

## Policy-Based Local Economic Analysis: A Study of the Impact of the MBG Program on MSMEs at SMP Negeri 10 Bandar Lampung

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### ABSTRACT

*This research examines the influence of the Makan Bergizi Gratis (MBG) program initiated by President Prabowo Subianto on the local school-based economy, particularly canteens and micro food enterprises. The research stems from the concern that although MBG aims to improve students' nutritional intake and learning concentration, its economic impact on surrounding businesses remains unclear. The purpose of this study is to explore how the program affects business income levels, students' purchasing behavior, and the economic sustainability of small traders operating near schools. A qualitative approach was employed through open-ended interviews with school canteen managers, micro-enterprise food vendors, and stakeholders involved in food distribution. The findings reveal that most micro-enterprises experienced a decline in income because students no longer purchase food independently as they did before the implementation of MBG. These results imply that the program should not only focus on nutritional benefits for students but also involve local economic actors in the food supply chain to ensure that MBG contributes simultaneously to student welfare and community economic sustainability.*

**Keywords:** Free Nutritious Meal Program; local economy; micro-enterprises; school canteens; policy impact.

### Introduction

School feeding programs are widely recognized as an effective policy to improve children's nutritional status and academic performance, as sufficient nutrient intake positively contributes to concentration and cognitive development (Verguet et al., 2020). In addition to supporting health and education outcomes, such programs can influence local economic activities by increasing food procurement from nearby producers and creating employment opportunities within community-based food sectors (Masset & Gelli, 2013). When the supply chain is integrated with local business actors, these initiatives may enhance the income of small farmers and micro, small, and medium enterprises (MSMEs) through stable market access and increased sales volume.

However, several studies highlight that school feeding interventions can also generate economic displacement, particularly for school canteens and surrounding food vendors who rely on student purchases. The shift in consumption toward free meals may reduce their sales, leading to income decline and business vulnerability. This varied

economic effect indicates that program outcomes depend on how local business participation is structured in practice (Barnabas et al., 2023).

Strengthening procurement partnerships with local SMEs is therefore essential, as it not only maximizes economic spillovers but also minimizes business competition that may arise during program implementation (Hands, 2023). Nevertheless, empirical evidence remains limited regarding the real economic impacts experienced by informal vendors around schools during the rollout of nutritious meal interventions (Basit & Ramadani, 2025). Thus, this study aims to examine how school feeding implementation influences income changes, student purchasing behavior, and overall sustainability of enterprises within the school-based economic ecosystem, ensuring that improvements in student welfare do not compromise community livelihoods (Studdert et al., 2004).

## **Theoretical Framework and Hypothesis**

### **Nutritional Impact Theory**

Nutritional Impact emphasizes that adequate and balanced nutrition is essential for children's physical growth, cognitive development, and overall health (Desiani & Syafiq, 2025; Nyaradi et al., 2015; Wang, Shinde, Young, & Fawzi, 2021; Whaley et al., 2003). Nutritional deficiencies during school age can lead to stunting, weakened immunity, and reduced academic performance, whereas access to nutritious meals supports learning capacity and long-term health outcomes (Nurwakhid & Fridiyanti, 2025; Oukheda et al., 2023). Within the Free Nutritious Meal (MBG) Program, this theory explains how school-based meal provision rich in macro- and micronutrients can improve students' nutritional status, concentration, and academic achievement. Evidence from Indonesia indicates improvements in anemia reduction and physical fitness among students receiving school meals (M et al., 2017). Moreover, well-implemented school feeding initiatives may contribute to long-term human development and generate positive local economic impacts by involving SMEs and local farmers in the food supply chain.

### **Local Economic Impact Theory**

Local Economic Impact posits that public interventions or programs can generate significant economic benefits for local communities through the involvement of local economic actors, particularly small and medium enterprises (SMEs) and local farmers, in the program's supply chain. This theory emphasizes that the flow of income from program expenditures does not stop at the primary objective but circulates within the local economy through a multiplier effect, increasing income, employment opportunities, and overall economic activity (Blakely & Leigh (2012) In other words, public programs that prioritize local procurement and community participation can strengthen local economic capacity, create market stability, and support sustainable economic development. This theory aligns with the concept of Local Economic Development (LED), which emphasizes empowering local economies by optimizing local potential, fostering collaboration between government, communities, and the private sector, and building on local resources (Yusri, 2023). Moreover, the local multiplier effect explains how every unit of expenditure for a program can trigger increased income across various local

economic sectors, thereby contributing to broader community welfare (Domański & Gwosdz, 2010). Therefore, Local Economic Impact Theory provides a strong conceptual foundation for understanding that programs such as the Free Nutritious Meal (MBG) Program not only focus on nutritional and educational objectives but also have the potential to stimulate local economic growth and empower SMEs around schools.

### **Policy Implementation Theory**

Policy implementation represents a critical stage in determining whether a public policy can achieve the objectives formulated during the policy design phase. Van Meter & Van Horn (1975), explain that policy implementation refers to the actions carried out by individuals or groups, from both the public and private sectors, that are directed toward achieving previously established policy goals. The success of implementation is influenced by several key variables, including policy standards and objectives, resources, characteristics of implementing organizations, inter-organizational communication, the attitudes of implementers, and the social, economic, and political conditions surrounding the policy environment.

Policy implementation is not merely a technical or administrative activity; rather, it is a complex and dynamic process shaped by various structural and social factors. Besar, (2010) emphasizes that policy implementation is not simply the execution of programs, but a series of processes that bridge policy decisions with the tangible impacts experienced by society. Policy implementation encompasses how policies are translated into concrete actions through the arrangement of implementing institutions, the distribution of authority, the provision of resources, and the monitoring of field-level execution. When any of these elements fails to function effectively, even well-designed policies may fall short of achieving their intended objectives.

In the context of the Free Nutritious Meal Program (MBG), policy success is determined not only by policy formulation at the central level, but also by the involvement of multiple cross-sector actors, including central and local governments, educational institutions, and partner suppliers of food ingredients and catering services. The effectiveness of MBG is not solely dependent on budget allocation or sound policy design, but is largely shaped by how the policy is implemented at the operational level. From the perspective of the Van Meter and Van Horn model, the effectiveness of MBG is strongly influenced by the clarity of meal provision standards, the adequacy of resources (budget, human resources, and logistics), the effectiveness of inter-agency communication, and the social and economic conditions of beneficiary regions. Inadequate coordination among institutions or weak oversight of distribution processes may result in delays in delivery, mistargeting of beneficiaries, and budget inefficiencies.

## **Research Methods**

### **Samples and sampling techniques**

This study employs a descriptive qualitative approach as it aims to gain an in-depth understanding of the implementation of the Free Nutritious Meal Program (MBG) at SMP Negeri 10 Bandar Lampung from the perspective of food and beverage providers. This approach allows the researcher to comprehensively describe how the provision of the Free Nutritious Meal Program (MBG) affects food vendors operating both within the school and in the surrounding area. Qualitative research seeks to understand phenomena in depth by producing descriptive data in the form of words derived from observed behaviors and interview results with research subjects (Anjasmari & Nor'aini, 2023). In line with this view, qualitative research is understood as a research method conducted in natural settings, where the researcher serves as the key instrument, and data collection techniques include interviews, observations, and documentation (Safarudin et al., 2023).

The sampling technique used in this study is purposive sampling. This technique was selected because the researcher conducted in-depth interviews only with informants who were considered to be significantly affected by the implementation of the MBG Program at SMP Negeri 10 Bandar Lampung, namely micro, small, and medium enterprise (MSME) actors and school canteen managers. Purposive sampling is a sampling technique in which subjects are selected based on specific criteria relevant to the research objectives (Maulidiya, 2021). Based on these considerations, the researcher selected five MSME actors and seven school canteen managers who were affected by the program as the main interview samples. This selection was intended to ensure that the data obtained are rich in information and capable of providing an in-depth depiction of the impact of the Free Nutritious Meal Program on MSME actors and school canteen managers.

### **Results and Discussion**

The interview findings with canteen managers indicate that the school has seven active canteens, most of which sell iced beverages, fried snacks, pempek, chicken noodles, and other light snacks. The canteen managers reported that the level of customer traffic is strongly influenced by the daily MBG (Free Nutritious Meal) menu provided by the school. When the MBG menu is perceived as tasty and filling, students tend not to purchase food from the canteen, whereas when the menu is less appealing, canteen purchases increase. This effect is most evident among vendors selling main meals, rather than those specializing in light snacks. These findings align with the nutrition benefits theory, which explains that students will choose food sources that are filling, nutritious, and cost-efficient to meet their daily energy needs. When the MBG program provides a main meal with acceptable taste, students' energy requirements are fulfilled, resulting in a reduction in alternative food purchases outside the program. This is reinforced by Wang et al., (2021), who found that school feeding programs reduce the consumption of commercial snacks and food because students have already obtained sufficient nutrition at school. From the perspective of local economic impact, the MBG program creates a substitution effect on canteen revenue. When main meals are distributed for free, students' need to purchase similar meals decreases, leading to lower sales among canteen

vendors. A comparable phenomenon was reported by Basit & Ramadani (2025), who noted that large-scale free school meal interventions can reduce the economic activity of informal food sellers around schools when substitution mechanisms are not regulated. The decline in consumption is particularly experienced by vendors selling main meals, consistent with Fernandes & Darnton (2021), who found that this sector is the most elastic in response to school feeding programs, compared to snack or beverage vendors.

From the standpoint of policy implementation theory, these circumstances demonstrate that the MBG program produces indirect effects on local economic actors, yet mitigation mechanisms have not been incorporated. Mazmanian & Sabatier (1983) emphasize that effective policy implementation must consider “secondary affected groups”—actors who are indirectly impacted beyond the primary beneficiaries. In the case of the MBG program, students are the direct beneficiaries, while canteen vendors represent secondary affected groups that have not been accommodated in the implementation framework. This is consistent with Nissa et al., (2025), who notes that school nutrition interventions in Indonesia have predominantly prioritized nutritional outcomes without complementary economic planning to ensure the sustainability of small enterprises within school environments.

Overall, the empirical findings and theoretical analysis indicate that the MBG program delivers positive nutritional outcomes for students while simultaneously generating economic challenges for school canteen vendors, particularly those selling main meals. Therefore, further policy development should incorporate a collaborative model—such as involving canteen vendors as providers of MBG meals—as recommended by Verguet et al., (2020), to ensure that nutritional interventions continue without undermining the income and sustainability of local economic actors.

### **Conclusion, Implications, Suggestions, And Limitations**

Based on the results of research on the impact of the Free Nutritional Meal Program (MBG) at SMP Negeri 10 Bandar Lampung, it can be concluded that this program has two major, distinct consequences. From the students' perspective, the MBG successfully met its primary objective: providing nutritious meals that can increase daily energy needs and reduce students' dependence on purchasing food outside the program. However, from the perspective of the local economy, particularly food micro, small, and medium enterprises (MSMEs) and school canteen managers, this program resulted in a significant decrease in income. This decrease was particularly felt by vendors selling main meals, as the MBG menu served as a direct substitute for their merchandise. Thus, although the MBG brought nutritional benefits to students, its implementation indirectly weakened the sustainability of small businesses that depend on students' daily consumption within the school environment.

These findings indicate that the MBG program cannot be viewed solely as a nutrition and education policy, but also as a local economic policy that has a tangible impact on MSMEs. If the implementation of the MBG program does not take into account the economic actors surrounding the school, it will have side effects in the form of decreased economic activity and reduced income for vendors. These policy implications

emphasize the importance of inclusive program design considering not only students as the primary beneficiaries, but also non-targeted impacted groups such as school canteens and MSME vendors. The research results also indicate the need to integrate MSMEs into the MBG supply chain as a strategy to maintain a balance between meeting students' nutritional needs and the economic sustainability of local communities.

Based on these implications, several suggestions that can be considered are:

1. Involving MSMEs and canteens in providing MBG meals, for example through a daily contract system, vendor rotation, or menu sharing between schools and local vendors. This way, vendors maintain a stable market and income.
2. Adjusting the MBG menu so that it does not completely replace the food sold by canteen vendors, while still providing nutritional value. For example, the MBG menu could focus on nutritious staples, while vendors could provide additional items such as healthy drinks, cut fruit, or non-substitute snacks.
3. Establish a coordination forum between schools, the MBG (Student-Based Group) and MSMEs, so that each party can communicate their needs and limitations and formulate a mutually beneficial cooperation scheme.
4. Conduct regular economic monitoring, especially during the first three months of MBG implementation, to identify immediate impacts on MSMEs and ensure adaptive policy responses.

### Limitations

This study has several limitations that require consideration:

1. The number of informants was limited and only included MSME vendors and canteen managers at one school, so the results cannot be generalized to other schools or different regions.
2. The research approach was qualitative, so it does not provide quantitative data on the magnitude of income decline or percentage change in student consumption behavior.
3. The daily MBG menu variations have not been analyzed in detail against vendor income fluctuation patterns, so the specific cause and effect relationships between certain menu items and their impacts have not been fully explained.
4. The research took place in the early phase of program implementation, so the long term impact on MSME sustainability cannot yet be fully mapped.

Even though, this study provides a concrete picture of how the MBG policy affects the school economic ecosystem, while also providing an important basis for improving the program's implementation in the future.

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