security among rural communities and households (2).

In accordance with Law No. 6 of 2014 concerning Villages and Government Regulation No. 11 of 2021, a Village-Owned Enterprise (BUM Desa/BUMDes) is a legal entity established and owned by one or more villages to manage assets, provide services, develop business activities, and strengthen the productivity and welfare of rural communities as a whole. BUMDes aims to manage village potential in order to improve the local economy and community welfare. Various government policies, including the use of Village Funds, have increasingly positioned BUMDes as key managers of village food security programs (3).

Inflation is one of the principal macroeconomic indicators and is frequently a major concern for governments, market participants, and academics. In general, inflation refers to a continuous increase in the prices of goods and services over a given period (4). This condition requires serious attention because, when left uncontrolled, inflation can disrupt economic stability, reduce people's purchasing power, and create uncertainty in consumption and investment decisions. In developing countries such as Indonesia, inflation is often driven by fluctuations in the prices of staple goods, which are highly sensitive to changes in distribution, production, and climatic conditions. Reference (5) also states that changes in food commodity prices may constitute the largest contributor to inflation, generally as a result of an imbalance between demand and the availability of essential goods.

This study focuses on the role of BUMDes in reducing inflation by strengthening village food security in Rejang Lebong Regency.

Method

This study employed a document study and field observation approach. The author collected and analyzed data through interviews with BUMDes managers whose business units operate in the coffee commodity sector, while also reviewing relevant documents and articles to examine the role of BUMDes in achieving food security and controlling inflation. The BUMDes managers selected as informants were those managing coffee commodities, given that coffee is one of the leading commodities in Rejang Lebong Regency. Articles were selected based on their relevance to the topic and their recency, with publications limited to the 2020–2025 period.

The analysis was conducted qualitatively by identifying the principal issues raised by BUMDes managers, comparing them with findings from previous studies, and drawing conceptual conclusions regarding the effect of inflation on food price stability in Rejang Lebong Regency. This method was considered capable of providing a more contextual and in-depth understanding through direct sources, namely BUMDes managers, supported by relevant theoretical reviews and secondary data.

Results and Discussion

Data on coffee production in Rejang Lebong Regency for 2022–2024 are presented in Table 1 below:

Table 1.
Coffee Production and Actual Prices in Rejang Lebong Regency, 2022–2024

Regency	2022 Production (tons)	Price per ton	2023 Production (tons)	Price per ton	2024 Production (tons)	Price per ton
Rejang Lebong	16,561.833	IDR 18–20 million	16,771.5	IDR 36–38 million	13,721	IDR 65–70 million

Source: Statistics Indonesia (BPS), processed data, 2025

The inflation rates in Rejang Lebong Regency for 2022 and 2023 are presented in Table 2 below:

Table 2.
Inflation Rates in Rejang Lebong Regency, 2022–2023

Regency	**2022 Inflation Rate**	**2023 Inflation Rate**
Rejang Lebong	5.51%	2.61%

Source: Statistics Indonesia (BPS), 2023

The data above indicate that inflation decreased by 2.9 percentage points from 2022 to 2023.

Data on BUMDes in Rejang Lebong Regency with coffee-processing business units are presented in Table 3 below:

Table 3.
BUMDes Managing Coffee Commodities in Rejang Lebong Regency

District	**Village**	**BUMDes Name**
Sindang Kelingi	Sindang Jaya	Lestari Jaya
Sindang Kelingi	Belitar Seberang	Belirang
Sindang Kelingi	Sindang Jati	Sindang Sejahtera
Kota Padang	Derati	Harapan Maju
Sindang Kelingi	Kayu Manis	Muda Karya
Sindang Kelingi	Air Dingin	Tirta Kencana
Sindang Dataran	IV Suku Menanti	Air Lang Jaya
Sindang Dataran	Air Rusa	Air Rusa
Padang Ulak Tanding	Ulak Tanding	Usaha Bersama
Bermani Ulu	Transad	Sepanjang Jiwo
Selupu Rejang	APK Bandung	Lestari
North Curup	Tanjung Beringin	Beringin Sejahtera

Source: Regional Government Budget Team (TAPD), 2025

Discussion

Village-Owned Enterprises (BUMDes) play a strategic and multifaceted role in achieving food security, particularly following the issuance of regulations requiring at least 20% of Village Funds to be allocated to food security programs. This role encompasses the entire food supply chain, from production to marketing (11).

Strengthening Production

1. Provision of production inputs: BUMDes provide and manage production inputs such as superior seeds, organic fertilizers, and modern agricultural equipment. This enables smallholder farmers to access technology without having to invest substantial amounts of capital.
2. Training and assistance: BUMDes facilitate training for farmers on Good Agricultural Practices (GAP), land management, and post-harvest handling. These activities improve the overall quality of agricultural yields.
3. Product and varietal diversification: BUMDes can encourage the cultivation of other high-value coffee varieties, such as selectively harvested red-cherry robusta or fine robusta. This reduces dependence on a single type of commodity (12).

Increasing Added Value and Processing

1. Post-harvest facilities: BUMDes can provide or rent post-harvest processing machinery, such as coffee pulpers and grinders. These facilities help maintain coffee quality and improve the quality of dried coffee beans (green beans).
2. Downstream product processing units: BUMDes can establish business units to produce ground coffee, packaged coffee, or other innovative products, such as coffee-based perfume. This creates greater added value than merely selling unprocessed coffee beans (13).
3. Processing partnerships: BUMDes can collaborate with regionally owned enterprises (BUMD) or other parties to expand production capacity and ensure that processed coffee products meet broader market standards.

Price Stabilization and Marketing

1. Price buffering: BUMDes can purchase coffee beans from farmers at agreed prices, particularly during peak harvest periods when prices tend to decline sharply. This provides farmers with price certainty and prevents them from selling their products to intermediaries at unfavorable prices.
2. Broader market access: BUMDes facilitate the marketing of coffee products to larger markets at the local, regional, and national levels. This can be achieved through cooperation with modern retail outlets, online marketplaces, or participation in exhibitions and trade fairs.
3. Brand strengthening: BUMDes help build the image and brand identity of local coffee. Examples include BUMDes Watuata in Flores, which successfully identified local coffee as a leading commodity, and BUMDes Tugu Sari, which established networks with modern retail outlets (14).
4. Packaging innovation: BUMDes develop innovative packaging to make coffee products more attractive in the market, enhance competitiveness, and provide better product protection.

Farmer Empowerment and Institutional Strengthening

1. Access to capital: BUMDes, sometimes in cooperation with banking and financial institutions, can provide bridging funds or working-capital loans to farmers to support their operations.
2. Strengthening farmer groups: BUMDes work closely with farmer groups to prepare well-developed business plans and optimize existing potential.

3. Resource optimization: BUMDes encourage rural communities to optimize their coffee potential and develop innovative products, thereby making coffee-based enterprises a pillar of village micro, small, and medium enterprises (MSMEs).

Coffee Commodity Resilience and Inflation

Coffee commodity resilience has a close and complex relationship with inflation, particularly supply-side inflation. When coffee commodity resilience is disrupted—for example, as a result of crop failure—supply becomes scarce, directly triggering an increase in coffee prices. Weak coffee commodity resilience, often caused by climatic factors such as extreme weather, drought, or flooding, can lead to crop failures in production centers such as Rejang Lebong. Increases in raw coffee bean prices are transmitted along the downstream supply chain, making ground coffee and other processed coffee products more expensive in the market (15).

When global supplies decline and coffee bean prices rise, domestic coffee producers also increase their product prices to adjust to higher raw material costs. Rising production costs in the food and beverage sector contribute to inflation in the food and beverage expenditure group, which is one of the principal components used to calculate inflation. Increases in coffee commodity prices caused by supply disruptions and speculation in global markets may also create inflationary pressure at the national level, particularly in countries with high levels of coffee consumption.

In 2024, coffee production in Rejang Lebong declined due to extreme weather, while coffee prices rose sharply to IDR 65,000–70,000 per kilogram. Although this provided higher returns for farmers, the phenomenon reflected a disruption in commodity resilience that directly contributed to price increases in both local and national markets.

The Role of BUMDes in Preventing Inflation

An effective role for BUMDes in shortening distribution chains can ensure that coffee moves from farmers to consumers at lower costs and more stable prices. Product diversification through the development of value-added processed coffee products, as undertaken by several BUMDes, helps stabilize farmers' incomes and reduce their dependence on highly volatile raw coffee bean prices. By strengthening farmer institutions and empowering farmers through BUMDes, economic resilience can be improved. Farmers are therefore less likely to be pressured into selling their products at low prices during peak harvest periods, thereby supporting long-term price stability

Conclusion

Strong coffee commodity resilience—characterized by stable production, efficient supply chains, and high added value—directly contributes to price control, which is one of the principal measures for preventing inflation. BUMDes act as catalysts that connect farmers with markets, improve production efficiency, and create added value. Consequently, coffee serves not only as a mainstay of the local economy but also as a commodity with strong resilience to market fluctuations and environmental conditions.

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