



# Optimizing The Use of Village Treasury Land: A Case Study of Five Villages in Central Java

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# **Optimizing The Use of Village Treasury Land: A Case Study of Five Villages in Central Java**

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## EXECUTIVE SUMMARY

Village treasury lands (*tanah kas desa*) originate from the colonial era and usually comprise a few hectares that remain under the control of the village government. Village Law No. 6/2014 allows villages to manage their own assets, including village treasury lands, for common welfare and the benefit of the most vulnerable groups of the village. Ministry of Home Affairs Regulation 1/2016 stipulates three relevant formats of village land use: rental, cooperation in joint ventures, and Build Operate Transfer/Build Transfer Operate (BOT/BTO).

Land is a strategic resource on the Indonesian island of Java, which has a large rural population. The most common plot sizes for farmland are small and can hardly sustain the lives of their owners and are increasingly transformed to serve industrial and infrastructure purposes. For this reason, ensuring the optimal use of village treasury lands is an important policy objective.

Sidomulyo and Bonorowo Villages in Kebumen District have applied the rental format for their village land and leased the land to poor farming households. Tlogojati and Beran Villages in Wonosobo District engaged in business cooperation, while villagers in Sukoharjo Village in Wonosobo District applied the BOT format when building and operating a local market.

A comparative analysis of experiences in these five villages showed that the rental to farmers in Sidomulyo and Bonorowo provides the lowest gross income to the leaseholders—between IDR 2.6 and 2.8 million per year, from which input costs, rental fees, and labor fees must still be subtracted. Incomes from the cooperation with a tea plantation in Tlogojati provided as much as three times the income, and small businesses in Beran provided the village with over 20 times the income of leaseholders.

It is therefore recommended that restrictive Articles 14–16 of MoHA Regulation 1/2016, which stipulate that cooperation in joint ventures and BOT/BTO models can only be considered when village budgets are insufficient, be dropped. Instead, the regulation should introduce a new paradigm for village treasury land utilization: encouraging village entrepreneurship. Entrepreneurship efforts might also involve a role for the private sector, especially when the scale of business exceeds the resources owned by a single village.

# CURRENT SITUATION

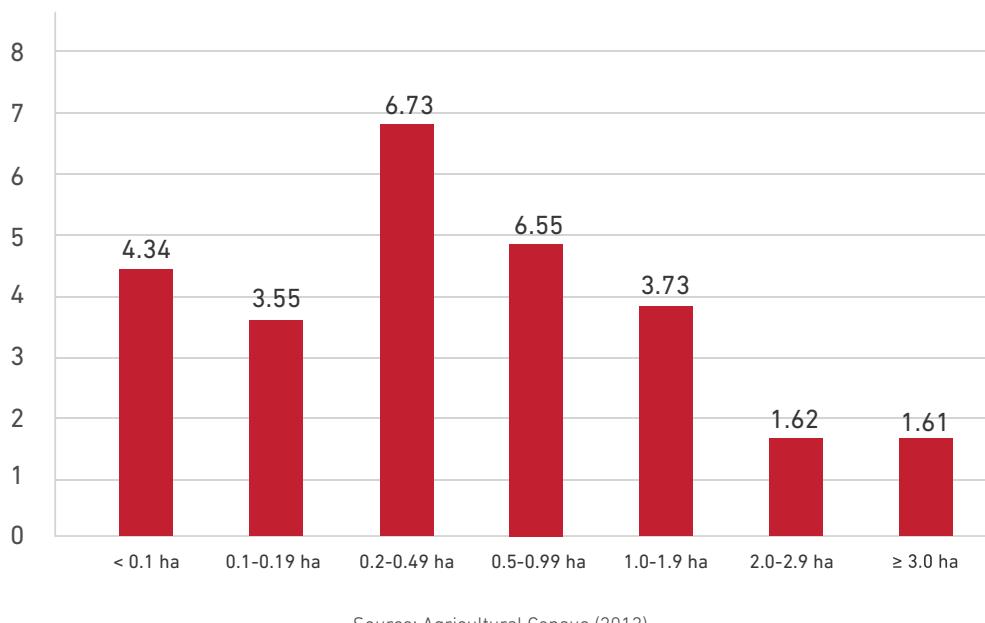
## A. Land Affairs for Agricultural Workers in Indonesia

For many Indonesians living in villages and working in the agricultural sector, access to land is considered instrumental to their wellbeing. Many studies have been written about the importance of land distribution to improving the wellbeing of agricultural workers (e.g., Syahyuti, 2001; Sucianti, 2004; Isnaeni, 2017). These studies generally conclude that the distribution of land in rural areas is imbalanced and there is a need to redistribute lands. However, redistribution must not reduce the average size of land plots owned by individual farmers because a majority of Indonesian farmers own small plots of land and at least 0.65 ha is required to stay above the poverty line (Susilowati et al., 2010).

According to Statistics Indonesia (2018), of the 12,998,899 agricultural workers in Indonesia, 9,869,797 own less than 0.5 ha of land, while about 1,996,580 own 0.5–1.0 ha of land. In other words, 91.3% of agricultural workers in Indonesia own less than 1.0 ha of land. A significant number of farming households in Indonesia are living in poverty or near poverty.

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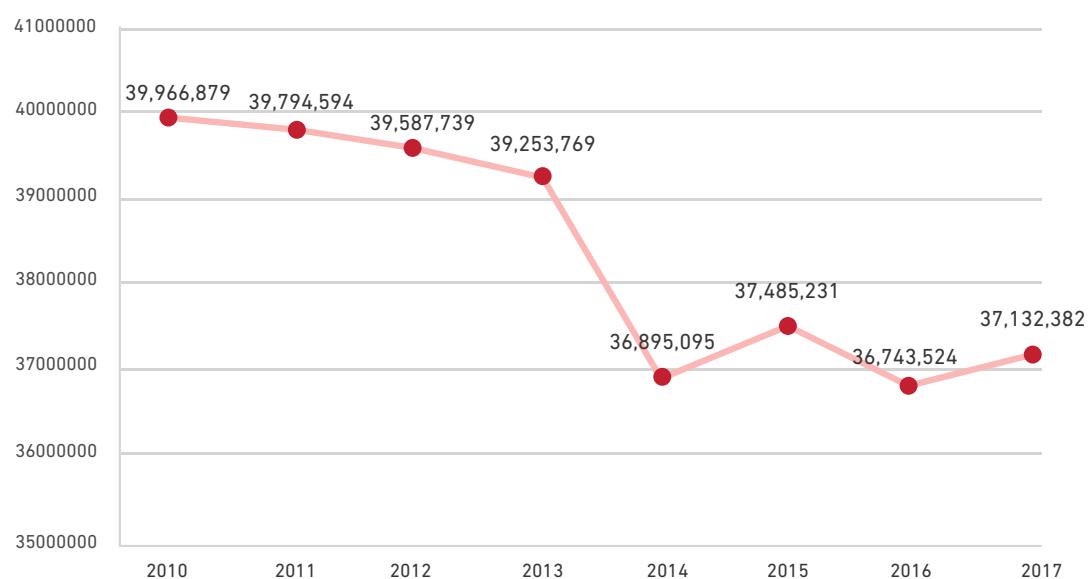
**Figure 1.**  
**Farming households (millions) and area of land owned (ha) in 2013**



Source: Agricultural Census (2013)

Agricultural land area has declined from almost 40 million ha in 2010 to 37.1 million in 2017. This reduction has been especially acute in Java, which has 44% of Indonesia's total rice-planting land (3.4 million ha of 7.74 million ha) (Lestari, 2017). Large areas of agricultural land have disappeared as they were repurposed for the development of infrastructure: toll roads, industrial, commercial, and residential areas (Davidson, 2015). For example, in the District of Bekasi, agricultural land area has declined from 52,000 ha in 2014 to 48,000 ha in 2017 due to both industrialization and the construction of residential areas (Lestari, 2017).

**Figure 2.**  
**Total area of agricultural lands in Indonesia 2010-2017 (ha)**



Source: Ministry of Agriculture (2017)

## B. Feasibility of Village Land Utilization

Since it is a finite resource, any land that can be used to the greatest benefit of the most vulnerable groups in the village is considered useful in improving their economic conditions. Village treasury land is one possible source for improvement. The question is how to utilize village treasury lands to yield the greatest benefit for the neediest segments of the village population.

Communal lands have existed since the forced plantation era under Dutch colonization, during which land boundaries in the villages were drawn not based on village needs but to facilitate colonial taxation (Syahyuti, 2016, p. 24). Initially, families who pioneered the settlement of the villages (cutting the trees and opening farms) had a right to their lands as individual property. Lands that were not claimed were owned by the village and leased to farm workers. There were three types of village land leases: lands whose yields were given to village officials as a form of salary, called *tanah bengkok*; lands loaned to former village officials as a form of pension, called *tanah pengareng-arem*; and lands whose yields were given to the village for development, called *tanah kas desa* (Alexander and Alexander, 1982, p. 604).

This scheme has survived to the present day, although in many cases, *tanah bengkok* and *tanah pengarem-arem* have changed ownership to become 'personal property' of the former officials (see for example Edi, 2010). However, *tanah kas desa*, which tend to be less fertile than the two other types of village lands, remain under the control of the village.

Village treasury lands are generally used by landless farmers who lease them from the village, for which they pay a rental fee to the village, and farm with the help of farm workers. The average lease payment for village treasury lands is smaller than what is paid by farmers at prevailing market rates (Harahap and Ambarwati, 2015, p. 16). In this scheme, both parties are expected to gain benefits since the village generates income to put toward village development and farmers spend less on renting the land than they would renting from other farmers.

However, this scheme has not been especially successful at raising the living conditions of villagers working on these lands. Despite the relatively small rental fee, the limited land area means that villagers produce only subsistence levels of crops (Syuaib, 2016, pp.170-171). Further, the number of landless farmers is higher than the available village treasury lands will support, so not all landless farmers and farm workers can obtain land or work from this scheme. Land is usually distributed through an auction and landless farmers and farm workers are often unable to win bids for the plots (Harahap and Ambarwati, 2015, pp. 16-17). Given these shortcomings, how village treasury lands can provide the greatest good for the villagers, especially those lacking access to land needs to be reassessed.

# EXISTING POLICIES

## A. Village Law 6/2014

In 2014, Indonesia introduced its new Village Law (Law 6/2014), which increased the freedom of villages to manage their own affairs, including the freedom to manage village treasury lands and other assets. Article 4 of Law 6/2014 mentions that village assets are to be developed 'for common welfare,' which provides a legal basis for policies that benefit the most vulnerable groups of the village.

Further, Article 77(1) stipulates the following principles in the management of village assets need to be met. It must: serve the public good (based on society's interests), be functional (complying with functions, authorities, and responsibilities of the village government), be in line with legality, transparency, efficiency, accountability, and certainty of value (accuracy of planning) (Sutaryono et al., 2014, pp. 34-35).

## B. MoHA Regulation 1/2016

The Management of Village Assets section in MoHA Regulation 1/2016 further operationalized the Village Law 6/2014. Village treasury lands are mentioned as one form of village assets in Article 2(2), and the management principles above are repeated in Article 3. Article 11 of the regulation stipulates four formats for village asset utilization, three of which are relevant to land assets: rental, cooperation, and Build Operate Transfer/Build Transfer Operate (BOT/BTO). Villagers rent a plot of land for cropping under the rental scheme, which is the most common use of village treasury lands.

Under cooperation, the village forms a joint venture with a third party such as a village government enterprise (BUMDes) or private enterprise. The BUMDes is regulated in MOVDRT 4/2015 and defined as a "business enterprise whose ownership in its entirety or majority lies with the village... to manage assets, services and other businesses for the greatest welfare of the village community."

The BOT/BTO scheme enables transfer of ownership from the owner to the village after the facility built through the scheme has been used for a 20-year period. These different formats are described in Articles 12, 14, 15, and 16. The following matrix shows the characteristics of each format:

**Table 1.**  
**Village Treasury Land Utilization Schemes**

	<b>Rental (Art. 12)</b>	<b>Cooperation or Joint Venture (Art. 14)</b>	<b>BOT/BTO (Arts. 15 and 16)</b>
<b>Maximum length of term</b>	3 years, extendable	15 years, extendable	20 years, extendable. Upon extension, stipulations in Art. 14 apply
<b>Prerequisite</b>	None	Can only be enacted if village budget is inadequate to fulfill operational, maintenance and/or repair costs of the asset	Can only be enacted if village budget is inadequate to build the facility on the land and the facility is necessary for the village
<b>Obligations</b>	Further regulated in lower (district/village) regulations	Annual contribution and shared profits (negotiable)	Annual contribution and maintenance of facility. Ownership of the facility goes to the village at the end of the term (BOT) or upon completion (BTO)

Source: MoHA Regulation 1/2016

## RESEARCH FINDINGS

A number of recent studies have examined how village assets are used (Setiawan, 2015; Dewi, 2017; Pratopo, 2017; Swasto, 2012). These studies tend to be critical of village treasury land management finding that it does not bring benefits to the village. In Batang Batindih village in Kampar District, the village treasury lands were rented out as palm oil plantations and fishponds (Setiawan, 2015, pp. 6-9), but this failed because many villagers did not pay the rental fees. In another study of Banjar Panjang Village in Pelalawan District, the authors identified a lack of capable human resources and infrastructure in the village government, which interfered with effective management of village treasury lands (Pratopo, 2017). In Kandangan Village in Ngawi District, the village treasury lands were distributed only to family members of the village officials (Dewi, 2017, pp. 8-10) despite the use of an auction system to allocate the rights to use the land.

However, there are also success stories. In Sleman District, village treasury lands were used for building low-cost flats (Swasto, 2012). In Sumberharjo Village, also in Sleman District, village treasury lands were used to develop a 'tourist village' managed by a BUMDes (Nugroho, 2017).

In order to provide a comparison of the practices to achieve the most productive utilization of village treasury land, CIPS researchers conducted field research in five villages in Central Java in 2019. The results are described below.

### A. Case 1: Deliberative Rental Scheme

Two villages in Kebumen District, Sidomulyo and Bonorowo, adopted the rental model through deliberative processes that take into account the local context and experiences of villagers.

The village of Sidomulyo has 3,627 *ubin*,<sup>1</sup> or 5.1 ha, of village treasury lands divided into 73 plots. The plots are leased to households on a *rotation system*, rather than through an auction. Households that had taken their turn to work the plots in a given year are unable to participate in the next year.

The deliberation process to determine the rental fees for the plots, which vary according to the fertility of the soil and the terms for the payment of the rental fee, is conducted publicly. In January 2019, the rental fees for the plots varied from about IDR 15,000/*ubin* for less fertile plots to IDR 25,000/*ubin* for more fertile ones. In contrast, the typical commercial rental price is IDR 40,000/*ubin*. A lottery is conducted to assign each plot to registered participants. An organizer records the information about each plot on a slip of paper, folds the papers, puts them into a jar, then draws plots to be assigned to each name until all plots are assigned (Interview with Nasimin, head of village, 2019).

<sup>1</sup>Ubin is a unit equivalent to 14 m<sup>2</sup>. One hectare is equal to 711 ubin.

Working on plots between 27 and 77 *ubin*, a leaseholder is able to produce 0.5–0.9 tons of rice every year (assuming two harvests in a year). If all the rice harvested during the year is sold, the selling price ranges between IDR 2 million and 3.6 million per year (Interviews with Dariyo, Sakir and Samiyasa, leaseholders, 2019). However, land rental fees range between IDR 405,000 and IDR 1,925,000, and production inputs including wages of laborers must be subtracted from this amount. This leaves a leaseholder with less than IDR 1.6 million annually, which is not enough to support them, so villagers have to work as *caping* (traditional conical hat) makers, earning as much as an additional to IDR 7.2 million per year.

While Sidomulyo is concerned with equality of opportunity to access village treasury lands, Bonorowo emphasizes equity of outcome, giving access to land for those who need it most. Bonorowo has 1.13 ha of 'prosperity lands' allocated for the poor. The village government selects land access recipients based on several indicators of poverty: lack of land ownership, low income, lack of additional income from other family members, and ability or willingness to work the land. Unlike in Sidomulyo, the land can be assigned to the same person for multiple years in succession. According to the head of the village, some villagers complain of feeling left out from the process. These complaints are resolved through deliberations, in which the complainant was given the right to work the land in the following year.

For each *ubin*, the rental fee is IDR 10,000 to IDR 20,000 per year, depending on the fertility of the plots. This is less than half the normal market price of IDR 40,000–50,000. The term for the payment of rent is also flexible, either through installments or in full after the harvest (Interview with Purnomo, head of Bonorowo village, 2019). In a given year, each of the plots produces between 0.5 and 0.8 tons of rice, giving the leaseholder a gross income of IDR 2 million to 3.2 million, but after subtracting the rental fees, inputs and labor wages, net income is only IDR 250,000 to IDR 1,000,000 (Interviews with Sumarto, Maniso and Karyo, leaseholders, 2019).

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## B. Case 2: Cooperation between the Village and Private Enterprises

Case 1 involves only individual households, but two villages in Wonosobo District, Tlogojati and Beran, optimized the use of village resources by seeking cooperation between the villages and private enterprises.

Tlogojati has 16.29 ha of village treasury lands, all of which are leased to PT Tambi, a tea plantation company, for plantation and agrotourism purposes. The lands are located on the slopes of Mt. Sumbing and are suitable for tea and horticulture. Tea trees benefit the region by preventing erosion and landslides on the lower slopes of the mountain (Interview with Wibowo, director of PT Tambi, 2019).

**The village will receive 22.5% of the profits from the tea plantation on the village treasury land and the village will gain from the use of 3 ha of village treasury lands for agrotourism.**

The lease agreement between PT Tambi and Tlogojati village used to be for a period of seven years. The latest lease agreement was signed in 2012 and will expire in December 2019. Due to the enactment of MoHA 1/2016, the extension for the lease is being renegotiated into a cooperation scheme with a 15-year lease. If the draft agreement is ratified, the village will receive 22.5% of the profits from the tea plantation on the village treasury land and the village will gain from the use of 3 ha of village treasury lands for agrotourism.

The renegotiation process brought to light previously undetected corruption of a former head of Tlogojati village. In that lease period, the village government received no record of rental payments from PT Tambi, and the company made payments through this village official (interviews with Wayan, head of village, and Wibowo, director of PT Tambi, 2019). PT Tambi employs about 600 people from 20 villages, half of whom are tea pickers. There are 10 tea pickers from Tlogojati who make between IDR 4.5 million and 12 million per year. In addition, the workers receive an IDR 1 million annual bonus, BPJS health insurance, death allowance, and in-kind benefits such as food and cash (interviews with Mungadhim, Supandi and Urip, villagers, 2019).

Beran has 1.2 ha of village treasury lands which are used by a village government enterprise named BUMDes Silatri Indah. Silatri Indah was formed in 2013 following the enactment of Village Regulation 4/2013. It operates a rest area next to the Wonosobo-Magelang road and includes a minimarket, a shop, stalls, a swimming pool, an educational rice field for children, toilets, and a joglo hall for holding meetings and events. These facilities generate income for the BUMDes. In addition, 16 BUMDes partners rent stalls for their businesses, generating an annual income of IDR 17.5 million to 105 million (Interviews with Aziz, Ros and Waluni, BUMDes partners, 2019), and contributing IDR 43 million to the BUMDes in rental payments.

In 2017, the total revenue of the BUMDes was IDR 210 million (Silatri Indah, 2018), with a profit of IDR 64 million, 50% of which went to the village as budget revenues, 20% was added to BUMDes capital, and 30% was distributed as shared dividends (Interview with Akhmat, BUMDes director, 2019). Villagers directly employed by the BUMDes received an annual salary of IDR 12 million, plus shared dividends.

**Villagers directly employed by the BUMDes received an annual salary of IDR 12 million, plus shared dividends.**

### C. Case 3: Villager-Owned Market

Sukoharjo Village of Wonosobo District has three businesses on its village treasury lands: a fruit plantation and a village sports hall, both managed by a BUMDes, and a market managed by the villagers in a main market building and kiosks. The market stands on a 0.8 ha plot and was constructed through a BOT scheme.

Each of the market's 27 stalls has a different owner and all owners are Sukoharjo villagers. Each owner contributes IDR 51 million to the construction cost of their stall, of which IDR 25 million is paid as a down payment and the rest is financed through a bank loan. The stall owners can use the stalls for a 20-year period, after which ownership will be transferred to the village. The stall owners also have to pay an annual fee of IDR 500,000 (Interview with Samain, former village head, 2019).

# ANALYSIS

Different ways of utilizing village treasury land and to applying principles of village asset management lead to different benefits for the villagers.

## A. Implementation of Village Asset Management Principles

As mentioned above, Article 77(1) of Law 6/2014 stipulates the following principles for managing village assets: public good, functionality, legality, transparency, efficiency, accountability, and certainty of value.

Despite their different implementation models, all villages seek to apply the village asset management principles to their village treasury lands regardless whether the lands are rented directly to villagers (Sidomulyo and Bonorowo), leased to a company (Tlogojati), managed by a BUMDes (Beran) or by a group of villagers (Sukoharjo). The village treasury lands are managed for the interests of the society (public good), especially in the interest of those who are expected to gain the most from use of the land. This is especially apparent in Sidomulyo, where the lands are distributed on an equal opportunity basis, and in Bonorowo, which focused on land distribution for the landless.

CIPS research found that BPD was active in Beran and Sukoharjo through village deliberations in the founding of the BUMDes. These deliberations ensure that the village is included in decisions about the use of treasury lands and decision making is not made only by the executive (head of village).

The functional principle is observed in all villages, as the village government (usually, the head of the village) has the authority and responsibility to make decisions regarding the utilization they consider most appropriate for their village. The Village Deliberations Council (BPD: *Badan Permusyawaratan Desa*) is a consultative body with oversight of village governance. BPD is responsible for village development planning, cooperation involving the village, and formation of BUMDes (Article 38 of MoHA Regulation 110/2016), as well as arranging village deliberation meetings (Musrenbangdes) (Article 88(1) of Village Law 6/2014), which can encourage development initiatives from villagers. CIPS research found that BPD was active in Beran and Sukoharjo through village deliberations in the founding of the BUMDes. These deliberations ensure that the village is included in decisions about the use of treasury lands and decision making is not made only by the executive (head of village).

The contracts used in cooperation schemes can be more formal in nature (such as the contract with PT Tambi in Tlogojati village), or simpler, less formal agreements with individual leaseholders. While the presence of written contracts does not necessarily ensure that the terms will be fulfilled (as in the case of Tlogojati), it provides a level of legal certainty, transparency, and accountability. In Sidomulyo, the lottery process ensures a high level of transparency, since all villagers are allowed to participate in the lottery event. Similarly, where there are village deliberations, as in Beran and Sukoharjo, also increase transparency in the deliberations process.

Poor transparency and accountability were found in the management of Tlogojati village treasury land. Although PT Tambi, the company leasing the village land, had signed a contract

with the village government, the previous head of village pocketed the rental fees in previous lease periods. As a result, the village did not enjoy budgetary revenues. It is expected that in the next term of lease agreement, which is to begin in December 2019, the village will have more control over the transaction and the villagers will benefit.

## B. Comparison of Village Treasury Land Utilization Schemes

In general, regardless of which utilization scheme they lived with, villagers were satisfied with the scheme used in their village. Villagers feel that the schemes are fair and when complaints arose they could immediately be resolved without escalating to conflict (Interview with Purnomo, head of Bonorowo village, 2019).

Table 2 compares the additional revenues gained by households through the utilization of village treasury lands and shows information about the beneficiaries (i.e., people directly employed on the village treasury lands), the total village revenues from the utilization schemes, and the revenues of each beneficiary.

**Table 2.**  
**Impact of Village Treasury Land Utilization**

Village	Format	Village beneficiaries	Treasury land area (ha)	Total village revenue (IDR)	Gross annual revenues of each beneficiary (IDR)
Sidomulyo	Rental	73 households	5.1	72,500,000	2,800,000
Bonorowo		12 households	1.13	12,500,000	2,600,000
Tlogojati	Joint venture	10 tea pickers	16.29	Confidential <sup>2</sup>	8,250,000
Beran		15 employees			12,000,000
Sukoharjo		16 partners	1.2	64,000,000	61,250,000
Sukoharjo	BOT	27 stall owners	0.8	13,500,000	n/a

Source: compiled and calculated from interview results

Table 2 shows that Sidomulyo village has the highest number of direct beneficiaries at 73 households, while Tlogojati has the lowest, with only 10 persons employed as tea pickers. However, this figure is not much different from that of Bonorowo, which only has 12 household beneficiaries. The number of people benefiting from utilization schemes in Beran and Sukoharjo are likely to be higher because BUMDes partners and stall owners may employ other villagers as shopkeepers or assistants.

Although PT Tambi, the company leasing the village land, had signed a contract with the village government, the previous head of village pocketed the rental fees in previous lease periods. As a result, the village did not enjoy budgetary revenues.

<sup>2</sup>The company leases 16.29 ha of land, and assuming a rental fee of IDR 5,000,000 per hectare, the village should receive about IDR 81,450,000 annually. Additionally, 22.5% of the company's profits go to the village (Interview with Wibowo, head of village, 2019).

It is interesting to compare the revenues received by each village. Beran Village has the highest ratio of revenue to area, with IDR 53.3 million per ha of land. Farmers in other villages receive between IDR 11–16 million per hectare of land. This means that utilization of village treasury lands is a valuable source of additional revenues for the village, regardless of the format.

The rental schemes in Sidomulyo and Bonorowo generate the least gross income for leaseholders—between IDR 2.6 to 2.8 million—from which input costs, rental fees and labor fees must be subtracted. However, the direct rental scheme does provide leaseholders with rice for consumption. Despite these meager monetary gains, villagers expressed their satisfaction with the existing scheme (Interviews with Dariyo, Sakir and Samiyasa in Sidomulyo, and Sumarto, Maniso and Karyo in Bonorowo, leaseholders, 2019).

A strictly economic evaluation of the village treasury land utilization schemes might consider the rental scheme to have failed to bring prosperity, but, meaning that all villagers are given the opportunity to work on lands and produce crops, regardless of the actual financial benefits, may also be an important measure for consideration.

Regardless, the rental scheme yields the lowest income for the beneficiaries. The tea pickers of Tlogojati receive as much as three times the income of leaseholders, not including bonuses, insurance, and other employment benefits (Interviews with Mungadhim, Supandi and Urip, tea pickers, 2019). And BUMDes partners in Beran gain over twenty times the income of leaseholders.

### C. Rural Entrepreneurship and Role of the Private Sector

Simply defined, entrepreneurship means opening new economic avenues where there were none previously. In villages with schemes that involve entrepreneurial efforts seem to generate more income. In Beran and Sukoharjo, we found cases where villagers actively made efforts to make better economic use of village treasury lands.

In Beran, the initiative to build the rest area came from Akhmat, Febby, and Aris, who later became the leader, administrative director, and treasurer of the BUMDes after being approached by the village government to create a BUMDes to operate the rest area (Interview with Akhmat, BUMDes director, 2019). Recall that the BUMDes contributes a significant amount to village revenue in addition to generating income for villagers working as employees and BUMDes partners.

In Sukoharjo, construction of the market was pioneered by a group of villagers who were unsatisfied with the existing marketplace, which had consisted of a collection of stalls located on the side of a road. These villagers reported their aspiration in a village deliberation meeting, requesting that the market be moved and properly regulated. These villagers contributed their own money and took loans to construct the market, creating economic opportunities and growth in the village.

In Sidomulyo and Bonorowo, where there is lack of entrepreneurship (i.e., the villagers feel satisfied with existing systems, which have been in place for generations), villagers have to settle with much lower levels of income as the schemes are much less economically successful. Employment in the agricultural sector, which the schemes support, simply cannot be depended upon to provide adequate levels of income, at least on the limited village treasury lands. In

Sidomulyo, the main source of income is the manufacturing sector and farming on village treasury lands provide only supplementary income. There is a need for entrepreneurship efforts and changes to other sectors.

The private sector also plays a role in the economic development of the villages through the use of village treasury lands. It has the potential to develop the economy in villages that lack the required capital, both financial and human, for initiatives on village treasury lands. The PT Tambi tea plantation in Tlogojati and several neighboring villages is a larger undertaking than these villages could muster. With a poverty rate of 46.69% (SMERU, 2013), it is understandable that schemes to increase utilization of Tlogojati village treasury lands may not be able to depend entirely on local initiatives and resources.

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#### D. Recommendations for regulatory reform

MoHA Regulation 1/2016 on the Management of Village Assets, which regulates the use of village treasury lands, allows a range of schemes for village treasury land utilization. Articles 14–16 of this regulation set the prerequisites for joint ventures and BOT/BTO models and require 'inadequacy of village budget' as a prerequisite for the joint venture and BOT/BOT models. This is unnecessarily restrictive.

Instead, MoHA Regulation 1/2016 should be revised to introduce a new paradigm of village treasury land utilization by encouraging village entrepreneurship. This can be done by making village development deliberation meetings (Musrenbangdes) the forum for submitting entrepreneurship ideas to the village community, ensuring that any development plan is transparent and accountable to the people of the village. Schemes should be encouraged to ensure that the village's most needy reap the greatest benefits of development. Entrepreneurship efforts might also involve a role for the private sector, especially when the scale of business exceeds the resources available to a single village.

In order to encourage ideas for development, relevant ministries, such as the Ministry of Home Affairs and Ministry of Villages, Disadvantaged Regions and Transmigration, may accumulate a pool of ideas and provide awards to the best solutions to local problems. This can emulate existing competitions such as *Kalpataru* and *Desa Mandiri*, among others.

With the limited village treasury lands available, government regulations on village assets (including village treasury lands) must move beyond dedicating them to agricultural purposes. The government should also focus more on providing skills and entrepreneurship training to former agricultural workers to enable them to move out of the sector. The successful examples of entrepreneurship in non-agricultural sectors in Beran and Sukoharjo should be treated as models to learn from in village asset utilization in particular and village development in general.

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# ANNEX

## I. Sidomulyo Village

Sidomulyo Village is located in Petanahan Subdistrict. It has an area of 142 ha and is located on a low-lying area. The distance between the village and the center of the regency is 9 km. It has 982 male inhabitants and 1,036 female inhabitants. The main occupations of the villagers are entrepreneurs, agricultural workers and craftsmen (Sidomulyo in Numbers, 2018). It has a poverty rate of 6.19% (SMERU, 2013).

## II. Bonorowo Village

Bonorowo Village is located about 9 m above sea level and has an area of 134 ha. It is relatively distant from the district center, 23.7 km, but is itself a subdistrict center. It has 657 male inhabitants and 659 female inhabitants. Most of the villagers work as agricultural workers, employees and farm laborers (Bonorowo in Numbers, 2018). The poverty rate of the village is 22.02% (SMERU, 2013).

## III. Tlogojati Village

Tlogojati is a relatively large village, with an area of 586 ha. It is located on hilly land, between 500–1,000 m above sea level, and is located about 8 km from the district center. It has 1,490 male and 1,393 female inhabitants, most of whom work as farmers and farm workers (Tlogojati in Numbers, 2018). This village has a high poverty rate of 46.69% (SMERU, 2013).

## IV. Beran Village

Beran Village has an area of 361 ha. It is located 500 m above sea level, and is located about 3 km from the subdistrict center in Kepil, but it is located 26 km from the district center. It has 1,992 male and 1,999 female inhabitants, most of whom work as farm workers, employees and entrepreneurs (Beran in Numbers, 2018). The poverty rate of the village is 21.16% (SMERU, 2013).

## V. Sukoharjo Village

Sukoharjo Village has an area of 405 ha. It is located 641 m above sea level, and is a subdistrict center located 18 km from the regency center. It has 1,749 male and 1,690 female inhabitants, most of whom work as farm workers and farmers (Sukoharjo in Numbers, 2018). The poverty rate of the village is 10.64% (SMERU, 2013).

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