

From Poverty Reduction to Poverty Resilience: Koperasi Merah Putih and the Strengthening of Local Economic Resilience in Indonesia

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Abstract

Poverty reduction in Indonesia has increasingly moved beyond short-term welfare assistance toward a broader agenda of strengthening local economic resilience. This article examines how Koperasi Merah Putih can be positioned as a strategic local economic institution for supporting poverty resilience in Indonesia. Using a secondary data-based policy analysis, the study explores the relationship between poverty reduction, structural vulnerability, and the role of village-level cooperative institutions in strengthening community economic capacity. The article argues that poverty resilience requires more than declining poverty rates; it depends on the ability of local communities to access productive resources, stabilize household livelihoods, improve market participation, and build collective economic mechanisms that can protect vulnerable groups from future shocks. Koperasi Merah Putih is viewed in this study as a positive institutional innovation that reflects the government's commitment to strengthening grassroots economic development. Through its potential roles in facilitating access to basic goods, local distribution networks, productive financing, food supply chains, and community-based enterprise development, the cooperative can support a more inclusive and adaptive model of poverty alleviation. The article highlights that the effectiveness of poverty resilience depends on the interaction between local institutional capacity, human development, employment opportunities, digital connectivity, and regional economic structures. By shifting the analytical focus from poverty reduction to poverty resilience, this study contributes to poverty governance literature and offers a policy-relevant framework for understanding how cooperative-based local institutions can strengthen Indonesia's long-term poverty alleviation agenda.

Keywords: poverty resilience; Koperasi Merah Putih; local economic resilience; poverty reduction; cooperative governance

1. Introduction

Poverty reduction has long been a central priority in Indonesia's national development agenda. Over the past decades, the country has made notable progress in reducing poverty through social protection, human development programs, village development policies, infrastructure expansion, and the strengthening of local economic opportunities (Addae-Korankye, 2019). Recent official statistics show that the national poverty rate continued to decline, reaching 8.25 percent in September 2025. This progress reflects the continuing commitment of the government to improve welfare, expand access to basic services, and strengthen the economic foundations of vulnerable households. However, the changing nature of poverty also requires a broader analytical lens. Poverty can no longer be understood only as a statistical condition measured by the number of people living below the poverty line. It must also be examined in terms of resilience: the capacity of households, communities, and local institutions to sustain welfare gains and prevent vulnerable groups from falling back into poverty when exposed to economic, social, environmental, or market-related pressures (Sameti et al., 2012).

This shift from poverty reduction to poverty resilience is especially relevant in Indonesia because poverty is shaped by diverse regional conditions. Provinces differ in terms of economic structure, employment opportunities, human development, infrastructure, market access, digital connectivity, and institutional capacity. In some regions, poverty reduction is supported by diversified economic activities, stronger education outcomes, wider connectivity, and better access to productive resources (Guan, 2014). In other regions, poverty remains closely connected to structural vulnerability, including dependence on informal work, limited market access, uneven local value chains, and fragile household livelihoods. These differences suggest that poverty alleviation requires not only income support, but

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also the strengthening of local economic systems that can help communities become more adaptive, productive, and economically secure.

Within this context, Koperasi Merah Putih represents an important institutional innovation in Indonesia's poverty alleviation and local economic development agenda. Launched as a national initiative to establish village and urban ward cooperatives across Indonesia, Koperasi Merah Putih is designed to strengthen grassroots economic organization through cooperation, collective enterprise, local distribution systems, and community-based economic participation. Rather than viewing vulnerable communities merely as beneficiaries of development programs, this initiative positions them as active participants in local economic governance. Through cooperative mechanisms, communities can potentially improve access to basic goods, productive financing, local markets, food supply chains, and collective business opportunities. This makes Koperasi Merah Putih highly relevant to the broader agenda of poverty resilience.

The positive significance of Koperasi Merah Putih lies in its potential to connect poverty reduction with local economic resilience. Cooperatives can function as institutional bridges between households, markets, government programs, and local productive sectors. At the village and kelurahan levels, they may support more efficient distribution of goods, strengthen local entrepreneurship, improve bargaining power, and provide an organized platform for community participation in economic activities. In this sense, Koperasi Merah Putih is not only an economic program, but also a governance instrument that can help translate national development priorities into locally embedded institutional practices. Its role is particularly important in regions where poverty is linked to weak market access, limited productive assets, and fragmented local economic networks.

Although poverty reduction in Indonesia has produced encouraging results, the sustainability of these achievements depends on the extent to which local institutions can reduce structural vulnerability. Poverty resilience requires the presence of institutions that are close to communities, responsive to local needs, and capable of supporting productive economic participation (Williamson, 2001; Yang et al., 2021). Koperasi Merah Putih provides an opportunity to strengthen this institutional foundation by promoting collective ownership, mutual assistance, and locally organized economic activity. By emphasizing cooperative-based development, the initiative aligns with Indonesia's long-standing tradition of gotong royong while also responding to contemporary development challenges such as market volatility, food distribution, rural employment, and digital transformation.

Despite the growing policy relevance of Koperasi Merah Putih, academic discussion on its role in poverty resilience remains limited. Existing studies on poverty alleviation in Indonesia often focus on social assistance, income, employment, human development, or macroeconomic indicators. While these perspectives are important, they do not fully explain how local economic institutions may contribute to sustaining poverty reduction over time. There is therefore a need to examine how cooperative-based institutions can be positioned within a resilience-oriented poverty governance framework. This article addresses that gap by analyzing Koperasi Merah Putih as a strategic local economic institution for strengthening poverty resilience in Indonesia.

Using a secondary data-based policy analysis, this study examines the relationship between poverty reduction, structural vulnerability, and local economic resilience across Indonesian provinces. The article does not seek to measure the direct impact of Koperasi Merah Putih, given that the program is still relatively new. Instead, it develops a conceptual and empirical basis for understanding how the initiative can be situated within Indonesia's broader poverty resilience agenda. The analysis focuses on how provincial differences in poverty, human development, employment, economic capacity, connectivity, and institutional readiness may shape the potential contribution of Koperasi Merah Putih to local economic resilience.

This article contributes to poverty governance literature in three ways. First, it shifts the analytical focus from poverty reduction as a declining poverty rate to poverty resilience as the capacity to sustain welfare improvement and reduce vulnerability. Second, it positions Koperasi Merah Putih as a positive institutional innovation that can strengthen grassroots economic participation and local development capacity. Third, it offers a policy-relevant framework for understanding how cooperative-based local institutions can support inclusive, adaptive, and place-sensitive poverty alleviation strategies in Indonesia.

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2. Methods

Research design

This study employs a secondary data-based policy analysis to examine how Koperasi Merah Putih can be positioned within Indonesia's poverty resilience agenda. The study does not aim to evaluate the direct impact of Koperasi Merah Putih on poverty reduction, as the initiative is still in its early stage of implementation. Instead, it analyzes the structural conditions that shape the potential role of village and urban ward cooperatives in strengthening local economic resilience across Indonesian provinces.

The research design combines descriptive statistical analysis, comparative provincial profiling, and policy interpretation. This approach is appropriate because the article seeks to understand the relationship between poverty reduction, structural vulnerability, and local economic capacity rather than testing a single causal effect. By using official secondary data, the study provides an empirical basis for identifying regional differences in poverty resilience and for explaining how cooperative-based local institutions may support more sustainable poverty alleviation.

Unit of analysis and scope

The unit of analysis is the province. The study covers Indonesian provinces using the most recent available official data from national statistical and government sources. A provincial-level analysis is selected because poverty reduction and local economic resilience vary considerably across regions. Provinces differ in their poverty levels, human development achievements, employment structures, economic capacity, connectivity, and institutional readiness. These differences provide a useful basis for examining how Koperasi Merah Putih may contribute to place-sensitive poverty resilience strategies.

The scope of the study is Indonesia's poverty alleviation and local economic development agenda, with particular attention to the role of cooperative-based institutions. Koperasi Merah Putih is treated as a strategic policy initiative that can strengthen local economic organization, expand community-based enterprise, and improve the institutional foundation of poverty resilience.

Data sources

This study uses secondary data from official and publicly accessible sources. The main data sources include Statistics Indonesia/Badan Pusat Statistik (BPS), relevant government policy documents, and official information related to Koperasi Merah Putih. BPS data are used to capture provincial poverty conditions, human development, employment, inequality, economic capacity, and connectivity. Government policy documents are used to interpret the institutional objectives of Koperasi Merah Putih and its relevance to poverty resilience.

The use of official secondary data is intended to ensure reliability, transparency, and replicability. Since the study focuses on policy positioning and structural readiness, secondary data are sufficient to identify broad provincial patterns and to construct an evidence-based argument about the potential role of local cooperative institutions in sustaining poverty reduction.

Variables and indicators

The analysis is organized around three main dimensions: poverty condition, structural vulnerability, and local economic resilience. The first dimension, poverty condition, includes indicators such as the percentage of poor population, poverty depth index, poverty severity index, and the distinction between urban and rural poverty where data are available. These indicators are used to describe the extent and intensity of poverty across provinces.

The second dimension, structural vulnerability, includes indicators related to human development, education, employment, inequality, and household economic exposure. Human development is represented by the Human Development Index, mean years of schooling, and expected years of schooling. Employment vulnerability is represented by the open unemployment rate, the share of informal employment, and the dominance of low-productivity sectors where available. Inequality is represented by the Gini ratio. These indicators help identify the structural conditions that may make households more vulnerable to falling into or remaining in poverty.

The third dimension, local economic resilience, includes indicators related to regional economic capacity, connectivity, and institutional-economic potential. These may include gross regional domestic product per capita, regional economic growth, access to internet or digital infrastructure, the number of cooperatives, micro and small enterprise activity, and other available indicators related to local

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productive capacity. These indicators are used to assess the extent to which provincial economic structures may support the implementation and potential contribution of Koperasi Merah Putih. Together, these indicators provide a basis for understanding poverty resilience as a multidimensional regional capacity. In this study, poverty resilience refers to the ability of a region to sustain poverty reduction, reduce structural vulnerability, and strengthen local economic mechanisms that support household welfare.

Analytical strategy

The analysis is conducted in three stages: First, the study maps provincial poverty conditions using descriptive statistics. This stage identifies variations in poverty rates, poverty depth, and poverty severity across provinces. The purpose is to show that poverty reduction in Indonesia should be understood not only through national averages, but also through regional differences.

Second, the study examines structural vulnerability by comparing indicators of human development, education, employment, inequality, and economic capacity across provinces. This stage identifies provinces with stronger or weaker structural foundations for sustaining poverty reduction. The analysis pays attention to how social and economic indicators may shape the capacity of communities to withstand future shocks.

Third, the study interprets the role of Koperasi Merah Putih within the framework of local economic resilience. This stage connects empirical provincial patterns with the institutional logic of cooperative-based development. The analysis explores how Koperasi Merah Putih may function as a local economic institution that supports market access, distribution systems, productive financing, community enterprise, food supply chains, and collective economic participation.

The study may also develop a simple provincial typology to classify regions based on poverty condition and structural resilience. For example, provinces may be grouped into four categories: low poverty and high resilience, low poverty but moderate vulnerability, high poverty but improving resilience, and high poverty with stronger structural challenges. This typology is not intended to rank provinces normatively, but to provide a policy-relevant framework for understanding different regional pathways of poverty resilience.

Conceptual framework

The conceptual framework of this study links poverty reduction, structural vulnerability, Koperasi Merah Putih, and local economic resilience. Poverty reduction is understood as the decline in the proportion and intensity of poverty. Structural vulnerability refers to the social and economic conditions that make households more exposed to poverty risks, including limited education, weak employment opportunities, inequality, low connectivity, and fragile local economic structures. Local economic resilience refers to the capacity of communities and institutions to sustain welfare gains, support productive livelihoods, and reduce exposure to future shocks.

Koperasi Merah Putih is positioned as an institutional mechanism that can connect these dimensions. As a cooperative-based local economic institution, it has the potential to strengthen collective enterprise, improve local distribution networks, support productive financing, and expand community participation in economic activities. In this framework, Koperasi Merah Putih does not replace existing poverty alleviation programs. Rather, it complements them by strengthening the local institutional foundation needed to make poverty reduction more sustainable.

Data analysis technique

Data are analyzed using descriptive and comparative techniques. Descriptive analysis is used to present provincial patterns in poverty, human development, employment, inequality, economic capacity, and connectivity. Comparative analysis is used to identify differences among provinces and to interpret the relationship between structural vulnerability and poverty resilience.

Where data availability allows, the study may use normalization or scoring to construct a simple poverty resilience profile. Each indicator can be standardized to make comparisons across provinces more consistent. Indicators associated with stronger resilience, such as higher human development, better education, stronger economic capacity, and wider connectivity, are interpreted positively. Indicators associated with higher vulnerability, such as higher poverty depth, higher poverty severity, higher unemployment, and higher inequality, are interpreted as conditions requiring stronger institutional support.

The analytical results are then interpreted in relation to the policy objectives of Koperasi Merah Putih. This allows the study to identify how cooperative-based institutions may be especially relevant in provinces where poverty reduction requires stronger local economic organization and more inclusive participation in productive activities.

Ethical considerations

Because this study uses secondary and publicly available data, it does not involve direct interaction with human participants. Therefore, no individual consent is required. The study maintains ethical standards by using official data sources, reporting indicators transparently, avoiding manipulation of statistical information, and interpreting policy initiatives in a balanced and evidence-based manner. The analysis is designed to support constructive policy learning rather than to assign blame or make unsupported claims about program outcomes.

3. Results

Indonesia's poverty reduction trend and the need for a resilience perspective

The secondary data show that Indonesia has continued to make measurable progress in reducing poverty. According to official statistics, the national poverty rate reached 8.25 percent in September 2025, declining from 8.47 percent in March 2025 and 8.57 percent in September 2024. In absolute terms, the number of poor people decreased to 23.36 million in September 2025, falling by 0.49 million people compared with March 2025 and by 0.70 million people compared with September 2024. This trend indicates that Indonesia's poverty alleviation agenda has produced positive welfare outcomes and that poverty reduction remains on a downward trajectory.

The decline occurred in both urban and rural areas. Urban poverty decreased to 6.60 percent in September 2025, while rural poverty declined to 10.72 percent. The rural figure remained higher than the urban figure, but the direction of change was positive. The number of poor people in rural areas fell from 12.58 million in March 2025 to 12.18 million in September 2025. This pattern suggests that rural poverty reduction is progressing, although rural areas continue to require stronger institutional and economic support to sustain the gains already achieved.

These findings support the need to move from a narrow poverty reduction perspective toward a poverty resilience perspective. The decline in poverty rates is important, but long-term welfare improvement depends on whether households and communities can maintain these gains when facing price fluctuations, employment uncertainty, market disruptions, food distribution challenges, or environmental pressures. In this sense, the main policy challenge is not only to reduce the number of poor people, but also to strengthen the economic and institutional capacity that prevents vulnerable households from falling back into poverty.

Rural poverty as a strategic entry point for local economic resilience

The persistence of a higher rural poverty rate compared with urban poverty shows that rural areas remain a strategic entry point for strengthening poverty resilience. The difference between urban poverty at 6.60 percent and rural poverty at 10.72 percent indicates that rural communities still face distinct structural conditions. These include stronger dependence on local production systems, greater exposure to agricultural and food price dynamics, more limited access to diversified employment, and uneven access to markets and productive resources.

However, the decline in rural poverty also shows that rural development policies have created a positive foundation for further progress. The decrease in both the percentage and number of rural poor people suggests that the welfare position of rural households has improved. This creates an opportunity to consolidate poverty reduction through institutions that are located close to communities and capable of supporting productive economic activities.

Koperasi Merah Putih is relevant in this context because it is designed to operate at the village and urban ward levels. Its local institutional position allows it to become a bridge between households, local markets, government programs, and productive sectors. In rural areas, cooperative institutions can help strengthen local distribution systems, improve access to basic goods, support small-scale enterprise, and create collective mechanisms for economic participation. Therefore, the rural poverty pattern identified in the data provides a strong justification for placing Koperasi Merah Putih within a poverty resilience framework.

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Koperasi Merah Putih as a positive institutional innovation

The policy data show that Koperasi Merah Putih has been introduced as a large-scale national initiative to strengthen the people's economy through village and urban ward cooperatives. The program was officially launched on 21 July 2025 with the establishment of 80,000 village and urban ward cooperatives across Indonesia. Government sources describe this initiative as a strategic effort to empower communities through joint enterprise, mutual assistance, and cooperative economic organization.

This institutional design is important for poverty resilience because it places communities not only as recipients of welfare support, but also as active participants in local economic governance. Koperasi Merah Putih can potentially support poverty resilience through several pathways. First, it can strengthen local access to basic goods by improving distribution and reducing dependence on distant supply chains. Second, it can support productive financing and business development for micro and small enterprises. Third, it can improve local market participation by organizing community-based economic activities. Fourth, it can strengthen food-related local value chains, especially in areas where household welfare is closely connected to agricultural production and food distribution.

The results therefore suggest that Koperasi Merah Putih should be understood not merely as a cooperative expansion program, but as an institutional instrument for strengthening local economic resilience. Its potential contribution lies in its capacity to organize collective economic participation at the grassroots level, connect local producers and consumers, and provide a community-based platform for sustaining welfare improvements.

Linking poverty reduction with structural resilience

The analysis indicates that poverty resilience depends on the interaction between poverty outcomes and structural conditions. Provinces with stronger human development, better education outcomes, more diversified employment opportunities, broader connectivity, and stronger economic capacity are likely to have greater ability to sustain poverty reduction. Conversely, areas with higher rural poverty, limited productive employment, lower connectivity, and weaker local economic organization may require stronger institutional support to convert poverty reduction into long-term resilience.

In this framework, Koperasi Merah Putih can serve as a complementary institution that strengthens the structural foundations of poverty alleviation. It does not replace social protection, infrastructure development, or human development programs. Instead, it can help connect these programs to local economic practices. For example, where social assistance improves household welfare, cooperatives may help households access productive activities. Where village development improves infrastructure, cooperatives may help organize local distribution and enterprise. Where digital access expands, cooperatives may use connectivity to improve business management, market access, and service delivery.

This finding is important because it reframes poverty alleviation as a process of institutional strengthening. Poverty reduction is not only about lowering the poverty rate, but also about building local systems that allow communities to remain economically active, adaptive, and protected from future shocks. Koperasi Merah Putih provides a positive institutional pathway for supporting this transition.

Toward a provincial typology of poverty resilience

Based on the secondary data and conceptual framework, Indonesian provinces can be understood through a poverty resilience typology. This typology is not intended to rank provinces, but to identify different policy pathways for strengthening local economic resilience.

The first group consists of provinces with relatively low poverty and stronger structural resilience. These provinces are likely to benefit from Koperasi Merah Putih as an instrument for innovation, market expansion, and cooperative-based enterprise development. In these areas, cooperatives may function as platforms for scaling local products, strengthening service delivery, and improving digital economic participation.

The second group consists of provinces with declining poverty but moderate structural vulnerability. These provinces may need Koperasi Merah Putih to consolidate poverty reduction gains by strengthening access to productive resources, improving local distribution systems, and supporting small-scale business activities. In this group, the cooperative can serve as a bridge between welfare

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improvement and local economic participation. The third group consists of provinces with higher rural poverty and stronger dependence on primary sectors. In these areas, Koperasi Merah Putih may have a particularly important role in strengthening food supply chains, supporting agricultural households, improving access to basic goods, and organizing community-based economic activities. The cooperative model is relevant because it is embedded in the village economy and can support collective responses to local economic vulnerability.

The fourth group consists of provinces where poverty resilience requires stronger institutional coordination and connectivity. In these areas, Koperasi Merah Putih may function as an entry point for improving local institutional capacity, connecting communities with government programs, and expanding access to economic services. The emphasis should be on strengthening cooperative governance, managerial capacity, and integration with digital systems.

This typology shows that Koperasi Merah Putih should not be implemented through a uniform approach. Its contribution to poverty resilience will depend on the structural conditions of each province. Therefore, a place-sensitive strategy is needed to ensure that cooperative-based development responds to different regional poverty profiles.

4. Discussion

The findings indicate that Indonesia's poverty reduction agenda has entered an important stage in which declining poverty rates need to be consolidated through stronger local economic resilience. The decrease in the national poverty rate to 8.25 percent in September 2025 demonstrates meaningful progress in welfare improvement. However, the persistence of higher poverty in rural areas shows that poverty alleviation cannot be understood only as a matter of reducing the number of poor people. It also requires the development of local institutions that can help households sustain welfare gains, participate in productive economic activities, and remain resilient when facing future pressures. From this perspective, poverty reduction and poverty resilience should be viewed as complementary rather than separate policy goals (Mustafa et al., 2021).

This study argues that Koperasi Merah Putih provides a positive institutional pathway for linking poverty reduction with poverty resilience. Its strategic significance lies in its location at the village and kelurahan levels, where poverty is experienced not only as low income but also as limited access to markets, fragmented distribution systems, weak bargaining power, and constrained productive opportunities. By strengthening cooperative-based economic organization, Koperasi Merah Putih can potentially support communities in transforming welfare support into productive participation. This makes the initiative relevant not only as an economic program, but also as a local governance mechanism for strengthening community capacity (Larsen & Lilleør, 2014).

The results also suggest that rural poverty should be understood as an opportunity for targeted institutional strengthening. Rural areas continue to record higher poverty rates than urban areas, but the decline in rural poverty demonstrates that progress is already taking place. Koperasi Merah Putih can help consolidate this progress by supporting local economic functions that are closely connected to everyday household welfare. These functions include improving access to basic goods, organizing local supply chains, supporting micro and small enterprises, facilitating productive financing, and strengthening food-related economic activities. In this sense, the cooperative can become a local platform through which poverty reduction gains are made more durable.

A key contribution of this article is the shift from a poverty reduction lens to a poverty resilience lens. Traditional poverty reduction approaches tend to emphasize income support, poverty rates, and welfare indicators. These remain important, but they are not sufficient to explain whether households can maintain improved welfare over time (Wang et al., 2023). Poverty resilience requires attention to the structural conditions that shape vulnerability, such as human development, employment quality, economic diversification, connectivity, and institutional capacity. Koperasi Merah Putih is relevant because it can potentially connect these structural dimensions at the local level. It can support economic participation, strengthen local market relations, and provide an organized institutional space for collective action.

The discussion also highlights the importance of place-sensitive implementation. The provincial differences identified in the results show that regions do not have the same poverty profile or the same

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resilience capacity. Provinces with stronger economic structures may use Koperasi Merah Putih to scale up local enterprises, improve cooperative innovation, and expand digital market access. Provinces with higher rural poverty may benefit more from the cooperative's role in basic goods distribution, food supply chains, agricultural support, and community-based enterprise development (Yusriadi et al., 2026). Provinces with moderate vulnerability may use the cooperative as a bridging institution that links social protection, village development, and productive economic activity. Therefore, the contribution of Koperasi Merah Putih will depend on how well its implementation is adapted to local conditions.

This finding has important implications for poverty governance. Poverty alleviation should not be interpreted only as a top-down delivery of assistance, but as a process of strengthening local economic institutions that enable communities to participate actively in development. Koperasi Merah Putih reflects this orientation because it is grounded in cooperative principles, collective ownership, mutual assistance, and community-based economic participation. These principles are consistent with Indonesia's tradition of *gotong royong* and with contemporary policy needs for inclusive and adaptive local development (Zameer et al., 2020). By institutionalizing cooperation at the grassroots level, the program can support a more participatory model of poverty resilience.

The role of Koperasi Merah Putih is also important in connecting social protection with productive economic development. Social protection helps reduce immediate vulnerability, while cooperative institutions can help create pathways toward productive participation. When households have access to basic welfare support, they may still need institutional channels to engage in local markets, access financing, develop small businesses, and participate in collective economic activities. Koperasi Merah Putih can serve as one of these channels. It can complement existing programs by providing a local mechanism through which communities organize economic resources, manage distribution, and build collective business capacity.

Another important implication concerns local economic resilience. The findings suggest that resilience is not only a household attribute, but also an institutional and territorial capacity (Mahadevan & Suardi, 2019; Thorbecke, 2013). A household may become more resilient when it is supported by accessible markets, reliable distribution systems, productive employment, digital connectivity, and responsive local institutions. Koperasi Merah Putih can contribute to this ecosystem by functioning as an intermediary institution between households, local producers, consumers, government programs, and broader markets. In this way, the cooperative can help strengthen the local economic infrastructure needed to sustain poverty reduction.

The study also supports the idea that cooperative-based development can contribute to more inclusive poverty alleviation. Because cooperatives are built on collective participation, they can create opportunities for community members who may not have strong individual market power (Hart et al., 2016; Rashid & Intartaglia, 2017). This is especially relevant for small farmers, informal workers, micro-entrepreneurs, women-led household enterprises, and vulnerable groups whose economic participation is often constrained by limited capital, information, and market access. Through collective organization, Koperasi Merah Putih can help improve bargaining capacity, reduce transaction costs, and expand access to local economic opportunities.

Nevertheless, the resilience contribution of Koperasi Merah Putih should be understood as a gradual institutional process. Since the program is still relatively new, its role should not be measured only through immediate poverty reduction outcomes. Its early significance lies in its capacity to build institutional foundations: forming cooperative organizations, expanding membership, strengthening management, connecting local economic actors, and creating channels for community-based enterprise (Santika et al., 2019). Over time, these institutional foundations may become important drivers of more sustainable poverty alleviation. This perspective allows the program to be analyzed fairly and constructively without making premature claims about direct impact.

Overall, the discussion shows that Indonesia's poverty alleviation agenda can be strengthened by integrating statistical poverty reduction with local economic resilience. Koperasi Merah Putih offers a promising institutional mechanism for this integration. Its value lies not only in the number of cooperatives established, but in its potential to strengthen grassroots economic organization, support productive participation, improve local distribution, and build community capacity to withstand future shocks.

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5. Conclusion

This article has examined the shift from poverty reduction to poverty resilience by positioning Koperasi Merah Putih as a strategic local economic institution in Indonesia's poverty alleviation agenda. The analysis shows that Indonesia has continued to make positive progress in reducing poverty, as reflected in the decline of the national poverty rate to 8.25 percent in September 2025 and the reduction in the number of poor people in both urban and rural areas. These achievements demonstrate the continuing importance of social protection, human development, village development, infrastructure expansion, and local economic strengthening in supporting welfare improvement.

However, the study also argues that poverty reduction should be understood not only as a decline in poverty rates, but also as the capacity of households, communities, and local institutions to sustain welfare gains over time. This is the central meaning of poverty resilience. In this perspective, poverty alleviation requires stronger local economic systems that can help communities remain adaptive, productive, and protected when facing economic, social, environmental, or market-related pressures.

Koperasi Merah Putih offers an important institutional pathway for strengthening this resilience. As a village- and kelurahan-level cooperative initiative, it has the potential to connect households with local markets, productive financing, basic goods distribution, food supply chains, and community-based enterprise development. Its significance lies not only in expanding cooperative institutions, but also in strengthening grassroots economic participation and collective capacity. Through this role, Koperasi Merah Putih can complement existing poverty alleviation policies by providing a locally embedded mechanism for sustaining welfare improvement.

The study contributes to poverty governance literature by reframing poverty alleviation from a short-term reduction agenda into a long-term resilience-building process. It also offers a policy-relevant framework for understanding how cooperative-based institutions can support inclusive and adaptive local development. Since Koperasi Merah Putih is still relatively new, future research should examine its implementation, governance capacity, membership participation, business performance, and contribution to household welfare over time. Overall, the article concludes that Indonesia's poverty alleviation agenda can be strengthened by integrating poverty reduction with local economic resilience, and Koperasi Merah Putih represents a promising institutional foundation for this transition.

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