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Toward a
Prosperous Village:
*Indonesia's Neighborhood
Cooperatives' Movement*

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Republic of Indonesia



EMPOWERING
FARMERS



STRENGTHENING
COOPERATIVES



PROMOTING LOCAL
ECONOMY



BUILDING PROSPEROUS
VILLAGES

Building from the Village, Growing Together
for a Prosperous Indonesia

Toward a Prosperous Village Through the Merah Putih Village/Neighborhood Cooperative

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The Merah Putih Village/Neighborhood Cooperative was founded with high hopes of bringing about economic improvement through mutual cooperation in villages and neighborhoods.



The Neighborhood Cooperative is a concrete manifestation of the implementation of President Prabowo Subianto and Vice President Gibran's "Asta Cita" (Eight Aspirations), particularly the Sixth Aspiration: building from the villages and from the grassroots level to achieve economic equality and eradicate poverty. The Merah Putih Village/Neighborhood Cooperative was established through Presidential Instruction No. 9 of 2025 on Accelerating the Formation of Merah Putih Village/Neighborhood Cooperatives and Presidential Decree No. 9 of 2025 on the Formation of a Task Force for Accelerating the Formation of Merah Putih Village/Neighborhood Cooperatives, with a target of 80,000 cooperatives across Indonesia.

Fundamentally, cooperatives play a strategic role in strengthening the foundation of the people's economy, particularly in Village/Neighborhood that possess potential but still face challenges regarding welfare. In accordance with the mandate of Article 33 of the 1945 Constitution, Indonesia's economy is organized on the principle of kinship, and cooperatives serve as a tangible manifestation of that spirit. The Merah Putih Cooperative (KMP) serves as a cooperative model that prioritizes the values of nationalism and mutual cooperation, driven by the commitment of the President of the Republic of Indonesia to strengthen the people's economy through the establishment of cooperatives Village/Neighborhood. This initiative aims to promote food security and improve the well-being of Village/Neighborhood communities in a sustainable manner, ensuring that growth is not concentrated solely in urban areas.



The abundance of natural resources in nearly all villages and neighborhoods in Indonesia represents significant potential for development. In recent years, the agriculture, forestry, and fisheries sectors have emerged as the primary drivers of the local economy and the main sources of livelihood for rural communities. These sectors not only hold high economic value but also reflect the economic patterns of rural communities, which remain rooted in solidarity, local wisdom, and the spirit of mutual cooperation. This is where the role of cooperatives is needed as a vehicle to consolidate the economic strength of rural communities. Through cooperatives, abundant natural resources can be managed collectively through a more structured system, thereby increasing community production capacity. Cooperatives can also serve as a bridge to access greater capital, expand markets, and develop community skills through business training.



The Merah Putih Village/Neighborhood Cooperative is currently entering a more substantive operational phase; it is no longer merely performing conventional functions—such as conducting economic activities based on general principles (interest/fees) to improve members' welfare—but is now evolving into a strategic link that bridges the gap between small producers and a broad consumer base. The primary focus of this policy is to provide a prominent platform for the creative industry and local food processing sector so they can compete without being hindered by an unbalanced distribution system or market monopolies.



This cooperative is designed to revitalize the independent production of daily necessities in every region by strengthening the people's economy, empowering rural communities, and accelerating food and energy self-sufficiency to realize the Golden Indonesia vision. One of the approaches taken is to enter the production and post-production sectors. The Merah Putih Village/Neighbourhood Cooperative is able to add

value to the village's flagship commodities, and this approach has proven effective in absorbing local labor, maintaining economic stability for residents, and simultaneously strengthening the foundation of the national economy—which has long been supported by the dynamism of the SME sector as the backbone of the nation.

This cooperative transformation has also brought a spirit of digitalization and modernization to inventory management and product marketing. Through integrated business collaboration, every cooperative member has equal opportunities to access capital

and professional management training. With a transparent and accountable system, the Merah Putih Village/Neighborhood Cooperative builds the trust of village and neighborhood communities that the people's economy can adapt to global dynamics without abandoning the principles of kinship and mutual cooperation that define the identity of the Indonesian nation.



Optimism regarding the success of the Merah Putih Village/Neighborhood Cooperative program continues to grow as Merah Putih Village/Neighborhood Cooperative outlets become more widespread across various regions of Indonesia. The government is committed to continuing to oversee this policy so that economic growth is not only concentrated in urban areas but also reaches the far corners of the country, including villages.

Through strong economic self-reliance at the village and neighborhood levels, the Red and White Cooperative is optimistic that it can elevate Indonesia's MSMEs, create a more prosperous society, and realize sustainable collective economic sovereignty.

In essence, the establishment of the Merah Putih Village/Neighborhood Cooperative is a strategic step toward promoting the economic self-reliance of the village community; therefore, to ensure the program's sustained success, regular and comprehensive monitoring and evaluation by stakeholders are necessary so that the program does not remain merely a formality but truly delivers tangible benefits to the community. For it is only through shared commitment and consistent implementation that the Merah Putih Village/Neighborhood Cooperative can become a solid foundation for inclusive, equitable, and sustainable village economic development.

Overall, the Merah Putih Village/Neighborhood Cooperative program is not merely a program but a national movement to build economic self-reliance from the village level. With support from all sectors, including ministries and agencies, and implemented digitally with active community participation, the Red and White Cooperative has the potential to become a key pillar in realizing an inclusive, self-reliant, and globally competitive Indonesia by 2045.