

# INNOVATIVE

## ECONOMIC EMPOWERMENT BASED ON VILLAGE POTENTIAL RESOURCES

### RESEARCH TEAM

Pius Sugeng Prasetyo

Tutik Rachmawati

Theresia Gunawan

Trisno Sakti Herwanto

Albert Mangapul Parulian Lumban Tobing

Yosefa

Daniel Hermawan

Dhia Kalila

Mohamad Dida Fahryuda



# **Innovative Economic Empowerment Based on Village Potential Resources**

## **Writer:**

Pius Sugeng Prasetyo, Theresia Gunawan,  
Tutik Rachmawati, et.al.

## **Published by:**



Friedrich-Ebert-Stiftung (FES) Indonesia Office  
Jalan Kemang Selatan II No. 2 A | Jakarta 12730  
Telepon : +62-21-7193711  
Fax : +62-21-71791358  
Email : [info@fes.or.id](mailto:info@fes.or.id)  
Website: [www.fes.or.id](http://www.fes.or.id)

## **Edition 1, Desember 2018**

The authors of individual sections are solely responsible for the contents.  
Duplication. This book is protected by copyright and/or related rights.  
For other uses you need to obtain written permission from the publisher.

## **Non-commercial uses**

# TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	<b>i</b>
<b>LIST OF FIGURES</b> .....	<b>iv</b>
<b>LIST OF TABLES</b> .....	<b>viii</b>
<b>PREFACE</b> .....	<b>x</b>
<b>PREFACE</b> .....	<b>xiii</b>
<b>PREFACE</b> .....	<b>xv</b>

## **CHAPTER I**

<b>NATURAL ENDOWMENT BASED VILLAGE ECONOMIC DEVELOPMENT: A CASE STUDY OF TAJUN VILLAGE INDONESIA</b> .....	<b>1</b>
<b>A. Introduction and Profile of Tajun Village</b> .....	<b>1</b>
<b>B. Defining Factors for Village Economic Development</b> .....	<b>3</b>
<b>B.1. Natural Endowment of Tajun Village</b> .....	<b>3</b>
<b>B.2. Leadership</b> .....	<b>5</b>
<b>B.3. Institutional Potential as Social Capital</b> .....	<b>8</b>
<b>B.4. Development Planning in Tajun Village</b> .....	<b>9</b>
<b>C. Innovation of Local Economy Development</b> .....	<b>21</b>
<b>C.1. Institutional Innovation: Village-Owned Enterprises and Village             Microfinance</b> .....	<b>22</b>
<b>C.2. Product Innovation: Cloves as Mainstay in Tajun Village</b> .....	<b>37</b>
<b>D. The Impact of Innovation in Tajun Village</b> .....	<b>45</b>

## CHAPTER II

### ECONOMIC POTENTIAL OF THE MOST WONDERFUL VILLAGE IN THE

<b>WORLD: NAGARI PARIANGAN VILLAGE.....</b>	<b>47</b>
<b>A. Preface.....</b>	<b>47</b>
<b>B. Analysis of Economic Potential and Resources.....</b>	<b>48</b>
<b>B.1. Tourist Potential in Nagari Pariangan .....</b>	<b>48</b>
<b>B.2. Special Note for the Development of Potentials in Nagari         Pariangan.....</b>	<b>63</b>
<b>C. Opportunity of Tourism Potential.....</b>	<b>65</b>
<b>D. Conclusion.....</b>	<b>68</b>
<b>E. Suggestion .....</b>	<b>70</b>

## CHAPTER III

### TOURISM VILLAGE OF TEMBI: THE INDEPENDENT COMMUNITY STRIVES IN THE MIDDLE OF POTENTIAL LIMITATION.....

<b>73</b>	<b>73</b>
<b>A. An Overview of History and Potentials in Tembi.....</b>	<b>73</b>
<b>A.1. A Brief History of Tembi.....</b>	<b>73</b>
<b>A.2. The Village Potentials.....</b>	<b>74</b>
<b>B. Innovation Form, Process and Impact in Pujon Kidul Village .....</b>	<b>76</b>
<b>B.1. Village Innovation Form.....</b>	<b>76</b>
<b>B.2. Process of Village Innovation .....</b>	<b>77</b>
<b>B.3. The Impact of Village Innovation.....</b>	<b>80</b>
<b>C. Driving Factors of the Village Innovation .....</b>	<b>81</b>
<b>D. Analysis of Production Process of Superior Products.....</b>	<b>82</b>
<b>D.1. The Governance of Homestay in Tembi Tourism Village .....</b>	<b>82</b>
<b>D.2. The Process of Making Batik at Leksa Ganesha         Batik Gallery .....</b>	<b>85</b>
<b>D.3. Supply Chain for the Handicraft Industry in Tembi         Tourism Village .....</b>	<b>84</b>
<b>D.4. Supporting Tourism .....</b>	<b>90</b>
<b>E. Conclusion and Suggestion .....</b>	<b>92</b>



## **CHAPTER IV**

### **PUJON KIDUL TOURISM VILLAGE: STORY OF SUCCESS OF AGRICULTURE AND LIVESTOCK REVITALIZATION TO REDUCE THE RATE OF**

<b>URBANIZATION.....</b>	<b>95</b>
<b>A. An Overview of Pujon Kidul Village .....</b>	<b>95</b>
<b>B. Form, Process and Impact of Innovation in Pujon Kidul Village.....</b>	<b>96</b>
<b>B.1. The Form of Village Innovation .....</b>	<b>97</b>
<b>B.2. Innovation Process.....</b>	<b>100</b>
<b>B.3. The Innovation Effect.....</b>	<b>103</b>
<b>C. The Driving Factor of Village Innovation .....</b>	<b>105</b>
<b>D. Analysis of The Production Process of Superior Products .....</b>	<b>106</b>
<b>E. Conclusion .....</b>	<b>110</b>

## **CHAPTER V**

### **BUILDING THE POWER OF VILLAGE ECONOMY BASED ON LOCAL POTENTIALS BORU KEDANG VILLAGE, WULANGGITANG SUB-DISTRICT, EAST FLORES REGENCY - NTT .....**

<b>113</b>	<b>113</b>
<b>A. General Description of Boru Kedang Village .....</b>	<b>113</b>
<b>B. Building and Developing the Village Economy Potential.....</b>	<b>115</b>
<b>B.1. Village Owned Enterprise “Tanah Bojang” .....</b>	<b>115</b>
<b>B.2. The Support for the Village Economic Development Supporting Network.....</b>	<b>125</b>
<b>C. Learning from VOE Bersama Bangkit Mandiri, Nita Village – Nita Sub-District.....</b>	<b>136</b>
<b>D. Conclusion .....</b>	<b>140</b>

<b>CLOSING NOTE .....</b>	<b>144</b>
---------------------------	------------

<b>REFERENCE .....</b>	<b>147</b>
------------------------	------------

## LIST OF FIGURES

<b>Figure 1.1.</b> Dynamic Model of Village Innovation Development Model in Manifesting Smart and Sustainable Village.....	21
<b>Figure 1.2.</b> Analysis of Market System Development Business Unit for Water Supply Management.....	25
<b>Figure 1.3.</b> Analysis of Market System Development.....	26
<b>Figure 1.4.</b> The Fermented Organic Waste & A Sieving Tool .....	27
<b>Figure 1.5.</b> Piles of Sorted Plastic Waste (a) and Organic Fertilizer (b).....	27
<b>Figure 1.6.</b> Management Structure of MGA Tajun Village-Owned Enterprise .....	28
<b>Figure 1.7.</b> Analysis of Market System Development of VOE Mandala Giri Amertha.....	30
<b>Figure 1.8.</b> Financial Service Products at VOE MGA in Tajun Village.....	31
<b>Figure 1.9.</b> Interview when a VCI Employee is doing ‘pick up the ball’ .....	34
<b>Figure 1.10.</b> The Bookkeeping by a VCI employee when doing ‘pick up the ball’ .....	34
<b>Figure 1.11.</b> Realization of State Revenue from the Tobacco Tax (in trillion).....	38

<b>Figure 1.12. Analysis of Cloves Market System Development in Tajun Village.....</b>	<b>39</b>
<b>Figure 1.13. Cloves before drying process (a) &amp; after drying process (b).....</b>	<b>42</b>
<b>Figure 1.14. Cloves are being dried at the area of Tajun Village Housing.....</b>	<b>42</b>
<b>Figure 1.15. The Flow of Dried Cloves Distribution in Tajun Village.....</b>	<b>43</b>
<b>Figure 2.1. Governmental Structure of Nagari Pariangan Village, Pariangan Sub-District, Tanah Datar Regency .....</b>	<b>48</b>
<b>Figure 2.2. The Long Tomb of Tantejo Curhano .....</b>	<b>49</b>
<b>Figure 2.3. Saruang Hall (ancient court).....</b>	<b>51</b>
<b>Figure 2.4. Rumah Gadang.....</b>	<b>53</b>
<b>Figure 2.5. Traditional Kawa drink at Kawa Peak.....</b>	<b>54</b>
<b>Figure 2.6. The Scenery from Kawa Peak.....</b>	<b>54</b>
<b>Figure 2.7. Batik Pattern Derived from the Ancient Manuscript .....</b>	<b>57</b>
<b>Figure 2.8. Information Board of The Long Tomb .....</b>	<b>64</b>
<b>Figure 3.1. The Map of Tembi Tourism Village.....</b>	<b>75</b>
<b>Figure 3.2. Tembi Tourism Village .....</b>	<b>76</b>
<b>Figure 3.3. Village Budget of Timbulharjo 2018 .....</b>	<b>79</b>
<b>Figure 3.4. A house owned by local resident that is used as a Homestay.....</b>	<b>80</b>
<b>Figure 3.5. A house owned by local resident that is used as a Homestay .....</b>	<b>80</b>
<b>Figure 3.6. Homestay Bedroom.....</b>	<b>83</b>
<b>Figure 3.7. Homestay Room with Hotel Standard .....</b>	<b>84</b>
<b>Figure 3.8. Homestay Room with Hotel Standard.....</b>	<b>84</b>

<b>Figure 3.9.</b> Homestay Room with Hotel Standard .....	85
<b>Figure 3.10.</b> The Process of Making Batik .....	86
<b>Figure 3.11.</b> Various Handicraft of the Village.....	89
<b>Figure 4.1.</b> Entrance Access of Pujon Kidul Village.....	95
<b>Figure 4.2.</b> Cafe Sawah with the natural view background .....	97
<b>Figure 4.3.</b> The Roudh 78.....	98
<b>Figure 4.4.</b> Various Tourism Products and Service in Pujon Kidul .....	108
<b>Figure 4.5.</b> Products of SMEs .....	109
<b>Figure 5.1.</b> Map of Wulang Citang Sub-District.....	114
<b>Figure 5.2.</b> The Village Head Office of Boru Kedang.....	115
<b>Figure 5.3.</b> The Potential of Wair Poar Waterfall – Boru Kedang Village .....	117
<b>Figure 5.4.</b> A Contest of Weaving Bamboo – photo source Hengky Ola 2017.....	118
<b>Figure 5.5.</b> Drinking water treatment installation from springs in Boru Kedang village .....	120
<b>Figure 5.6.</b> Gallon Bottled Water of Boru Kedang Citra Mandiri.....	121
<b>Figure 5.7.</b> The test result of the drinking water conducted by ITS.....	121
<b>Figure 5.8.</b> Retail Price of Subsidized Fertilizers.....	122
<b>Figure 5.9.</b> A Poster of Non-Subsidized Fertilizer.....	123
<b>Figure 5.10.</b> A building where The Candlenut Cracking Machine is placed .....	129
<b>Figure 5.11.</b> The Candlenut Cracking Machine.....	130
<b>Figure 5.12.</b> Pecan Seeds.....	131

<b>Figure 5.13.</b> The Building of Ayu Tani Foundation .....	132
<b>Figure 5.14.</b> A Dialog with the Hed of Ayu Tani Foundation .....	132
<b>Figure 5.15.</b> The Building of KSU Jantan .....	133
<b>Figure 5.16.</b> Organizational and Management Structures of KSU Jantan ..	134
<b>Figure 5.17.</b> The Data of Purchasing and Selling Cocoa .....	135
<b>Figure 5.18.</b> Elektronik Scale in KSU Jantan .....	135
<b>Figure 5.19.</b> A Proposal of Rolling Fund Loan.....	137
<b>Figure 5.20.</b> A Proposal of Credit Loan Usaha Mandiri.....	137
<b>Figure 5.21.</b> An example of Woven Fabric Products sold at VOE Bangkit Mandiri .....	138
<b>Figure 5.22.</b> Researchers and Administrators of the VOE Bersama in Nita Sub-District.....	139
<b>Figure 5.23.</b> Name Card of VOE Bangkit Mandiri.....	139

## LIST OF TABLES

<b>Table 1.1</b> Potential of Tajun Village.....	4
<b>Table 1.2.</b> Educational Level of Government Apparatus in Tajun Village.....	7
<b>Table 1.3.</b> Annual Budget Plan of Tajun Village .....	11
<b>Table 1.4.</b> The Revenue and Expenses Plan of Tajun.....	14
<b>Table 1.5.</b> Revenue and Expenses Budget of Tajun Village .....	18
<b>Table 1.6.</b> APB Tajun Village 2018 – Organizing.....	19
<b>Table 1.7.</b> Summary of Village RKP (Village Work Plan) 2018 in Tajun Village.....	20
<b>Table 1.8.</b> Institutionalizing Innovation in Tajun Village.....	22
<b>Table 1.9.</b> Capital Sources for Developing the Integrated.....	26
<b>Table 1.10.</b> Nett Income Allocation of MGA VOE in Tajun Village .....	29
<b>Table 1.11.</b> Profit Allocation of VCI in Customary Village Pakraman Tajun	36
<b>Table 1.12.</b> Performance of LPD Customary Village Pekraman Tajun Year 2016, 2017, and 2018.....	36

<b>Table 1.13.</b> Informasi Harga Cengkeh per Tanggal 14 September 201 .....	40
<b>Table 1.14.</b> Category of Clove farmers in Tajun Village .....	43
<b>Table 3.1.</b> Homestay Price.....	84
<b>Table 3.2.</b> Handicraft package .....	90
<b>Table 3.3.</b> Culinary activity package.....	90
<b>Table 3.4.</b> Package of art activities .....	91
<b>Table 3.5.</b> Outbound tourism .....	92
<b>Table 4.1.</b> Income of BUMDes (Village Owned Enterprises) in Pujon Kidul (January-October 2018) .....	104

## FOREWORD

# UNIVERSITAS KATOLIK PARAHYANGAN

The innovative, smart and sustainable village is basically a dream of all parties engaged in the village development. It is reinforced by the consciousness that the development sustainability and Indonesia advancement is highly determined by the village strength in supporting various requirements whether economic aspect, social, cultural, political, environmental, and other aspects. This book is a result of explorative research activities that is basically a continuation of the previous research conducted in several villages from various perspectives, such as food security, renewable energy, local economic development, community participation, as well as the leadership of the village head. This book focuses on various steps taken by the villages especially related to the aspects of village economy

The five villages studied, namely Pariangan Village - Padang (West Sumatra), Tembi Village - Bantul (Special Region of Yogyakarta), Pujon Kidul Village - Malang (East Java), Tajun Village - Bali, and Boru Kedang Village - East Flores (East Nusa Tenggara) show that they have capability in generating creativity and innovation especially in improving the village economic aspect that contributes to the improvement of the community economics. The records obtained demonstrate that each village always starts from available potential either the human resource or natural resource. The potential in question is not an existing potential that can immediately be the superior potential of the village. In many cases, it shows



that all sources must be begun and packaged in an innovation process initiated from a creative idea and courage from the village leaders either the village apparatus or the local community leaders.

On the other hand it is also very well realized that their success cannot be reached alone but they also need to open themselves by building and utilizing networks owned by both the local government and non-governmental parties, in this case the private business sector and academics. The step to build this network confirms that the open attitudes and responses from the village will be a significant issue in the efforts to build villages, especially in the village economic sector. The research results also shows that the development in this sector is not merely emphasized on business and economic dimensions, but also projected to enhance other dimensions, whether the social, community participation/concern, environmental sustainability supported by the local wisdom that cannot be forgotten in order to maintain the local originality and identity without having to raise resistance upon the advancement introduced by the external parties.

We are the research team consists of lecturers from Parahyangan Catholic University Bandung (Daniel Hermawan, S.AB., MBA; Yosefa, S.T., M.M.; Trisno Sakti Herwanto, SIP., MPA; Albert Mangapul Parulian Lumban Tobing, S.T., M.AB.; Tutik Rachmawati, Ph.D., Dr. Theresia Gunawan; dan Dr. Pius Sugeng Prasetyo) together with the students of Parahyangan Catholic University Bandung (Dhia Kalila, S.AP.; Mohamad Dida Fahryuda, S.AP.,; William Tandi Wijaya, Michael Sandy Lim) express a high gratitude for the cooperation and support from many parties especially the Coordinating Ministry for Human Development and Culture (KEMENKO PMK), as well as the Friedrich Ebert Stiftung (FES) - Indonesia. We also would like to thank other parties, the village apparatus as well as the village community who has given much help by providing various information and data for this book. This cooperation is certainly not limited only during the research on the Village Economic Development, but it is expected to be continued by sharing knowledge and experience that can be disseminated to many parties, therefore it can be an inspiration than may be embodied in other villages according to each characteristic. We also thank to Hansen William, S.E., M.M. and Harris Kristanto who has assisted in the process of reviewing and editing this book. This book is certainly way from being perfect both in content or presentation, therefore the suggestions from various parties are surely welcomed.

At the end, this book is expected to be a manifestation of our concern and contribution in order to create a better Indonesia through development innovation in the villages in various aspects to improve the welfare of rural communities in a sustainable manner.

Bandung, December 2018

**Dr. Pius Sugeng Prasetyo**  
Coordinator of Research Team

## FOREWORD

# KEMENKO PMK

One of the current government's priority agenda that is also commonly known as Nawacita is "Building Indonesia from the Countryside by Strengthening Regions and Villages in the Framework of the Unitary State". The actual implementation of Nawacita is the Village Fund Program. In 2015, as the first year of the Village Fund implementation, distributed IDR 20.67 trillion to 74,093 villages. In 2016 the Village Fund increased to IDR 46.98 trillion that was distributed to 74,754 villages. In 2017, the Village Fund increased again to IDR 60 Trillion that was distributed to 74,910 Villages. In 2018 the Village Fund continued to increase by IDR 60 Trillion that was distributed to 74,957 Villages. The Village Fund in 2019 that will be soon implemented have allocated IDR 70 Trillion which will be distributed to 74,953 Villages. In order to optimize the distribution of Village Funds, distribution requirements have been simplified and affirmation is applied to the underdeveloped villages, especially outside Java and in Eastern Indonesia.

In order to improve the quality of the use of the Village Fund, various infrastructure development programs whose funding comes from Village Funds are carried out in a labour intensive manner with the maximum use of local raw materials. Supervision on the use of Village Funds is also continuously improved, through community involvement / participation and transparent using, planning and budgeting of Village Funds.

To ensure the sustainability of village development both through Village Fund support and other programs, there a synergy is needed between rural

development outcomes and overall national development outcomes. The results of the physical infrastructure construction at the area scale, regional scale and in urban areas have been seen, so that access to and from the villages is increasingly open. With the current condition, where the facilities and infrastructures are better for human and goods mobility, provides an opportunity for the entrepreneurs to expand their market and improve their business. Villages should also be able to see the result of these physical facilities and infrastructures construction as an opportunity. Villages should develop their local products, in order to be sold outside their village to get comparative advantage. The village's local product should be able to compete to obtain competitive advantage when a lot of products flow into the village. The condition must be followed by the improvement of village institutions such as BUMDes (Village-Owned Enterprises) to enhance the bargaining position of the village's local products. The capacity of the village people should also be improved through trainings especially on skills regarding TIK and financial literacy, therefore they can conduct their economic activity and business in an updated manner.

We would like to thank the team from Parahyangan Catholic University who have conducted research and compiled this book. The good practices in this book are expected to inspire other villages to manage economic resources in their region. For the central government, this book can also be an input for policy making in the use of Village Funds in order to improve the welfare of rural communities.

Bandung, Desember 2018

**DR. Herbert Siagian, M.Sc..**

Assistant Deputy for Village Empowerment,

Coordinating Ministry for Human Development and Cultural Affairs

## FOREWORD

# FRIEDRICH EBERT STIFTUNG

The book “The Innovative Economic Empowerment Based on Village Potential Resources” is the written results of the field study carried out by the research team of Bandung Parahyangan Catholic University (UNPAR) in collaboration with the Coordinating Ministry for Human Development and Cultural Affairs (Kemenko PMK) and Friedrich-Ebert-Stiftung (FES). This project is the realization of one of the village-related activities listed in the Memorandum of Understanding (MSP) between FES and the Kemenko PMK. Discourse to realize the selfindependent, innovative and prosperous villages in accordance with Law No. 6 of 2014 concerning villages has not only become a ‘sexy’ topic but also one of the focuses of the direction of government development activities, starting from the central, provincial, district, sub-district down to village levels.

Various ways have been conducted by the government to prove its commitment and good will in improving prosperity in the villages, by increasing budget allocation significantly for the village funds from year to year since the promulgation of the Village Law\*). Building infrastructure and providing facilitators and an expert to assist villages has also been accommodated. It is hoped that developing these facilities’ in the village, can reduce economic inequality, reduce poverty and create jobs in the village. It is also hoped that the village will be able to come up with new ideas, e.g. getting sources of food reserves, alternative energy, and the generating creative economic sources such as tourism. In addition, some basic problems in the village are also expected to be resolved, for example those relating to public services, the growth of employment

through a 'labor intensive' program so as to reduce urbanization rates, poverty, unemployment and improve the welfare and quality of life of rural communities. The village dream of being able to self-manage and develop their own potential resources has become a reality.

Research Study in the five villages conducted by UNPAR's lecturer aimed at recording the good lesson learned, in addition to innovation and creativity that has been developed to build and increased the economic life in the village. This study would not only like to share experiences with other villages in Indonesia but also could also be used as a recommendation for policy makers to develop/improve policies.

Finally, I would like to thank the UNPAR research team, especially Dr. Pius Sugeng Prasetyo, the Coordinator of the Research Team, who conducted the research and wrote its results. I would also like to express my appreciation and gratitude to Dr. Herbert Siagian, Assistant Deputy for Village Empowerment of the Coordinating Ministry for Human Development and Cultural Affairs (Kemenko PMK), as the 'focal point' for village activities and all parties in the PMK Kemenko who have contributed to improving this good cooperation

Jakarta, December 2018

**Dormiana Yustina Manurung**  
Program Coordinator FES Indonesia Office



# CHAPTER I

NATURAL ENDOWMENT BASED  
VILLAGE ECONOMIC DEVELOPMENT



# CHAPTER I

## NATURAL ENDOWMENT BASED VILLAGE ECONOMIC DEVELOPMENT: A CASE STUDY OF TAJUN VILLAGE INDONESIA

Tutik Rachmawati<sup>a</sup>, Yosefa<sup>b</sup>, Mohamad Dida Fahryuda<sup>c</sup>

### A. Introduction and Profile of Tajun Village

In the world history, Indonesia is one of the most sought areas to fight over by the imperial countries like the British and Dutch. The two imperial kingdoms even fight a war in order to conquer the spice originated islands. In the second episode of Spice Trail by an English journalist, Kate Humble, Indonesia was one of the countries visited for its nutmeg and cloves. The spices made the two world biggest kingdoms – The British and The Dutch, started a big journey to attain huge fortune from the nutmeg and cloves as highly valuable products. The highly valuable nutmeg and cloves had led the spices origin countries, such as Indonesia, as one of their colonies and experienced the exceptional suffering for hundred years. Elizabeth Pisana in her book titled 'Indonesia etc.' also discusses how the Dutch Kingdom was willing to exchange Manhattan (was named New Amsterdam) with Banda Island for it was rich of nutmeg. That illustrates how valuable the spices in Indonesian islands were at that time.

In addition to nutmeg, cloves are one of the mainstay plantations produced in Indonesia. In 2010, Indonesia has 456,000 hectare clove plantation with produces up to 140,000 metric tons<sup>1</sup>. Several biggest cloves

<sup>a</sup> Lecturer in Public Administration Studies Program, Parahyangan Catholic University, Bandung

<sup>b</sup> Lecturer in Business Administration Study Program, Parahyangan Catholic University, Bandung

<sup>c</sup> Alumni of Public Administration Study Program, Parahyangan Catholic University, Bandung



areas in Indonesia are the province of East Java, south Sulawesi, Maluku, South East Sulawesi and Central Sulawesi. Although not being among the five provinces, Tajun Village in Buleleng Regency, Bali Province, is one among several places in Indonesia that produces qualified cloves. The cloves produced by Tajun Village are not only traded in the local area of Bali, but has covered the national market. Most of the cloves consumers are from the business market that process the cloves into products with high value added.

Tajun Village is one of the 13 villages in Kubutambahan sub-district, Buleleng Regency, Bali Province. Tajun village lies at 500 – 600 meters above the sea level<sup>2</sup> with administration borders as the following.<sup>3</sup>

- a) North : Tunjung Village, Kubutambahan sub-district,  
Buleleng Regency
- b) East : Sembiran Village, Tejakula sub-district, Bangli Regency
- c) South : Satra Village, Kintamani sub-district, Buleleng Regency
- d) West : Mengening Village, Kubutambahan sub-district,  
Buleleng Regency

The village government center is 20 km from the sub-district (45 minutes by motorized vehicle), or 35 km from the Regency (1 hour by motorized vehicle) and from the center of province government is 82 km (2 hours by motorized vehicle)<sup>4</sup>. Tajun Village is 16.97 km<sup>2</sup> of width. 75% of the area or 1,635 ha/m<sup>2</sup> is used for plantation, where 1,621 ha/m<sup>2</sup> is individual plantation and 14 ha/m<sup>2</sup> for the state plantation.<sup>5</sup> With this spacious plantation, it is not surprising that Tajun Village has 1,000 families who own plantation, where: 200 families own 10 – 50 ha, 300 families own 50 – 100 ha, 450 families own 100 – 500 ha, and 4<sup>6</sup> families own 500 – 1000 ha.<sup>6</sup> The amount is still bigger than families who do not have their own plantation that are 865 families.<sup>7</sup> Therefore, it is not surprising that the livelihood of people in Tajun Village is mainly as a farmer (2,067 males and 2,022 females)<sup>8</sup> with cloves as the main plantation produce.

<sup>1</sup> <https://www.goodnewsfromindonesia.id/2018/01/06/5-provinsi-produsen-cengkeh-tertinggi-di-indonesia>

<sup>2</sup> <https://desatajun.blogspot.com/p/data-desa.html>

<sup>3</sup> Communication and Information Service in Buleleng Regency. Communication and Information Data: Village/Administrative Village at Kubutambahan Sub-District 2014. Singaraja.

<sup>4</sup> Ibid

<sup>5</sup> Based on Documentation of Tajun Village Profile made by Government of Tajun Village

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> Ibid

## **B. Defining Factors for Village Economic Development**

In the following part, will be discussed several aspects that influence the economic development in Tajun Village. Those aspects are: (1) Natural Endowment of Tajun Villave, (2) leadership, (3) Institutions potencies as Social Capital, and (4) Development plan of Tajun Village. By understanding these four aspects, the readers are expected to gain a thorough understanding of how Tajun Village can become a developed, superior and sustainable village.

### **B.1. Natural Endowment of Tajun Village**

Tajun Village is located in the northernmost of Bali Island. Located in highland (about 450 - 1,000 above sea level)<sup>9</sup>, makes the weather of Tajun Village is commonly cold (daily temperature is about 28 - 32 OC)<sup>10</sup> and windy. It was proven by the researchers themselves when conducted the field research. The condition during the interviews with the leaders in Tajun Village at night was commonly cold and windy.

Although locates in Bali Island as a world famous tourism destination, Tajun Village does not have a potential or natural endowment as other villages on Bali Island. Tajun Village does not have natural potential that can be 'valuable' enough to be sold as a tourist destination. It means that Tajun Village does not have a potential tourist destination for domestic or foreign visitors. The nearest tourism potential is Lovina Beach, where the visitors can observe dolphins. However, the distance between Lovina and Tajun Village is 35 km, However the effect of tourism at Lovina Beach does not reach Tajun Village. When the research was conducted, the Head of Tanjung Village planned to develop two large Hindu temples in Tajun Village, namely Bukit Sinunggal Temple (or commonly called as Puncak Sinunggal Temple) and Dalem Village as religious or spiritual tourism potential. However, there had not been any real plan or initial action of the plan.

The geographic location and the geographic barriers require the village society to give bigger effort in managing the natural potential available to be able to compete with other villages that has a natural endowment as tourism based development capital.

---

9 Ibid

10 Ibid

With all the limitation of Tajun Village, it has been proven that the society, customary community (customary village), and the governmental village<sup>11</sup> can actually develop Tajun Village well, even better than most of the other villages in Indonesia, especially in Bali. The success of village development is proven by the success of financial management in Tajun Village through various businesses that have reached revenue of billions rupiah.<sup>12</sup> It is the reason of choosing Tajun Village as one of the villages studied in this project.<sup>13</sup> The research findings during the data collection in September 2018 showed that the Own-Source Revenue of Tajun Village is derived from managing various village potentials and it affects positively on the improvement of economic activity in Tajun Village.

Based on information from the website of Tajun Village (<http://tajun-buleleng.desa.id>), the potential of Tajun Village can be illustrated in the following table:

**Table 1.1** Potential of Tajun Village

<b>The Village Potential</b>	
<b>Plantation</b>	<b>Industrial Sector</b>
<p>Cloves</p> <p>Durian</p> <p>Mangosteen</p> <p>Cacao</p>	<p>Tajun Rice Wine</p> <p>Stone Carving Craft</p> <p>Weaving Craft</p> <p>Bamboo Woven Craft</p>

Source: <http://tajun-buleleng.desa.id>

Of the two types of potential in Tajun Village, the mainstay is from plantation produces namely cloves.

11 To understand the difference of Administrative Village and Customary Village, please refer to article written by Tutik Rachmawati titled 'Innovation of Kerta Village in Manifesting Independent Sustainable Energy Village' and article written by Theresia Gunawan titled 'Outstanding Tradition and Local Wisdom of Mengwi Village Acknowledged by The World'. Both articles can be found in a book titled 'Innovation to Establish Prominent and Sustainable Village, Second Edition' by Prasetyo dkk. (2017).

12 <http://bali.bisnis.com/read/20170314/538/775618/desa-tajun-buleleng-miliki-usaha-berrevenue-miliaran>

13 'Research on Developing Sustainable Local Economic in the Village' in 2018, funded by Friedrich-Ebert-Stiftung Indonesia, carried out using case study research design focused on five (5) villages chosen for their 'best practice' of Village-Owned Enterprises (BUMDES). In addition to Tajun Village in Bali, four other villages are (1) Pujon Kidul Village - East Java, (2) Timbulharjo Village. DI Yogyakarta (3) Nagari Pariangan Village - West Sumatra and (4) Wulanggitang Sub-District-Nusa Tenggara Timur

## B.2. Leadership

Tajun Village is now led by Ir. Gede Ardana who has been the village head since 2007 and will serve the position until 2019. It means that Mr. Gede Ardana has been the village head for two periods.<sup>14</sup>

Mr. Gede Ardana has an excellent leadership experience. Before serving as a village head in Tajun Village, he had an experience as a manager in banking sector for 20 years. When he retired, he went back to his hometown, Tajun Village, Kubutambahan sub-district, Buleleng Regency, Bali Province. The experience and competence he gained from his experience working in a banking sector has been very useful to be implemented in the village management. The banking managerial experience is applied in the village management. It is obviously seen during the observation in Tajun Village. The routines of Mr. Gede Ardana in the village office, the way he leads the government staff, as well as the way he empowers and develop his staff capability, especially the young staff to accelerate the development of Tajun Village, all showed the effective leadership and managerial competencies.

The excellent leadership and managerial competencies of Mr. Gede Ardana is supported by a good momentum that is his leadership as a village head for two periods. Regarding to the performance of a leader who is elected through political process, if the leader has an achievement during the first period then re-elected for the second period, the leader usually has better momentum to improve his performance. The similar things certainly happens on the village level leadership that is the village head, who is elected through a democratic process. The research upon 11 innovative, superior and sustainable villages that conducted by UNPAR has also proven it. Most of village heads in the eleven villages had served their positions for the second period. With the two period of leading, the village head has longer and more opportunities to complete their innovative plan.<sup>15</sup>

Tajun Village is the third village in Bali that is chosen as research focus on Innovative, Superior and Sustainable Village by the research team. The other two were Kerta Village and Mengwi Village. Those three villages in Bali have shown an excellent managerial capability and leadership. From the educational level, for instance, the head of Kerta Village and Mengwi Village have a master (Magister) degree and the head of Tajun Village

---

14 One period of Village Head Service is 6 (six) years

15 To understand this explanation further, read the detail in a book titled 'Innovation to Establish Prominent and Sustainable Village', Second Edition in Prasetyo dkk. (2017).

has experience in the banking sector that support his performance as a village head. In addition, the aspect of customs or culture/habits in Bali that obliges every adult male to back to their hometown (for those who live in other places for work or other purposes) or stay forever in their place of birth. It was understood from the interview<sup>16</sup> with the head of the Village Credit Institution of customary village, Pekraman Tajun.

With his expertise in banking sector, Mr. Gede Ardana develop the village potentials, especially by establishing Village-Owned Enterprises (VOE). The VOE is fundamentally a profit oriented institution, a kind of organization in which Mr. Gede Ardana has plenty experience. Besides, the selection of village government staff who will significantly contribute to the village development performance is conducted thoughtfully. It has been proven by the observation and interview with the government apparatus of Tajun Village. The head of Planning Affair in Tajun Village is a young man, graduated with a final project that wins an award. The planning affairs are the most important in village government for in this part every development planning in Tajun Village is prepared and planned. Anyone who is in charge for planning affairs should be someone who is visionary and innovative. These two characters usually attached to the young people. This thought seems to be considered by Gede Ardana. The head of Planning Affairs, Gede Sukra Ardipa and The head of Society Welfare Affairs in Tajun Village, Komang Sujana are selected through a head of affairs selection process held by Kubutambahan sub-district in 2017. They are the participants who managed to reach the first and second position among the 17 people who participated in the selection process. The two people are young men, Komang Sujana has even reached his master degree. It certainly strengthens the working team of the government apparatus in Tajun Village.

At present, there are 14 of the government apparatus in Tajun Village with various educational levels, namely: Elementary, Junior High School, Senior High School, undergraduate and Master, the detail can be seen in the following table:

---

16 Interview was conducted at LPD office on September 13th 2018, at 10.00 – 13.00

**Table 1.2.** Educational Level of Government Apparatus in Tajun Village

<b>Position</b>	<b>Last Education</b>
Village Head	Bachelor
Village Secretary	vocational high School
Head of Governmental Affairs	Senior High School
Head of Planning Affairs	Bachelor
Head of Society Empowerment Affairs	Senior High School
Head of Society Welfare Affairs	Master
Head of General Affairs	Senior High School
Head of Finance Affairs	Bachelor

Source: Document of Tajun Village Profile

Another prominent thing demonstrated by Gede Ardana as the leader of Tajun Village is his understanding on the importance of the four major concepts of the village development are: (1) training, (2) capital, (3) place and (4) buying power.

In Training and capital aspect, the effort given by Gede Ardana is establishing farmer groups not only as media to share information regarding prices of seeds or other farming tools but also as access to social aids from province or regency.<sup>17</sup>

At present, there are 12 farmer groups in Tajun Village, consisting of the Female Farmer Groups and Joint Business Groups. These two groups have accessed loan up to IDR 20,000,000,000 (twenty billion rupiah) without any bad credit record, in which the initial fund available for saving and loan was merely IDR 200,000,000 (two hundred million rupiah).<sup>18</sup> Therefore, through the establishment of these groups, the capital aids can be obtained, and then the training aspect can be facilitated through the Female Farmer Group and Joint Business Group. The training are delivered either by the regency government or the province government (Department of Agriculture delivers training on intensification of agriculture production) or

<sup>17</sup> Based on interview with the head of Village-Owned Enterprise at the Village Office on September 12 th 2018, at 09.00 - 12.00

<sup>18</sup> Ibid

the private parties (PT Sampoerna provides the training on managing the clove trees and delivers the free fertilizer)

In place aspect and buying power, the approach taken by Gede Ardana is establishing Tajun Village Market nearby the luxurious building of the Village-Owned Enterprise, Mandala Giri Amerta. By the establishing of this village market, money circulates only within the village and reduces the amount of money spend on sources out of the village. The observation shows that the Tajun Village Market is very crowded and all the daily needs of the society of Tajun Village are available in the market.

Another essential leadership aspect is the key of every important decision making by the village head based on data. It was understood from the interview with Gede Ardana. In every explanation he always uses expression ‘... based on data, we can say...’. It implies that data is important for a leader like Gede Ardana in making every policy or program at the village level.

### **B.3. Institutional Potential as Social Capital**

As other villages in Bali, Tajun Village has a uniqueness derived from the upheld custom, namely the existence of the customary village (Kelian Banjar Adat). Both governments and customary village collaborate to incomplete the same task that is managing and enhancing the welfare of the village society. The existence of the customary village is certainly not only in Bali Province. In other 34 (thirty four) provinces in Indonesia can also be found the customary village. However, only in Bali good governance is demonstrated by being an active partner of village development, together with the Administrative Village.

The customary village in Bali becomes the social adhesive of the Balinese through the social habit to gather and have social activities under the Hindu customs. The habit of gathering and engaging social activities is not only through the customary village but also in small groups such as Lembaga Suka Duka (a community institution in Bali where people share happiness and mourning) and Subak. Besides the customary institutions, suka duka, and subak, Tajun Village also has Karang Taruna Institution where the youths (in Balinese called teruna and teruni) engage activities.

The potential of these three institutions in Tajun Village is a social capital that highly contributes to the village development. Woolcock

(2002, p. 22) defined social capital as norm, network (relation) that allow a collective action. Social capital is commonly understood as a willingness and capacity to engage in collective action to achieve mutual benefit and decrease the attempt of free riding. Khan et al (2017) explains that social capital focuses on 'trust, mutual responsibility, mutual/social responsibility, and civic sense. The definition illustrates the social capital in Tajun Village. Through institution such as customary village, subak, suka duka and teruna teruni, Tajun Village owns a strong social capital.

#### **B.4. Development Planning in Tajun Village**

A cliché says that a good planning means 50% of the work has been completed. Even as a cliché thing, not all village and village heads are capable of preparing good development plan. Tajun Village, under the leadership of Gede Ardana and supported by the performance of all village apparatus and the leadership of the customary village, has excellent development. The Medium Term Development Plan of Tajun Village is prepared by a team formed by Gede Ardana as a village head. The team called Team 11 works based on the village head (Perbekel) decree of Tajun Village. The result of Team 11 is described in the Village Revenue and Cost Budget Plan year 2018.

Referring to the interview with the Head of Planning Affair in Tajun Village<sup>19</sup>, the Revenue and Cost Budget Plan of Tajun Village is made based on the vision and mission of the Tajun Village Head of which then conveyed to the society through The Hamlet Deliberation. The village deliberation is commonly held around the end of June. It is attended by the Tajun Village apparatus, The Village Consultative Body, The Community Empowerment Agency of Tajun Village, members of Family Welfare and Empowerment, the leaders of Tajun Village (such as former school principles, Head of Pakraman Village, Head of Subak Abian), 6 Heads of Administrative Banjar (from Bakungan, Pudeh, Pasek, Batu Ngadeg, Tampul Lawang, and Bayad), Village Facilitators (from local village or sub- district), representatives of Neighborhood Head, as well as the society of Tajun Village. They are all invited by official letters (30 - 50 letters) sent by ojek (motorcycle used as public transportation), and by Calling Service <sup>20</sup> in Tajun Village. The Village Deliberation is held three days after the Hamlet Deliberation. People attended the Village Deliberation are the same as those who attend the Hamlet Deliberation. The results of the Village and Hamlet deliberations

---

19 Interview was conducted at the Village Office on September 12th 2018, at 09.00 - 12.00

20 Service of giving information using loudspeaker from a car that goes around the area of Tajun Village



are recapitulated by the Head of Planning Affairs, who will issue the list of aids for the Development Planning Deliberation at sub-district level by prioritizing the activities based on the communal needs.

In an interview with the researcher, The Tajun Village Head stated that the Middle-Term Development Plan (MTDP) that is valid for six months since the new village head is selected, aims to meet the needs of the village by utilizing the village potential. In addition, the MTDP of Tajun Village is made by integrating the policies and programs at levels of national, provincial and regency with the needs and potential at the village level<sup>21</sup>. According to Gede Ardana, MTDP of Tajun Village aims to four major focuses, namely:

1. Pro Growth (focus on the effort of increasing revenue/buying power of the society)
2. Pro Poor (A clear allocation in the Village MTDP for community empowerment, equals to 5% of Remaining Operating Results)
3. Pro Job (Creating job vacancies for the society of Tajun Village to reduce poverty)
4. Pro Environment (Based on Philosophy of Tri Hita Karana<sup>22</sup>)
5. Pro Culture (preserve and develop the culture in Tajun Village)

The explanation of Gede Ardana demonstrates the capability of Tajun Village Head to understand the problem in the village and carry out his role as a government leader in Tajun Village. There are only a few of village heads in Indonesia who have excellent articulation abilities like Gede Ardana. It is once more illustrates his leadership capability.

The MTDP is translated into Government Work Plan (GWP) of the Village that is valid for one year. In making the GWP, Tajun Village has implemented the values of transparency and accountability, for the annual GWP of Tajun Village has been published at the website of Tajun Village, that is <http://tajun-buleleng.desa.id/index.php/first/kategori/> 6. The annual budget Plan of Tajun Village has been published on the website. Following is the annual budget Plan of Tajun Village, year 2018.

---

21 Bali Mandara Program is an implementation of vision and mission of the Governor Bali Made Mangku Pastika 2008 - 2013 and 2013 -2018, consisting of restructuring houses, village development movement, Integrated Village Development (Gerbangsadu), Integrated Agricultural System (Simantri) and Jaminan Kredit Daerah (jamkrida). Besides, the Middle-Term Development Plans of Tajun Village are ... with MP3KI that is the Master Plan for the Acceleration and Expansion of Poverty Reduction in Indonesia

22 To understand the philosophy of Tri Hita Karana, refer to the article written by Theresia Gunawan titled 'Desa Mengwi yang Unggul dalam Tradisi dan Kearifan Lokal yang diakui oleh Dunia' that can be found in a book titled 'Innovation to Establish Prominent and Sustainable Village, Second Edition' in Prasetyo dkk. (2017).

Table 1.3. Annual Budget Plan of Tajun Village year 2018 – Village Government Sector

No	Sector	Sector/Activity		Location	Vol	Target/Benefit	Time	Budget and Funding Source	
		Activity						Amount (IDR)	Source
1	Implementation of the Village Governance	1	Fix benefit and income of Perbekel (village head) and apparatus	Tajun Village	12 Month	Improving welfare of Village Head and Apparatus	2018	IDR 524,878,200.00	ADD
		2	Operational of BPD (Village Consultative Body)	Tajun Village	12 Months	Improving the task of the BPD	2018	IDR 3,500,000.00	ADD
		3	Health Benefit of Perbekel and Apparatus	Tajun Village	12 Months	Availability of the Village Apparatus Health Insurance	2018	IDR 10,810,800.00	ADD
		4	Honorarium of Archival Workers	Tajun Village	12 Months	Improving the Welfare of the cleaning service officer	2018	IDR 19,200,000.00	ADD
		5	Cleaning Equipment	Tajun Village	12 Months	Improving the hygiene of the village office	2018	IDR 500,000.00	ADD
		6	Stationery	Tajun Village	12 Months	facilitate office administration	2018	IDR 6,000,000.00	ADD
		7	Postal needs	Tajun Village	12 Months	Understanding the program development	2018	IDR 1,500,000.00	ADD
		8	Official Travel	Tajun Village	12 Months	Coordinating the task implementation	2018	IDR 15,000,000.00	ADD
		9	Transport/pocket money	Tajun Village	12 Months	Coordinating the task implementation	2018	IDR 3,000,000.00	DLL
		10	Electricity, Wifi credit	Tajun Village	12 Months	Facilitating the activities of the village government	2018	IDR 6,096,800.21	ADD
		11	Printed needs for office administrator/ photocopy	Tajun Village	12 Months	Documented data	2018	IDR 1,000,000.00	ADD
		12	Mail Delivery Service	Tajun Village	12 Months	Ontime Letter	2018	IDR 500,000.00	ADD
		13	Calling service fee	Tajun Village	12 Months	Information reaches remote communities	2018	IDR 1,500,000.00	ADD

1	Implementation of the Village Governance	14	Benefits for BPD members	Tajun Village	12 Months	Improve BPD welfare	2018	IDR 15,600,000.00	ADD
		15	Guest Refreshment	Tajun Village	12 Months	Increasing respect each other	2018	IDR 3,000,000.00	PAD
		16	checking account administration	Tajun Village	12 Moths	Improving Administration process	2018	IDR 100,000.00	ADD
		17	Meeting Refreshment	Tajun Village	12 Months	Facilitating meeting process	2018	IDR 3,000,000.00	ADD & PAD
		18	Honor for Village Financial Management Technical Officer	Tajun Village	12 Months	Improving Task Implementation	2018	IDR 17,100,000.00	PAD
		19	Honor for activity management team	Tajun Village	12 Months	Improving task implementation	2018	IDR 8,400,000.00	PAD
		20	Official uniform of the Village Head and Apparatus	Tajun Village	12 Months	Improving work discipline	2018	IDR 7,500,000.00	ADD
		21	Office building maintenance	Tajun Village	12 Months	Improving office convenience	2018	IDR 5,000,000.00	ADD
		22	Maintenance of office equipment and tools	Tajun Village	12 Months	Facilitating the task implementation	2018	IDR 5,000,000.00	ADD
		23	Village Deliberation	Tajun Village	12 Months	Solving problems	2018	IDR 4,000,000.00	PAD
		24	Maintenance of vehicle	Tajun Village	12 Months	Facilitating transportation	2018	IDR 4,000,000.00	PAD
		25	Compilation of village reports and profiles	Tajun Village	12 Months	Understanding the village development level	2018	IDR 1,800,000.00	ADD
		26	Data collectio of DDK (population database)	Tajun Village	1600 House holds	Understanding the village development level	2018	IDR 13,600,000.00	ADD
		27	Management Activity of SID (Debtor Information System)	Tajun Village	12 Months	Providing Web based Information System	2018	IDR 2,600,000.00	ADD
		28	Office equipment and tools	Tajun Village	12 Months	Organizing the Village Office	2018	IDR 12,000,000.00	ADD

No	Sector/Activity		Location	Vol	Target/Benefit	Time	Budget and Funding Source			
	Sector	Activity					Amount (IDR)	Source		
1	Implementation of the Village Governance	29	Tajun Village	12 Months	Obtaining New Information	2018	IDR 1,080,000.00	ADD		
		30	Tajun Village	10 People	Developing The welfare of customary institution and Subak	2018	IDR 49,500,000	ADD		
		31	Tajun Village	11 People	Implementation of RKP preparation	2018	IDR 4,750,000	PAD		
		32	Tajun Village	12 Bulan	Implementation of inter village activities	2018	IDR 5,250,000	ADD		
		33	Tajun Village	1 Unit		2018	IDR 7,500,000	ADD		
		34	Tajun Village	1	Transparency of APBDes	2018	IDR 500,000	ADD		
		35	Tajun Village	2 Villages Pakraman & 8 Subak Abian	Improving the welfare of customary institution and Subak	2018	IDR 80,000,000	BKK		
		Number of Activities: 35 Percentage on Total Budget (28%)							IDR 844,765,800.21	

Source: <http://tajun-buleleng.desa.id/index.php/first/artikel/58-Rencana-Kerja-Pembangunan-Desa-Tahun-2018>

Table 1.4. The Revenue and Expenses Plan of TajumVillage – Village Development Organizing

No	Sector/Type of Activity		Locati on	Vol	Goal/Benefit	Time	Budget and Funding Source		
	Sector	Activity					Amount (IDR)	Source	
2	Village Development Implementation	1	Rebate of Walkway Concrete Pamesan in Pamesan Area	BD. Tampul L.	230 m	Facilitating the flow of goods and service	2017	IDR 1,189,360.44	Silpa Dana DD & DD
		2	Concrete roads from Arimbawa to Tumpuk Area	BD. Tampul L.	230 m	Facilitating the flow of goods and service	2017	IDR 44,759,500	DD
		3	Concrete road in Liligundi Area	BD. Pasek	900 m	Facilitating the flow of goods and service	2017	IDR 141,781,500	Silpa Dana
		4	Concrete roads in Gede Muliasa area to Dadia Jro Dana area	BD. Pudeh	135 m	Facilitating the flow of goods and service	2017	IDR 24,617,400.00	Silpa Dana Desa 2017
		5	Renovation of drainage in T Lawang Area	BD. Tampul Lawang	7 m	Improving the water flow	2018	IDR 2,974,000	Silpa Dana Desa 2017
		6	Building Bale Piasan Pura	BD. Bayad	1 Unit	Facilitating Activities in Pakraman Village	2018	IDR 100,000,000	Pajak Daerah
		7	Sendaran east of the fork headed to Tumpuk	BD. Pudeh	24 m	Overcome landslide	2018	IDR 19,918,000	DD
		8	Concentrate road in Jro Bayu and Komang Budi Merta Areas	BD. Pudeh	344 m	Facilitating the delivery of goods and service	2018	IDR 66,852,000	DD
		9	Sendaran at Badunge	BD. Pasek	25 m	Overcome landslide	2018	IDR 30,514,500	DD
		10	Widening of the Culverts in Badunge	BD. Pasek	7 m	Improving the water flow		IDR 19,395,800	DD
		11	Sendaran at east of home made jana	BD. Pasek	66.5 m	Overcoming landslide	2018	IDR 43,895,000	DD
		12	Concrete rebate in Buahhan Pasek Area	BD. Pasek	312 m	Facilitating goods and service delivery	2018	IDR 70,125,200	DD
		13	Concrete Rebate in Bakungan Area	BD. Bakungan	265 m	Facilitating the goods and service delivery	2018	IDR 61,319,400	DD

No	Sector/Type of Activity		Location	Vol	Goal/Benefit	Time	Budget and Funding Source		
	Sector	Activity					Amount (IDR)	Source	
2	Village Development Implementation	14	Minor repairment in Batu Ngadeg Area	BD. Batu Ngadeg	572 m	Facilitating the goods and service delivery	2018	IDR 79,537,400	DD
		15	Concrete rebate and Street senderan at Wayan Kariawan Area	BD. Batu Ngadeg	100 m	Facilitating the goods and service delivery	2018	IDR 32,396,300	DD
		16	Concrete Rebate of Kancing Bumi road	BD. Batu Ngadeg	400 m	Facilitating the goods and service delivery	2018	IDR 79,465,500	DD
		17	Concrete Rebate pathway at Komang Raka Area	BD. Batu Ngadeg	555 m	Facilitating the goods and service delivery	2018	IDR 42,867,300	DD
		18	Penyengker of Pura Dalem Banjar Bakungan	BD. Bakungan	73 m	Organizing Pura (temples)	2018	IDR 34,954,000	Pajak dan Restrib u-si
		19	Concreting pathway headed to Pura Subak Bakungan Sari	BD. Bakungan	450 m	Facilitating the goods and service delivery	2018	IDR 31,317,300	SILPA ADD
2	Village Development Implementation	20	Concreting road at landfills location	Tajun Village	177 m	Organizing Environment hygiene	2018	IDR 41,615,700	DD
		21	Development of the Tribune at Giri Mukti Field	Tajun Village	65,4 m <sup>3</sup>	Increasing the youth interest on sport	2018	IDR 60,823,000	DD
		22	Drainage Channel / gutter Repair at Pasek Area	Tajun Village	25 m	Improving water flows	2018	IDR 9,359,500	DD
		23	Concrete Rebate at Penataran Padmasana	Tajun Village	18,8 m	Improving convenience during praying	2018	IDR 10,000,000	PAD
		24	Road Minor repair at Puseh Area	Tajun Village	1500 m	Facilitating the goods and service delivery	2018	IDR 10,000,000	PAD
		25	Maintaining the light of village streets	Tajun Village	25 points	Improving the village security	2018	IDR 5,000,000	PAD
		26	Environmental Conservation	Tajun Village	5 orang	Organizing Environmental Hygiene	2018	IDR 4,500,000	PAD

No	Sector/Type of Activity		Locati on	Vol	Goal/Benefit	Time	Budget and Funding Source	
	Sector	Activity					Amount (IDR)	Source
2	Village Development Implementation	27	Senderan at Jaba Sisi Pura Dalem	Tajun Village		2018	IDR 67,520,000	BKK
		28	Ceremony of Ngajum Melis	Tajun Village		2018	IDR 43,430,000	BKK
		29	Neduh ceremony at Pura Bale Agung	Tajun Village		2018	IDR 84,050,000	BKK
		30	Piodalan in Puseh Pura Pakraman Village Bayad	Bd. Bayad		2018	IDR 58,500,000	BKK
		31	Piodalan in Village Pura Ds. Pakraman Bayad	Bd. Bayad		2018	IDR 66,000,000	BKK
		32	Piodalan in Village Pura Dalem Pakraman Bayad	Bd. Bayad		2018	IDR 70,500,000	BKK
		33	Piodalan at Pura Subak Batu Ngadeg	Tajun Village		2018	IDR 35,000,000	BKK
		34	Mecaru Kesanga Subak batu Ngadeg	Tajun Village		2018	IDR 2,000,000	BKK
		35	Mecaru Keenem Subak batu Ngadeg	Tajun Village		2018	IDR 8,000,000	BKK
		36	Renovation of Bale Pesemuan and Pewaregan Subak Tanah Barak	Tajun Village		2018	IDR 20,000,000	BKK
		37	Piodalan Ceremony at Subak Tanah Barak	Tajun Village		2018	IDR 15,000,000	BKK
		38	Mecaru Subak Tanah Barak	Tajun Village		2018	IDR 10,000,000	BKK
39	Piodalan, Ngelanus and Mecaru Subak Batu Rimpi	Tajun Village		2018	IDR 45,000,000	BKK		
40	Structuring Gedung Pura Subak bukit Pudeh	Tajun Village		2018	IDR 45,000,000	BKK		

No	Sector/Type of Activity		Location	Vol	Goal/Benefit	Time	Budget and Funding Source	
	Sector	Activity					Amount (IDR)	Source
2	Village Development Implementation	41	Piodalan at Pura Subak tampul Sari	Tajun Village		2018	IDR 30,000,000	BKK
		42	Building Pelinggih and Pemesean Ring Jaba Sisi Subak Tampul Sari	Tajun Village		2018	IDR 15,000,000	BKK
		43	Piodalan Pura Subak Bukit Buah	Tajun Village		2018	IDR 39,750,000	BKK
		44	Mecaru Subak bukit Buah	Tajun Village		2018	IDR 5,250,000	BKK
		45	Piodalan Pura Subak Abian Pengubengan	Tajun Village		2018	IDR 30,000,000	BKK
		46	Ceremony of Mecaru Kesanga at Subak Abian Pengubengan	Tajun Village		2018	IDR 2,000,000	BKK
		47	Mecaru Ceremony Keenem Subak Abian Pengubengan	Tajun Village		2018	IDR 13,000,000	BKK
		48	Building pelinggih Pengapit Lawang Subak Tampak Sa	Tajun Village		2018	IDR 6,218,000	BKK
		49	Piodalan Pura Tampak Sa	Tajun Village		2018	IDR 32,250,000	BKK
		50	Mecaru and nyungsang Pura Tampak Sa	Tajun Village		2018	IDR 6,532,000	BKK
		Number of Activities 50 Percentage on Total Budget (62%)					IDR 1,839,177,660.44	

Source: <http://tajun-buleleng.desa.id/index.php/first/artikel/58-Rencana-Kerja-Pembangunan-Desa-Tahun-2018>



Table 1.5. Revenue and Expenses Budget of Tajun Village 2018 - Organizing Community Development Sector

No	Sector/Type of Activity		Locati on	Vol	Goal/Benefit	Time	Budget and Funding Source		
	Sector	Activity					Amount (IDR)	Source	
3	Community Development Implementation	1	Operational Costs for the implementation of customary and cultural activities	Tajun Village	12 Month	Increase understanding of customs and culture	2018	IDR 9,800,000	ADD
		2	Operational Costs for implementing Civil Defense and Community Protection Activities	Tajun Village	33 People	Improve Village safety and comfort	2018	IDR 1,500,000	ADD
		3	Handy Talky Procurement for Civil Defense	Tajun Village	21 People	Increase security activities	2018	IDR 19,800,000	ADD
		4	Operational Fund of HIMAPTA (Plant Protection Student Association)	Tajun Village	1 Year	Increased community activities	2018	IDR 25,000,000	ADD
		5	Uniform for Penggulu Desa (Village Head)	Tajun Village	19 People	Improving the Welfare of Pengulu Village	2018	IDR 4,171,450	BKK
		6	Commemoration of national holidays	Tajun Village	12 Month	Increase the sense of nationalism	2018	IDR 500,000.00	ADD
		7	Operational and activities Costs of Posyandu (Integrated Service Posts) for Toddler / Elderly	Tajun Village	120 toddlers / 67 elderly	Improve the health of the community of toddlers and the elderly	2018	IDR 17,400,000	ADD
		8	Pasraman Activities in pakraman Village	Tajun Village	2 Pakraman Village		2018	IDR 20,000,000	BKK
		9	PHDI Uniform Procurement	Tajun Village		Improving the Circulation of PHDI Activities	2018	IDR 5,000,000.00	ADD
<b>Amount of Activity 9</b>								<b>IDR</b>	
<b>Percentage on Total Budget (3%)</b>								<b>103,171,450</b>	

Source: <http://tajun-buleleng.desa.id/index.php/first/artikel/58-Rencana-Kerja-Pembangunan-Desa-Tahun-2018>

Table 1.6. APB Tajun Village 2018 – OrganizingCommunity Empowerment Sector

No.	Sector/Type of Activity		Location	Vol	Goal/Benefit	Time	Budget and Funding Source		
	Sector	Type of Activity					Amount (IDR)	Source	
4	Community Empowerment Implementation	1	Training activities for Perbikel dan Village Apparatus	Tajun Village	15 people	Improving the Village Government Apparatus	2018	IDR 3,000,000.00	ADD
		2	Uniform for PKK	Tajun Village	40 people	Improving the creativity of PKK	2018	IDR 10,000,000.00	PAD
		3	Training KUR (Community Credit Business) for PKK	Tajun Village	30 people	Improving the implementation of KUR	2018	IDR 17,400,000.00	ADD
		4	Scholarship based on Achievement	Tajun Village	5 schools	Improving students motivation	2018	IDR 17,550,000.00	ADD
		5	Uniform for the WHDI	Tajun Village	25 people	Improving Uniform of WHDI administrators	2018	IDR 5,000,000.00	ADD
		6	Environmental Conservation	Tajun Village	5 people	Organizing Environmental Hygiene	2018	IDR 13,500,000	PAD
		7	Operational Activities of Kindegarten	Tajun Village	5 teachers	Increasing the teacher's welfare	2018	IDR 12,000,000	ADD
		8	Sembako (nine basic needs) aids for the elderly	Tajun Village	30 people	Increasing the elderly's welfare	2018	IDR 6,500,000	PAD
		9	Book procurement for the library	Tajun Village		Increasing the community's reading interest	2018	IDR 10,000,000	ADD
		Number of activities 8							
		<b>Percentage on total budget (3%)</b>						<b>IDR 94,950,000</b>	

Source: <http://tajun-buleleng.desa.id/index.php/first/artikel/58-Rencana-Kerja-Pembangunan-Desa-Tahun-2018>

**Table 1.7.** Summary of Village RKP (Village Work Plan) 2018 in Tajun Village

No.	Description	Total Income	Total Expenses	Percentage
A.	<b>RAPB Tajun Village 2018</b>	IDR 2,982,408,110.00		100%
B.	<b>Village Governance Sector</b>		IDR. 844,765,800.21	0.2832 ≈ 28.32%
<b>Total Expenses</b>				28.32% ≈ 28%
C.	<b>Village Development Sector</b>			
	Development Sector		IDR. 1,839,177,660.44	0.6167 ≈ 61.67%
	Community Development Sector		IDR. 103,171,450.00	0.0346 ≈ 3.46%
	Community Empowerment Sector		IDR. 94,950,000.00	0.0318 ≈ 3.18%
	Capital Sector of Village-Owned Enterprise		IDR. 100,000,000.00	0.0335 ≈ 3.35%
<b>Total Expenses</b>				71.66% ≈ 72%

**Source:** Data processed based on Table 1.3 - 1.6

With 72% of total Village Annual Budget Plan is allocated in the development budget, it shows that the development plan in Tajun Village is excellent. At regency or city the development budget commonly up to 40%, while 60% - 70% of the budget is allocated for the employees. Many regencies or cities, even has the proportion of development budget and employees at 30%-70%. Compared with the regency/city level, Tajun Village has a development plan that reflects the integrated policies by considering the policy of the provincial government, social needs and potential in Tajun Village itself.

Tajun Village Head, Gede Ardana, said that the performance of Village Middle-Term Development Plan or The Village Government Work Plan is no longer based on output measures but the long term impact. With the Village Budget Plan up to IDR 2,900,000,000 (Two billion nine hundred million rupiah), long-term impact activities as well as empowerment activities can be planned such as providing training in accordance with potential and interests of Tajun Village society.

### C. Innovation of Local Economy Development

In this part, will be analyzed the innovations carried out by Tajun Village in developing the village economy. The previous research on Innovative, Smart and Sustainable Village carried out by team of UNPAR in 2016 and 2017 has generated an innovative, smart and sustainable development model that is illustrated as the following:



**Figure 1.1.** Dynamic Model of Village Innovation Development Model in Manifesting Smart and Sustainable Village

**Source:** Prasetyo et.al (2017) Innovation to Establish Prominent and Sustainable Village

The model can be used to understand the efforts given by a village to establish and develop innovations in the village, unfortunately, the model is not adequate to understand how every potential in the villages is explored and developed. Therefore, analysis on economy development innovation in Tajun Village uses an analysis tool called 'Market System Development'

(Springfield, 2009) or a market system development that is an extension of value chain analysis. With an analysis of market system development, it can be understood how the value chain in Tajun Village and all aspects supporting the value chain.

Innovation in local economic development conducted in Tajun Village can be categorized into two aspects, namely (1) innovation of micro financial institution and (2) product innovation. The institution innovation in Tajun Village is illustrated in the following table.

**Table 1.8. Institutionalizing Innovation in Tajun Village**

<b>Institutionalizing Innovation in Tajun Village</b>
<p><b>1. Village-Owned Enterprises (Belongs to Administrative Village)</b></p> <ul style="list-style-type: none"> <li>a) Clean Water Management Business Unit</li> <li>b) Savings and Loans Business Unit (with financial products such as savings, deposits, holiday savings, future savings, credits)</li> <li>c) Village Market Business Unit</li> <li>d) Integrated Waste Management Business Unit</li> <li>e) Agricultural Production Facilities Business Unit</li> <li>f) Other Services (services provided are SAMSAT services (One roof integrated administration system), Transfers (Deposit / Cash Withdrawals) Collaborative Banks, Electricity &amp; Mobile Credit (Mobile Phones) and Waste Banks.</li> </ul>
<p><b>2. Village Credit Institution (Belongs to Customary Village)</b></p>
<p><b>3. Cloves Farmer Groups</b></p>

### **C.1. Institutional Innovation: Village-Owned Enterprises and Village Microfinance**

In the following part, will be explained about the institutions in Tajun Village. As previously illustrated, Tajun Village has a high social capital, including the willingness and capability of the society in Tajun Village to engage with an organization. Two stand out institutions in Tajun Village are Village-Owned Enterprises Mandala Giri Amertha and Credit Institution of Pakraman Village.

### **C.1.1. Village-Owned Enterprise Mandala Giri Amertha (MGA)**

Village-Owned Enterprise (VOE) Mandala Giri Amerta in Tajun Village was established in 2010, four years before the Law No. 6 year 2014 concerning Village was issued. The law has opened a wide opportunity for the villages in Indonesia to develop their villages use village funds as ruled by the law.

From the aspect of time, Tajun Village is a visioner village. Unlike other villages in Indonesia that establish VOE using the village funds as capital of the VOE, Tajun Village did not wait for the village fund. Tajun Village used village fund allocation (money owned from the regency) as capital to establish VOE Mandala Giri Amertha.

Through VOE Mandala Giri Amertha (MGA), the income of Tajun Village society that is mostly from high valued cloves can be managed better. Cloves are a seasonal crop, means that growing clove trees generate high income but only at harvest times. Outside the harvesting time, the farmers who only rely on the cloves produces and do not earn other income will be in a difficult situation, and it will be more difficult if the farmers cannot manage well their household finances. MGA Village-Owned Enterprise through all of its service products, provides a medium for the village society (especially the clove farmers) to be better in managing their finances from the clove income. The service is certainly not only for the clove farmers, but every resident of Tajun Village (regardless of their livelihood) can access services provided by MGA Village-Owned Enterprise. The existence of MGA Village-owned Enterprise will enhance the financial literacy of Tajun Village society. The clove farmers who face financial difficulties in growing their clove trees and need a loan can apply for it to MGA Village-Owned Enterprise

In addition to enhancing the financial literation of the village society, MGA Village-Owned Enterprise also contributes a significant role in improving the quality and quantity of the clove production in Tajun Village. MGA VOE also provides information related to cloves's market prices in the social media pages to the village's website to facilitate the farmers to find out the cloves market prices therefore they can make a decision to whom the cloves will be traded. The information is also useful in comparing price information commonly informed by the bulk buyers (pengepul) to the price information previously collected by the village apparatus. There are 2 (two) business units established by MGA VOE, namely Clean Water Facilities Management Business Unit and Integrated Waste Management Business Unit

## 1. Clean Water Facilities Management Business Unit

Clean water for growing the clove trees is included in the use of water for Productive Economy Scale. Farmers can use water provided by VOE in Tajun Village with affordable price, although the price for the Productive Economy Scale purpose is higher than the price for Bathing, Washing, and Toilet purposes. Before the existence of the Clean Water Facilities Management Business Units, the clove farmers took water from the river for watering the clove trees, but during the dry season the river must recede. The clove farmer in Tajun Village has actually spent IDR 5,000,000,00 (five million Rupiah) to find springs but unfortunately, the spots were lost during the rainy season. To prevent this, the people of Tajun Village make Bio pore. Artomo (2015)<sup>23</sup> describes that “Bio pore is a micro pore in the soil, shaped as a connecting conduit formed by planting roots and soil fauna.” Biopori has many benefits, such as:<sup>24</sup>

- a. Reducing the flow of water into the gutter therefore it can reduce water discharge
- b. Providing good gas for ozone if the biopori infiltration hole is filled with organic waste
- c. Does not take much place
- d. Against sea water intrusion into the ground
- e. More efficient Manufacturing costs than other alternatives such as making absorption wells, Infiltration ditches, or Infiltration ponds.

According to the head of Village-Owned Enterprise in Tajun Village<sup>25</sup>, all the farmers in Tajun Village hs make bio pore to prevent water flows to other farmer’s plantation therefore it can avoid landslide. At present, 1,200 out of 1,900 households use the Local Water Supply Utility, where one water meter is used by three households<sup>26</sup> while the remaining 701 households use spring from Kelompok Swadaya Masyarakat (A self-help group), where the water comes from the rainwater reservoir which is then flowed using water pipes from the Kelompok Swadaya Masyarakat (KSM) as well as water meters obtained from the VOE of Tajun<sup>27</sup> Besides the residents of Tajun Village, the water also flows to 2 (two) other villages. This is because

---

23 Artomo (2015), Halaman Hijau

24 Ibid

25 Interviews are conducted at the Village Office on 12 September 2018, 09.00 - 12.00

26 The interview was conducted with the Head of the Village Administration of Tajun at the Village Office on September 12, 2018, at 09.00 - 12.00

27 Ibid

when the Tajun Village Government Apparatus submitted a report on the procurement of clean water infrastructure, the Regency Government gave permission on condition that not only Tajun Village used these facilities and infrastructure and Tajun Village was obliged to assist maintenance of the villages using the infrastructure<sup>28</sup>. The following figure explains the details of the analysis of the market system development related to the Business Unit for Water Supply Management owned by Tajun Village.

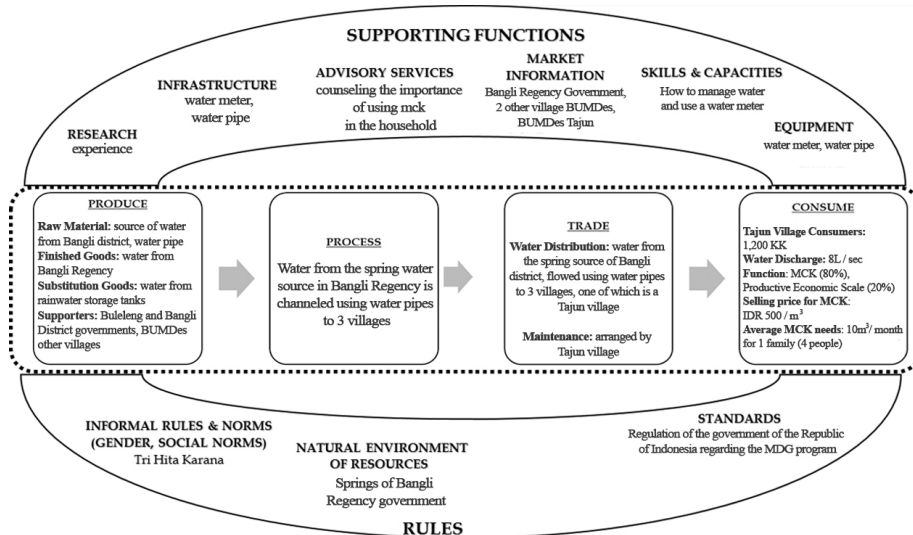


Figure 1.2. Analysis of Market System Development Business Unit for Water Supply Management

## 2. Integrated Waste Management Business Unit

The Integrated Waste Management Business Unit processes the household waste in Tajun Village into organic fertilizer. This business unit, established in 2012, has facilitated the farmers of Tajun Village to access the fertilizer with low price. It will be beneficial for farmers who do not own livestock therefore cannot produce manure. However, the need of organic fertilizer in Tajun Village has not been met since the lack of raw material (people begin to use their household waste for the self-made bio pore) event hough Tajun Village has received additional leaves waste supply from the neighboring village, such as: Tunjung Village, Depeha Village, and Sembiran Village. The establishment of this business unit is in accordance with Bali Clean and Green Program delivered by Bali Province Government and Buleleng Plastic Waste Free made by the government of Buleleng Regency.<sup>29</sup> After the establishment of this business unit, the apparatus of

28 The interview was conducted with the Head of the Tajun Village at the Village Office on 12 September 2018, 10:00 - 12:00

29 The interview was conducted with the Head of the Tajun Village at the Village Office on 12 September

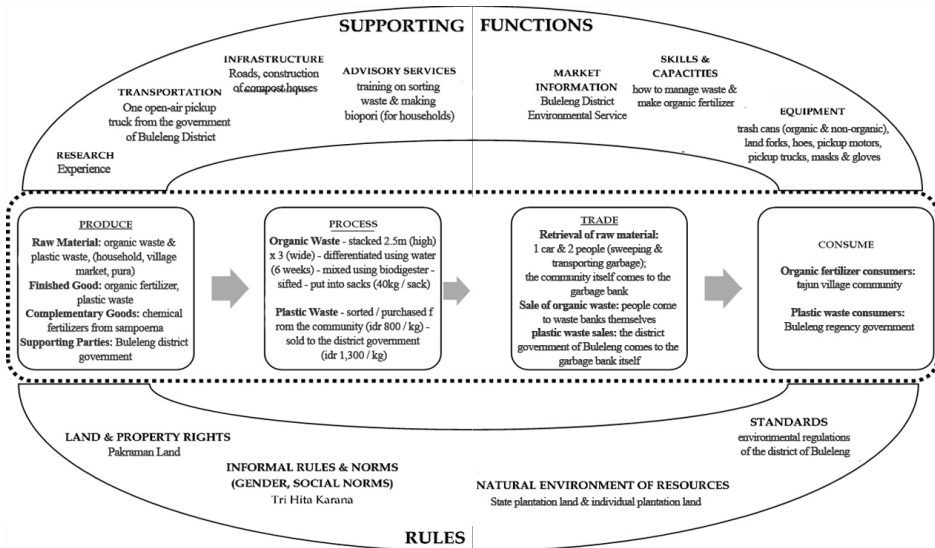


Tajun Village then make Waste Bank or Compost House as a location for the waste collected because previously, before the existence of Compost House, the waste was merely left on tarpaulin roofed land.<sup>30</sup> The capital for developing this business unit is obtained from several parties that can be seen in the following table.

**Table 1.9.** Capital Sources for Developing the Integrated

No.	Source	Support
1	Environmental Service of The Government of Buleleng Regency, Bali	Machine, Training
2	The Government of Buleleng, Bali	Fund, pickup truck
3	Tajun Village-Owned Enterprise	Land, Human Resource

**Source:** Interview with the head of Tajun Village-Owned Enterprise



**Figure 1.3.** Analysis of Market System Development of Integrated Waste Management Business Unit

Analysis of market system development on previous figure illustrates in more detail the Integrated Waste Management Business Unit in Tajun Village. The following are pictures taken at the location of the Integrated Waste Management Business Unit (Compost House or Waste Bank).

2018, 10:00 - 12:00

30 The interview was conducted with the Head of the Village Administration of Tajun at the Village Office on September 12, 2018, at 09.00 - 12.00



Figure 1.4. The Fermented Organic Waste & A Sieving Tool



Figure 1.5. Piles of Sorted Plastic Waste (a) and Organic Fertilizer (b)

MGA VOE was established with only IDR 10,000,000,- (ten million rupiah) as the capital, sourced from the inclusion allocation of Village Budget. However, the asset of MGA VOE is now reached IDR 10,000,000,000,- (ten billion rupiah).<sup>31</sup> Only five years from it is established, in 2015, MGA VOE managed to build a luxurious MGA VOE building. The construction was financed from the village budget of IDR 270,000,000,- (two hundred million rupiah) and profit gained by MGA VOE of IDR 730,000,000,- (seven hundred and thirty million rupiah). VOE of Tajun Village won the first place at National level in 2016. Afterwards, in the Village Government Work Plan 2018 has been budgeted at IDR 100,000,000 (one hundred million rupiah) sourced from Village Budget that will become a contribution for capital of MGA VOE.<sup>32,33</sup>

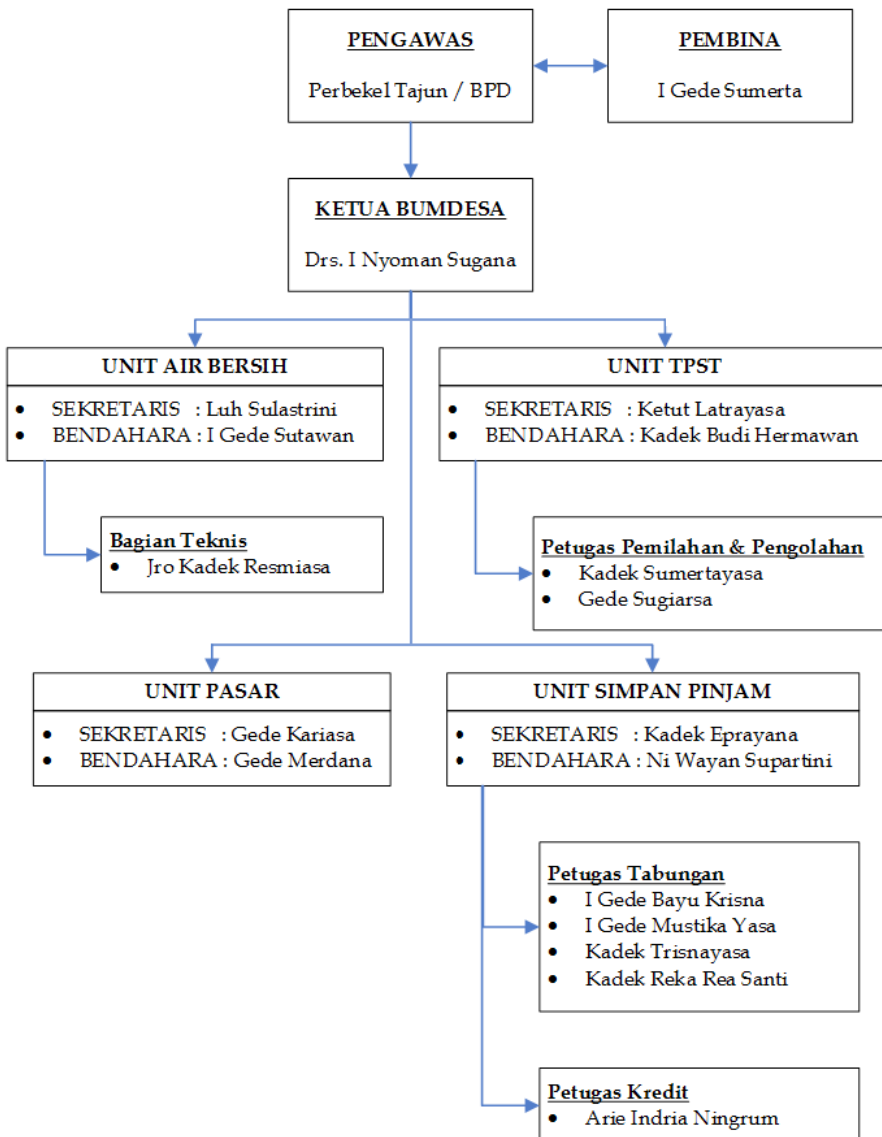
According to the interview with the head of Tajun Village, the success of VOE was not always measured solely by the amount of asset or profit

31 Ibid

32 Can be noted in Table 1.3 - Table 1.7 concerning the Village Budget for 2018

33 Can be seen at <http://tajun-buleleng.desa.id/index.php/first/kategori/6>

gained<sup>34</sup> but especially on the quality of management and responsibility of the VOE upon every layer of the society especially the customers or members of the VOE. Unlike the common business unit in private sector, the quality of VOE will be largely determined by trust from the community members on the VOE management, track record of the VOE management as well as the management's honesty, accountability and responsibility. In this aspect, Tajun Village certainly has excellent capital (social capital for exact) as previously illustrated. Below is the management structure of MGA Tajun VOE.



**Figure 1.6.** Management Structure of MGA Tajun Village-Owned Enterprise

Source: [www.tajun-buleleng.desa.id](http://www.tajun-buleleng.desa.id)

34 Interview with Ir. Gede Ardana on September 12, 2018 at the Tajun Buleleng Village Office, Bali.

The previous table shows the management structure of MGA VOE in Tajun Village, where the person in charge is the head of VOE, I Nyoman Sugana, and every business unit has responsible treasurer and secretary. The three positions are assisted by 18 (eighteen) administrators. The number of the administrators is adjusted by the number of business units owned by the MGA VOE.

The vision of MGA VOE is “to manifest the welfare of the society in Tajun Village through the development of economy business and social service, with motto Let’s Together Build the Village”<sup>35</sup> There are five points in this VOE mission, namely:

- a. Economic business development through savings and loans and real sector businesses
- b. Development of social services through a social security system for poor households
- c. Development of basic rural infrastructure that supports rural economies
- d. Develop a network of economic cooperation with various parties
- e. Managing program funds received by the village as circulating funds, especially in the context of poverty alleviation and the development of rural economic Enterprises.

MGA VOE has net income from every business unit in it. Nett Income is “the amount earned from the revenue subtracted by expenses and liability to other parties, and depreciation of assets (barang inventaris) in one book year (one book year of VOE equals to one calendar year)<sup>36</sup>. The net income earned by the MGA VOE is allocated to several needs, as illustrated in the following table and the analysis of market system development of MGA VOE in Tajun Village can be described as the following figure.

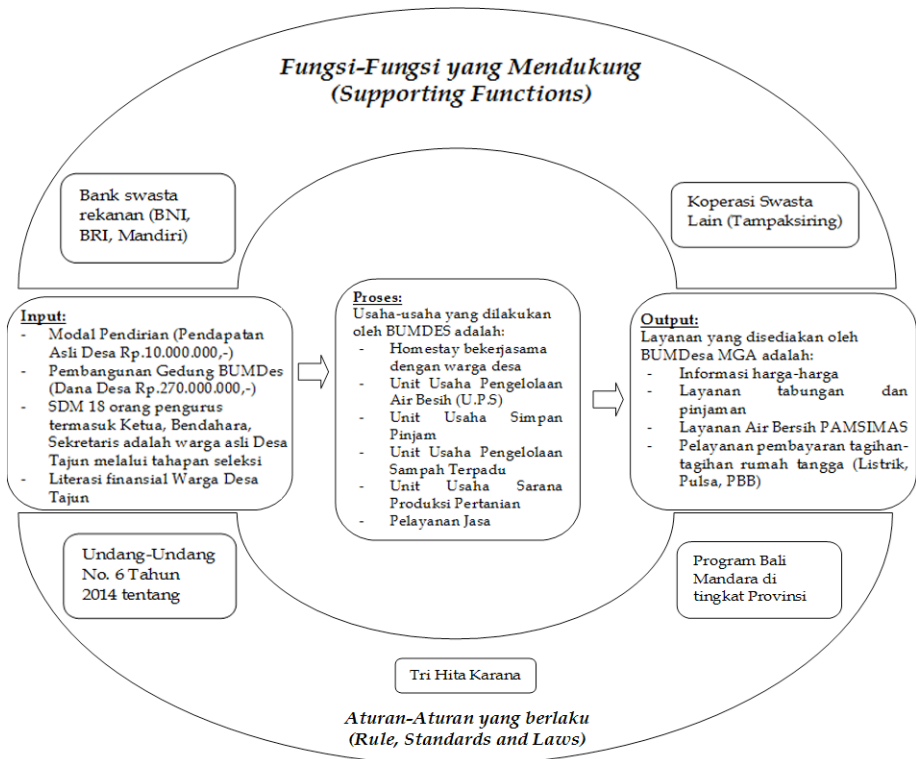
**Table 1.10.** Nett Income Allocation of MGA VOE in Tajun Village

Explanation	Percentage
Capital Strengthening (re-investment) of MGA VOE	50%
Village Development Fund	25%
Funds for Production Service	15%
Funds for Management and Employee’s Salary	5%
Social Fund	5%

**Source:** [www.tajun-buleleng.desa.id](http://www.tajun-buleleng.desa.id)

35 Taken from [www.tajun-buleleng.desa.id](http://www.tajun-buleleng.desa.id)

36 Ibid



**Figure 1.7.** Analysis of Market System Development of VOE Mandala Giri Amertha

The interview with the head of VOE MGA<sup>37</sup>, reveals that the VOE has a financial service products namely SIMASDA (Future Saving Package), saving book and holly day saving. SIMASDA is a saving package with period range from 1 year to 20 years with the deposit choices varies per multiply of IDR 10,000,- (ten thousand rupiah). This product is commonly used by parents to prepare their children's education costs. The use of saving book is similar to bank account, where the people can save money and obtain monthly interest. The holiday saving is used to prepare expenses for customary holiday in Bali. One holiday celebration commonly needs a big amount of money. Therefore the community is educated to save money for the ceremony. Below is the picture of financial service products provided by VOE MGA.

37 The interview was conducted with the Head of the Village Administration of Tajun at the Village Office on September 12, 2018, at 09.00 - 12.00



Figure 1.8. Financial Service Products at VOE MGA in Tajun Village

### C.1.2. Credit Institution of Customary Village Pekraman Tajun

Village Credit Institution of customary village<sup>38</sup> is a distinctive customary village based institution in Bali. The Village Credit Institution (VCI) is ruled by the Regional Regulation and the Governor Regulation. VCI is an institution that deals with two functions, namely: (1) religion and (2) customs. However, with the existence of VCI that serve in the sector of micro finance, thus another function is added that is the function of micro finance of customary village. It means that, although customary village exist in another part of Indonesia, but there is no VCI as can be found in Bali. Referring to the interview with the head of VCI, the closest form of VCI of Customary Village is 'lumbung nagari' (the village barn). These two institutions based on the law of Micro Financial Institution No.1 year 2013, are free from tax liability. It is because the VCI has allocated 20% of its profit to be directly used for the need of the people's welfare in customary village. Referring to the interview with the head of VCI, the existence of VCI and VOE MGA is metaphor as the function of 'husband and wife' that support each other in one household.

38 Adat Village in Bali consists of several requirements, namely (1) consisting of a minimum of 200 family heads, (2) having three kahyangan namely village temples, pura dalam, and pura puseh, (3) owning special tombs



VCI of customary village Pakraman Tajun<sup>39</sup> established in 9 September 2001 with the capital of IDR 10,000,000,- (ten million rupiah) that was obtained from the remaining of donation for building the temples in the customary village. At present, the capital owned by the VCI is IDR 6,600,000,000,- (six billion, six hundred million rupiah)<sup>40</sup>. VCI must not provide services or deliver activities out of the context of customary village. VCI is established from the embryo of the distinctive mourning community in Bali. The chairman and secretary of the VCI informed that at present, the VCI is not allowed to receive capital assistance from the village fund. However, both the chairman and secretary of the VCI admit that if the VCI is legally allowed to accept the fund assistance from the village fund, it will give significant contribution on the VCI development for it can increase the capital adequacy rate up to minimum 12% (twelve percent) and maximum 39% (thirty nine percent). The only way available at present to increase the capital is from the profit of the VCI<sup>41</sup>. The performance of VCI will be assessed from the balance of revenue and the amount of fund distributed through various credits.

According to the Regional Rules on VCI, the organizational structure of VCI consists of:

1. Internal and External supervisors, each consists of 3 (three) supervisors as the following:

**a. Internal Supervisor:**

- Ketut Partiwa (formerly the Head of Customary Village)
- Ir. Gede Ardana (note: Gede Ardana had been a supervisor of VCI before he was chosen as the Village Head, due to his working experience in banking. VCI itself has adopted several banking practices in its management)
- Made Sumarka (The head of customary Village Pakraman Tajun)

39 Pekraman Tajun Traditional Village only serves residents who date in Tajun Village. Tajun's official village consists of two traditional villages, namely Tajun village and Bayan village. Bayan Village has its own traditional village. The working area of the Pekraman Tajun Traditional Village is only in Tajun Village, meaning that the LPD of the Pekraman Traditional Village of Tajun will not allow service to the people of Bayan village because they are also part of Dinas Tajun village residents. Bayan Village has its own LPDi.

40 Based on the results of the interview with the chairman of the LPD

41 Based on the results of interviews, LPDs in Bali differ in their institutional form with cooperatives. The main difference is that cooperatives pay taxes while LPDs do not pay taxes. The next difference is that cooperatives may carry out activities outside the area where the cooperative originates, this is certainly different from the LPD which may only carry out its activities in the traditional village environment where the LPD originates

**b. External Supervisor:**

- The VCI Supervisory Agency at Regency Level (Empowerment Division)
  - Ekonomi and Development Division, Regional Secretary of Buleleng Regency
  - The VCI Supervisory Agency at Province level, the Regional Secretary of Bali Province)
2. Administrators; consists of 3 positions (namely the chairman, secretary and treasurer) chosen based on the Customary Village Deliberation, with the period up to 60 years, according to the Regional Regulations)
3. Employees; that involves nine personnels. The VCI employees were recruited through selection tests by the administrators and it includes in the VCI's authorities. From the interview with the chairman and secretary of the VCI, it is understood that the employees of Customary Village Pekraman Tajun has bachelor degree and receive salary of IDR 6,000,000 (six million rupiah) as the lowest amount of the employee's salary. In addition to the salary and incentive, the employees also receive training on managing VCI from the Regency Government. During their activities, The VCI employees will be supervised by recognized well by the administrators, thus one day they will be capable to replace the current administrators, certainly based on agreement reach through the Customary Village Deliberation.

The number of administrators and employees is in accordance with the needs of VCI organization. All administrators and employees now receive salary by percentage system (30% of the profit made by VCI will be allocated for the employee salary). This percentage system is indeed considered as a fair system by the administrators and it will encourage them to contribute better performance, because if the VCI gains more profit, it means that they will receive higher salary. The employees receive incentive (of one permile<sup>42</sup>) based on the saving balance collected by the employees who 'pick up the ball' to their customers. The 'pick up the ball' system is also carried by the officers of VOE MGA.

Below are the pictures of VCI employees doing 'pick up the ball' to the customers at a traditional market in Tajun Village.

---

42 Permille is a thousandth, where 1 permille = 1 / 1,000. Permil is a fraction of numbers that has a symbol ( )





Figure 1.9. Interview when a VCI Employee is doing 'pick up the ball'

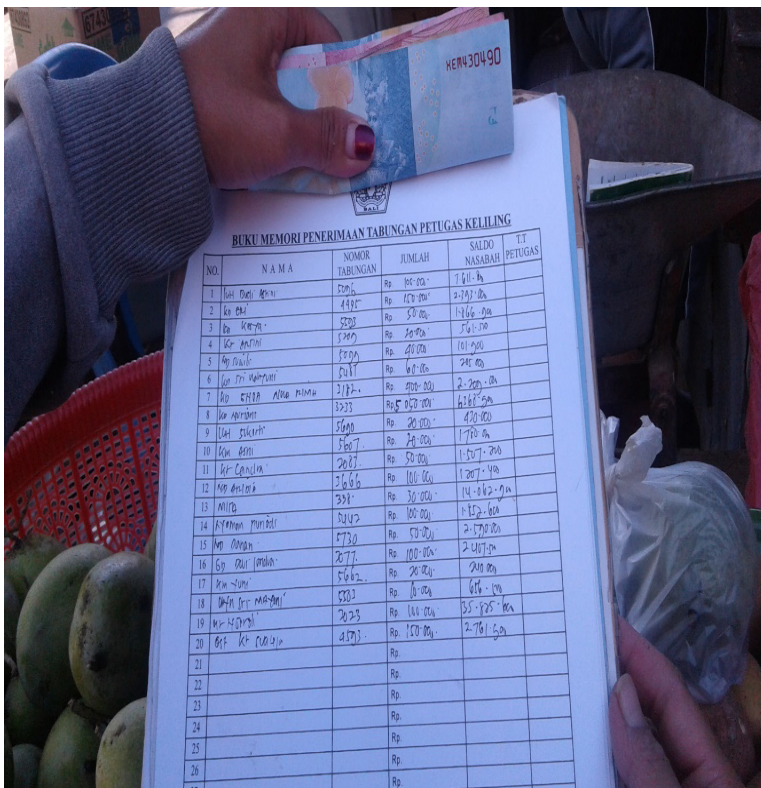


Figure 1.10. The Bookkeeping by a VCI employee when doing 'pick up the ball'

VCI of Customary Village Pakraman Tajun is a micro financial institution providing financial service (savings and loans) that are savings<sup>43</sup> (sepelan) and deposits (sesepelan) as well as service covering various needs of the society in Tajun Village (The VCI has built cooperation with various stores that sell electronics and household needs). The activities carried out by the community in Tajun Village as customary village are routine. However for the Bali itself, customary and religious activities are local wisdom that have to be preserved, for the activities can enhance the economic condition in Bali (from the tourism sector). However, the routine customary activities and religious ceremonies require are highly cost. For instance, Ngaben ceremony that is carried out by individual requires up to IDR 100,000,000 (one hundred million rupiah). To help the village community in financing the activities, the VCI was established. By the existence of the VCI, the Ngaben ceremony can be held collectively and requires only IDR 2,000,000 (two million rupiah)

As a customary institution, people who involve in the bad debt problem will be given social punishment/customary sanction (commonly a public announcement to the society therefore will arise embarrassment, as well as no longer have rights in accepting customary and administrative services from the VCI). Although the present VCI performance is excellent, the VCI of Customary Village Pekraman Tajun has experienced crisis and bankruptcy twice, during 1991 – 2001 due to faulty and poor management. The current management is the third management and has managed to improve the performance of VCI of Customary Village Pekaraman Tajun although they were once worked without being paid.

In Bali itself, exists the Bali Cooperation Agency of VCI whose the members are more than 1,400 VCI covering whole Bali area with total asset of IDR 500,000,000,000,- (five hundred billion rupiah). In this cooperation agency, there are 20 (twenty) villages that also focus on disasters.

Customary Villages in Bali, including Pakraman Tajun has the Village-Own Source Revenue. The asset of the VCI has currently reached IDR 40,000,000,000 (forty billion rupiah). Every profit earned by the VCI of customary village Pekraman Tajun will be allocated into the following portions.

---

43 The term savings and deposits have been removed from the LPD and replaced with terms that describe Balinese peculiarity, which are as quiet and pleasant

**Table 1.11.** Profit Allocation of VCI in Customary Village Pakraman Tajun

Allocation	Percentage
Customary Village Own Source Income	20%
Capital Strengthen (Re-investment) of LPD in Customary Village Pekraman Tajun	60%
Production Service (Administrators and employees salaries)	10%
Social Fund (funeral donation, disaster donation, Donation for drop out children )	10%

**Source:** The Interview with the chairman of LPD Tajun Village, confirmed by the Head of Tajun Village

Until the research was conducted, the customers of LPD had reached 80% of total community in Customary Village Pekraman Tajun. Below is the detail data of LPD customers.

**Table 1.12.** Performance of LPD Customary Village Pekraman Tajun Year 2016, 2017, and 2018

No.	Service Type	Number of Customer	Fund Amount
<b>Per August 2018</b>			
1	Savings	4155	IDR. 7.800.000,-
2	Deposit	148	IDR. 15.560.500.000,-
3	Credit	483	IDR. 20. 456. 613.000,-
<b>Per December 2017</b>			
1	Savings	3984	IDR. 8.755.888.000,-
2	Deposit	156	IDR. 14.223.000.000,-
3	Credit	476	IDR. 18. 456. 037.000,-
<b>Per December 2016</b>			
1	Savings	3800	IDR. 8.923.874.000,-
2	Deposit	158	IDR. 14.506.800.000,-
3	Credit	490	IDR. 22.320.916.000,-

**Source:** Interview with the chairman of LPD Tajun Village, Confirmed by The Head of Tajun Village

LPD Customary Village Pekraman Tajun strongly concerns about good service concept, and has recently built relationship with banks such as Bank Mandiri (in a form of product Mantap Mandiri Taspen), Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), Bank Perkreditan Rakyat (BPR) Nusamba, and Bank Pembangunan Daerah (BPD)<sup>44</sup> The Village-Owned Enterprise MGA in Administrative Village Tajun, when they first established in 2010, even learnt about the management of Village-Owned Enterprise from the LPD of Customary Village Pekraman Tajun. With experience of twice failures and losing trust from its customers, the community of Customary Village Pekraman Tajun, therefore the LPD Customary Village Pekraman Tajun deserve to be admired for its resilience to recover from the crisis.

### **C.1.3. Farmer Groups**

The next institutional innovation is the establishment of cloves farmer groups. The groups are formed based on their place of living. The establishment of these groups were even legitimated by a decree signed by the Head of Tajun Village, thus it is legally protected under the law coverage. The farmers grouping aims to facilitate information sharing about cloves related matters up to general matters related to live of the people in Tajun Village. These farmer groups are also useful to distribute raw materials or other needs for planting, growing, caring until harvesting the clove trees, even to the marketing process. One example of activities conducted is the self-help action by the farmers to access the springs for their plantation irrigation. At present, Tajun Village has about 12 active farmer groups in several areas in Tajun Village. However, there are still several farmers who do not belong to any of these 12 farmer groups. These farmer groups also facilitate the farmer access upon microfinance with collective model.

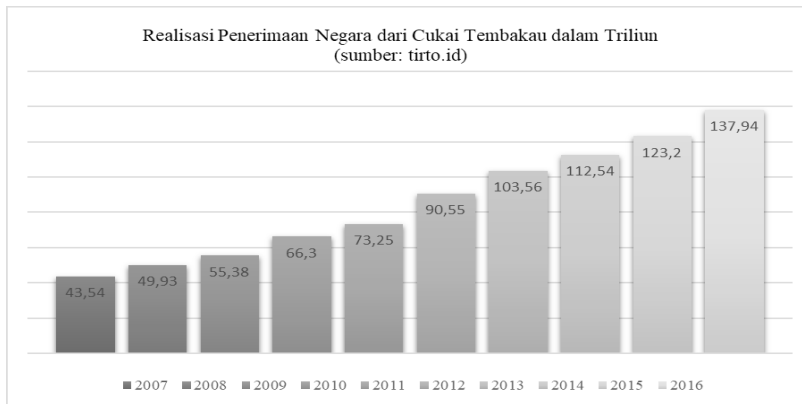
## **C.2. Product Innovation: Cloves as Mainstay in Tajun Village**

Cloves is one of agricultural produces owned by Tajun Village that still become a favorite compared to other agricultural produces in the village. It does not merely because cloves is Indonesia originated spices, but also the use of cloves as the main raw material for cigarette products that makes this agricultural produce one of the expectation source for the people of Tajun Village to enhance the economic condition as well as their wheel of life, remembering that many Indonesian consume cigarette daily. Even the

---

44 Based on the results of interviews with the Chairperson and Secretary of the LPD

research of The Tobacco Atlas 3<sup>rd</sup> Edition in 2009 stated that smokers in Indonesia was at the first position in ASEAN with the percentage of 46.16% of all the population in ASEAN countries<sup>45</sup>. Cigarette also has important role in various ways, for example the cigarette contribution on the state revenue through taxes on tobacco processing issued by the government. During 2008, the revenue from tobacco tax itself jumped by 29-fold from IDR 1,700,000,000,000 (one trillion seven hundred billion rupiah) in 1990 became IDR 49,900,000,000,000 (forty nine trillion nine hundred billion rupiah)<sup>46</sup>. It had been continued until 2016 when the realization of state revenue from tobacco tax reached IDR 137,940,000,000,000 (one hundred thirty seven trillion nine hundred forty billion rupiah).<sup>47</sup>



**Figure 1.11.** Realization of State Revenue from the Tobacco Tax (in trillion)

The high state revenue from tobacco tax is among which led by cigarette consumption of Indonesian people (or known as household expenses for cigarette). During 2003 to 2006, the household revenue for cigarette itself increased from IDR 103,356/month into IDR 117,624/month<sup>48</sup>. It was also supported by survey result conducting by Indonesia Family Life Survey (IFLS) stated that the household expensed for cigarette increased from 3.6% in 1993 into 5.6% in 2014<sup>49</sup>. Due to the high potential, community of Tajun Village choose to rely on the highly valuable cloves for their lives.

The cloves plantation in Tajun Village begun in 1975. That time, the farmers in Tajun Village planted orange as the main produce. Then, some farmers started to plant cloves as additional income. By utilizing

45 <http://www.umy.ac.id/jumlah-perokok-di-indonesia-masih-tinggi.html>

46 TCSC - IAKMI. Increased Tobacco Excise and Economic Impact. Jakarta

47 <http://tirto.id/seberapa-banyak-rokok-sumbang-pemasukan-kas-negara.html>

48 TCSC - IAKMI. Increased Tobacco Excise and Economic Impact. Jakarta

49 <http://merdeka.com/uang/penelitian-pengeluaran-masyarakat-indonesia-untuk-beli-rokok-terus-naik.html>

geographical location and climate in Tajun Village that is excellent and profitable for growing the clove trees. The farmers obtained the cloves seedlings from Blitar, East Java, by self-help of each farmers.

In 1983, the orange production decreased due to epidemic outbreak that attacked the orange plantation in Tajun Village. At that time, the farmers started to move from growing orange to growing cloves. The process of buying seedlings was still continued until the end of 90s and finally at the beginning of 2000, the clove farmers begun to innovate to produce superior cloves seedlings that was considered good and suitable for their village. The innovation process has been continued until now. The cloves farmers in Tajun Village has managed to provide their own cloves seedlings and no longer rely on seedlings from Blitar. It needs about five years to grow clove trees from seedlings into mature trees that are ready to be harvested. The process of cloves trading is significantly influenced by climate or weather that can help the speed of drying process.

Below is the chart that illustrates the Analysis of Cloves Market System Development in Tajun Village. The chart describes clearly the cloves value chain from input up to the cloves product is delivered to the consumer. In addition, it is also explain the functions supported the cloves value chain, as well as the government regulation and support.

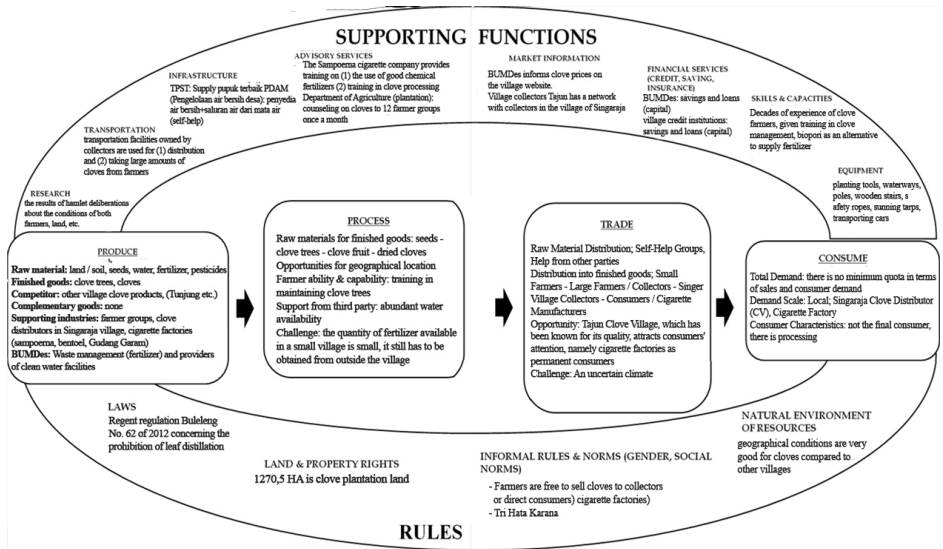


Figure 1.12. Analysis of Cloves Market System Development in Tajun Village

As illustrated in the chart of Analysis of Cloves Market System Development in Tajun Village, it is understood that the village has been



independently provided their own cloves seedlings. However, they have not met their need for fertilizer quantity. Although in the cloves production value chain the VOE MGA has established Integrated Waste Management Business Unit and produced organic fertilizer, but the need for fertilizer still has to be met through purchasing fertilizers from outside Tajun Village for the clove trees need not only organic but also anorganic fertilizer. It means that there is an extremely difficult challenge for Tajun Village to innovate its cloves into organic cloves produce. Besides, profound investigation is required to figure out whether the clove trees that are grown by only organic fertilizer will have higher value added to the industry using cloves as its raw material, therefore the innovation to create organic cloves is needed, or the organic cloves are not required in clove industry. From the researcher's perspective, there is still a potential demand for organic cloves especially in the cosmetic industry. Although the table shows increasing revenue from Indonesia tobacco tax, but a visionary understanding is needed by the farmers in Tajun village about the development of cigarette industry that requires cloves. In the future, farmers in Tajun Village must prepare a strategy for developing clove products into other processed products.

### C.2.1. Clove Production in Tajun Village

As mentioned in previous part that cloves is one of the highly valuable spices. Below is the information about the prices of cloves per September 14th 2018. The information was obtained from interviews with clove farmers in Tajun Village.

**Table 1.13.** Clove Price Information as of September 14, 2018

No.	Cloves Group	Quality Description		Price /Kilogram
		Water Content	Sorting Process	
1.	Super Quality	Low	Yes	IDR 91.000,- s/d IDR 92.000,-
2.	Ordinary Quality	Medium	Yes	IDR 85.000,- s/d IDR 90.000,-
3.	Original Quality	High	No	IDR 80.000,- s/d IDR 84.000,-

Source: Interview with the farmers and buyer of cloves in Tajun Village

Compared to the other plantation commodities, the cloves price is considered high as seen on the table of the cloves price information. Nevertheless, the prices above are not the best price that has ever obtained by the clove farmers in Tajun Village. The price was up to IDR 200,000,- (two hundred thousand rupiah) per kilogram a few years ago. The cloves price is certainly affected by the demand at level of local, national or international. This experience proves that the risk for cloves production sustainability needs to be considered. It is related to the sustainability of the community welfare in Tajun Village that is highly risky if they merely rely on the cloves produce.

The process of cloves harvesting in Tajun Village still use the traditional tools. They use a wooden ladder or a modified pole to pick and de-stemmed the cloves from its branches or trees. Another way is by using a rope to tie themselves to the trees to protect them while they are picking the cloves. Tajun Village is now the only village that has the best ability in picking up the cloves<sup>50</sup>. Therefore the farmers in Tajun Village must compete with other villages when they need people to pick the cloves. However, the some of the people in Tajun Village still take part in harvesting the cloves. The cloves pickers are paid in various amounts. If they pick at the upper area, they will be paid IDR 6,000,- (six thousand rupiah) - IDR 7,000,- (seven thousand) per kilogram<sup>51</sup>. However if they pick the cloves at the lower area, they will be paid IDR 70,000 per day<sup>52</sup>. The pickers usually have their own team in harvesting the cloves.

The process of cloves crops does require a long process, just like the other crops do. After being harvested, the cloves must be sorted into groups of the clove fruits, stalks, and flowers. During the observation in Tajun Village, the researcher found that the drying process carried out traditionally, by using the sunshine. The three parts of cloves are spread onto a tarpaulin according to the group and dried in the sun for several days until completely dried. The farmers use their house yards for the drying process. The quality of dried products determines the cloves prices as illustrated previously.

---

50 Based on interview with the former farmers and bulk buyer of cloves in Tajun Village

51 Based on interview with the former farmers and bulk buyer of cloves in Tajun Village

52 Ibid





Figure 1.13. Cloves before drying process (a) & after drying process (b)

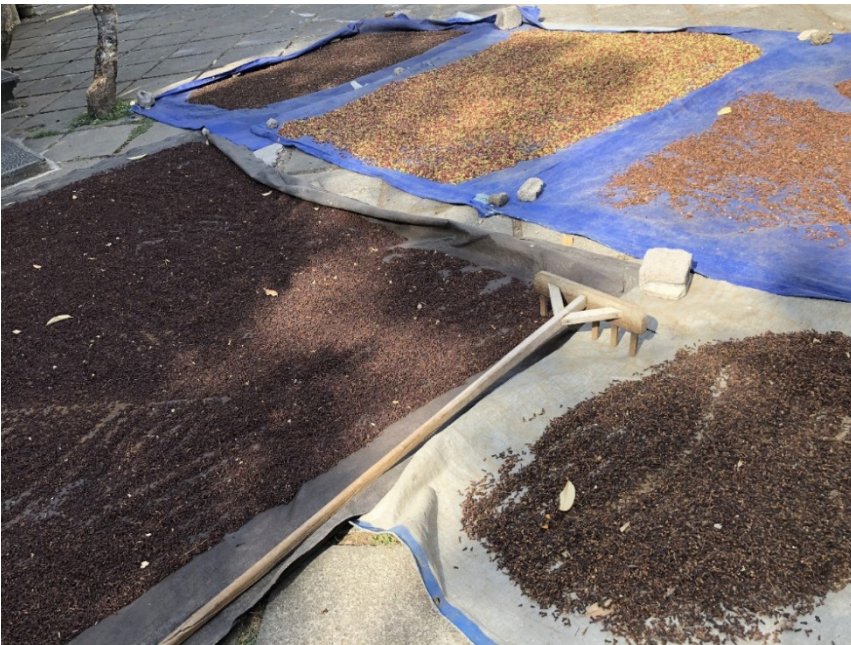


Figure 1.14. Cloves are being dried at the area of Tajun Village Housing

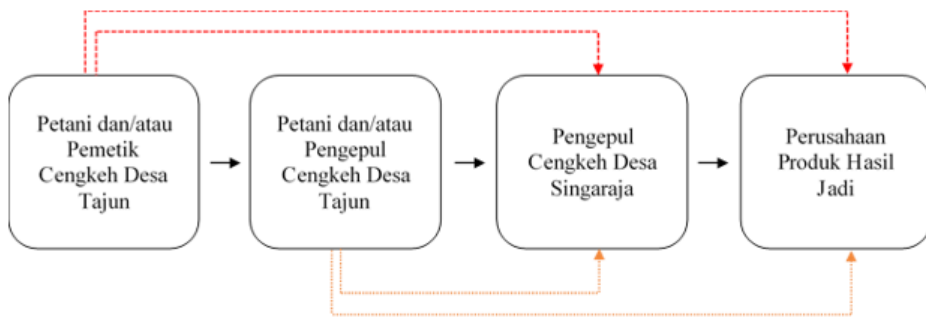
The dried cloves will then be processed into raw material of cigarette. The dried stalk and flower will be distilled as the raw material of clove oil. Big companies that buy dried cloves from Tajun Village are PT. HM Sampoerna Ltd., PT Gudang Garang, Ltd., PT Bendoel International Investama, Ltd, and PT Djarum<sup>53</sup>

53 Based on interview with the former farmers and bulk buyer of cloves in Tajun Village

**Table 1.14.** Category of Clove farmers in Tajun Village

Farmer Category	Description
Small Farmer	Narrow land, newly starting to cultivate cloves
Big Farmer	Spacious land, also buy cloves (from Tajun Village and outside Tajun Village/Singaraja)
Pickers	Obtain cloves from working as cloves pickers (additional wages)

The clove trees can grow up to 8 - 12 meters and live for years<sup>54</sup>. The trees commonly produce cloves fruits in the fifth year. One clove tree can produce about 50 - 100 kg wet cloves (picking produce). The crop quantity is certainly affected by the tree's age, climate, fertilizer, etc.



Keterangan:

- Alur penjualan cengkeh (mayoritas, berlaku pada banyak petani di Desa Tajun)
- - -> Alur penjualan cengkeh (alternatif, dilakukan oleh beberapa petani di Desa Tajun)

**Figure 1.15.** The Flow of Dried Cloves Distribution in Tajun Village

The previous chart illustrates that the process of dried cloves trading covers:

- Farmers and/or Pickers to Farmers and/or Bulk Buyer in Tajun Village
- Farmers and/or Pickers to Collect Buyer in Singaraja Village
- Farmers and/or Pickers to Companies of finished products
- Farmers and/or Bulk Buyer in Tajun Village to Bulk Buyer in Singaraja Village

54 <https://ilmubudidaya.com/cara-menanam-cengkeh>

- Farmers and/or Bulk Buyer in Tajun Village to The Companies of finished products.
- The Bulk Buyer in Singaraja Village to The Company of finished products.

### **C.2.2. The Impact of Clove Production on The Community Welfare in Tajun Village**

The clove production in Tajun Village affects the community welfare in Tajun Village. Two main effects from the cloves perceived by the community are; first, the dried cloves contribute substantially high income for the people in Tajun Village. Second, the clove production creates job opportunities ranging from farmers to pickers. The workforces are not only needed during the harvest season to pick the cloves, but also to take care of the clove trees, such as fertilizing and watering the trees.

A rough calculation of the costs incurred by all Tajun Village farmers during the harvest period for picking costs is IDR. 3,000,000,000 (three billion rupiah).<sup>55</sup> However unfortunately these clove pickers do not only come from Tajun Village, but also from outside the Tajun Village even from Karangasem area. To reduce the losing amount of money circulating in Tajun Village, the government apparatus established a village market. This is a really appropriate step to maintain money circulation inside Tajun Village.

From the Head of Tajun Village as well as the clove farmers in Tajun Village obtained the following information:

- a. The clove picking fee by clove pickers in Tajun Village is IDR 5,000 (five thousand rupiah) per kg of cloves
- b. The cost of separating clove shells is IDR. 1,200 (one thousand two hundred rupiah) per kg of cloves
- c. 1 (one) hectare of clove plantation will produce 2 (two) tons of dry clove which will produce 200 (two hundred) kilograms of dry clove
- d. From 4 (four) quintal of wet cloves, will be obtained one (one) quintal of dried cloves.
- e. Thus, within one day, clove pickers will get a maximum salary of up to IDR 150,000 (one hundred fifty thousand rupiah) per day during the harvest season.

---

55 Based on interview with the head of Tajun Village

## **D. The Impact of Innovation in Tajun Village**

VOE MGA was developed as a system that integrally supports each other for the development of the entire potential of Tajun Village. For example (as seen on The Analysis of Cloves Market System Development in Tajun Village, Figure 12), the Business Unit of Clean Water Facility Management and Integrated Waste Management Business Unit are the main supporting factors to increase the productivity of clove business for farmers in Tajun Village. The development of VOE as an integrated system has not been understood by all villages in Indonesia. The economic development in Tajun Village is not carried out partially, but as one system integrating from one another thus support each other. It has led Tajun Village to be advanced.

The most significant effect on the community welfare in Tajun Village was demonstrated by an acknowledgement on reducing the number of poverty given by The Governor of Bali Province in 2015. Referring to the interview with Gede Ardana as the Head of Tajun Village, it can be understood that if refers to national standards of poverty (survey standard used by the Statistical Center Agency), there is no one in Tajun Village classified poor people. A good village head will certainly not stop developing its village even though all of the community has achieved the welfare line. What is done by Gede Ardana is adjusting higher assessment standards of welfare than national standard and still considers households who are exactly at the bottom line of the welfare as people who need better welfare. Therefore, the encouragement to work for the community welfare will continuously exist. The decreasing number of poverty in Tajun Village is also as a result of Middle-term Development Plan of Tajun Village that adapts to Masterplan of Acceleration and Expansion of Poverty Reduction in Indonesia.

Various innovations and achievement of Tajun Village that have been previously described led Tajun Village to be a reference for governmental implementation practice especially as an effort for village development plan. In addition, the success in managing VOE Mandala Giri Amertha has made Tajun Village as a reference of many villages both domestic and foreign (the latest visit was in November 2018, from the representatives of Ethiopia). By being chosen as reference of many parties that eager to learn on how Tajun Village can be advance, it has encouraged Tajun Village to continuously learn and develop its capability. The knowledge and experience will not run out just because they are shared to others, but on the contrary, the more they are shared, the better knowledge and experience of Tajun Village as an advanced, smart and sustainable village.



The image is a full-page background with a blue color overlay. It depicts a person in the foreground, seen from the side, wearing a traditional woven conical hat and holding a smartphone. The background shows a rural village with several houses and trees under a clear sky.

# CHAPTER II

**ECONOMIC POTENTIAL OF THE MOST  
WONDERFUL VILLAGE IN THE WORLD**

## CHAPTER II

### ECONOMIC POTENTIAL OF THE MOST WONDERFUL VILLAGE IN THE WORLD: NAGARI PARIANGAN VILLAGE

Theresia Gunawan<sup>a</sup>, Albert Mangapul Parulian Lumban Tobing<sup>b</sup>,  
Dhia Khalila Rinjany<sup>c</sup>

#### A. Preface

Nagari Pariangan is a village (*Nagari*) located in Pariangan Sub-District, Tanah Datar Regency, West Sumatra Province. This village is one of the villages in West Sumatra lies on the slope of a volcano. With height of 500 - 700 metres above the sea level, width of 17.97 km<sup>2</sup> (Wikipedia, 2018), Nagari Pariangan has four sub-villages, namely: Jorong Pariangan, Jorong Cuguak, Jorong Padang Panjang, and Jorong Sikaladi. The borders of Nagari Pariangan Area are as the following:

- North border : Nagari Bukik Batabuah, Kabupaten Agam
- South border : Nagari Simabus and Nagari Batu Basa
- West border : Nagari Sabu, Kecamatan Batipuh
- East border : Nagari Sawah Tengah

Nagari Pariangan is also believed as one of the oldest village in Land of Minang Kabau. Furthermore, this village is believed as the place of origin of the Minangkabau ancestors. In 2008, The American Budget Traveller team came to Nagari Pariangan to explore information related to the village with the help of Mr, Irwan Malin Basa, one of the leaders in the village. The arrival of The American Budget Traveller was related to their program of determining villages in the world as holiday reference. Furthermore, references issued by The American Budget Traveller are divided into several categories range from the most beautiful village to the dirtiest village in the world. At the time, The American Budget Traveller conducted a survey

<sup>a b</sup> Lecturer in Public Administration Studies Program, Parahyangan Catholic University, Bandung

<sup>c</sup> Alumni of Public Administration Study Program, Parahyangan Catholic University, Bandung

to approximately 2000 tourists who were visiting Nagari Pariangan, asking what elements made Nagari Pariangan a beautiful city. By the end of May 2012, The American Budget Traveller has decided that Nagari Pariangan as the fourth most beautiful village in the world. Besides Pariangan, other villages included in category of the most beautiful places in the world according to the magazine version are Wengen Village in Switzerland, Eze Village in France, Niagara on The Lake - Canada, and Cesky Krumlov - Cekoslovakia (Harian Haluan, 2016).

Nagari Pariangan has been considered one of most beautiful village in the world because of its cultural aspects, landscape and it is sustainable and upheld customs (Interview with Mr. Irwan, October 2018). From the interview with Wali Nagari, it reveals that the visitors are up to 2000 on Saturdays and Sundays, while during peak season such as seven days before and after the led Al-Fitr, the visitors are up to 40,000. It is definitely not a small number, in addition, the number of visitors will be increased after the village has been developed and is ready to be a tourist destination.

At present, Nagari Pariangan is led by a Wali Nagari named April Khatib Sidi.



Figure 2.1. Governmental Structure of Nagari Pariangan Village, Pariangan Sub-District, Tanah Datar Regency

## B. Analysis of Economic Potential and Resources

### B.1. Tourist Potential in Nagari Pariangan

According to Mr. Irwan, Nagari Pariangan is considered one of the most beautiful villages in the world because of its culture, scenery and well-

upheld customs. The observation revealed that Nagari Pariangan is one of the villages with enormous potentials of the three aspects. Furthermore, Nagari Pariangan also has a number of historical sites that are potential as tourist destination. The historical sites offering the beauty of Nagari Pariangan scene will be explained as the following

### **The Long Tomb of Tantejo Gurhano**

The Long Tomb is one of the oldest tombs in Nagari Pariangan with a length of about 25 metres and a width of 1.2 meters. The history says that it is the grave of Tantejo Gurhano, who is believed as a well-known first architect of Rumah Gadang Minang Kabau (the traditional building in Minang Kabau). The interviews with some people reveals that Tantejo Gurhano was inspired by the ark he used to sail (source: Book of Nagari Pariangan). The uniqueness of The Long Tomb is when it is measured by a person's footsteps, they will not find the same length for both sides even it is done repeatedly by the same person. The tomb is believed to have 25 meters of length because of: a) the myth said that Tantejo Gurhano was very tall like a giant; b) the belief that Tantejo Gurhano has a normal size like a human, but when he died his body was cremated and the ashes was sown onto land as long as 25 meters. The beliefs are based on the facts that Tantejo Gurhano was lived at the time when Hindu entered, therefore the dead bodies must be cremated. This fact leads to the assumption that the ashes of Tantejo Gurhano was sown onto 25 metres length of land. At present, the land is believed as a sacred tomb where people come to pray at the tomb.



Figure 2.2. The Long Tomb of Tantejo Gurhano



### **Balai Panjang (The Long Hall)**

The Long Hall can be simply explained as a place where Niniak Mamak or the custom leader in Nagari Pariangan deliberated for a case investigation if there are residents broke the customary law. When residents of Nagari Pariangan violated the custom law, the punishment will be deliberated at the level of customary leaders or Niniak Mamak. When Niniak Mamak has decided the punishment upon a case, then a trial will be held against the defendant by custom or panel of judges. It is conducted to determine the appropriate punishment for the case.

According to the book of Nagari Pariangan, Balai Panjang in Nagari Pariangan was a rocky area consists of seats and stone backrest. The stone backrest was used by Niniak Mamak to hold a deliberation. In addition, laws related to customs were made by Niniak Mamak at this place.

### **The Pasujian Hall**

The Pasujian Hall at the ancient times was used as a place to examine profoundly upon all matters faced by the society of Nagari Pariangan. Investigation of a case was held at this hall by Datuk Rajo Api who authorized to examine evidence of a case proposed by the society of Nagari Pariangan. If a defendant was found not guilty based on the investigation at Balai Pasujian, then the person could be released without encountering the next trial at Balai Panjang (The Long Hall). However, if a defendant was proven guilty, the person would be taken to The Katiak Hall to undergo punishment to serve the sentence, which then will be tried at Balai Panjang.

### **Balai Katiak (The Katiak Hall)**

Balai Katiak derives from the word *ketek* (small). This place was used as a prison for people found guilty in Nagari Pariangan. This place was used to arrest suspects and defendants either before or after they were sentenced guilty at Balai Saruang.

### **Balai Saruang (The Saruang Hall)**

Balai Saruang is a hall in Nagari Pariangan used to hold trial of any cases in Nagari Pariangan. The Book of Nagari Pariangan reveals that Bahandaro Kayo as Tampuak Tangka Alam Minangkabar had authorization to decide all cases and the sentence against the cases which could not be brought to appeal. In making adjudication, Bahandaro Kayo was assisted by Niniak Mamak in Nagari Pariangan.



**Figure 2.3.** Saruang Hall (ancient court)

The figure above is the appearance of the Saruang Hall from the outside. Unfortunately, the researcher was unable to take the inside pictures since the hall was not being used for any judiciary and was being locked.

### **The Hot Springs**

Located on the slope of a volcano, Nagari Pariangan has cool weather and very cold water flows along the Nagari Pariangan. However strangely, at the downstream flows not only cold water but also very hot water. This source is used by the residents Nagari Pariangan, especially in Jorong Pariangan as hot spring bath, consisting of rooms for male and female. People do not take a bath in hot spring pools, but by using hot spring showers within one room, where there are no partition between each shower. Therefore, while the people are taking a bath, they can have a friendly talk with other visitors or local people in the same room. The hot spring is more frequently used by local residents of Pariangan. People commonly visit the hot springs in the morning and afternoon before the sunset. The observation shows that the hot springs are not only used by the local people for bathing, but also for doing the laundry. Therefore, people spend longer time to do the washing and bathing as well as to greet and socialize with each other. The researcher finds the kinship and familiarity values of Nagari Pariangan when they meet at the hot spring. Therefore, the hot springs are considered as not merely a place to take a bath for the local people, but also as a communication mode or medium for people in Nagari Pariangan.

In addition, the book of Nagari Pariangan says that Nagari Pariangan has 20 hot springs, consists of: a) five hot springs in Jorong Pariangan; b) four hot springs in Jorong Sikaladi; c) four hot springs in Jorong Guguak and d) seven hot springs in Jorong Padang Panjang. The twenty hot spring baths are very potential as tourist destination both for domestic and foreign.

### **Rumah Gadang**

Rumah Gadang is a huge tourism potential in Nagari Pariangan. Rumah Gadang is the Minangkabau traditional house in Nagari Pariangan. As previously illustrated, the shape and design of Rumah Gadang were inspired by the shape of ark used by Tantejo Garhano when he sailed. Rumah gadang is commonly structured of wood with several parts. In front of Rumah Gadang are two small buildings called Rangkiang that are used to store crops, such as rice. Rumah Gadang itself consists of two parts: a) the lower part is used to keep livestocks; b) the middle part is where the family members live; and c) the attic is used as a storage of agricultural equipment and produce.

Functionally, Rumah Gadang is a communal house. It can simply understood that the family occupying the house is not from one nuclear family. Rumah Gadang is commonly intended for newly married couples who cannot afford their own house. Therefore Rumah Gadang can be occupied with the rules of sharing with other families. The interview reveals that the number of rooms at Rumah Gadang always more than one and odd in number. Furthermore, the number of the rooms depends on the number of females living at the house. Every woman and her spouse obtain a room in the house. While old women and children occupy rooms near the kitchen. Teenage girls get a shared room on the other side (Wikipedia, 2018). Rumah Gadang is usually built on a land belongs to the parent family of the offsprings and is only owned and inherited from and to the women of the family.

Another uniqueness of Rumah Gadang is that the bathroom and kitchen are located outside, separated from the main building. The purpose is to avoid fire at the main house when there is a fire in the kitchen. Still another uniqueness is the fact that Rumah Gadang is an earthquake-resistant structure. Because Minangkabau area is prone to earthquake, Rumah Gadang takes into account the earthquake-resistant design. The entire pillar of Rumah Gadang is not planted into the ground, but rests on a flat rock that is strong and wide. The whole connection of each large pole and more slender ones does not use nails, but uses a peg that is also made

of wood. When an earthquake occurs the Rumah Gadang will shift flexibly like dancing on a flat rock where poles stand. Likewise, every connection that is inserted by a wooden peg also moves flexibly, so that the Rumah gadang built correctly will be resistant to earthquakes (Wikipedia, 2018).

According to the book of Nagari Pariangan, there are totally 69 Rumah Gadang in Nagari Pariangan, consists of: a) 27 Rumah Gadang in Jorong Pariangan; b) 9 Rumah Gadang in Jorong Sikaladi and c) 33 Rumah Gadang in Jorong Padang Panjang. It is certainly not a small number, of which can be beneficial tourism potential for Nagari Pariangan.



**Figure 2.4.** Rumah Gadang

### **Kawa Peak**

In addition to the historical sites with strongly upheld customs, Nagari Pariangan also has a picturesque landscape due to it is located on the slope of a volcano. During the observation, one of the most exquisite spots where people can enjoy almost all of the magnificent views of Nagari Pariangan is Kawa Peak. This place is named Kawa Peak because the visitors can enjoy the typical drink of Nagari Pariangan known as Kawa drink. Kawa is a kind of coffee drink. Instead of using coffee beans, Kawa is made of the leaf of Kawa Coffee. A serving of Kawa drink costs IDR 5,000. Besides the Kawa drink, snacks such as deep-fried banana are sold to be enjoyed with the coffee. The Kawa drink is served uniquely. Instead of being served in a cup, Kawa drinks is served in a coconut shell, therefore the typical aroma of coconut shell can be enjoyed when drinking the Kawa drink.





Figure 2.5. Traditional Kawa drink at Kawa Peak



Figure 2.6. The Scenery from Kawa Peak

## Service Village and Customary Village as well as Local Wisdom

This village implements two leadership systems, namely Service Village and Customary Village. Both villages synergize in regulating the society daily lives. The Service Village's officials and customary leaders always communicate each other about plans and policies of Nagari Pariangan. The strong coordination and kinship in this village are formed by customary behaviors that always uphold togetherness and deliberation.

Land ownership is included in *harta pusako tinggi* (high-valued heirloom) as a shared property, therefore the land ownership is not easily sold to strangers. Harta Pusako is inherited wealth from generation to generation that includes: land, rice field, cultivation land, houses, etc. Since Minangkabau people's implement matrilinear system, the lineage follows the mother/woman. Therefore, those who have rights of *harta pusako tinggi* are the in line descendants. This system makes the inherited wealth as shared ownership. People who receive the inherited *harta pusako tinggi* are responsible to protect, maintain, and cultivate the wealth together. Some advantages of *harta pusako tinggi* are: 1) to strengthen the relationship of families within the lineage, 2) to remember and respect the ancestors through the heritage, 3) as an example of the next generation, thus they have to think of the next generations, 4) to help the wealth of the families within one lineage family

The oldest women have the authority to regulate the use of *harta pusako tinggi* while Mamak Penghulu Kaum assists by protecting, maintaining and developing *harta pusako tinggi*. Being managed that way, *harta pusako tinggi* is expected to be beneficial for the family members and becomes their shared wealth.

Although the customary advice prohibits the sale of *harta pusako tinggi*, but there is other wisdom that allows *pusako tinggi* to be sold, that is when the beneficiary suffers a misfortune that demands financial needs, all of the family members will deliberate to decide whether *harta pusako tinggi* will be sold or mortgaged (Zamris, Amri, Fuazan, 2004).

The society also strongly complies the tradition and customary rules because of the existence of substantial social punishment in social living. Someone's fault is not only the responsibility of the person himself, but also the responsibility of the whole family. The fault will not only badly affect the person, but also the community. It is considered a positive thing to avoid

someone from breaking the customary rules in Nagari Pariangan. One simple example is when someone conducts a fault, all the family members will have to pay fine as the punishment.

In addition, when someone conducts a fault, then the person will get social punishment, such as: no one will attend any events made by the person, like a wedding party or other events. The kinship values in bearing a fault done by one of the family members are considered effective to avoid people from committing crime.

However, these kinship values have not been applied or implemented to improve the shared economy, such as the distribution of outcomes generated by commercialized areas. At present, the potentials that can be commercialized such as customary potential, potential of culinary as well as historical sites have not been managed professionally within the community. They consider that the potentials belong to individual who manage and is not the right of the customary society or community. Compared to other villages (e.g. in Bali), is slightly different. Villages in Bali are customary villages that still uphold well the customary values in their daily lives, however, they have been able to manage the potentials of cultures and customs together therefore economically beneficial for the society.

### **The Batik with Ancient Manuscript of Ancestors of Minangkabau**

In Nagari Pariangan that is believed as the originated place of the ancestors of Minangkabau Society, are found some ancient manuscripts in *surau* (place of worship for Muslims) or manuscript kept by the local people. The ancient manuscript tells about values that have a meaningful philosophy about the life of Minangkabau Ancestors. Dr. Pramono, an expert or ancient manuscript or Philolog of Andalas University Padang, West Sumatra, said that Nagari Pariangan, Tanah Datar Regency, has plenty of ancient manuscript related to medication, philology, history as well as religion (Antara Sumbar, 2017).

Mr. Irwan Malin Basa, a humanist, attempts to preserve the ancient manuscript by implementing it into modern social life. Mr. Irwan Malin Basa transformed the images in ancient manuscript into batik patterns, thus the ancient manuscript can be seen by all generations and even becomes a potential for creative economic development. Currently, 13 out

of 25 signature batik patterns of Nagari Pariangan, Tanah Datar Regency, West Sumatra, have obtained the Intellectual Property Right (IPR) issued by The Ministry of Law and Human Rights. The inventor of these Pariangan batik pattern said that batik pattern of ancient manuscript had obtained 13 IPR, and the rest was in the process of obtaining the patents (Antara Sumbar, 2018).

The batik dye is made of plant material that also found in the ancient manuscript such as durian, guava, djengkol (dogfruit) skin, sapodilla leaves, teak leaves, avocado leaves, mimosa pudica leaves, star gooseberry (sauropus androgynus) leaves (daun katuk), mango, noni, and several other plants. The Government of Tanah Datar Regency has carried out training of making batik to support the batik making activity. The training was attended by 30 participants consisted of housewives and dropout teenagers from Nagari Pariangan Village in October 2017.

The training has resulted in the establishment of 3 SMEs groups, of which each group has 10 members who has taken the training on producing batik including drawing pattern, applying hot wax using a canting (special pen-like tool to draw batik with hot wax), and dyeing the batik. Each member is able to produce up to 10 batik sheets within a month, or about 100 batik sheets in one SME monthly. Mr. Abdul Hakim, the Head of Industry and Trade Cooperative Service, said that at present, the Pariangan old motive batik (batik tuo Pariangan) is being attempted to be uniform for all civil service and students in Tanah Datar (Kaba 12, 2018).



Figure 2.7. Batik Pattern Derived from the Ancient Manuscript



## **Challenges in Developing Tourism Potential**

In this sub-chapter, will be explained the challenges in the development of tourism potential in Nagari Pariangan, either the general or specific obstacles based on the tourism potentials in Nagari Pariangan. Generally, the obstacles are related to: a) transportation; b) infrastructure and budget sources and c) human resources. The following part will illustrate the details of general obstacles.

### **a) Transportation**

The observation and interviews reveal there have not been adequate transportation modes in Nagari Pariangan that can be used by the visitors. The only transportation mode available is Ojek (motorcycle used as public transportation) in a very limited amount. It is worried that the amount cannot fulfill the demand of many visitors. During the observation, the researcher had not seen any effort from the government of Nagari Pariangan to encourage the society to participate in providing other transportation modes either motorcycles or cars to be rented by the visitors. The visitors commonly use a vehicle that has been booked from the city as a transportation mode during their visit in Nagari Pariangan.

### **b) Retribution of Tourism Objects**

One of the important things revealed from the interview and observation is that the absence of facilities that can be income sources from the tourism village, such as parking space and ticketing gate for the visitors. It makes the government cannot figure out who come to Nagari Pariangan for tourism purpose. The interview finds that the number of visitors is actually increasing since the village was chosen as one of the most beautiful villages in the world. However unfortunately, the increasing of visitors in Nagari Pariangan is not followed by the increasing of Own-Source Revenue. Being interviewed at the Launching and Expose of Village Literacy Activity, on Saturday October 13 th 2018, Mr. Irwan Malin Basa said that during this year the Own-Source Revenue of Nagari Pariangan has not significant, referring to the plenty potentials of tourism destinations exist. Compared to other places, such as Ponggok Village, Klaten Regency, Central Java, Nagari Pariangan is still far behind in the aspect of OSR from tourism objects. Specifically, Ponggok Village that relies on Tourist destination Umbul Ponggok has managed to earn up to IDR 6.5 billion annually, from the beginning of only IDR 5 million annually.

The low OSR is among which caused by the absence of tourism infrastructure, that is the ticketing gate and the parking space, thus the visitors can visit the tourist destinations in Nagari Pariangan without being required to pay for the retribution.

### **c) Ulayat Land**

The obstacle on infrastructure availability as well as establishment of tourist destination in Nagari Pariangan has a strong relationship with the acquisition of land in Nagari Pariangan. The process of land acquisition in Nagari Pariangan is more difficult than the usual land acquisition process. The Ulayat land is a communal property owned by a group of society in the customary law. Since Nagari Pariangan still strongly uphold the customary laws of Minangkabau, the ownership of land in Nagari Pariangan have to comply with the customary law. Thus the land does not belong to personal. The right of land authorization referring to the customary law is known as the right of Ulayat. According to hukum online, Ulayat is a set of authorities and responsibilities of people under particular customary law of the place of living. Referring to the laws, Law of the Republic of Indonesia Number 5 of 1960 concerning Basic Regulations of Agrarian Principles has admitted the right of Ulayat. Thus, if the government intends to build infrastructures such as roads, home stay as well as tourism mode, the land acquisition will not only involve one person but also one customary community or a group of family who own the property. The Book of Nagari Pariangan reveals that Nagari Pariangan has 271 Ulayat land, consists of: a) 39 Ulayat land in Jorong Guguak, b) 74 Ulayat land in Jorong Pariangan; c) Ulayat land in Jorong Padang Panjang and d) 111 Ulayat land in Jorong Sikaladi.

Referring to the interview, it is found that actually in 2016, President Jokowi promised funding aid of 200 billion through The Ministry of Public Works and Housing Indonesia to support the process of Nagari Pariangan to become a tourism village. The fund can be use for revitalization and renovation of many historical sites, the Rumah gadangs, and to build particular tourism modes. The interview reveals that if the village agree to use the funding aid they have to allow the village government for land acquisition. The requirement certainly contradicts to the value of Ulayat upheld by the customary society of Nagari Pariangan. It has been illustrated that the ulayat land in Nagari Pariangan cannot be sold to other parties for the right of land does not belong to personal ownership, but a group of customary community that is inherited from one generation to the next

generation within the customary community. It makes difficult for the customary society of Nagari Pariangan to let the land acquisition from being carried out by the government. Referring to the interview, it is known that the village government through Mr. April Khatib, the Wali Nagari (village head), actually has attempted to negotiate with the village society to allow the development of various tourism infrastructure or mode on the ulayat land. So far, from totally 25 tourism destinations in Nagari Pariangan, the government has negotiated and managed to obtain permission for the land acquisition and development on the ulayat land with the agreement that after the development of tourism sites has been finished, the customary society who owns the land has the authority to manage the tourism object. However, the problem has not been solved by the agreement between the village government and the customary society who owns the ulayat land. When the agreement of development was proposed to the ministry, it was still refused and the fund can not be disbursed since the Central Government requires the village customary society to grant their land to the government because the development will be funded by the central government. On the other hand, the village customary society insists that the ownership of ulayat land is not transferable. Due to this obstacle to obtain funding to develop the tourism village related to the land acquisition, the village government needs to build cooperation with the third party, neither the village government nor the central government, to obtain other financial support to develop the tourism village. Referring to the interview, it is known that the village government, through the village head (Wali Nagari) has built several cooperation and signed the Memorandum of Understanding (MoU) with some private parties such as: Pertamina, Semen Padang, and the Central Bank. The cooperation with the third party is expected to be the beginning of more opportunities to obtain other funding resources that are substantial and can be maximally utilized by Nagari Pariangan to develop its tourism village.

#### **d) Lodging and Other Infrastructure**

In addition to parking space and ticketing gate, other infrastructure that has not been available or need to be reconstructed are: toilet, lodging or Homestay and restaurant. The interview and observation reveals that the availability of the three facilities is still minimal in Nagari Pariangan. There are less than 10 appropriate or adequate lodging or Homestay in Nagari Pariangan. It may due to the lack utilization of Rumah Gadang that actually has a huge potential to be converted into Homestay for the visitors.

Furthermore, many of the Rumah Gadang are broken due to improper maintained by the village society, thus the potential of Rumah Gadang as lodging facilities that are rich of customary values can be used by the village as an income source.

Recently, the society has not seen the potential of their village as tourism village that can provide income for them and the village government. Therefore, the residents has not directly involved to catch the economic opportunities available such as providing home stay, restaurant, Cafe, toilet, souvenir and traditional snacks.

When a village intends to convert into a tourism village, relying on the tourism potential alone is not enough. It must also be supported by various key supporting aspects. Restaurants is one of the key aspects must be available in a tourism village for food and drink are one of the human primary needs. It is certainly comfortable when someone visits a beautiful tourism destination equipped with various infrastructure that allows them to enjoy their visit and stay for a longer time at the place. Simply speaking, when visitors are tired after exploring various tourist destinations in a village, they will seek a place where they can release their hunger. Meanwhile, there is no appropriate restaurant for the visitors in Nagari Pariangan. Thus, when the visitors feel hungry and want to find a restaurant, they must go outside the area of Nagari Pariangan. It is certainly uncomfortable for the visitors who want to spend their holiday in Nagari Pariangan.

Another infrastructure that to be repaired and provided by The Government of Nagari Pariangan is the rubbish bins. The observation shows that there have not been adequate rubbish bins available at every corner of the village. The garbage can availability needs to be considered since the village is potential to be visited by a large number of tourists who certainly need trash cans to dispose of their garbage. The absence of trash bins will be the major cause of littering action. If this condition is let alone to continue, it will lead to a huge disaster for Nagari Pariangan. The village will be dirty and the garbage may cause disaster such as floods if it is not managed well. Therefore, rubbish bin is one of the infrastructure that needs to be provided by Nagari Pariangan to anticipate the disastrous effect from being littering.

#### **e) Human Resource**

Human resource is the key aspect in the successful implementation of tourism village. As it is in Nagari Pariangan. During the interview and observation, the researcher found that human resource aspect is among

those that needs to be improved by The Government of Nagari Pariangan to make this village ready to be a tourism village in the future. One problem related to human resource is that Nagari Pariangan, as a tourism village, is lack of capable tour guides. So far, Nagari Pariangan merely has two capable tour guides that have been trained and understood about the whole history of Nagari Pariangan. These two tour guides do not even speak fluent English. Speaking English ability is considered important because it is very possible that the visitors are not only domestic tourists, but also foreign tourists. Referring to information from Mr. Irwan, one of the community leaders, in 2019 there will be 800,000 visitors from the middle-east. This information was obtained when Mr. Irwan attended Tourism Congress in Jakarta this year. Furthermore, The Gof Nagari Pariangan has actually given effort in preparing the village when the tourists from the middle-east visit their village. One of the efforts is building cooperation with the Religion Ministry related to providing Arabic teachers for the residents of Nagari Pariangan, since the middle-eastern people usually prefer to communicate in Arabic language than English. Thus Nagari Pariangan is preparing their society with the ability of speaking adequate Arabic language. In addition, Nagari Pariangan has also attempted to write the names of tourist destinations and directions along the village not only in Indonesian, but also in English and Arabic. It is a big step for Nagari Pariangan in preparing their human resource to welcome foreign tourists. However, the ability of speaking English should be the main skill that is owned by the customary society as well as the tour guides, since English is an international language and the tourists may not only from the middle-east but also from other countries. In addition, the number of tour guides should be increasing. The simple thought is, two tour guides will not be able to handle thousands of visitors each year. Thus Nagari Pariangan needs to give more effort to provide more tour guides who are capable in speaking English and Arabic as well as have good knowledge about the history of Nagari Pariangan.

Another issue related to human resource is society has not been ready in contributing to the tourism village due to the frame of thinking and behavior. The indigenous people are accustomed to living with customary values that teach them to live modestly therefore they do not have ability in commercially trade the potentials of their village such as: randai (Minangkabau traditional performance), silat (traditional martial art), saluang musical instrument (a kind of flute made of bamboo), tari piring (plate dance) are not seen as potential to earn income. These potentials have not been managed well to earn more income for the society. Besides,

the historical sites in Nagari Pariangan that basically belong to a customary community, are also not seen as potential to earn income for the society. Referring to the interview, it is known that it does not matter to whom the money will be given. Money from the visitors are commonly kept by an individual instead of the customary community who own the historical site. This has become customary value held by Nagari Pariangan.

Due to the uncommercial orientation of the indigenous, their behavior showed that they are not ready to be part of tourism village. The interview reveals that the society of Nagari Pariangan has not been ready to deal with tourists or visitors in Nagari Pariangan. They still need training to be friendly to the visitors, such as smile to visitors. Thus the visitors will be convenient to stay longer time in Nagari Pariangan.

## **B.2. Special Note for the Development of Potentials in Nagari Pariangan**

In this sub-chapter, will be illustrated the obstacles faced by Nagari Pariangan more specifically based on tourist destination potentials that have been described previously. The obstacles based on the potentials of particular tourist destination can be seen from the description below:

### **Historical Sites**

#### **(The Long Tomb, Balai Saruang, Balai Katiak, etc.)**

As previous illustration, has known that Nagari Pariangan actually has plenty of historical sites that can be tourist destinations. The customary system that is still strongly upheld has affected not only in the indigenous daily life but also the shape of meeting halls in Nagari Pariangan, such as Balai Saruang that function as the supreme court of Nagari Pariangan. Unfortunately, the large amount of historical sites do not affect positively on the income from the historical sites. Besides the absence of clear ticketing system at every historical sites, there are still barriers to the marketing of the typical products or the potential available. The observation shows that the history and unique story behind the historical sites have not been packaged attractively by The Government of Nagari Pariangan. For instance, the historical sites of The Long Tomb, is merely presented in a simple way, without any props that can draw attention of the visitors. When the researcher was visiting the place, there is one board where the history of the site's origin. However, the visualization of the storyboard is too simple and unattractive.



Figure 2.8. Information Board of The Long Tomb

The visitors who merely visit the historical sites without a tour guide who is capable of telling the history behind the sites, will certainly not be able to gain values behind the historical sites. The absence of props, attractive storyboard is one aspect that has to be improved by Nagari Pariangan. If only The Government of Nagari Pariangan manages to deliver the story attractively, modernly and creatively, it will absolutely enhance the selling value of a product.

### The Hot Spring Bath

One of the aspect that needs to be improved by Nagari Pariangan related to the hot spring bath is the hygiene of the place. From the aspect of natural resource, Nagari Pariangan has a huge and unique potential that is the flow of hot water among the cold water flowing at the slope of the mountain. However the condition is still not neat and dirty. The visitors certainly expect to take a hot spring bath in a place that is hygienic and comfortable. The observation shows that the place is not quite clean, there

are moss piles at the wall and floor therefore the place seems dirty and slippery. Besides, the place is not equipped with a place to put the visitor's clothes or belongings during the bath. Therefore, when the visitors bring clean clothes to wear after the bath, they can only put them on any places around the hot water shower as long as it seems clean, while of course there is no guarantee that the place is clean and dry. Therefore, it needs to be equipped with facilities such as locker, thus the visitors can save their belonging in a clean and safe place.

Another drawback is that there is no partition between the room for visitors and local residents. It will surely make the visitor, who visit the place for the first time, feel embarrassed and uncomfortable if they have to take a bath together with the local people. The observation finds that the local people also do the laundry at the same time they are taking a bath in the hot spring. It makes the place full of the detergent foam from the local people activity. It may lead to negative value from the visitors and uncomfortable feeling to enjoy their hot spring shower. Thus, if this hot spring bath will be commercialized in a wider coverage, the place should be divided for the visitors and local people. It certainly aims to provide more convenience for both the visitors and the local people themselves.

### **Rumah Gadang (The Big House)**

The potential of Rumah Gadang is not supported by adequate situation and condition of Rumah Gadang. The observation showed that the condition of many Rumah Gadang were not well maintained, it was dirty and dusty, a lot of the woods were weathered because the house had been rarely used by the owner. Therefore, revitalization and renovation are needed to convert the function of Rumah Gadang into lodging facility or historical sites to generate income for the society of Nagari Pariangan.

## **C. Opportunity of Tourism Potential**

Nagari Village has several potentials that can encourage the development of tourism village. The opportunities are as the following:

### **Collaboration**

So far, The Government of Nagari Pariangan has carried out cooperation with several parties, such as the central government, private parties and universities. In September 2018, The Government of Nagari Pariangan



conducted a cooperation with University of Padang in delivering coaching and mentoring Nagari Pariaman to be a tourism village. In addition, Nagari Pariangan has also collaborated with Industry and Trade Cooperative Service to deliver training on making Batik and boxes or packaging of the batik. This training targeted to the mothers in Nagari Pariangan who join in group of Bundo Kandung. However, after the training, the group of Minangkabau batik artisan established are merely 3 groups: 2 groups in Jorong Pariangan and 1 group in Jorong Padang Panjang. Further information and description of batik potential will later be illustrated in the next sub-chapter.

Another cooperation is with Pertamina, a private company. The cooperation intended to finance the establishment of a batik center with batik showroom in Nagari Pariangan. The fund provided by Pertamina is 600 million. In addition, Nagari Pariangan has also supported by other private parties such as: Central Bank and Semen Padang.

### **Budgeting**

Despite the problem of delay in fund from the central government due to the problem of the communal right of using land (ulayat) that has been illustrated, Nagari Pariangan itself is quite ready financially for minor repairs. The interview reveals that the central government provides 700 million, without land acquisition requirement, to be distributed to four jorong (small villages) in Nagari Pariangan, in addition to 800 million fund from the regency. The document of Village Medium Term Development Plan shows that during the last two years, the fund has been mostly allocated for irrigation, roads and society empowerment. Furthermore, the society empowerment program aims to deliver training in making souvenirs, traditional clothes of Nagari Pariangan and batik. Referring to how the government of Nagari allocates the fund, it can be concluded that they actually prioritize the need of their village and they have allocated funds to support the process of village development to become a tourism village. Another activity related to tourism village is conducting a comparative study to several tourist destinations in Indonesia. This activity is also budgeted by the government of the Nagari Pariangan Village. One of the destinations was the hot spring of Cipanas in 2019.

### **Typical Food and Drink**

In addition to historical sites and heavenly natural scene, Nagari Pariangan also has local wisdom of typical food and drink. The typical food

of Nagari Pariangan is Keripik Bunga Durian, a kind of chip made of rice flour. The taste of this chip is different than general chips in Indonesia or Padang. While the West Sumatra has Sanjai (spicy cassava chips) as typical food, Keripik Bunga Durian can be the icon as typical food of Nagari Pariangan. The taste of Keripik Bunga Durian is savory, but not too salty. The chips are also very crisp and the right choice to be bought as souvenirs from Nagari Pariangan. Besides the chips, Nagari Pariangan also has a typical drink called the Kawa drink. The Kawa drink is a kind of coffee drink, but instead of being made from coffee beans, this drink is made of the leaves of Kawa coffee. Besides the unique taste, the Kawa drink is served uniquely. This drink is served in a coconut shell, therefore the aroma is not only the distinctive aroma of coffee but also combined with the aroma of coconut shell. These typical food and drink can be a huge potential for Nagari Pariangan because of the uniqueness value that can hardly be found in other places. Other typical culinary in Nagari Pariangan are: Lamang, Lapek Atun, Nasi Lamak Kuniang, Lapek Bugih, Singgang Ayam, Limpiang Ampok, Pinyaram, Nasi Lamak, Wajik, Dengkek, Sagun, Rakik Maco Daun Kunik, Randang, Bika, Kalio and Bareh Ampiang.

However, these potentials of food and drinks have not yet given substantial income for the people of Nagari Pariangan due to the absence of creative marketing activity of these products. The observation found that Keripik Bunga Durian has not been mass produced and does not even officially sold at souvenir shops. Keripik Bunga Durian is only promoted by the information from the tour guide and is still sold at homemade scale that is only produced by order from the visitors. In addition, the packaging of Keripik Bunga Durian is not creative. Keripik Bunga Durian is only packaged with transparent plastic without a clear brand or label. The similar things happens to the typical drink of Nagari Pariangan, the Kawa drink. The unique ingredient of the Kawa drink that is made of Kawa leaves, instead of coffee beans and the unique serving of Kawa drink in a coconut shell, have not enough to make this product contributes significant income for the society of Nagari Pariangan. The interview and observation found that the Kawa drink is not even produced and sold as a take away product. The Kawa drink can only be brewed on the spot and the price is very low. This drink is actually a huge potential for Nagari Pariangan. It is supposed to be much more innovation can be made for this product. For instance, it can be produced and sold as souvenir for the visitors. It can also be modified into coffee powder therefore the visitors can brew it themselves at home, or it can be produced as a ready to drink product and packaged in bottles.

## D. Conclusion

1. Nagari Tuo Pariangan is objectively stated by the American Budget Traveler Media as one of the most beautiful villages in the world, referring to factors of culture, natural resources and strongly upheld customs in the daily lives of the society.
2. According to the direct research, it can be concluded that the coverage of tourism potential in Nagari Tuo Pariangan is quite wide. Among which are the position of this place that is on the slope of a volcano that has beautiful scenery; the history as the origin place of the Minangkabau culture (based on the interview with the tour guide who visits Nagari Tuo Pariangan and include the history as part of tourism package in West Sumatra); the historical sites that support it; typical structures with the nuance of Minangkabau culture, traditional arts, religious destinations with Islamic spirit; traditional food and drink; the hot spring shower, as well as customary values that are strongly upheld in the social life.
3. Nagari Tuo Pariangan also has economic potential besides the tourism. The potential are from the agriculture, such as fruits and the batik cloth with typical Minangkabau patterns based on historical documents, of which this batik cloth is developed by the initiative of leaders in Nagari Tuo Pariangan collaborated with The Government of Nagari Pariangan.
4. Being introduced and promoted by the village government as one of the most beautiful villages in the world. However the fame and increasing number of the tourist have not significantly contributed to the improvement of the society's lives.
5. The tourism aspect has not contributed substantially to the society's income due to several obstacles, some of which are the lack of transportation mode and infrastructure, the historic sites and culture that have high commercial values are not well-maintained, and insufficient facilities to support tourism in achieving qualified experience both for domestic and foreign tourists. This situation happens more or less because of the unawareness of the society upon the high tourism potentials.
6. The income from the tourism sector in Nagari Tuo Pariangan is still low, because many tourists do not visit the place on purpose, but as a part of the bigger tourism package, where this place is still visited for free.

7. A simple community perspective generates not many initiatives from the community to work together to improve the quality of tourist destinations and carry out activities that will be potential to earn high income, including hygiene, beauty, maintenance, additional facilities and its commercial values. This frame of thinking has also led to the absence of the trading activities of their agricultural produces or from other particular natural resources. In other words, the society conducts the agricultural activities merely to fulfill their personal needs at the first place, then the rest will be traded.
8. The government has intended to deliver aid. However, it becomes ineffective due to the refusal of the customs related to land grants. The right upon land ownership in the customs of Nagari Tuo Pariangan is very strongly upheld from generation to generation.
9. Various preparations have been conducted to welcome the middle-east visitors, including Arabic training, promotion as literature village as well as providing boards in Arabic. However, the activities were emphasized merely the village government and the society leaders.
10. Batik being promoted by the village government and society leaders, one of whom is Mr Irwan Malin Basa, is a highly potential product, but the process still requires high cost for the raw material of the fabric do not originate from Nagari Tuo Pariangan itself
11. There are products that seem potentially as typical snacks from Nagari Tuo Pariangan such as the Kawa Drink and Keripik Bunga Durian. The drawback is that there are not many restaurants available to welcome a large amount of visitors.
12. Transportation such as ojeg (motorcycle used as public transportation) and travel has not been organized well and lack of adequate lodging facilities such as homestay.
13. The power of social media has led local and foreign tourists to the Nagari Pariangan Village, because they want to see Nagari Pariangan that is famous as one of the most beautiful villages in the world.

## E. Suggestion

1. Building the entrance gate equipped with ticketing gate and parking lot as well as restaurants or food court that ensures income for the village. The visitors who buy tickets can be given a complimentary Kawa drink and a small serving of keripik bunga durian. It will avoid a free of charge visit as merely part of a bigger tour package.
2. Cooperating with the government or private parties in term of development by making a particular agreement that enables not only the development of the facilities, but also property ownership of the society, where later on each of the facilities will be managed by the property owner. The quality of this should be guaranteed by delivering training and establishing clause in the agreement that stated the standard of facility management by the owner itself.
3. Recording the facilities and human resource required for every tourism destination, including facility improvement to add gimmick and delivering training of special skill (besides English and Arabic training for the tour guide) that will enhance the quality of tourism visits.
4. Implementing storytelling concept in the order of visited the existing place, especially because the introduction of the origin of Minangkabau is more interesting in a storytelling format. It can be combined with several category packages such as overnight package to know the indigenous daily life, adventurous package to the volcano and art show package.
5. Counseling for the society about the importance of awareness upon the tourism potential and other economic potential in improving the living quality of the society. It can be done by involving the residents who have previously lived in other places to provide broader perspectives, besides the village government represented by the village leader and society leader like Mr. Irwan Malin Basa. Accompanied by government aids, it will encourage the smoothness of other economic activities such as agriculture, culinary, and the making of Batik.
6. Business to Business approach can also be done to increase the tourists' awareness by seeking or making contact with production house that is interested in using Nagari Tuo Pariangan as background or shooting

location for the film or advertisement they produce. It will raise the audience's curiosity to visit the place, especially when the films of the advertisements are watched by a lot of viewers.

7. Building homestay and restaurants accompanied by counseling on the enhancing economic potential and setting standard of quality. The standard of quality also applies at other tourism facilities.
8. Approaches to the customary leaders, including a joint comprehensive study with the customary leaders that seem expected to open the understanding of the tourism potential.



The image is a full-page background with a blue color overlay. It depicts a person from the back, wearing a traditional woven conical hat and a light-colored t-shirt. The person is holding a smartphone in their hands and looking at the screen. The background shows a rural landscape with a field in the foreground and several traditional houses with thatched roofs in the distance. The overall scene is peaceful and evokes a sense of traditional life in a rural setting.

# CHAPTER III

TOURISM VILLAGE OF TEMBI

## CHAPTER III

### TOURISM VILLAGE OF TEMBI: THE INDEPENDENT COMMUNITY STRIVES IN THE MIDDLE OF POTENTIAL LIMITATION

Trisno Sakti Herwanto<sup>a</sup>, Daniel Hermawan<sup>b</sup>,  
William Tandi Wijaya<sup>c</sup>

#### A. An Overview of History and Potentials in Tembi

##### A.1. A Brief History of Tembi

Although being well-known as tourism village, Tembi is actually a hamlet in an administrative village named Timbulharjo. The name of Tembi as a hamlet is inseparable from the long history in the past. In the 16th century, the enemy of Pajang Sultanate, Arya Penangsang managed to be defeated by Ki Ageng Pemanahan. No one thought that it would be a big history of the existence of Tembi Village. The defeat of Arya Penangsang led to Alas Mentaok as a present from Sultan Pajang to Ki Ageng Pemanahan in 1558. Ki Ageng Pemanahan altered the look of Alas Mentaok to be more civilized. Kotagede is a new identification established in 1557. Ki Ageng Pemanahan established and led Kotagede for seven years to present the new look of Kotagede. However, in 1584, the new look was left by the death of the founder. However the new look kept going on. Sutawijaya, whose appellation was *Senapati Ingalaga Sayidin Panatagama* replaced the former leader to escort the face of Kotagede. Sutawijaya, who was well known as Panembahan Senapati managed to lift up the head of Kotagede.

<sup>a</sup> Lecturer in Public Administration Studies Program, Parahyangan Catholic University, Bandung

<sup>b</sup> Lecturer in Business Administration Studies Program, Parahyangan Catholic University, Bandung

<sup>c</sup> Alumni of Public Administration Study Program, Parahyangan Catholic University, Bandung



As long as 17 years, under the leadership of Panembahan Senapati. Kotagede was getting enhanced. In 1601, Mas Jolang replaced the deceased Panembahan Senapati. During the leadership of Mas Jolang, Kotagede kept on the right track, therefore the development of the village was quite good to hold their head up high. The dedication of Mas Jolang was continued by Prince Arya Martapura, son of Mas Jolang. From the dedication of Prince Arya Martapura, Raden Mas Rangsang could feel the presence of the greatness of Panembahan Senapati. Raden Mas Rangsang attempted to bring back the spirit of the city's founder. Titled as *Sultan Agung Senapati Ingalaga Abdurrahman*, he made Kotagede look more robust and prosperous. However, after Sultan Agung died in 1645, Kotagede encountered rupture due to disputes within the royal family. To avoid their offspring from being suffered because of the discord, they were sent to a place named Tembi. The silence, away from the rumble of the royal family made this place suitable to mold their spiritual. Being educated by Kyai Tembini and Nyai Tembini, the royal offsprings learn about Kanuragan. Furthermore, they were also taught and nurtured to be virtuous and dignified. The King's offsprings grew as person who has sensitivity to the human needs. Therefore Kyai Tembini and Nyai Tembini began to slowly release them to wade through the wider life. Three centuries afterwards, in 1997 Tembi was appointed as a tourism village. The big *Preh* tree in the center of Tembi Village is the place where Kyai Tembini and Nyai Tembini were buried together with their student named Diposono.<sup>56</sup> Since then the name "Tembi" has emerged as the name of the village in Timbulharjo.

## A.2. The Village Potentials

Timbulharjo Village, 777.89 hectares of width, is located in an administrative area of Sewon Sub-District, Bantul Regency, Special Region of Yogyakarta. Timbulharjo Village is divided into 16 hamlets and 122 Neighborhood Association. The land topography is plain where most are used as farmland. Thus, most of the livelihood is from being a farmer or farm/plantation worker. Based on the village data in December 2016, the population of Timbulharjo Village was 22,576 and the family heads were 6,391.

Timbulharjo Village borders with many villages in Sewon Sub-District, Pleret, Jetis up to Bantul Sub-Districts. On the north it borders with Panggunharjo Village and Bangunharjo Village. On the east, it borders

56 C-H. Putra, 'Sejarah Desa Wisata Tembi' <https://www.kompasiana.com/cosmashanda/54f6d08da3331183558b491e/sejarah-desa-wisata-tembi> (19.11.2018)

with Wonokromo Village and Trimulyo Village. On the south, it borders with Sumberagung Village and Sabdodadi Village. On the west, it borders with Trirenggo Village and Pendowoharjo Village.

In Timbulharjo Village, there are public facility of 170.092 hectare, roads of 1.015 hectare, market facility of 1.625 hectare, sports field of 1.821 hectare, government offices at 3.127 hectare, public cemetery at 3.928 hectare, Tanah Bengkok 52.550 hectare and Village farmland at 3.127 hectare. In addition to public facilities, there are farmland consists of 284.006 hectare of farmland, 154.749 hectare of technical irrigated farmland and 129.257 half technical irrigated farmland.



Figure 3.1. The Map of Tembi Tourism Village

Information about the function and width of the land illustrates that farm is the main sector and important potential in Timbulharjo Village. Most of the people in Timbulharjo work as a farmer. Timbulharjo Village is passed by two big rivers namely Winongo River and Code River that make the villages along these rivers fertile. The potential has encouraged the society to work on their farmland and plantation as one of their livelihoods.

The main commodity in Timbulharjo is rice. Although the main potential in Timbulharjo is rice, the location of this village is geographically strategic because this village is passed by provincial roads, namely Parangtritis Road and West Imogiri Path, that become the economic lifeblood of The Special Region of Yogyakarta.

## **B. Innovation Form, Process and Impact in Pujon Kidul Village**

### **B.1. Village Innovation Form**

Tembi, that is actually a hamlet, is famous as a tourism village due to its rustic distinctive characteristic that becomes the main commodity for the tourism. Tembi tourism village can be reached by road approximately 30 minutes from the center of Yogyakarta. People can take Parangtritis path head to south up to Timbulharjo village area.



Figure 3.2. Tembi Tourism Village

In 2016, Tembi Tourism Village received an award as a tourism village with the best Homestay management in Southeast Asia. It proves that Homestay is an excellent tourism product offered by Tebi Tourism Village. Tembi focuses on delivering traditional rural atmosphere for the tourists. The visitors mostly come from urban areas, therefore the rural atmosphere is a special attraction for them.

Generally, there are three types of Homestays in Tembi based on the price rates, class, and ownership. Upper class or exclusive Homestays are initiated for international tourism market. This type of Homestay is

commonly owned by owner who have large capital and do not belong to the tourism village community. The middle class Homestay consists of Homestays with star hotel standard. The segmentation for this Homestay is upper class domestic tourists. Several functionaries like Puan Maharani to Anies Baswedan have ever stayed and enjoyed the amenities of this type of Homestay.

The last type is lower class Homestay. This type target is the backpacker tourists with limited budget. This type of Homestays commonly uses local people's houses and offers limited facilities such as bed, electricity and other facility similar to rural houses.

In addition to Homestay there are various forms of tourism innovation in Tembi Village, covering activity package, such as culinary, art and outbound activities. The art activity includes making batik clothes, batik wood mask, craft, puppets, colouring ceramic, make and paint handheld fan. The culinary package includes activities of making soybean cake, deep-fried banana, and make local snacks like sagon.

The art menu offered by tourism village Tembi covers karawitan, cokekan, leather puppet, gejog lesung, angklung, traditional dances, and jathilan. Outbound activities offered in Tembi Village include competitions of banyu mili, catching eels in the paddy field, catching ducks in the paddy field, clogs/teklek race, exploring dike in the paddy field, field plowing, farming, gobak sodor, and tug of war in the mud.

## **B.2. Process of Village Innovation**

Tembi was first declared or established as a tourism village in 1997 by the central government. At that time there were eleven villages in Indonesia that were designated as tourism village and expected to become a model of for the tourism village nationally. Although the development of Tembi Tourism Village had been acknowledged at national level, the tourism activities in this village had not been optimally run.

The lack of effectiveness in managing Tembi as a tourism village has encouraged the village community to enhance the tourism activities. In 2005, the people in Tembi Village initiated a self-helped deliberation and eventually form a tourism community. Besides the tourism community of Tembi Village, there are also tourism community of Gabusan and Manding. Gabusan and Manding are hamlets located around Tembi that also grow

and live from tourism activities. Coordination of the communities in the three regions later on moulded into tourism community of Gabusan Manding and Tembi or known as GMT. The formation of GMT was also due to the geographical opportunity that Gabus, Manding and Tembi are close to the tourism area of south beach.

Although the tourism community has been established, another challenge happened in 2006 when Bantul Regency suffered from earthquake. Eventually, in 2008 the society re-developed the village until present. Tembi is famous since it was used as shooting location for several films. Many actress, actors as well as film crews who has used the location visits the place for nostalgic purpose and stay at Homestays around the tourism village.

Tembi Tourism Village offers rural life concept, beautiful rural area with many rice fields, local wisdom, and craft activity that becomes one of the tourist attractions in Bantul area. All activities in Tembi Tourism Village are managed by people's community therefore the society, through the existing communities, can support their own needs. Besides, there are Homestays that can accommodate the visitors. The Homestays are also owned by the local people in Tembi Tourism Village who are willing to be used as accommodation for the visitors.

To support the tourism activities in Tembi Village, in addition to Homestay, there are various tourism activities offered in a form of activity packages (making batik clothes, wooden batik mask, making craft, ceramic, puppets, colouring ceramic, and painting handheld fan), culinary activity packages (making soybean cake, cooking deep-fried banana, and making local snack *lie sagon*), as well as outbond activity package (competitions of *banyu mili*, catching eels at rice fields, catching ducks at rice-fields, *clogs/ teklek* race, exploring dike at the paddy field, field plowing, farming, *gobak sodor*, and tug of war in the mud)

Unlike the Homestays originating from Tembi residents, various other tourism activities come from communities outside Tembi. For example, when there is a plan of tourist visit to do art activities, the community in Tembi Tourism Village will contact the art community outside the village. Every income derived from various types of activities in the Tourism Village, will be fully accepted by the business people, both Homestay owners and community activities or tourism providers. The Tembi Tourism Village community will only receive 10% of the net profit of tourism activities if

more than 40 visitors take the tourism packages. A proportion of 10% of this net profit will be used to ensure smooth and sustainable operation of the Tembi Tourism Village.

The interesting part of innovation process in Tembi Tourism Village is that all the tourism activity was initiated by the community. The government did not give direct effort in ensuring the sustainability of tourism in Tembi Tourism Village. An interview with Dawud, the head of community in Tembi Tourism Village, reveals that the government only involved in the village fund expenses that focused in constructing the village roads. Although it has indirect impact on the tourism activity in Tembi Village, the road construction is not a program that is specifically aimed at tourism development.

The village fund allocated to the villages in Indonesia is actually can be used for the tourism development, however, the fund is not received by Tembi Tourism Village because the village government prioritizes the fund to build infrastructure in Timbulharjo village. Based on the Village Budget available, it can be concluded that The Government of Timbulharjo Village still prioritizes the funding for the infrastructure construction this year.



Figure 3.3. Village Budget of Timbulharjo 2018



### B.3. The Impact of Village Innovation

Since Tembi Tourism Village grows and develops with the initiative of community, generally, the impact directed or generated from various tourism activities is mostly felt by the community themselves. There is no direct impact for the increasing Village Generated Revenue from the tourism activity in Tembi Tourism Village.

Economic impact felt by the community is the increasing income from the Homestay. However, the activity has not good enough to replace the agricultural sector as the main livelihood in Timbulharjo Village. The tourists who visit Tembi Tourism Village prefer the facilities of exclusive or middle class Homestay than the lower class Homestay.



Figure 3.4. A house owned by local resident that is used as a Homestay



Figure 3.5. A house owned by local resident that is used as a Homestay



The phenomena illustrate that the high economic impact is actually enjoyed by the owner of upper middle class Homestays. The owners have managed to make tourism activity as their main job and income source. Further analysis shows that the existence of tourism community in Tembi Village has not been able to empower maximally the lower class people.

Besides being felt by the Homestay owners, the economic impact is also felt by other community members who live from the tourism activity in Tembi Village. The business people of batik, jathilan community, traditional dance community, puppets community, and other communities from outside Tembi Village can also gain economic benefit.

### **C. Driving Factors of the Village Innovation**

The innovation process that is still going in Tembi Tourism Village illustrates that the social capital is the main driving factor for the tourism innovation. Generally, social capital consists of the community's ability to establish networks, communication, norms, up to generate trust among its members. Those components have been confirmed to be able to actualize the sustainable tourism innovation in Tembi Village.

Related to the ability in establishing networks, the village residents have proven that they are capable to revive the tourism activity in Tembi Village in 2008. They keep coordinating either among the local people in Tembi Village or among the communities outside Tembi Village, namely Gabusan and Manding. Eventually the coordination generates stronger network, namely Community of Gabusan Manding and Tembi.

The communication ability was also formed based on the same interest. Since the goal is community economic empowerment, the society who are members of Tembi Tourism Village keep conduct intensive communication. Meetings and reports about the revenue from tourism are packaged in routine meetings of Tembi Tourism Village Community.

The stronger community then issues several rules agreed by the members. Rules about rates, Homestay facilities, and other standards of tourism governance are managed somehow based on deliberation and collective decision making. With the existence of written and agreed rules, there is still room for the norms to rule things that have not been in the written rules. For example, the Homestay owner is ethically not allowed to accept guest who brings alcoholic drink.

The communication process, network formation, as well as institutional mechanism including norms have eventually led to trust among the members of Tembi Tourism Village Community. At this stage, it is understood that the community has been at the top of social capital level, therefore the sustainability of tourism management can be maintained.

The strong ties or relationship of the society in Tembi village is in accordance with Lin's (2001) who explains that it is the main source of social capital. According to Lin, relationship is the main source to create social capital in the middle of the society. The relationship is formed on the slice of interest mentioned by Sato (2013) as an actor utilities. Relationship with social capital will only be formed when there is an exchange of interests or benefits between the actors.

Referring to the phenomena in Tembi Village, it can be understood that the social capital is formed and created a strong bond among the community. The strong relationship becomes an important capital for the community to open broader network outside Tembi Village. This process is explained by Badescu and Uslander (2003) as bonding and bridging social capital. The existence of social bonding leads to bridging social capital, the community bond towards broader actors. In the case of Tembi Village, this bond is marked by the emergence of Gabusan Manding Tembi Community.

At the end, both bonding and bridging social capital put trust as the highest social capital. According to Liang (2006) trust rises among the actors in social capital process is essential for the process of democracy. A Democracy that engages the local people should be on the basis of social capital and trust among the actors.

## **D. Analysis of Production Process of Superior Products**

### **D.1. The Governance of Homestay in Tembi Tourism Village**

Homestays in Tembi Tourism Village are commonly managed and owned by the owner and community. Homestays managed by the community has service quality equal to the service quality standard of hotels while Homestays that are managed by the owners are commonly adjusted to the physical condition of the house construction, but they have to include several facilities such as bed sheet, towel, bathroom and breakfast.

In Tembi Tourism Village, there are 92 Homestays that are managed personally and named after the Homestay's owner, such as Homestay Ali, Homestay Ari, Homestay Bambang, etc. These Non- AC Homestays offer basic facility, such as breakfast, private bathroom, and cost IDR 75,000,00/ person/night.

The researcher has visited one of Homestay managed by the owner, namely Homestay Wagiyu. Generally, the booking and reservation process was conducted directly to the Homestay owner. However, if the visitors are more than 500 people, then the reservation process is coordinated by the village office of Tembi and will be charged 10% of the total revenue.



**Figure 3.6.** Homestay Bedroom

The Homestay condition is in accordance with the owner characteristic. The room condition and breakfast depend on the policy of the house owner.

To ensure the quality of Homestay that are managed individually, Dawud Subroto as the Head of Tembi Tourism Village checks the appropriateness of houses that will be stayed by the visitors to avoid poorly image from accommodation provided by the local people of Tembi Tourism Village. The condition of rooms provided are ensured using bed sheet, blanket, and towel according to the basic standard of budget accommodation.

There are 17 Homestays managed by the community. All rooms, whether in Tembi Homestay, Omah Tembi and Kampung Tembi provide facilities of AC, breakfast, water heater, and hotspot areas. The prices are as the following:

**Table 3.1. Homestay Price**

No.	Room Type	Per night rate
1.	Standard Room	IDR 300.000,00
2.	Family Room	IDR 500.000,00
3.	Deluxe Family Room	IDR 600.000,00
4.	Executive Room	IDR 750.000,00

When the research team visited every room type at Homestay Tembi, inside each room were bed, bathroom, and basic facility equal to starred hotels, started from basic toiletries, mineral water, up to bed with white bed sheet.

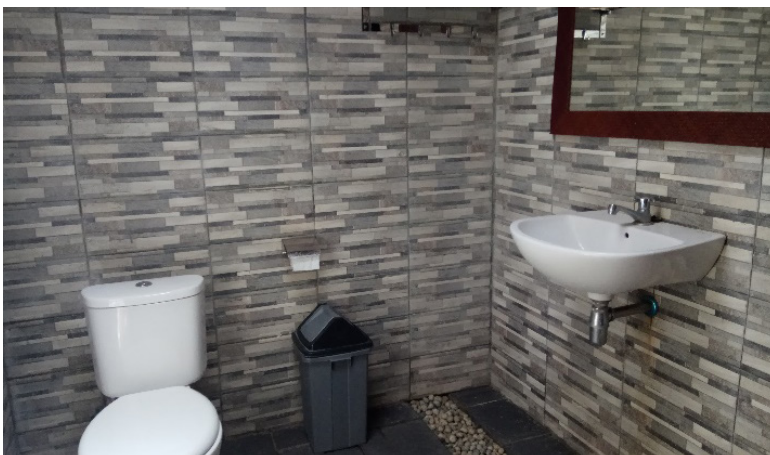
**Figure 3.7. Homestay Room with Hotel Standard****Figure 3.8. Homestay Room with Hotel Standard**



Figure 3.9. Homestay Room with Hotel Standard

Considering the quality and service offered by the Homestays in Tembi Village, The Indonesia Ministry of Tourism has awarded Tembi Village the first place in Appreciation of Community Business in Tourism.

The quality of Homestay in Tembi Tourism Village has also led Anies Baswedan, The newly elected mayor of Special Capital Region of Jakarta, to stay in the executive room and gave a testimonial "tradition and atmosphere of Javanese Land in modern packaged becomes an impressive experience. Salut!" on July 20th 2017.

## **D.2. The Process of Making Batik at Leksa Ganesha Batik Gallery**

As a batik artisan in Tembi Tourism Village, Ibnu Sudiro explains about the technique of using canting. The process of making batik traditionally is started when the artisan draw a pattern on Mori cloth. The difficulty in the process of making batik using canting is that it requires technique, precision and high patience. Furthermore, the artisan role is very crucial since the process is 100 % done by hands, therefore the skill and creativity is the key of making batik. Making Batik requires the following ingredient and tools:





Figure 3.10. The Process of Making Batik

1. Canting, a tool that is used to apply wax onto the batik pattern that is previously drawn on the cloth. The function is similar to wax pencil
2. White Mori cloth, usually made of silk or cotton
3. Wax
4. Stove or wax heater
5. Fabric Dye

The technique of making batik is done by applying wax using the medium of canting. The process of making wax-written batik with wax is similar to the process of making stamp batik. The wax liquid must be maintained at a temperature of 70 degrees Celsius. The wax liquid is taken from nyamplung using canting. There must be a hole at the tip of canting, thus it needs to be blown to open the liquid membrane. After that the wax liquid can be applied according to pattern that has been drawn by pencil on a mori cloth.

To make written batik, we need to prepare a piece of stretched out mori cloth, draw the pattern on batik using a pencil, then apply the wax using a canting carefully. Then the dyeing process, the wax scrapping, rinsing soda, drying, and ironing.

### **The details of making batik process**

1. Prepare a piece of mori cloth/silk, then draw patterns on the cloth using pencil.
2. After the pattern has been drawn, stretch out the cloth onto a wicket.
3. Light the stove/brazier, put the wax into a small pan (nyamplung) and heat the wax until it is perfectly melted. To keep the temperature, light the stove with low fire.
4. The next step, cover the cloth with the wax onto parts that will be coloured white (the original hue of the cloth). Use canting for the pinstripes and brush for wider parts. The purpose of applying wax is to cover the cloth from the dye during dyeing process.
5. The process of making batik starts from taking a small amount of wax liquid using canting, blow for a while to lower the wax temperature then apply according to the pattern. This process must be done very carefully because if the wax drips on the cloth surface, it will affect the finished batik pattern.
6. After covering all parts that will not be dyed with the wax, the next is dyeing process. Prepare clothing dye in a bucket, then soak the cloth into the dye solution. The first part of dyeing process is for the parts that are not covered with wax. The cloth is soaked into particular colours start from the lighter colour to the darker.
7. After the dyeing process, the cloth is dried on the sun.
8. After the cloth is dry the next is pelodoran. This process can be done in four ways, the first is scrapped by a knife. Second, the cloth is boiled in water added with sodium carbonate, or by smearing with gasoline and the last is by ironing the cloth until the wax is melted. From the four ways, boiling with sodium carbonate and ironing is the most common ways used by the traditional batik maker.
9. The batik cloth then boiled to clean the wax therefore the pattern is clearly visible. If we want several colours on the batik clothe, the dyeing process can be repeated several times depend on the number of colour desired.
10. After the cloth is cleaned from the wax and dried, the next dyeing process can be done by covering the previous colour with the wax using canting.
11. Process of applying the wax, dyeing and cleaning the wax are repeated depend on the number of colour or pattern complexity we desired.
12. After several times of colouring process, the batik cloth is soaked in the mixture of water and sodium carbonate (sod ash) to stick the colour on the batik cloth and avoid the colour of being faded.



13. The last process is washing/soaked into cold water and dried on the sun before the cloth can be used.

Considering that making batik take a long process that requires accuracy, thus the written batik commonly costs relatively higher. The price is even higher if the batik is combined with silk cloth, or coloured with natural dye, such as indigo leaves for purple, jackfruit wood for yellow, etc. The process of making written batik takes about one month.

Specifically, Ibnu Sudiro said that the product sold are not only written batik, but also paintings of a detail batik ornament. The costs vary from IDR 250,000 to IDR 2,000,000 depend on the difficulty level and uniqueness of the painting. Generally, Ibnu Sudiro, represented by Tatang, his son, gives a rough draft or general picture of the painting, while the artisan adds details in accordance with their creativity.

Furthermore, Leksa Ganesha Batik Gallery has also sold several products ordered by IKEA, and participated in exhibition of Festival Peranakan in Singapore. However, Leksa Ganesha Batik Gallery only sells barely batik cloth, without brand, thus the price is relatively low, at IDR 650,000.- whereas the reseller can sell the batik products up to IDR 3,500,000, therefore the process of making original brand must be added to the marketing of batik product at Leksa Ganesha Batik Gallery.

### **D.3. Supply Chain for the Handicraft Industry in Tembi Tourism Village**

Tembi Tourism Village has a potential in handicraft industry. Eryanto, one of the artisans said that location of hotel managed by Tembi Tourism Village used to be a handicraft center where various handicrafts were produced to be sold to various big cities in Indonesia.



**Figure 3.11. Various Handicraft of the Village**

The raw material are commonly bought from Gombong, while the carton and vinyl can be obtained easily from around Tembi Tourism Village. Generally, the process of making handicraft is done by dyeing the pandan leaves through boiling process, whether for colouring brown, yellow, red, etc.

Generally, the handicraft products are made by the local people, and has been done sin Warwick Pursen Larsen from Australia conjured Tembi to become a tourism village. Unfortunately, this handicraft industry has not been the main income sector in Tembi Tourism Village, therefore the sustainability of the handicraft business heavily depends on consumer's order. Whereas, this handicraft sector is very potential for significant income of Tembi Tourism Village.

Various packages of activities related to handicrafts offered in Tembi Tourism Village are as follows:

**Table 3.2.** Handicraft package

No.	Activity	Price per Person
1.	Making Batik Cloth	IDR 35.000,00
2.	Making Batik Wooden Mask	IDR 40.000,00
3.	Making Handicraft a. Pencil Case b. Tissue Box	IDR 25.000,00 IDR 40.000,00
4.	Making Pottery / Ceramics	IDR 20.000,00
5.	Tatah Sungging Wayang	IDR 40.000,00
6.	Ceramic Coloring	IDR 15.000,00
7.	Making and painting fans	IDR 35.000,00

The artisans who will train the tourists will be presented when the tourist has made an advance reservation, therefore the availability of training is temporary (based on order)

#### D.4. Supporting Tourism

Other tourism activities offered in Tembi Tourism Village are activities to make local culinary, such as making soybean cake, sagon, and deep-fried banana at the following rates:

**Table 3.3.** Culinary activity package

No.	Activity	Price per Person
1.	Making Soybean Cake	IDR 20.000,00
2.	Making Sagon	IDR 25.000,00
3.	Cooking deep-fried banana	IDR 20.000,00

This activity is supported by the local housewives who also serve meals for Tembi Homestay.

In addition, there is also a sightseeing tour by riding a gig around the tourist village for IDR 450,000.00 per hour with a capacity of five people. There are also onthel bikes that can be rented for IDR 30,000.00 for 10 hours.

From the aspect of art, there are also products offered, such as:

**Table 3.4.** Package of art activities

No.	Art Type	Rate
1.	Karawitan	IDR 1.500.000,00/3 hours
2.	Cokekan	IDR 700.000,00/3 hours
3.	Leather Puppet	IDR 1.000.000,00/3 hours
4.	Gejog Lesung	IDR 700.000,00/3 hours
5.	Angklung	IDR 700.000,00/3 hours
6.	Traditional Dances	IDR 950.000,00/1 hour (2 dances)
7.	Jathilan	IDR 1.900.000,00

The performers of this art will be invited if there is an order far in advance and cannot be done on the spot.

The rate for outbound activities for minimum 25 people and coordinated by the residents around Tembi Tourism Village are as follows.

**Table 3.5.** Outbound tourism

No.	Activity	Student Rate/ pack	General Rate/ pack
1.	Banyu Mili competition	IDR 20.000,00	IDR 35.000,00
2.	Catching eels on the rice field competition	IDR 20.000,00	IDR 35.000,00
3.	Catching ducks on the rice field competition	IDR 20.000,00	IDR 35.000,00
4.	Clogs Racing	IDR 20.000,00	IDR 35.000,00
5.	Exploring dike at the paddy field	IDR 20.000,00	IDR 35.000,00
6.	Field plowing	IDR 20.000,00	IDR 35.000,00
7.	Farming	IDR 20.000,00	IDR 35.000,00
8.	Gobak sodor	IDR 20.000,00	IDR 35.000,00
9.	Tug of war in the mud	IDR 20.000,00	IDR 35.000,00

## E. Conclusion and Suggestion

Referring to previous explanation, some important learning are obtained from the innovation dynamic happens in Tembi Tourism Village. From the analysis of innovation dynamic in Tembi Tourism Village, it can be understood that the natural sources in the village are not the main driving factor for the community initiative to innovate. Tembi is actually a hamlet, a part of a village that manages to actualize the innovation of local economic development focuses on community empowerment. This step has been proven to be able to encourage the transformation of a very limited village potential into a superior tourism product that has an impact on economic improvement for the community.

Another interesting learning that is also important to be observed is the role of community center in developing innovation. Unlike the most village innovation that is derived and initiated from formal leader such as village head or village apparatus, the tourism innovation in Tembi Village is actually generated and developed by the role of the community. On the basis of the same interests, the community in Tembi work together in encouraging the establishment of Homestays and various tourism activities that has selling value.

The role of community center indicates that the social capital in Tembi Village is still maintained. The norms, communication and network bonds of the community as component of social capital are capable to be main foundation of tourism development in Tembi. Various formal rules such as business profit sharing system is actually not a priority for the community.

Although the tourism in Tembi is not developed by the availability of big amount of capital, the community members claim that the tourism activitied in Tembi Village is more sustainable than if it is managed by the village government. Regulation or law umbrella in a form of village rules is considered too rigid and unacceptable therefore it can actually be a challenge for the management of Tembi Toursim Village.

Based on these conclusions, the research team believes that government intervention is still needed in developing village innovation. Nevertheless, the involvement of the village government is not aimed as the main actor of innovation. When the community has strong norms and institutional mechanisms for innovation based on local wisdom, it is sufficient for the government to support in the infrastructure sector or the facilities for the community.

The image is a full-page background with a blue color overlay. It depicts a person in the lower-left foreground, seen from the side, wearing a traditional woven conical hat and holding a smartphone. The background shows a rural landscape with several traditional houses featuring thatched roofs, situated in a field. The overall scene is captured in a soft, slightly blurred manner.

# CHAPTER IV

PUJON KIDUL TOURISM VILLAGE



## CHAPTER IV

### PUJON KIDUL TOURISM VILLAGE:

#### STORY OF SUCCESS OF AGRICULTURE AND LIVESTOCK REVITALIZATION TO REDUCE THE RATE OF URBANIZATION

Trisno Sakti Herwanto<sup>a</sup>, William Tandi Wijaya<sup>b</sup>

#### A. An Overview of Pujon Kidul Village

Kidul Village, located in Pujon Sub-District, Malang Regency, covers an area of 323,159ha width. The land area consists of houses and yards at 45,807ha, 84,742 of rice fields, 87,102 of plantation, 227ha of conservation forest and 578ha of production forest. Based on the data obtained from the village government, currently there are 1,324 of Family Head living in the administrative area of Pujon Kidul Village. The number of family head covers 4,146 people who are the permanent residents.



Figure 4.1. Entrance Access of Pujon Kidul Village

<sup>a</sup> Lecturer in Public Administration Studies Program, Parahyangan Catholic University, Bandung

<sup>b</sup> Alumni of Public Administration Study Program, Parahyangan Catholic University, Bandung

Pujon Kidul Village borders with a number of villages and areas owned by the central government, especially Perhutani. In the North, Pujon Kidul borders with Ngroto Village, the southern area borders with forest owned by Perhutani. On the west, Pujon Kidul borders with Sukomulyo Village and on the east it directly borders with Pujon Lor Village.

Pujon Kidul Village is 3km away from the Sub-District Capital that takes about 10 minutes trip. It takes about 20 – 30 minutes by car or motorcycle from Malang City Center and various tourism attractions in Batu City. The condition is supported by the excellent condition of the regency road after the re-construction by the regency government in 2015.

In accordance with the previously illustrated about the width and function of land areas in Pujon Kidul, most of the people in Pujon Kidul work in agricultural and husbandry sectors. In addition to rice, various food plantations are developed by the farmers in Pujon Kidul. Corn, potato, chili, tomato, eggplant, and other plantation commodities grow well in Pujon Kidul Village. Cow, chicken, duck and goat are livestock commodity bred by the farmers. Nevertheless, dairy cow is the livestock thrived in Pujon Kidul Village.

The farmer's life in Pujon Kidul Village is full of challenges. One problem faced by the farmers is the price fluctuation of rice in the market. During the harvest season, the selling price of rice at the farmers suddenly decreases. In addition to price, pests are particular challenges for the farmers in Pujon Kidul. Indirectly, the pests also affect the quality and the selling price of the farmers. Pests that commonly harm the farmers in Pujon Kidul Village are leafhopper, *ingser*, *sundep* (a type of pest that attacks the rice stem) and rats. Since 2012, Pujon Kidul has been famous for its tourism activities. The village tourism activities are getting well-known along with the development of social media. This phenomenon is also supported by the beauty of rice field overlay and hills in Pujon Kidul Village. The scenery is attractive for the tourist, especially to take selfie.

## **B. Form, Process and Impact of Innovation in Pujon Kidul Village**

According to explanation of Damanpour in Salge & Vera (2012), innovation is simply defined as a process in raising, developing and adopting new ideas or behavior. Referring to the definition, the form, process and impact of innovation in Pujon Kidul Village is described as the following:

## B.1. The Form of Village Innovation

Generally, Pujon Kidul Village has innovated in tourism sector. Nevertheless, the village has other innovations, namely integrated water management (PAMDes) and Integrated Waste Management Place. Unlike other innovations in tourism sector that are commonly oriented in economic development, innovations in integrated water management and waste management are more focused on overcoming the society problems related to clean water availability and environmental hygiene. Eventually, tourism innovation, integrated clean water management and waste management are handled by Village Enterprises established by Pujon Kidul Village.

Related to innovation in tourism sector, Pujon Kidul Village has managed to convert the rice fields into the center of various tourism activities. The rice field that was previously used only for farming of several food plants has been transformed into various tourism attractions that highly draw the visitor's interest. The tourist attractions include Cafe Sawah, educative tourism, The Roudh 78, and Rumah Budaya (house of culture). In addition to the tourism attractions, there are industries that support the tourism activities in Pujon Kidul, namely Homestay and Snack Industry.

Cafe wah is located on a plain area at a valley with beautiful scenery. In contrast to Cafe in urban areas, Cafe Sawah offers a rural atmosphere to the customers. The visitors can order and enjoy various foods or drinks while they are enjoying the view of rice fields. One of the signature menu in Cafe Sawah is pure milk. Although the visitors are treated to a view of the rice fields, they are very interested in doing a selfie at Cafe Sawah because of its unique location arrangement. Various food crops such as rice, chili, tomatoes, and various vegetables are arranged into a very beautiful spot as picture background.



Figure 4.2. Cafe Sawah with the natural view background

Educative tourism is a tourism activity in Pujon Kidul that offers two main activities, namely farming and animal husbandry. At the tourism attraction, the tourists can do educative tourism activities by taking care of the livestock, such as feeding, bathing, up to milking cows. In farming activity, the visitors can do seedling up to cropping various food plants such as rice, corn, tomato, chili, eggplant, and other vegetables. These activities are certainly attractive for the tourists who are mostly from urban areas.

The Roudh 78 is an area next to Cafe Sawah that is packaged into a tourist attraction with horse farm atmosphere. At the place, the tourists can do activities as if they were a cowboy who ride the horses. In addition, the tourists can also take selfie because The Roudh 78 is arranged in such way thus it looks like a horse ranch in United State. The atmosphere creates a particular selling value that can continuously draw the intention of the tourists.



Figure 4.3. The Roudh 78

In contrast to The Roudh 78, Rumah Budaya (House of Culture) is an area that is arranged into a kind of cultural performance stage. Joglo House complemented by various accessories such as statues and puppets has made Rumah Budaya very rich in Javanese traditional nuance. Rumah Budaya is frequently used as the cultural center that has tourism selling value. The performance of traditional dances, wayang orang (Javanese theatrical dancing performance) up to customary traditional ceremonies are often held at Rumah Budaya. This place is an attraction, especially for foreign tourists who want to figure out various inherited Indonesian cultures especially Javanese culture.

These various tourism attractions in Pujon Kidul are supported by the existence of Homestays. The Homestays in Pujon Kidul are initiated to increase the duration or length of staying time of the tourists. When the tourists are spending more time in Pujon Kidul, it is expected to increase the tourism activity and economic revenue. The Homestays in Pujon Kidul are actually houses belong to the local people coordinated by the village government and have been standardized either the service or the rates. For every room, the tourists will be charged IDR 150,000 per night. The rate includes a pair of clean towel, bathroom and breakfast for the guests.

In addition to Homestay, the existence of snack industry also supports the tourism in Pujon Kidul. Although owned by individuals and still at the development stage, a number of snacks were successfully produced by local residents. The interesting learning point from snack industry in Pujon Kidul is that the industry always focuses on using the natural sources in the area. Various snack products illustrate the natural sources available in Pujon Kidul, such as crackers made of cow milk, pasteurized milk, carang mas made of apple, milk candy, yogurt, ginger powder, turmeric powder, etc.

Besides the innovation in tourism sector, the integrated water management in the form of PAMDes (a village water utility institution) is the innovation developed in Pujon Kidul. PAMDes was initiated to ensure the clean water availability and supply to all residents in Pujon Kidul. Piping and installation of water meter are important to reach the goal. For every cubic of clean water, every family head in Pujon Kidul only needs to pay IDR 325,-. On average, every family head spends IDR 15,000, - monthly to obtain the clean water facility from the PAMDes in Pujon Kidul.

To overcome the problem of environmental hygiene, Pujon Kidul also conducts an innovation by establishing Integrated Waste Management Place. This innovation aims to maintain the environmental hygiene both for the village people themselves as well as the tourism need, to make the village more friendly and ready to welcome the tourists. Every day, garbage trucks will collect the household waste, the waste is then sorted into organic and inorganic waste. The organic waste is processed into fertilizer, which will be used for the farming activity while the inorganic waste is sold as additional income for the village.

In general, the three forms of innovation in Pujon Kidul Village namely the tourism activity, PAMDes and Integrated Waste Management Place are



then managed in Village Owned Enterprises (BUMDes). Besides functioning to administer the tourism development and to manage the PAMDes as well as the Integrated Waste Management Place, the Village Owned Enterprises (VOE) is directed to professionally conduct a management system of various forms of village innovation. Through the principle of professionalism, the VOE is expected not only able to gain economic revenue or profit, but also capable to provide goods or service that really meet the needs of the residents in the village.

## **B.2. Innovation Process**

Innovation process is an important part in establishing innovation. According to Birkinshaw, Bouquet & Barsoux (2011), innovation consists of 5% idea and 95% real effort. Based on the statement, the innovation process can be understood as a long process. This process has also occurred in Pujon Village thus it now becomes one of the innovative villages in Indonesia. The success of innovation in Pujon Kidul Village began from a long process since Udi Hartoko was chosen as the village head.

Basically, the implementation of tourism development concept in Pujon Kidul derived from the initiative of the village head, Udi Hartoko, who is a former general manager in a hotel in Malang City. From his experience, he has mature concept and experience to encourage Pujon Kidul Village to become a tourism village. Udi Hartoko was even willing to give up his position and became a village head to embody his tourism village concept.

The process began in 2011, when there was an election of village head in Pujon Kidul. At that time, Udi ran for the village head even though he was still holding a position as a hotel's general manager. Tourism was the major vision that he conveyed during the campaign of the village head election. Through a democratic election mechanism, finally Udi was elected as the village head of Pujon Kidul, and at the same time he resigned from his position as a hotel's general manager.

The big vision of tourism carried by Udi Hartoko is inseparable from the phenomena that Pujon Kidul Village is only 20 minutes away from Batu Malang, the tourism city. At that time, Udi Hartoko was aware of a big opportunity from this condition to develop tourism. Although Pujon Kidul only had potentials in agriculture and husbandry sectors, he believed that branding and positioning steps could attract the tourists who were visiting Batu to visit Pujon Kidul Village. Udi Hartoko's thinking at that time was

in accordance with the explanation of Hesselbein, Goldsmith & Somerville (2002) that creativity as a basis for innovation can be started from problems or opportunities and in the case of Pujon Kidul, the opportunity to develop tourism is the starting point for the emergence of innovation.

The big idea of tourism development in Pujon Kidul was started by Udi Hartoko in 2012. At that time, he transformed a land with the use rights for a village head (bengkok) into Cafe Sawah. This initiative was a response to the phenomena of Cafe that was blooming and photography-based social media that was rising among the young people. Even with very limited capital, the tourists responded positively. Pujon Kidul village began to be known for the existence of Cafe Sawah.

The tourism development in Pujon Kidul was growing rapidly as the issue of Law No. 6 year 2014 concerning Villages. In 2015, the construction of tourism infrastructure, Cafe Sawah, obtained an enormous support from the availability of village fund. Cafe Sawah indeed required more attention on the infrastructure development aspect and it was eventually answered by the existence of village fund.

Along with the existence and growth of Cafe Sawah, the owners of farming land around Cafe Sawah were also interested in converting their land into tourism attraction, thus eventually emerged The Roudh 78, Rumah Budaya and other tourism attractions individually owned by the residents. Although they are owned and managed personally, the places hire local workforce from Pujon Kidul Village. In addition, 10% of the profit will be given to The Government of Pujon Kidul Village.

To maximize the effect and utilization of the village's potential, Udi Hartoko also initiated a concept of tourism village in educative tourism activities. The tourism activities in agriculture and husbandry are expected capable to improve the farmers' standard of living in Pujon Kidul. To support the tourism activities, improving the standard of living and even broader impact, Homestay concept has also been implemented by Udi.

Regarding the emergence of Homestay, the village government initially gathered the village residents to socialize the big vision of tourism in Pujon Kidul. They were given understanding that the tourism in Pujon Kidul would not improve and give significant effect if it was not supported by other activities. Based on this consideration, the village government then socialized the concept of homestay to the village community. Homestay would be operated by a cooperation mechanism.



The rate of every bedroom in the houses is IDR 150,000.00 and the owner of the homestay will get IDR 100,000.00. The rest IDR 50,000.00 will be distributed to the Homestay field coordinator for the homestay manager as well as the procurement and maintenance of homestay facilities including bed sheet, towel, electrical kettle, shelves, hanger, etc. This action is conducted to establish a clear standard for Homestays in Pujon Kidul Village. Recently there are 30 houses of the residents used for Homestays and 85% of them have met the standard set by the village government

In addition to the big vision in the tourism development sector, Udi Hartoko also makes integrated water management as his main development focus. This program was born from the inefficiency in using clean water by the residents. The behavior of unwisely using the clean water by the people in Pujon Kidul was worried to disrupt the availability of clean water supply at the future. The unwisely using the clean water was also due to the decentralized management of clean water by small community groups in Pujon Kidul Village.

Responding to the phenomena, in 2015 a deliberation with the community members was held. At that occasion, an explanation was delivered regarding the water supply as common interests that must be considered. The inefficiency of using the water will be the threat for water supplies at the future. From the deliberation, an agreement was reached regarding the piping program and integrated water management.

Another innovation is the Integrated Waste Management Place (IWMP). This innovation derived from the problem of improper behavior of the community in managing waste. Before the IWMP was established, the residents tended to dispose the household waste carelessly or even burnt and hoarded the garbage unwisely. The waste was dumped without being sorted.

Based on the phenomena, a deliberation was held and it was agreed that the waste will be managed and every family head will be collectively charged a monthly fee of IDR 3,000.00. Although the village government is almost get no economic profit, but this program has arisen along with the rapid growth of tourism in Pujon Kidul. Through IWMP, the tourism development in Pujon Kidul is expected to grow better due to the environmental hygiene.

Along with the issue of Law No. 6 Year 2014, the activities of tourism, the PAMDes and IWMP finally include in the authority of Village Owned

Enterprises in Pujon Kidul. Basically, there are six working fields of the Village Owned Enterprises in Pujon Kidul, namely Cafe Sawah, PAMDes, IWMP, Tourism Voucher, Farming and Banking. Regarded the activity, the tourism voucher is actually an inseparable part from Cafe Sawah. However, since the economic nominal income is quite large, the management is then separated from the activity of Cafe Sawah.

Every visitor at Cafe Sawah will get a voucher of IDR 8,000.00. The voucher include the parking fee of IDR 3,000.00 and another IDR 5,000.00 can be used to buy food or drink. This step is taken to improve the tourism transaction at Cafe Sawah.

Regarded the farming, the VOE gives a capital loan for the farmers. This effort is accompanied by banking management service delivered by the VOE. The VOE in Pujon Kidul cooperates with BNI Bank to provide loan service with low interest for the community. Besides, the community can also easily access the bank to invest or save their money. For every transaction at BNI Bank, the VOE in Pujon Kidul will get income at IDR 1,000.00 up to IDR 2,000.00.

### **B.3. The Innovation Effect**

Various innovations carried out by Pujon Kidul generally has significant economic effect especially for the employees of Cafe Sawah and the Homestay owners. Specifically, the existence of Cafe Sawah manages to press the number of urbanization especially the village youth. This effect arisen because the employees of Cafe Sawah get salary of IDR 1,200,000.00. This amount is still below the salary of Cafe's employees in Malang City at IDR 1,500,000.00. However, the employees of Cafe Sawah are reluctant to do urbanization and work in the cities. It does not need a particular educational certificate to work at Cafe Sawah, while to work at Cafes in Malang City, it needs at least Senior High School certificate.

The difference of IDR 300,000.00 between their salary and the salary of Cafe's employees in the cities is considered acceptable. With the salary difference, they still choose to work in the village for the location is near their home. The employees do not spend extra cost to reach their workplace. This condition effectively becomes the main reason why the young people in Pujon Kidul prefer to stay in their village.

The effect of standard of living improvement is also felt by the homestay owners. They now make managing homestays as their main income source.

Although they still work as a farmer, managing the homestay has effectively improved their standard of living. Referring to the interview and observation of the research team, the homestay owners on average obtain net monthly income at IDR 750,000.00 up to IDR 1,000,000.00.

In addition to economic effect for the community, the tourism activities in Pujon Kidul also contributes to the increasing of village's economic income. Referring to the data from official site of Pujon Kidul, [sie.pujonkidul.desa.id](http://sie.pujonkidul.desa.id), in 2018 Cafe Sawah has revenue as the following:

**Table 4.1.** Income of BUMDes (Village Owned Enterprises) in Pujon Kidul (January-October 2018)

Income Source	Amount	Unit
Cafe Sawah	788,106,410	IDR
PAMDes	1,000,000	IDR
Paid taxes	175,426,522	IDR
Tourism Voucher	219,494,000	IDR
Cafe's Visitors	120,945	person

The BUMDes revenue data sourced from the official site of Pujon Kidul Village are processed online and is real time. The information system on the site will automatically change the amount of revenue from various aspects of the VOE management immediately when the transactions occur. The Cafe Sawah cash register, PAMDes, Tourism Vouchers, etc. are integrated with the site [sie.pujonkidul.desa.id](http://sie.pujonkidul.desa.id).

The existence of PAMDes in Pujon Kidul Village also has a positive impact on the sustainability of clean water supply for the community. Through PAMDes-based, people in Pujon Kidul has use the water more efficiently. The subsidy on water management infrastructure also manages to open the access to clean water for the poor. Based on the calculations, all residents of Pujon Kidul Village will continue to obtain clean water supply for the next 40 years because the water management carried out is under the control by the PAMDes.

For the village government, the existence of PAMDes also add the PADes (Village Own-Source Revenue). The village government obtain an annual income about IDR 15,000,000.00 from the water management run by PAMDes. This income is then managed for repairing and expanding the infrastructure of clean water supply for the village community.

## **C. The Driving Factor of Village Innovation**

Various innovation arisen in Pujon Kidul Village are inseparable from various driving factors. Based on the result of study conducted by the research team, the existence of village fund or potentials are not the main factor of the innovation in Pujon Kidul. The driving factors of innovation in Pujon Kidul can be illustrated as the following

### **a) The Leadership (visionary, intellectual capital, experience, network)**

Hughes, Moore and Kataria (2011) explained that leadership is one of the main driving factors of innovation. This concept also takes place in innovation process in Pujon Kidul. Leadership is the main factor that supports the emergence of innovation in Pujon Kidul Village, especially related to tourism activity. Udi Hartoko, the village head is very welcoming the new ideas for the village development. Besides, the success of tourism development in Pujon Kidul is also supported by his visionary leadership. A clear target in each period of development results in a very progressive tourism development process. Innovations are always generated from this kind of leadership and the innovation form is not ended at Cafe Sawah, but continuous on to other innovations such as educational tourism, outbound and other attractions that can be enjoyed by the tourists.

The experience of Udi Hartoko in managing tourism sector gained when he was a hotel general manager also becomes a crucial leadership aspect in tourism development in Pujon Kidul. With a mature experience in tourism sector, Udi Hartoko succeeds in arranging applicable concept that can directly contribute to the tourism development in Pujon Kidul Village. Besides, his open nature also generates a leadership that focuses on creating good networking. Travel companies and other business actors associated with village tourism activities are always embraced by Udi Hartoko for the sake of significant rural tourism development.

## **b) The Institutions**

It cannot be denied that the existence of good institutional mechanism and operational can support the creation of innovation stages. After the issue of Law No. 6 of 2014 concerning Villages, Pujon Kidul has become increasingly innovative and developing. Pujon Kidul Village manages to initiate and run the VOE activities systematically because there is a clear legal umbrella. Besides, the existence of Village Fund from the mechanism of regulation on villages also led to a significant tourism development in Pujon Kidul Village in 2015. Infrastructure-based tourism development can be implemented well through budgeting from the village fund.

## **c) Community Participation**

Participation of community in Pujon Kidul is one of the important factors that drive the village innovation. Every new idea arisen by the village government is positively responded by the community. In every deliberation held by the village government, there is no resistant shown by the people in Pujon Kidul. Such a participatory society environment certainly will contribute positively in accelerating the innovation implementation in Pujon Kidul Village.

## **d) Geography**

In tourism-based innovation development, the geographical location and condition are the most important matters. Pujon Kidul manages to transform into a famous tourism village due to its good management as well as because it is located near the tourism center, Batu Malang City. The downtown of Batu City and Jatim Park are always crowded by the tourists. Those places are relatively close to Pujon Kidul area and this is beneficial for the effort of tourism development in Pujon Kidul. In addition to the strategic location, the natural view of Pujon Kidul that has beautiful farms and hills also becomes the main attractions for the tourists.

## **D. Analysis of The Production Process of Superior Products**

### **a) Cafe Sawah**

Cafe Sawah is an initial development idea that was established and carried out by the village government. This innovation emerged from the big vision that has made Pujon Kidul as a tourism village. Cafe Sawah has a website-based system that manage the Cafe financial system. The system built has been strongly supported the village tourism activities

on marketing and data recording aspects. Indirectly, the system can have positive implication towards the village financial governance.

Cafe Sawah is strongly oriented on the community empowerment activity where all the Cafe employees are the village's youth. These village's youth recruited by Cafe Sawah used to be unemployed, thus the existence of Cafe Sawah is expected to decrease the number of unemployment. The requirements to work at Cafe Sawah are relatively not burdensome. The main requirement is that they have permission from their parents. This action is taken by the village government to avoid bigger problem at the future and the resistance from the residents of Pujon Kidul upon the tourism activity.

Cafe Sawah employees earn a salary of IDR 1,200,000.00 per month and this amount does not include the lunch facility. The salary system was very positively responded by the village youth. They do not need to do urbanization to get a decent living. Specifically, they also do not need a particular certificate to be able to access a job and earn adequate salary.

For 2018, The Government of Pujon Kidul has set an income target of IDR 700,000,000.00 from the tourism activity at Cafe Sawah. The target is quite reasonable because during the first trimester in 2018, Cafe Sawah has earned IDR 400,000,000.00. The phenomena proves that Cafe Sawah can be successfully developed to be a sustainable tourism attraction.

## **b) Educative Tourism**

Regarded the development in tourism sector, there are several attraction besides Cafe Sawah. Tourism attractions, activities and supporting facilities that are also developed in Pujon Kidul are Farming and Husbandry Educative Tourism, Outbound, Tracking, Art and Culture, Culinary as well as Homestay. The Farming and Husbandry Educative Tourism is an activity initiated based on the village potentials. Farming activities such as planting and cropping as well as husbandry activities such as feeding and nursing the livestock are packaged into tourism activities that can be enjoyed by the tourists. Their tourism activities are not only expected to be entertaining but also can provide understanding and knowledge, especially for the young generation and children, most of whom come from urban areas.



Figure 4.4. Various Tourism Products and Service in Pujon Kidul

### c) The Roudh 78

The Roudh 78 is a tourist attraction that cannot be missed by tourists when visiting Pujon Kidul Village. The concept which that carrying the atmosphere of a cowboy is very interesting. The atmosphere is very impressive with its spacious desert complemented by houses similar to the American rural. The Roudh 78 belongs to individual, not the government, therefore the maintenance of the place is directly run by the business person. The Roudh 78 is located nearby Cafe Sawah, therefore the tourists do not have to walk far to visit this place. The view and atmosphere made back to the 70s generates particular impression for the tourist during their visit to the place.

### d) Homestay

Homestay accommodation facility provided by the village government through several SMEs. At the beginning, the homestays are established to support the main goal of the village of making Pujon Kidul as a tourism village. However, the homestays give increasingly significant economic effect for the local community. The homestay owners get profit from renting their houses to the tourists in Pujon Kidul.

The homestays are coordinated in community group and from the group arisen procedures, as well as basic rules and standard operating procedures (SOP). All homestays in the village have a standard that is adjusted and arranged by the group including room size, equipment, shelves and electric kettle, towels, and mattress covered with white bed sheet and a king sized blanket



Currently the houses converted into homestays in Pujon Kidul are about 30 and 80% of them has met the requirements set by the community group. Regarded to the income is arranged as follow:

- 1) For every rented room, the visitor is charged IDR 150,000.00
- 2) From the revenue, IDR 100,000.00 is given to the homestay owner and IDR 50,000.00 will be given to the homestay manager field coordinator.
- 3) From the IDR 50,000.00 the homestay management will provide equipment needed such as bed sheet, towels, electric kettle, shelve, hanger, etc. thus the owner does not have to bother to get the equipment that meets the standard.

### e) The Tourism Supporting Products

To support the tourism industry in Pujon Kidul, the local SMEs produce several products. Basically, the livelihood of the community is raising cattle and farming, therefore the products are made of milk, rice, corn, potato, chili, fruits, and secondary crop (*palawija*). Most of the SMEs products are snacks with basic ingredients are local commodities of Pujon Kidul. Some superior snack products in Pujon Kidul Village are Carang Mas, milk stick, milk crackers, yogurt, milk candy, ginger powder and turmeric powder.

The idea was derived from questions like, "when the tourists come, what can they bring back home later? or what typical souvenirs can be brought by the tourists?" From theses questions, the community initiated to make distinctive snack products that can be souvenirs from the village.



Figure 4.5. Products of SMEs

## E. Conclusion

Based on the discussion on the previous sections, obtained several important learning from innovation dynamic carried out by Pujon Kidul Village. The main driving factor of innovation in Pujon Kidul is the leadership of the village head. Udi Hartoko as a former hotel general manager has a mature concept about the tourism development. Based on the information, it can be concluded that the leadership accompanied by experiencing and clear concept will be important for innovation effort in a village.

In addition to experienced and conceptual leadership, open leadership is a leader's nature that needs to be developed to establish the village innovation. Although has experience in tourism that is much more than the people of Pujon Kidul, Udi Hartoko is still welcoming new ideas from any parties. This nature can be seen from deliberation or aspiration nets that is always carried out by the village government.

The deliberation steps is also taken to explain that collaborative leadership is also a concern in developing the village innovation aspects. The government cannot deliver and implement the ideas without being supported by the people. The collaborative leadership is important in raising commitment from the community on innovation. Through the collaboration step, the community will also be trained to develop, support as well as implement new ideas.

The next learning from Pujon Kidul is funding aspect as the driving factor of village innovation. In this village autonomy era, Pujon Kidul actually does not put the Village Fund as the most important factor in initiating the innovation they are conducting. The Village Fund is required for the innovation development, however the innovation is arising mostly because of the open and visionary leadership as well as the community participation factor.

The illustration about the Village Fund contribution should be a learning point for other villages in Indonesia that concern about innovation development. The existence of Village Fund should be interpreted as a stimulus not the main factor of innovation requirements. The clear, basic concept as well as direct initiation is more needed to start innovation rather than a large number of funding.

In addition to contribution of various factors in innovation, through the research in Pujon Kidul, it can be concluded that the village innovation,

especially in tourism sector will give positive effect on the improvement of the community economy. The further impact of improving the community economy is preventing urbanization. The tourism innovation in Pujon Kidul has proven capable to solve the problem of urbanization that always be a big issue of villages in Indonesia. Job opportunity through more flexible recruitment system as well as better salary become the two main factor that can avoid the productive aged community to move to cities to get a job.

This learning means that at present the productive aged population needs to develop their village. In this regional autonomy era, the village does not only function as the center of government. The village has become the center of innovation and economy because currently sustainable development starts at the local level. From the case of Pujon Kidul it can also be understood that the opportunity to make the village as economic center is increasingly open with the support of infrastructure improvements and the development of information technology.

A person wearing a traditional conical hat is shown from the back, looking at a smartphone. The background is a blurred rural village with traditional houses and trees, all under a blue tint.

# CHAPTER V

**BUILDING THE POWER OF VILLAGE ECONOMY  
BASED ON LOCAL POTENTIALS**

# CHAPTER V

## BUILDING THE POWER OF VILLAGE ECONOMY BASED ON LOCAL POTENTIALS

### BORU KEDANG VILLAGE, WULANGGITANG SUB-DISTRICT, EAST FLORES REGENCY - NTT

Pius Sugeng Prasetyo<sup>a</sup>, Theresia Gunawan<sup>b</sup>, Daniel Hermawan<sup>c</sup>

#### A. General Description of Boru Kedang Village

Boru Kedang Village is one of the villages located in Wulanggitang District, East Flores Regency; East Nusa Tenggara Province. This village is one of eleven villages in Wulanggitang sub-district. The plantation and agricultural areas have given a particular nuance to this village. It can be seen that the plantation is dominated by coffee and mainly candlenut which eventually becomes one of the mainstay plantation product.

The natural condition, especially related to the plantations in this village, has encourage the local government to make Boru Kedang Village as a tourism destination through the comcept of developing The Community Forest into tourism attraction.<sup>57</sup> There are many attractive spots in this village. In addition the famous Wair Poar, there are five other waterfalls each of which has its own particular uniqueness. There are *nuba nara* and custom house. The waterfalls, *nuba nara*, and the custom house exist within the area of Community Forest. Geographically, Boru Kedang Village borders with several villages. On the north: Desa Boru, East: Desa Hewa, South: Desa Ojan and West: with Sikka Regency.

---

<sup>a</sup> Lecturer in Public Administration Studies Program, Parahyangan Catholic University, Bandung

<sup>b c</sup> Lecturer in Business Administration Study Program, Parahyangan Catholic University, Bandung

<sup>57</sup> Make Boru Kedang Paradise Forest of Wulanggitang, balinewsnetwork, com, December 5, 2017



The natural potential, especially the forest and its beauty, eventually encourage the efforts to make the potentials as a capital to develop Boru Kedang Village as a tourism destination. Indeed, there has not been a clear road map of Boru Kedang Village heading to a tourism village. On the other hand, the potentials in the forest have been developed into the sources of village economy strength. One of them that will be explained is the spring that is used and processed into bottled water which then becomes the mainstay product of Boru Kedang Village.



Figure 5.1. Map of Wulang Gitang Sub-District

This observation/research basically aims to illustrate the initiative and innovation conducted by the government and society of Boru Kedang Village in supporting and strengthening the village economy that can ensure the village sustainability and improvement.



Figure 5.2. The Village Head Office of Boru Kedang

## B. Building and Developing the Village Economy Potential

The steps taken by the government and the people of Boru Kedang village in building the village economic strength are carried out in various ways by paying attention to the existence of the potential resources of either the human, non-human or institutional aspects that have been existed or created. All aspects are seen as very closely integrated or interrelated. In the following section, the flow of economic potential development begins with institutional exploration.

Organizationally, Boru Kedang Village has several organizations engaged in the local economy:

- 1) Village- Owned Enterprise (VOE) Boru Kedang
- 2) Multi-Purposed Cooperative (Koperasi Serba Usaha - KSU) Jantan
- 3) Joint VOE at sub-district level (has not operated at present)

### B.1. Village Owned Enterprise “Tanah Bojang”

One of the steps suggested by the government in supporting and developing economic life in rural areas is by establishing a Village-Owned Business Enterprise (VOE). It is well realized that the main objective of government policy is not merely the establishment of VOE, but rather



that these to encourage and ensure the sustainability of various economic activities of rural communities. Boru Kedang Village has four types of business, namely:

- 1) Village Credit Union (“Anggur Merah” and “Gerbang Emas”)
- 2) Tourism sector, weaving culture and training in weaving fabrics
- 3) Gallon Drinking Water (Boru Kedang Citra Mandiri (BCM)
- 4) Agricultural sector in providing chemical and organic fertilizers

### **B.1.1. Community Credit**

This credit activities began in 2013. Community credit is capitalized by the government through the Community Economic Building and Development Program - “Gerbang Emas” and the Development Budget for Prosperous (Anggaran Pembangunan Untuk Rakyat Menuju Sejahtera) - “Anggur Merah” of IDR 250 million each for savings and loans. This activities were certainly welcomed enthusiastically by the residents of Boru Kedang Village and many residents took the advantage of these activities. According to the Village Head, there have been 100 (one hundred) more villagers who are members of this village credit business. Unfortunately, the use of credit accessed by the public still does not meet capital requirements for productive businesses. Many people use these loans for consumptive purposes, resulting in a lot of bad credit. However, this village credit business has revenue of about IDR 600,000.00 (six hundred million) therefore it indicates that there is an increase in the village economic business through the credit activities. This action is also meaningful in improving the economic welfare of the villagers. How far the economic increase of the villagers of Boru Kedang has not actually been ascertained yet. However, the increasing revenue demonstrates that the credit activity contribute to the village economy.

Based on the facts that the credit is used for buying consumptive goods and there are some bad loans, it seems necessary to take educational steps for the community and special attention especially in using any capital of any amount. Credits only for the consumptive purpose will eventually be a burden for the people because the loan is not used for activities that generate economic and productive effects. Therefore, a kind of counseling or short training is needed for the villagers who make loans, especially from institutions such as cooperatives. Thus the credit business for this community can continuously provide benefits for improving the welfare of villagers in a sustainable manner.

## B.1.2. The Potentials of Tourism Village

Boru Kedang Village has been famous for its natural beauty. This then fostered a determination for the village residents and officials to develop this place into a tourist village. The desire to establish a tourist village is also supported by the local government, especially the government of Wulanggintang District, by confirming that Boru Kedang Village is designated as a potential area to be developed into a tourism area. This determination is certainly based on natural sources in Boru Kedang Village that are highly supported the development of the village tourism area as Boru Kedang Village is dominated by plantations and forest covering its hilly area, and the existence waterfalls that will be attractive to the tourists.



**Figure 5.3.** The Potential of Wair Poar Waterfall - Boru Kedang Village

**photo source:** Vox NT

According to the Village Head, there was a plan to develop a concept of ecotourism in the village. The realization would involve a cooperation on Boru Kedang Village with the Forest Service and the Tourism Service of East Flores Regency. The tourism concept expected is that the development of Boru Kedang as a tourism village will be along with uplifting the coffee product that can be the icon of the village. The mountainous nature of Boru Kedang strongly supports the dream realization of being a tourism village with distinctive coffee drink that can be enjoyed among the mountainous nature.

The development of tourism sector is conducted by delivering training to enhance the community capacity. The training is held in a place named “Rumah Belajar Kreatif” (House of Creative Learning). Skills trained are weaving bamboo and weaving yarn into tenun ikat (tie weaving). The training is given by residents who have been capable of making tenun ikat. Therefore, exists the mutual learning process of the villagers. This training has given positive impact to the increasing of the villagers’ economy. It is indicated by the received orders of tenun ikat, some of which are even come from outside the region, especially from Jakarta.



**Figure 5.4.** A Contest of Weaving Bamboo – photo source Hengky Ola 2017

In addition to continuously improving the handicraft products, another effort to develop the tourism potential in Boru Kedang Village is by organizing cultural festives where various cultural performances are showed, whether the traditional dance, ritual, and various distinctive handicraft products from Boru Kedang Village.

The idea to establish the Tourism Village certainly needs to be supported by various facilities that should at least available. Physically, it seems that this village still requires more construction of facilities and infrastructures to support the establishment of the tourism village. For

example, improving the quality of streets to several tourism destinations in this village. By improving this infrastructure, it will be easier for the tourists to access the tourism attractions such as waterfalls. On the other hand, the people should be ready and adapt to the openness as a consequence to be the tourism village as desired. There may be social changes introduced by the visits of various parties

### **B.1.3. Drinking Water Treatment**

As the natural wealth owned by Boru Kedang Village, in addition to the plantations and forestry, this village also has other natural potentials, the springs. Referring to the information Boro Kedang Village has 6 (six) springs that can be drinking water source for the villagers. All the people have usually taken and consumed the water from the springs freely. There has been no effort to create a management system for the drinking water that is conducted in commercial way for the villagers. However, along with the development and knowledge gained, Boru Kedang Village then takes a step regarding the management of drinking water taken from the available spring potentials. This step can also be considered as an innovation in economic dimension, for the natural potential will be managed to earn economic benefit for the villagers, as well as to increase the villagers' prosperous especially in consuming clean drinking water. The idea was originated from the Village Head's awareness upon the plenty spring sources in Boru Kedang Village. The clear and pure water inspired the village head to produce bottled drinking water. The idea was supported by the villagers who were willing to run the idea by limited payment. This drinking water samples were sent to a standard testing agency, standard drinking water laboratory at ITS Surabaya and it resulted that the village production water had quality above the SNI (Indonesia National Standard).

Innovation step taken is conducting business in gallon bottled water that was started in 2017 under the brand of Boru Kedang Citra Mandiri – BCM that has been able to get monthly income of IDR 6 -8 million. The VOE of Boru Kedang can daily produce 30 gallon bottled water. Each gallon costs IDR 5,000.00 if the villagers pick it up directly to the water treatment place. It costs IDR 6,000.00/gallon if it is delivered to the villager's house in Boru Kedang Village, and IDR 7,000.00 if it is sent to outside the area of Boru Kedang Village. The gallons are sold at KSU Jantang. Actually BCM has a potential to produce 200 gallons per day, but the capacity is still limited at 38 gallons. If BCM wants to absorb the maximum production capacity, it needs 1,200 gallons that cost IDR 80,000 each.

By giving the product name using “Boru Kedang” village, basically confirms the desire of local wisdom uplifted through the drinking water product. Local wisdom derived from the word wisdom and local. Therefore local wisdom can simply be understood as local notions that has the nature of wisdom, good values that are embedded and followed by its people. It certainly gives psychological effect especially to increase the pride of the residents that Boru Kedang Village is able to generate product that can meet the needs of its community and the residents of other villages.

Information was also obtained regarding the building assets of IDR 130 million, filter equipment of IDR 80 million, pick-up cars of IDR 140 million, where funding came from village funds. In managing this drinking water business, the village actually received an offer to cooperate with external parties, in this case PT. Aquamore. However, this cooperation offer was not carried out because of a fear that it would eliminate the identity of local branding. This step becomes a good thing when the village can determine its identity and ability to establish its independence. A cooperation must certainly be seen as a strategic step in growing and developing the rural potentials. The principle of cooperation must avoid efforts to marginalize one of the parties involved in the collaboration. Cooperation should indeed hold firmly to the principle of mutual development and benefit of all parties incorporated in a partnership.



**Figure 5.5.** Drinking water treatment installation from springs in Boru Kedang village





Figure 5.6. Gallon Bottled Water of Boru Kedang Citra Mandiri

To maintain water quality, the village cooperates with external parties, especially university, namely ITS Surabaya. This cooperation is very important, considering that the product is a consumed product that needs to be ensured for its health aspect. Thus the cooperation with the university will guarantee the credibility or public trust towards the product.

Kepada Yth:  
BUM DESA BORU KEDANG NTT  
Di Tempat

LAPORAN ANALISIS  
Subyek : Air Sumber Mula Air

No. 087/17/EDUK/REK/2016  
Tanggal: 22 Oktober 2016  
Metode:  
Ditulis Oleh: Falaq X

Tanggal diterima sampel: 16 Des 2016

No	Parameter Uji	Satuan	Syarat Air Minum No.492/Menkes/Per/11/2010	Hasil/Analisa Air Sumur Bor	Metode
A	Fisika	-	-	-	-
1	Bau	-	-	Tak berbau	Organoleptik
2	Dissolved Solid	mg/l	500	65	Gravimetri
3	Kekeruhan	mg/l	5	0.12	Turbidimetri
4	Rasa	-	-	Tak berasa	Organoleptik
5	Suhu	°C	Suhu udara	30	Termometri
6	Warna	Skala PtCo	15	0	Spektrofotometri
B	Kimia	-	-	-	-
7	pH	-	6,5 – 8,5	7,34	pH metri
8	Air Raksa (Hg)	mg/l	0,001	<0,001	AAS
9	Aluminium (Al)	mg/l	0,2	<0,02	AAS
10	Arsen (As)	mg/l	0,01	<0,001	AAS
11	Besi (Fe)	mg/l	0,3	0,08	AAS
12	Boron (B)	mg/l	0,5	<0,01	Spektrofotometri
13	Barium (Ba)	mg/l	0,7	<0,01	AAS
14	Fluorida (F)	mg/l	1,5	<0,005	Spektrofotometri
15	Kadmium (Cd)	mg/l	0,003	<0,001	AAS
16	Kalsium (CaCO <sub>3</sub> )	mg/l	500	66	Titrimetri
17	Klorida (Cl <sup>-</sup> )	mg/l	250	14	Argentometri
18	Krom (Cr <sup>6+</sup> )	mg/l	0,05	<0,005	Spektrofotometri
19	Mangan (Mn)	mg/l	0,4	<0,01	AAS
20	Natrium (Na)	mg/l	200	8	Flamefotometri
21	Nikel (Ni)	mg/l	0,07	0,00	AAS
22	Nitrat (NO <sub>3</sub> -N)	mg/l	50	0,04	Spektrofotometri
23	Nitrit (NO <sub>2</sub> -N)	mg/l	3	<0,005	Spektrofotometri

Figure 5.7. The test result of the drinking water conducted by ITS

The gallon water is marketed in three sub-district and nearby villages. The marketing form is by building good relationship with the residents of Boru Kedang and other villages by distributing clean water in a very low price that is IDR 1 million per dim, if the villages buy the gallon water from BCM.

### B.1.4. Subsidized Fertilizer Retailer

Most of the residents of Boru Kedang Village are basically farmers and managing plantations. Therefore, it is not surprising that fertilizer is the main need that has to be available, especially for the farmers. Similar to the farmers in other villages. They usually buy fertilizer at prices that are very different from the original price, in this case the price of fertilizer that has been subsidized by the government. Thus, the Village Head of Boru Kedang gives a great effort to get access to the party that has a direct authority in selling fertilizer with subsidized price. At present, the Village Head of Boru Kedang has succeeded in negotiating and getting trust to distribute fertilizer with same price as the subsidized price. It certainly gives positive impact to the farmers to enhance their harvest for they can obtain sufficient fertilizer with the price that has been set by the government, and furthermore, there is no more price game by the distributors or retailers who used to take a large profit.

The VOE serves as a retailer for subsidized fertilizer to three sub-districts in Flores, namely Wulanggintang, Ilebura and Titehena. The fertilizer that is succeeded to be commercialized is chemical fertilizer, i.e. NPK and Urea. The fertilizer is supplied from PT. Pupuk Kaltim and for selling the fertilizer, the VOE takes a very small amount of profit, IDR 50/kg for Urea and IDR 75/kg for NPK.

JENIS PUPUK	PER Kg	PER KARUNG
• UREA	Rp. 1.800,-	Rp. 90.000,-
• ZA	Rp. 1.400,-	Rp. 70.000,-
• SP-36	Rp. 2.000,-	Rp. 100.000,-
• NPK PHONSKA	Rp. 2.300,-	Rp. 115.000,-
• PETROGANIK	Rp. 500,-	Rp. 20.000,-

Harga Eceran Tertinggi (HET) pupuk bersubsidi sebagaimana dimaksud berlaku untuk pembelian oleh petani, pekebun, peternak, pembudidaya ikan dan/atau udang di Penyalur Lini IV (Kios Resmi PT Petrokimia Gresik) secara tunai dan diambil sendiri dalam kemasan sebagai berikut :  
 UREA = 50 kg ; ZA = 50 kg ; SP-36 = 50 kg ; PHONSKA = 50 kg ; Petroganik = 40 kg

Figure 5.8. Retail Price of Subsidized Fertilizers



The VOE sells the product in a very low price due to the mission to improve the welfare of the farmers by giving opportunity to access subsidized fertilizer. As a comparison, the non-subsidized price of Urea is IDR 150,000.00/sack, while the subsidized price is only IDR 90,000.00. The Non-subsidized price of NPK is IDR 180,000.00 while the subsidized price is IDR 115,000.00. The types of fertilizer sold are indeed mostly used by the farmers, especially for the paddy, but the VOE also sells other types of non-subsidized fertilizer.

Besides the chemical fertilizer, the VOE is also working on making the organic fertilizer. To produce the organic fertilizer, the VOE collaborates with Oxfam and IPB Bogor. The residents are trained to make compos/organic fertilizer from cow dung. The long-term plan is that the organic fertilizer made by the villagers will be sold under the brand of IPB for IPB has been acknowledged nationally and has good reputation. Besides, IPB has also assisted in laboratory testing of the organic fertilizer made of cow dung. The VOE has a relation with external party, PT. Kaltim, directly without the third party.



Figure 5.9. A Poster of Non-Subsidized Fertilizer

From several economic businesses conducted by the government and the people of Boru Kedang Village show that both the people and the village government apparatus has a strong determination as well as real action to enhance and develop the potentials both the human and nature to raise the villagers' welfare. They have the awareness and eventually encourages the

creative idea to do something upon the endowment of human and natural potentials in their village. They do not let the potential in their village alone without giving effort in processing into more productive results. The steps taken indeed require a sharp thinking and ability to predict the results and consequence when the real and concrete actions are executed.

### **B.1.5. The Development of village potential through village institutions**

An action derived from an idea can be seen when the potential of springs is developed into one of activity sources that affects the village economic social life. The action to process the water from springs is basically an action that merely aiming to the economic interest, that is getting the financial profit. This action has caused a rolling impact on various aspects whether in terms of health, environmental sustainability, including institutionalization.

With the management of springs into processed drinking water, the society can access drinking water that is guaranteed for its health because the water is processed using system that can ensure the level of hygiene. Therefore, the society can ensure the health when they are consuming the drinking water product. Form the environmental aspect shows that the springs managed by the village will ensure the environmental preservation. In this case, the responsibility principle towards the exploitation and exploration of the natural sources is the VOE as the management. It will be different if the individuals can access the springs, then it will threaten the preservation of nature or it will occur the environmental damage because every resident will make their own channel, for example using water hoses from the springs to their houses.

The institutional aspect should be given a significant note relating to the water treatment and business management of the drinking water. It demonstrates that Boru Kedang Village running its production and business professionally. They do not merely think about meeting the need of drinking water for the people of Boru Kedang Village, but also conduct a marketing outside the village, to sub-districts in East Flores. They build their supply network widely to get economic profit and assurance of the sustainable economic business in the village. This step highly demand entrepreneurship skills from the business administrators. It means that some people in Boru Kedang village indeed have credibility in managing these economic activities.

One of the most reliable people in supporting the management of the gallon drinking water is the Village Head, Don Boruk. This person is a pioneer and mostly reliable for his ability in leading. The interview with this Village Head demonstrates his managerial ability. In addition to his capability in leading public organization at a village level, he also has experience in managing economic business unit, in this case is a cooperative named Koperasi Jantan. This cooperative does not belong to Boru Kedang Village, but it has a wide working and serving area and is located in Wulanggitang Sub-District. Even though this cooperative does not belong to Boru Kedang Village, but its role largely contributes to encourage the village economic development. Therefore this cooperative will be discussed in a particular paragraph.

## **B.2. The Support for the Village Economic Development Supporting Network**

The local economic development as conducted in villages cannot be separated from the role of other parties, in this case are institution outside the village. As being practised by Boru Kedang Village that the economic business is basically highly supported by the existence of cooperative and non-governmental institution. It also confirms that the development can never be carried out alone, considering various limitation relating to the issues of either human resources or non-human resources. On the following part, will be described the two institutions, namely cooperative and non-governmental institution.

### **B.2.1. Multi-Purpose Cooperative of the Farmer Network (KSU Jantan)**

Cooperative established outside the Boru Kedang Village has a highly significant role in encouraging the improvement of economic activity in the village. The cooperative named KSU (an acronym of Koperasi Serba Usaha/ Multi-Purpose Cooperative) Jantan was begun as an association (Jantan Association) that was declared on May 12th 2007 in Nawakote Village, Wulanggitang Sub-District whose working focus was more about the advocacy of the people's rights (forest, land, water). The notion, idea to establish KSU Jantan had actually been existed since 2002.

KSU JANTAN is an acronym of Koperasi Serba Usaha Jaringan Petani (Multi-Purpose Cooperative of the Farmer Network) Wulanggitang. The word Wulanggitang in this context means "new moon" that always gives

new hopes. In new moon (Wulang Gitang), the farmers believe to get higher income due to the low tide (easier to get sea produces) and the bee honey in the forest can be harvested, and for the plantation matters, during Wulan Gitang people can “read” good or bad period for the farmer’s life during the following season cycle; and for the life cycle of Jantan organization, Wulan Gitang can be understood as new spirit, as well as new obsession heading to a more promising future.

KSU Jantan is based on the spirit of local wisdom that a distinctive characteristic of Lamaholot society is “being together” that is “Epu Boit Gelekat Gewayan’ which literary means “unite to help each other” and “Baun Basa Koda Kirin” which means “sit down, talk and decide together”. This declaration model of Lamaholot is always be the spirit in moving any organizational wheels in Lamaholot land and one of the very real is the cooperative institution. These principles are also among of the considered matters that inspired the initiators who finally agreed to convert the association into cooperative form.

#### **Slogan of**

**KSU Jantan** : “ Epu Boit Gelekat Gewayan : Unity to help each other”

**VISION** : The Existence of Male and Female farmer members who are prosperous, impartial, independent and sustainable in the spirit of kinship and mutual cooperation”

**MISSION** : - Improving the human resources quality of farmer members

- Strengthening the bargaining position of farmers against the market through the development of a joint marketing business
- Increase the access of farmer members to the needs of agricultural production facilities through the development of JANTAN MART`
- Increasing the farmer members’ access to financial resources (capital) for farming development activity through the development of farm savings
- Increase woman entrepreneurship through the development of business-oriented activities.

KSU Jantan is a cooperative working in joint commodity marketing for products like cocoa, cashew nut, candlenut, and copra. The cooperative was established with a funding assistance from an NGO in farm sector, Veco Indonesia which is now more well-known as Rikolto Veco. This cooperative

was established in 2012 and that time it already had members of about 1,000 farmers. The revenue of Jantan Cooperative now reaches 300 million with monthly profit at 25 million. Besides Rikolto, there is an assistance from PT. Mars Makassar in cacao cultivation.

The impact of the cooperative existence on the society, especially in Boru Kedang Village, is the increasing knowledge of the people on farming management. The farmers gain information related to prices on the market since they sell their product to KSU Jantan that has set a particular standard, therefore it can meet the standard of PT. Mayora, thus the farmers always maintain their cocoa quality. The qualified cocoa results in the increasing of selling prices at the farmer level. With the relation exists between Jantan Cooperative and PT. Mayora, the people of Boru Kedang Village also indirectly have a network with the company, but can get direct positive impact especially relating to the information access regarding the price information of agricultural products. Therefore, the farmers get a high benefit from the indirect networking.

KSU Jantan is located in Hokeng Village. Particularly for NTT area, the term cooperative is still positively responded by the society that is demonstrated by the high trust upon the cooperative. The agricultural product marketed by KSU Jantan accommodated by PT. Mayora. KSU Jantan also has two vehicles to transport the commodity products to Maumere.

The dynamics of economic life in Boru Kedang village are supported not only by the existence and role of the Jantan Cooperative, but also by the support of the village economy originating from Regional-Own Revenue. One of the steps taken by Boru Kedang Village is to use part of the Regional-Own Revenue allocated for education funding. The impact of Regional-Own Revenue on the living conditions of the community is the increasing education of the young generation towards higher education. The village government has provided scholarships to 20 students during three consecutive years (2015, 2016, 2017). The amount of funds allocated for higher education is IDR 100 million per year.

The scholarship program has successfully graduated 15 undergraduate students and one graduate student. The village government has a program to improve higher education in the community with the target of one bachelor in one family. In addition to scholarships for students, the village government also allocated funds for Preschool and kindergarten. The funds provided for the Preschool and kindergarten are allocated to free all Preschool students from tuition fees.

To cover operational costs and teacher salaries that should be funded by school fees are borne entirely by the village government. The funding allocation for school fees is IDR 60 million, while to finance the subsidy for teacher salaries, the village government allocated funds of IDR 36 million.

As a compensation for the free school fees provided by the village government, the student's parents must contribute in preparing nutritious food for their children who attend the preschool. The preschools require each student to bring meals and eat together at school (the parents are expected to prepare nutritious meals, to reduce the number of stunting in Wulanggitang).

The village government also has a vision for the health sector. To improve health in the village, the government allocates annual funds of IDR 60 million - IDR 80 million to finance health workers (nurses and nutritionists, medicines, health programs for pregnant women, the elderly, community assistance, and intergrated health post for fathers). The interesting thing from the integrated health post for fathers is that the fathers are required to take their children to the health post.

The integrated health post only accepts children and mothers who are accompanied by their fathers. Besides, the fathers are also given training and understanding about health in family. This activity is conducted every even month (February, April, June, etc.). The improving knowledge and awareness of the fathers on the health aspect result in the increasing number of Family Planning participants and the population growth rate is more controllable because people begin to feel ashamed if they have more child at the age of 40.

The program of integrated health post for fathers is appreciated by participants of a village forum in Jakarta. The village fund also supports the practice of customary ceremonies that is seen as an effort to preserve local wisdom. For example, the rites to call for rain, ceremonies of goat or pig slaughter, the village government supports the execution of the customary ceremonies thus the people can recognise and love the local custom. The fund allocated for the customary institution is IDR 15 million to buy the qurban animals and IDR 5 million for each customary institution.

To support the development of technology information in the village, the government also installs infrastructure to access the internet that annually takes IDR 30 million. The use of the internet so far is merely to send and receive emails and WhatsApp Group. The use of internet should be improved and more optimal.



## B.2.2. The Joint Village Own Enterprise - BUMDes Bersama

The joint Village Own Enterprise in Wulanggitang Sub-District is a result of collaboration agreement of 11 villages. The background of the establishment of the Joint VOE is the sub-district government's desire to form a concept of joint marketing, especially in candlenut marketing. There were usually price game for candlenut products in the villages by the *pengepul* (people who buy the agricultural produces in bulk, usually in low price) and *pengijon* (people who lend money to the farmers before the harvesting season and the farmers must pay the loan using their crops produces that usually priced very low).

The traditional process of candlenut generally takes a lot of time and energy. Considering that candlenut is the dominant potential in the villages, where there was a problem in marketing the abundant candlenut produce in the 11 villages, thus emerged a notion to establish a joint VOE (BUMDes Bersama) by sending a proposal for a funding assistance to the Ministry of Village to obtain candlenut cracking machine.

The candlenut cracking machine had been arrived and placed in Boru Kedang Village, occupying a land granted from the property owned by the village head. Boru Kedang Village was chosen as the place to operate the candlenut cracking machine because the permission of Community Managed Forest was only owned by Boru Kedang Village.



**Figure 5.10.** A building where The Candlenut Cracking Machine is placed

The first follow-up after the machine installation was to try the heating machine. From the trial, a problem found is insufficient electrical power to run the machine. The available electrical power at the processing place was 1300 watt, while to run the machine needs 5,000 watt. The operational constraint besides the electrical power is the initial capital of IDR 3 million per year that should be provided by each village.



**Figure 5.11.** The Candlenut Cracking Machine

Up to present time, the collaboration form of 11 villages relating to the operation of the candlenut cracking machine is still on progress to generate the best benefits for the 11 villages. Another constraint that has been previously predicted is regarding the marketing, whether it will be marketed through the *pengepul* or *pengijon*. Another marketing alternative is through Jantan Cooperative and the capital problem can be minimized by sharing profit cooperation with the saving and loan cooperative.



**Figure 5.12.** Pecan Seeds

At the first stage of the BUMDes Bersama indeed arose institutional issues that basically will highly affect the sustainability of a program that later on will be largely determined by the established institutional model. Institutions in question can be top down or bottom up. In the case of village economic development, it turned out that it dealt with an institutional clash created from the central government and the local community, in this case is regarding the development of candlenut seed production which is a huge potential in the villages in Wulanggitang District.

On one side, the community has already had Jantan Cooperative (an accommodation of business activities in villages in Wulanggitang Sub-District). On the other hand, the sub-district government encourages the use of BUMDes Bersama. The institutional format should be adjusted with the local content (the wisdom and activities that has been established at local level), therefore the institutional format or naming does not have to follow the uniform pattern set by the sub-district government.

### **B.2.3. Ayu Tani Foundation**

Another external institution, outside Boru Kedang Village, that has a significant role the economic life development in Wulanggitang Sub-District, especially Boru Kedang Village is an NGO Ayu Tani. This institution is a local NGO established in 1990 that works in empowerment and reinforcement

of the farmers and works to strengthen the VOE in farming sector. For the funding, Ayu Tani cooperates with international NGOs, such as Rikolto Veco, Oxfam, Bogor KRKP, Burung Indonesia, and CEPM United State. As an NGO engaged in agriculture, Ayu Tani delivers training in aspects of agricultural technique, but has not touched the agricultural entrepreneurship.



Figure 5.13. The Building of Ayu Tani Foundation



Figure 5.14. A Dialog with the Hed of Ayu Tani Foundation

Ayu Tani is a partner of Boru Kedang VOE in providing analysis and recommendation in agricultural sector. One of the analysis provided by



Ayu Tani that has been implemented in the VOE is the need of fertilizer in increasing the agricultural productivity. Previously, the community had planted the paddy and cashew without using fertilizer at all, therefore the products were considered having a low quality.

To meet the need of fertilizer as an effort to improve the farmer productivity, Ayu Tani suggested the VOE to build a cooperation with PT. Kaltim that engaged in chemical fertilizer. The form of cooperation initiated between BUMDes Boru Kedang and PT. Pupuk Kaltim is providing a retail license to Boru Kedang BUMDes to distribute subsidized fertilizer in the Wulanggitang District area. In addition to contributing in developing the economy in Boru Kedang village, this NGO has also played a major role in empowering the Jantan cooperative where the cooperative is also a network for the economic life development in Boru Kedang Village.



Figure 5.15. The Building of KSU Jantan

Therefore, it has been frequently said that KSU Jantan is the result of NGO Ayu Tani that was established in 1990 and the establishment preparation was started in 2007 – 2010. It was inaugurated in 2013. Engaged in agricultural commodity, such as cocoa, cashew nut, candlenut, copra, agricultural equipment, fertilizer, and is not engaged in saving and loan sector.

The price information is always delivered daily, thus the farmers can exactly know the price changes. Jantan Cooperative is basically a marketing estuary of agricultural products, therefore the farmers in Wulanggitang Sub-District, especially Boru Kedang Village can sell their agricultural produces, including the gallon drinking water. The challenge faced by Jantan Cooperative is from managerial aspect due to the limitation of managerial capability.

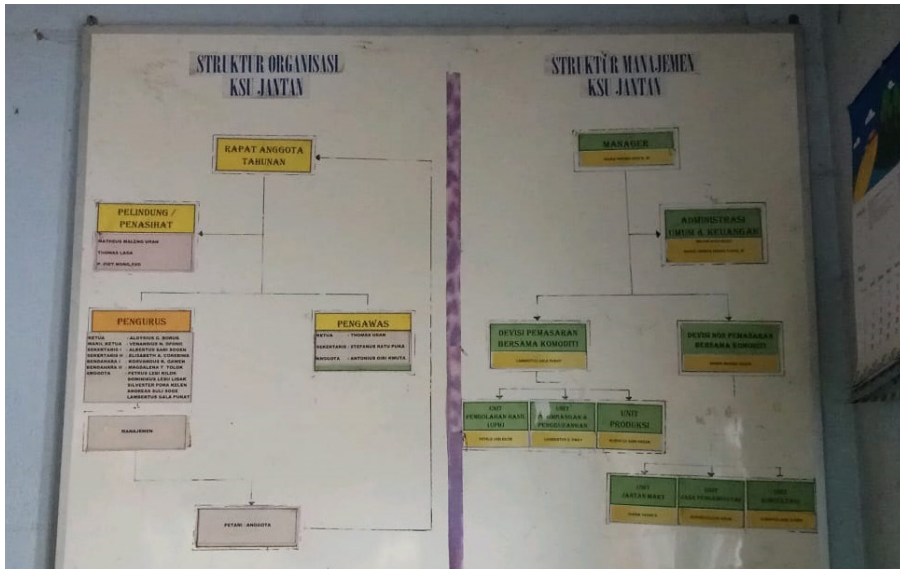


Figure 5.16. Organizational and Management Structures of KSU Jantan

Jantan Cooperative also engages a relation with religious local actors, in this case is the church (the Parish of Maria Ratu Semesta Alam Hokeng). The cooperation is demonstrated among which where the Parish (1) Accompanies, (2) rents a building at 3 million per year. The support from the established local institution becomes a strength for the community business unit.

The Parish allows the cocoa plantation area to be used as a practical laboratory for the administrators of Jantan Cooperative in empowering the technical capacity of the cooperatives administrators (how to sort, dry, process and assessing the quality of cocoa)

In addition, the church also gives support in the form of information dissemination about the existence and function of KSU Jantan among the church community. The Parish Priest also engages in escorting the establishment of Jantan Cooperative during its first times.



**KSU JANTAN**  
**DATA PEMBELIAN & PENJUALAN KAKAO**

PERIODE	KOMPOSISI BELI		KOMPOSISI PENJUALAN		RENDEMEN		HARGA SAAT UJIAN		NILAI JUAL			SLH PEGAMI		KEU
	GMF	FAQ	GMF	FAQ	GMF	FAQ	GMF	FAQ	GMF	FAQ	TOTAL	GMF	FAQ	
01/01/2019					1186		20.000		31.233.000	37.310.000				1.280
01/02/2019					1000.0		20.000		20.000.000	24.310.000				2.530.5
01/03/2019					1130.0		20.000		22.630.000	28.340.000				3.060.5
01/04/2019					691.0		20.000		13.820.000	13.820.000				4.637
01/05/2019					780.0		20.000		15.600.000	15.600.000				5.431.5
01/06/2019					691.0		20.000		13.820.000	13.820.000				6.051.5
01/07/2019					1161.0		24.000		27.864.000	34.560.000				6.734.5
01/08/2019					1480		33.000		48.864.000	63.870.000				7.004.5
01/09/2019					800.0		22.000		17.600.000	22.000.000				7.865
01/10/2019					1101		30.000		33.030.000	41.700.000				8.204
01/11/2019					1430.0		26.000		37.180.000	48.180.000				8.706.0
01/12/2019					630.0		20.000		12.600.000	12.600.000				9.348
02/01/2020					1.000		20.000		20.000.000	25.000.000				10.348
02/02/2020					677.0		20.000		13.540.000	13.540.000				11.026.0
02/03/2020					1297.0		20.000		25.940.000	32.940.000				11.673.0
02/04/2020					648		20.000		12.960.000	12.960.000				12.404
02/05/2020					950.0		20.000		19.000.000	23.900.000				13.206.0
02/06/2020					941.0		20.000		18.820.000	23.720.000				13.506.0
02/07/2020					76.0		20.000		1.520.000	1.520.000				14.000
02/08/2020					301		20.000		6.020.000	6.020.000				14.500
02/09/2020					7.0		20.000		140.000	140.000				15.000

Figure 5.17. The Data of Purchasing and Selling Cocoa

The network carried out by KSU Jantan is Indonesia Farmers Alliance whose National secretariat is in Jakarta. To increase its capital, this cooperative may borrow from its member funds. KSU Jantan does not own land assets because the building rights title is owned by the Parish. The main commodities sold are cacao and cashew. The assistance from the government to KSU Jantan is one pickup truck for operations.



Figure 5.18. Elektronik Scale in KSU Jantan

### **C. Learning from VOE Bersama Bangkit Mandiri, Nita Village – Nita Sub-District**

Exploration to find out the dynamics of local economic development at the village level was also carried out in Nita Sub-District, especially in Nita Village. This is done to provide a comparative reference, especially regarding the practice of the VOE Bersama, which currently can be considered to have run well. Thus this can be used as a best practices reference for other villages that will manage the village economy with the format of the Joint VOE. In this case the membership includes villages that agree to join in the joint economic enterprise. The joint VOE established in 2014 was a continuation of PMPM which ended in 2014. Management of revolving funds from PMPM was continued in the form of joint VOE from 12 villages in Nita District. The initial capital included the revolving fund from PMPM of IDR4.7 billion, added by participation capital from 12 villages of IDR575 million. In addition to being a mentoring institution, VOE also become a marketing unit. The distinctive feature of BUMDes with other institutions is having the spirit of empowerment.

The Monthly turnover of BUMDes Bersama Bangkit Mandiri is IDR 250 million - IDR 270 million, with monthly profits of 60-70 million. The existence of BUMDes Bangkit Mandiri contributes in helping people get the production equipment at lower prices and help the community to save on transportation costs (people do not need to shop to Maumere). So in addition to marketing, they also provide assistance from the planting to the growing and nursing the agricultural products. In addition to providing agricultural equipment and weaving materials, this VOE also engages in savings and loans sector.

The fund distributed to the society is IDR 1.7 billion. To access the loan facility, the people who want to propose a loan for the first time, then the ceiling given is between IDR 5-15 million with house certificate or BPKP (Vehicle Ownership Book) as collateral. There are two types of loans, the group and individual loan. The loan should be proposed and approved by the village head.

If the customer manages to pay the loan funds on time, then in the following year, the loan funds can be doubled to IDR 10-30 million. If the borrower is unable to provide a certificate or BPKB as a collateral, the borrower will be charged a guarantee fee of 1x the first installment.

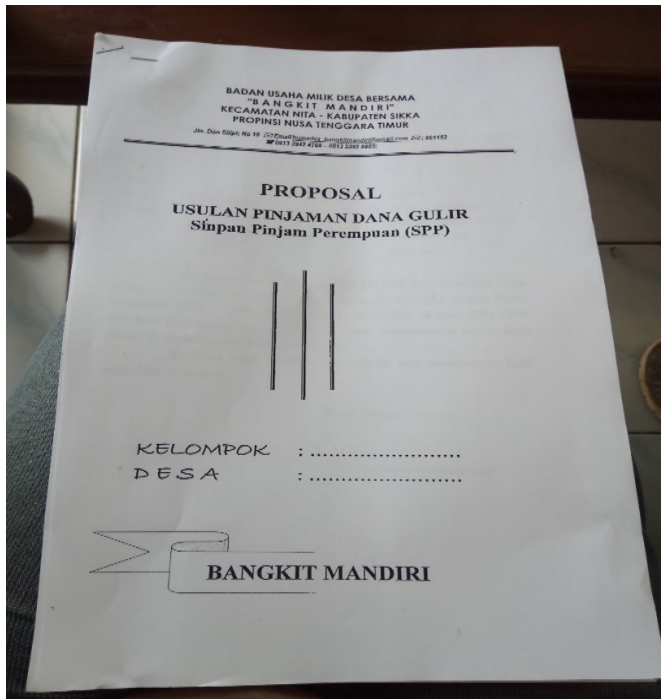


Figure 5.19. A Proposal of Rolling Fund Loan

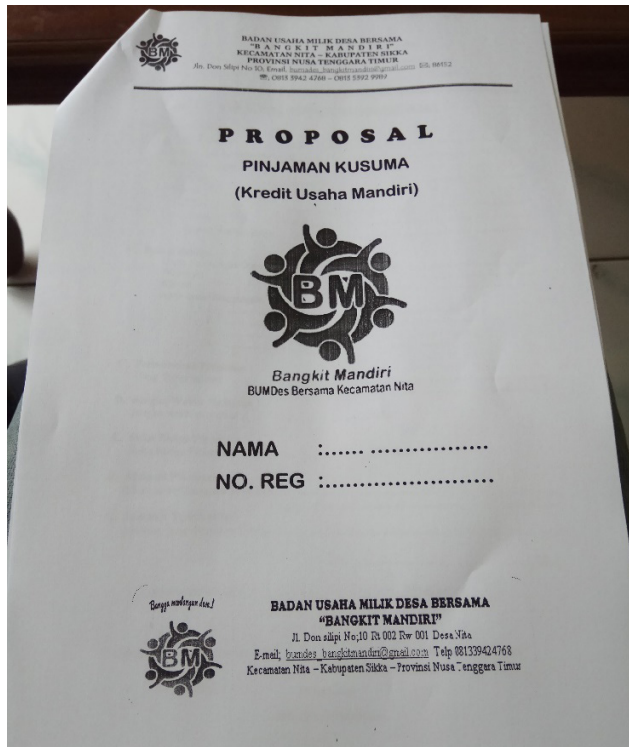


Figure 5.20. A Proposal of Credit Loan Usaha Mandiri

For a group loan (consists of 5 - 15 members) is subject to joint responsibility system of 10% from the loan fees, and it does not need house certificate or BPKB (Vehicle Ownership Book) as a collateral. During 2018, about 133 individual loan customers and 15 group loan customers accessed the loan facility at Bangkit Mandiri. The monthly interest for group loan is 1% while for the individual is 1.2%.

Another requirement for a group loan is that the members must be registered in the village office and the proposal has been approved by the Village Head. For the supply of agricultural and weaving materials, VOE Bersama buys from one of the big cities in Java, then sells them at the VOE store and distributes them to the market using a kiosk car. Prices offered by the VOE Bersama are quite competitive because the prices are much lower. For example, the VOE sells a product at IDR 700,000.00 while the same product is sold at IDR 1 million outside the VOE. In addition to selling products directly to consumers, the VOE Bersama also markets their products to the VOEs around Nita Sub-District. For example, VOE Cerminkasih in Buluutik Village that purchases agricultural materials from the VOE Bersama, or VOE Domuskaritas in Lusitada Village that purchases weaving yarn from the VOE Bersama. The prices offered by VOE Bersama to the village head is much lower than prices offered directly to the consumers.

VOE Bersama is also willing to help sell the agricultural products from the farmers to be marketed to other regions, such as help the farmer to sell tomatoes to Lantuka. This, it can be concluded that the relation among the VOEs is not competitive, but mutually supportive.



**Figure 5.21.** An example of Woven Fabric Products sold at VOE Bangkit Mandiri





**Figure 5.22.** Researchers and Administrators of the VOE Bersama in Nita Sub-District

Another impact is that the community can obtain a capital assistance as an effort to increase the operational and productivity of agricultural and weaving sector. If a borrower is unable to pay the installment, the VOE also provides alternative of funding, that is by paying the loan using the products made by the borrower, such as the woven fabric that will be sold by the VOE and the installment will be deducted from the selling revenue and the rest will be given back to the borrower



**Figure 5.23.** Name Card of VOE Bangkit Mandiri

The management of BUMDes Bangkit Mandiri consists of six administrators and 12 people from BKAD (Inter-Village Cooperation Agency), of whom divided into a work team such as the verification team, the loan team, the internal supervisory team. The VOE Bangkit Mandiri is responsible for the BKAD, then the BKAD is responsible to report to the Village Head Forum every three months. The challenge of future plan of VOE Bangkit Mandiri is the absence of website, therefore the existence of VOE Bangkit Mandiri has not been known by the people outside of Nita Sub-District.

Then, the future development plan of the VOE is producing cup drinking water, being a retailer of subsidized fertilizer, establishing gas station in Nita Sub-District with the capital of 2 billion that will be borne by the 12 villages.

#### **D. Conclusion**

1. The local economic development, especially in Boru Kedang Village is basically a result of usage exploration upon the sources or potentials available both human resource as well as natural resources. The limitations faced by the village did not become an obstacle to develop the potentials. Strong commitment of the village leaders supported by community participation has been the main capital to embody the idea and to overcome challenges in developing the economic life aspect that implicates to the welfare improvement of the people in Boru Kedang Village.
2. Regarding the optimalisation of the potential available in the village, the cooperation principles is one of the most prominent aspects from the sustainable economic development process in Boru Kedang Village and Nita Sub-District. The cooperation is expected to have a long term orientation, impartial and mutually beneficial for parties involved. One of the efforts that can be conducted by the government in providing a room for continuing the cooperation is by including the cooperation plan in the Village's RPJM (Mid-term development plan)
3. In the initial stages of establishing cooperation implementation, there are several stages that can be studied in advance such as:
  - i. What collaboration is needed, from the VOE Bersama established in Nita Sub-district, the village heads realized that there was a great need from the community for fertilizers, agricultural equipment



and weaving equipment, it was also realized that there was no gas station in Nita sub-district.

- ii. The Form of cooperation and management, in this case VOE Bersama in Nita Sub-District is an alliance of 12 Villages in Nita sub-district that agreed to collaborate in VOE Bersama by depositing joint funds. The management is handed by professional employees focus on administrating the VOE Bangkit Mandiri. The management of VOE Bangkit Mandiri consists of six administrators and 12 people from BKAD (Inter-Villages Cooperation Agency) who are representatives of the each 12 villages, therefore the transparency and fairness in managing the VOE can be maintained.
  - iii. Monitoring and evaluating as well as sharing the profits of the joint business activities, it should have been arranged in the cooperation articles of association. For example, VOE Bangkit Mandiri has set to hold village head forum every three months and at end year. In the meeting, the existence of VOE Bersama is also discussed about the plans, progress and challenges.
4. The important aspect from the learning about the cooperation process in a village;
- i. *Leadership*, from the experience records during our research in various innovative villages, the leadership factor is an essential aspect in breaking through and escorting the reformation in a village. For example, the Village Head of Boru Kedang succeeded in negotiating and obtaining the trust from Pupuk Kaltim to be a fertilizer distributor in Wulanggitang Sub-District, collaborating with IPB in managing organic fertilizer, cooperating with KSU Jantan, NGO Ayu Tani, etc.
  - ii. Cooperation agreements, need to be clearly regulated, thus each party knows their rights and obligations. Even sanctions and forms of conflict resolution should agrees at the beginning, therefore the respect and commitment from each party can be maintained.
  - iii. Communication and Public Education, the development efforts must be socialized to the community, to get support from the community, and even the community can be involved in the collaboration. For example, the Head of Boru Kedang Village invites the community to use the goods produced by their

village and be proud of the village local products. Conversely, the insufficient government communication has resulted in obstacles of the accelerated development through VOE Bersama Candlenut Cracking in Wullanggitang Sub-District.

- iv. Monitoring the Cooperation Implementation, there must be a special team that monitors and conduct a procedure of correction, and improvements in the undertaken cooperation.
5. For any forms of cooperation carried out by the village, whether VOE or cooperative, or other village's economic institutions, there are two pillars of activities that must be kept in balance, namely: as a *social institution* and *commercial institution*. As a social institution, the VOE must take side of the community interest through the contribution in providing the social service. As a commercial institution, as conveyed by the President of Republic Indonesia, (2016) VOE must be capable to:
- i. Village Economy
  - ii. Increase the Village-Owned Revenue
  - iii. Enhance the Management of village potentials according to the public needs
  - iv. Be the backbone of the economic and equitable economic village.

In the end, it can be seen that the uniqueness of village economic development is not solely based on economic principles that merely bring profits, but economic development that still has a social dimension and is based on local potential and wisdom which involves the villagers for obtaining welfare in sustainable manner.



## CLOSING NOTE

The Rural development in Indonesia must essentially be realized as a form of complete village development which means a development that covers all dimensions, both human development dimensions and non-human development dimensions. This book of research results is basically a manifestation of commitment from various parties that concern about the national development, especially development in villages. This activity also confirms the importance of collaboration among various parties both governmental as well as non-governmental in this case is Coordinating Ministry for Human Development and Culture as the governmental party along with Friedrich Ebert Stiftung (FES) Indonesia as a German NGO, as well as Parahyangan Catholic University as academic community who jointly explore the essence of good practices carried out by the government together with the village community. This can foster optimism for various groups that are directly or indirectly related to the village development. From the research carried out in five villages namely Pariangan Village - West Sumatra, Tembi Village - Special Region of Jogjakarta, Pujon Kidul Village - East Java, Tajun Village - Bali, and Boru Kedang Village - East Nusa Tenggara, several notes can be formulated as the following:

- 1) The Village economic development can at least be examined from a dynamic model or system. In this case village development is placed in a system format that assumes the existence of interrelated and dynamic dependence of various components which are directly or indirectly related to village development. The village development to manifest a smart and sustainable village through various innovation will be highly depended on the potential available in the village (internal input) as

well as the external input. The research illustrates that creative and innovative ideas from the village either from the village head or the village community can be something very essential as an initial step of development for the village advancement. Therefore, the intelligence of the village head / village leader and the villagers is very much needed in aiming at and determining which potential can be superior and reliable to support the life, progress and sustainability of the village.

- 2) The idea to gain advantage from the superior natural potential in the five villages of this research objects demonstrates that they have a capability in conducting self-assessment. That they are capable to develop, for example the natural potential available which can affect to the enhancement of the village economic life. As happens in Pariangan Village, Tembi Village, Pujon Kidul Village that take advantage of the superior natural endowments for tourism or in Boru Kedang Village that relies on its natural springs for drinking water source. It also happens in Tajun Village that relies on the potential of its clove plantation produces. The potentials of the villages ultimately lead to effort to support the village economic strength after the potentials are included into the realm of management process. At this stage the mobilization of all capabilities possessed by the village is carried out to encourage the process of village economic development. The ability to mobilize the internal potential starting from building the commitment of the apparatus up to the participation of the villagers. Similarly with the capability to open networking both with the regional government and the non-governmental parties, either the business actors or the universities.
  
- 3) Having rich of potential does not immediately ensure the increasing of the village community economics. From the cases found in the field, it shows that potential available then managed appropriately by utilizing the village local strength, in this case is the village community supported by institutions or community in the village. To support this step, the government has also facilitated by providing institution named Village Owned Enterprises - VOE. This institution is essentially not only directed to the village business economic activities, but it is also expected to be used as a forum for rural communities to respond and resolve various problems in the village, so that the choice of solutions can be in accordance with the conditions and needs of the

local village. However, local villages in practice can also use the local institutions that have previously been established and operated, such as village cooperatives or even particular communities engaged in certain sectors, such as communities that develop tourism villages.

- 4) From this research on the village local economic, it should be noted that the network with the external parties is a highly essential issue. This is conducted to support and complement the lack of internal resources such as human resource capabilities and other related matters, for example by opening a marketing network for the village products. By building the network, it can even provide benefits in carrying out economic business in the village. The business networks in fact can provide information on commodity prices in accordance with the price of the commodity at that time. Thus the farmers were not played and harmed by middlemen. The networks can also provide benefits for the village, especially the villagers in improving the quality of the village products. In this case the village community are striving to increase its competitiveness to meet the needs of the community outside the village. The networks are certainly increasing the strength and bargaining position, and can ensure the increase and sustainability of businesses owned by the village.
  
- 5) The learning points from the experience in the 5 (five) villages are that basically the village has capability to create and innovate in developing the village economic potential. Regarding to this capability, the opportunity and independence of the village is required, in this case includes the village officials, village leaders, and villagers to determine the direction of village development as well as its character and potential. The tendency of uniformity in various matters, especially in developing the village economy should be avoided. Villages need more mentoring to maintain the village flexibility to develop through innovation in accordance with the local superior potential and wisdom and to improve welfare of the village community in a sustainable manner.



## REFERENCE

- Khan, Rifaqat & Kazmi** (2002), *Harnessing and Guiding Social Capital for Rural Development*, Palgrave Macmillan.
- The Springfield Centre.** (2009). *A Synthesis of the Making Markets Work for the Poor (M4P) Approach*. Funded by DFID and SDC.
- Woolcock, M.,** 1998, "Social Capital and Economic Development: Towards a Theoretical Synthesis and Policy Framework" *Theory and Society*, Vol. 27, No. 2
- Book of Nagari Pariangan**, cited from the file of the government of Nagari Pariangan
- Zamris, Amri, Fuazan.** (2004). *Budaya Alam Minangkabau*, Jakarta: Bumi Aksara
- Antara Sumbar** (24 April 2018), Ini dia 13 motif batik khas Nagari Pariangan yang telah memiliki HKI. Diakses dari <https://sumbar.antaranews.com/berita/224718/ini-dia-13-motif-batik-khas-nagari-pariangan-yang-telah-memiliki-hki> on 10 November 2018
- Antara Sumbar.** (22 December 2017), Pariangan Simpan Banyak Naskah Kuno. Accessed from <https://sumbar.antaranews.com/berita/217695/pariangan-simpan-banyak-naskah-kuno> on 10 November 2018.
- Harian Haluan** (29 September 2016), Jumlah Kunjungan Wisatawan ke Nagari Tuo Meningkat. Accessed from <https://www.harianhaluan.com/news/detail/60340/jumlah-kunjungan-wisatawan-ke-nagari-tuo-meningkat> on 10 November 2018

**Kaba 12.** (18 April, 2018), Ada Motif Batik Kuno di Nagari Pariangan Tanah Datar. Accessed from <https://kaba12.co.id/2018/04/18/ada-motif-batik-kuno-di-nagari-pariangan-tanah-datar> on 9 November 2018

**Badescu, Gabriel. and Uslaner, Eric M.** (Ed.). 2003. *Social Capital and The Transition to Democracy*. Routledge. London

**Liang, Tan Wee** (Ed.). 2006. *Social Capital In Asia: An Exploratory Study*. The Asian Productivity Organization. Tokyo

**Lin, Nan.** 2001. *Social Capital:A Theory of Social Structure and Action*. Cambridge University Press. New york

**Putra, C-H.** 'Sejarah Desa Wisata Tembi' dalam *kompasiana.com*, accessed from <https://www.kompasiana.com/cosmashanda/54f6d08da3331183558b491e/sejarah-desa-wisata-tembi> (19.11.2018)

**Sato, Yoshimichi.** 2013. *Social Capital*. Sociopedia.isa. DOI: 10.1177/205684601374

**Birkinshaw, J., Bouquet, C., & J.L. Barsoux.** (2011). *The 5 Myths of Innovation*. MIT Sloan Manage Rev 52 Vol 2.

**Hesselbein, F., Goldsmith, M., & Somerville, I.** (2002). *Leading for Innovation*. San Fransisco: Jossey-Bass.

**Hughes, A., Moore, K., & Kataria, N.** (2011). *Innovation in Public Sector Organisations: A Pilot Survey for Measuring Innovation Across the Public Sector*. London: Nesta

**Salge, T. O., & Vera, A.** (2012). *Benefiting from Public Sector Innovation: The Moderating Role of Customer and Learning Orientation*. *Public Administration Review*

The report of Boru Kedang Village is the result of interviews with the Head of Boru Kedang Village and the apparatus of Village-Owned Boru Kedang, the Management of KSU Jantan, the Head of NGO AyuTani and the Chairperson of VOE Bersama in Wullang Citang Sub-District.

The report of VOE Bersama Bangkit Mandiri is the result of interviews with the Head of Nita Village who is also the Chairperson of the Village Heads Forum in Nita Sub-District, Chairperson and staff of VOE Bangkit Mandiri.

Ayu Tani (2017). Ayu Tani dan Usaha Memberdayakan Petani Wulan Gitang Melalui KSU Jantan. Accessed from <http://ayutani.blogspot.com/2017/> On 26 december 2018

Presiden RI (2016). Memajukan Ekonomi Desa Melalui BUMDes. Accessed from <http://presidenri.go.id/program-prioritas-2/memajukan-ekonomi-desa-melalui-bumdes.html> On 25 December 2018.

Vox NTT (2017). Belajar dari Desa Boru Kedang Flotim. Accessed from <http://VoxNtt.com/2017> on 26 December 2018