



Editorial

Dear Readers,

We are delighted to meet you through this newsletter entering the first quarter of 2021. We continue to experience the impact of the COVID-19 pandemic, which forced everyone to adjust to the new condition of their respective life. Amid this coronavirus pandemic disease, we have no doubt to visit you with some of the important news for your reference.

This first number in 2021 consisted of two selected research results with policy recommendations about agricultural investment strategy (Dr. Saktyanu K. Dermoredjo) and the availability of credit (KUR) to support agricultural production (Dr. Nyak Ilham). A short note on agricultural policy is also prepared for your reference (Ministry of Agriculture Strategic Program 2021). Next is news about our research activities in 2021, followed by some important information, including a glimpse of the inauguration of research professor for Dr. Handewi P. Saliem, the first female researcher at ICASEPS to receive such a prestigious research ranking.

We are pleased to have four new staff to strengthen our research support squad in various activities. Most importantly, we warmly welcome the return of our colleague from a previous assignment as Agricultural Attaché for Europe based in Brussel, Belgium, Dr. Wahida Maghraby.

Keep safe, stay healthy, and enjoy reading.

Thank you.

The Editor

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Research Findings



STRATEGY TO ENHANCE AGRICULTURAL INVESTMENT

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Background

The positive economic growth of the agricultural sector during the COVID-19 pandemic is astonishing. Increased investment in agriculture is essential to anticipate its prospect. Nevertheless, it needs good groundwork such that more investors to be interested in investing in this sector. Nowadays, the government has been implementing the Job Creation Bill (*Undang-Undang Cipta Kerja*) for more agricultural sector investment. The study aims to analyze how to enhance agricultural investment. The provinces chosen as the study samples are (i) West Java Province (konjac/*porang*, sweet potato, horticulture seed, and coffee, and (ii) East Java Province (horticulture seed and coffee).

Investment Trend in Agricultural Sector

COVID-19 pandemic discourages global economic growth experienced by many countries, including Indonesia. Global Foreign Direct Investment (FDI) decreased by 49% in the first semester in 2020. Foreign Investment (PMA) realization in Indonesia for the January–September period declined by -5.1%. As many as 5 million workers were laid off. It resulted in a fall in Indonesia's trade performance, i.e., export and import decreased by 9.14% and 31.8%, respectively.

Relatively high ICOR (6.8) indicates inefficient investment in Indonesia and, thus, the government needs to improve it. The high investment cost is due to inefficient bureaucracy, corruption, expensive land price, impervious and overlapped regulation, and expensive logistics.

Currently, Indonesia's rank of Ease of Doing Business (EODB) is 73, and in the next five years is expected to be 70's. EODB is complicated and involves some Ministries and local governments as it consists of 11 indicators to cope with, namely: (a) starting business; (b) dealing with construction permit; (c) registering property; (d) getting electricity connection; (e) getting credit; (f) paying taxes; (g) cross-border trade; (h) minority investors protection; (i) contract enforcement; (j) bankruptcy settlement; and (k) contract agreement with the government. Related to EODP, Presidential Instruction (Inpres) 2019 aims to improve those indicators and collaboration among Ministries/Institutions to simplifying the regulation.

In general, realized investment in Indonesia during Q1–Q3 of 2020 was good enough, i.e., Rp817.2 trillion (74.8%). It is expected that the remaining 25% will be met in Q4 of 2020. Investment potentials in both Java and outside Java are relatively balanced. Indonesia depends much on domestic investment (PMDN) such that gap between PMDN and PMA gets closer performed in this pandemic era. Investment by sector for the period of 2015–2020, PMA for the agricultural sector, namely food crops, estate crops, fishery, forestry, and food industry, was 11.3%, and that of PMDN was 22.3%.

Many companies applied for konjac or *porang* (*Amorphophallus muelleri*) investment. However, only one company was approved, i.e., PT Asia Prima Konjac, as much as Rp20 billion in Madiun Regency, East Java Province. The investment was utilized for factory construction to process konjac tuber into chips and powder. Konjac investment potential proposed in some regencies in East Java Province, i.e., Madiun, Nganjuk, Situbondo, and Trenggalek. East Java Province Regional Investment Coordinating Board (BKPMMD) collaborates with the Forest Managing Region (KPH) of Indonesia Forestry Company (Perhutani) in East Java to determine area and yield in those regencies.

Indonesia's sweet potato export is limited to some countries, e.g., Japan, Malaysia, Singapore, and Korea, contributing 93% to national export. Limited sweet potato export from Indonesia is due to domestic demand. Average sweet potato production during 2014–2018 was 2,158,656 tons, and its exported volume was only 0.4%.

Sweet potato farmers deal with low-technology practices and low yield. They need an extension from related institutions, such as Agricultural Office, through quality enhancement, investment, and capital access. Most sweet potato varieties grown by farmers are not following market demand. The sweet potato processors do not market their products directly. The marketing is conducted by the marketing companies.

Product promotion through international events is another strategy to implement through investors' involvement in exporting their products. In this relation, the horticulture seed industry has been successful in producing and distributing its products. However, due to the COVID-19 pandemic, these seed-industry stakeholders deal with some constraints, i.e., (a) vegetable farmers are difficult to sell their harvest due to closed markets or limited transaction hours along with large-scale social restrictions (PSBB), especially in a greater area of Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi); (b) control centers in each regency/municipality borders during PSBB restrains agricultural product movement inter-region leading to lower farm-level prices; (c) most main buyers of food and horticulture products, e.g., hotels and restaurants, are closed during PSBB; (d) demand for horticulture products is weak as the COVID-19 pandemic spreads all over the world; and (e) horticulture farmers reduce their planting areas as the demand shrinks, leading to lower demand for the seed.

Investment in coffee seed production, especially for smallholders, is urgent. Coffee production investment was carried out through increasing planted areas. Bandung Regency Government improved coffee business competitiveness through collaboration. The flavor variation investment was carried out by Regional Government-own Company (BUMD) PT Agro Jabar through lemon trees planting 30 hectares in Cikajang Sub-district and 5 hectares in Gunung Tilu, Pangalengan Sub-district. Bandung Regency Government also

invested in organic fertilizer and bio-pesticide production. The farmers could produce them themselves using bio-fertilizer starter and liquefied fog for producing bio-pesticide made of coffee wastes (coffee peel). Dry fermentation innovation was also carried out, such as enhancing dried coffee bean quality. Wet fermentation innovation included enriching Arabica coffee with citrus flavor without planting citrus in the coffee-planted areas.

Factors Affecting Investment in Agricultural Sector



Macro components influencing investment in the agricultural sector is initial infrastructure for starting business consisting of national roads (inter-province), provincial roads (inter-regency/municipality),

and regency roads (inter-sub-district). The next component is water supply, internet connection, and communication. The roads (non-highway) play an important role in transporting raw materials, as well as fresh and processed products. Irrigation water is vital for agriculture production, and tapped water is essential for agricultural product processing. Good internet connection and affordable communication costs will lessen transaction and communication costs. Accelerated investment and marketing are the next components. Market and capital access, stable socio-politics, and a fast permit process will speed up investment.

ROI of konjac processing with a pay-back period of 5 years was between 11.6–30.2%. RI was above zero, indicating that profit earned from konjac selling using investment assets was positive. One of the main issues is the low quality of konjac tuber harvested by some farmers as the tubers are not yet mature for further processing with a requirement of konjac chip size is more than 8 cm. The other issue is no Good Agricultural Practices (GAP) for konjac growing at the farm level.

ROI of sweet potato investment in West Java was 13.1–77.6%, with RI varying from Rp162,715,800 to Rp197,782,072. Cash flows of sweet potato producers were good enough during the early years, and ROI distribution was relatively stable. The export market was promising, as indicated by one of the exporters in East Java that could ship 20 tons of purple sweet potato chips and 5 tons of orange sweet potato chips monthly. ROI for coffee investment during the last five years, ranging from 36 to 47%. RI varied from Rp249,142,000 to Rp315,978,000. Investment for coffee replanting was urgent as most crops grown by farmers had been old enough. ROI for vegetable seed investment varied from 13.1 to 77.6%, and RI was between Rp678,089,908 and Rp2,868,692,256.

Synchronized Policies of Internal MoA and inter-Ministries/Institutions (K/L)

Investment policy synchronization aims to boost agriculture investment. K/L have to focus on some issues, i.e.: (a) commitment to the government including K/L for improving ranks of all indicators; (b) structural improvement for all indicators; (c) controlling business convenience enhancement; (d) disseminating policy on business convenience improvement to the stakeholders, K/L, regional governments to enhancing the 11 indicators.

Moderate-risk business requires Business Main Number (NIB) and Standard Certificate (SS). Standard risk is workers' safety and health, public safety, and its impacts on the environment. Moderate-high risk business requires NIB and SS (self-declared and post-audit). SS is self-fulfillment and, after entering the operating stage (before commercial stage), will be verified using a post-audit by the central/regional government in accordance with its authority. High-risk business requires NIB and permit conducted at the operating and commercial stages.

Policy Implication

Along with investment enhancement measures, the agribusiness actors require some improvement, i.e. (a) strengthening Indonesian Agency for Agricultural Research and Development and other research centers to innovate new varieties according to domestic and export market demands; (b) encouraging farmers to grow improved varieties and to implement GAP; (c) the agricultural product processing companies to encourage farmers to grow improved varieties for production and quality enhancement; (d) export market expansion to increase farm-level prices and domestic production, especially during the COVID-19 pandemic; and (e) Agricultural Service Offices at the regency/municipality level to pay more attention to promising secondary crops.

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OPTIMAL USE OF PEOPLE'S BUSINESS CREDIT (KUR) TO SUPPORT AGRICULTURAL PRODUCTION

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Introduction

Food production increase could be conducted in two ways: Increasing productivity and expanding the working land scale. Not all farmers adopt the introduced technology and work on optimal land size. Some farmers depending on financial support from an informal sector with a high rate of interest. For this reason, the government provides financial support in the form of credit, namely People Business Credit/Kredit Usaha Rakyat (KUR).

The actual disbursement of similar credit in the past was relatively lower than the target. The number of farmers who used this credit program was relatively small for several reasons, namely: (i) lack of information about the program with subsidized interest, (ii) farmers have no collateral, (iii) some farmers have a principle that borrowing money from a bank is a *riba* (usury against religion's rules), (iv) some farmers have once been rejected to borrow from the bank, (v) farmer's fright of unable to repay, and (vi) inactivity of the farmer groups. In the future, the target of KUR for agriculture will be increased while the farmers have exceptional attention to improving their access to such a loan in the attempt to increase food crops production. For this purpose, knowledge about factors that



encourage and hamper the absorption of KUR in the agricultural sector is highly required.

The objectives of this research are to (1) identify the business process of KUR lending and repayment; (2) analyze factors affecting the use of KUR; (3) analyze the influence of KUR credit to increase food crops production; (4) formulate policy recommendations on the use of KUR to increase food crops production.

Methodology

This research was conducted in 2020 in Brebes Regency of Central Java Province, Central Lampung Regency of Lampung Province, Wajo Regency of South Sulawesi Province, and Malang Regency of East Java Province. Two types of data used in this research were primary and secondary data collected through FGD sessions, mailings via email, direct interviews using a list of questions, and browsing for references.

Respondents/institutions as sources of data and information include the Ministry of Finance, Coordinating Ministry of Economy, Financial Service Authority, Ministry of Agriculture, Banks that disburse KUR at central and regional levels, and relevant agriculture services at regency level. Primary data was obtained through direct interviews with the personnels of Sugarcane Smallholding Farmers of Indonesia, cooperatives administrators, coordinator of extension workers, head of extension office/UPTD at sub-district level, farmer groups/federated farmer groups, and 232 farmers, totaling 282 respondents. Data and information were analyzed using a descriptive type approach and Logit Model.

Research Results

Business Process of KUR Service

During the 2007–2020 period, government policy has encouraged the evolution of KUR to an easy direction for the farmers to access the credit. This was indicated by the reduction of the KUR interest rate, the increase in the ceiling level of loans, and the increased number of financial institution involvement. Its impact during the 2015–2019 period, by and large, the number of debtors, ceiling level, agreed proposal, and actual KUR distributors were all increased. A similar condition was also revealed during the 2017–2020 period, with the increase in debtor and an actual loan from IDR1.11M and IDR22.62T in 2017 to IDR1.86M and IDR54T in 2020, respectively. This increase was also followed by a low NPL value, i.e., 1.19%.

However, the farmer's participation rate compared to the total number of farmer's households (RTUP) at the national level was considered relatively low, namely 4.99% in 2018 and 5.23% in 2019. This low rate was caused by the difference in the guideline based on Permenko 8/2019 with that implemented by the KUR disbursement institutions for KUR's prospective customers. For KUR distributor banks, the success of credit is not only identified by the number of the debtor and the agreed credit proposal but also the success of repayment by the debtors, as shown by the value of NPL and the number of downgraded customers. Therefore, the KUR bank institutions would prioritize the old customers who have good records compared to the new ones without a track record and with no guarantee from the third party.

Several features are not suitable for the business cycle and business scale. In cattle breeding, there is a mismatch between the credit repayment period, which is nine months, with the

production cycle and the business cycle, which is 12–18 months. Similarly, for the cattle fattening, the ceiling loan would be IDR500 million, and this figure would not support the independent farmers who are in the future not depending on the loan. For sugarcane farms, farmers who only need IDR50 million or less (Micro KUR) should apply for the Special KUR program. In 2019, these farmers had a credit of IDR30 million when this amount was categorized as Small Credit. For this condition, this feature is not suitable for those farmers.

Another cause is the dominant role of KUR distributors compared to linkage agencies, which are closer to prospective debtor farmers. In general, farmers borrow individually, except for sugarcane farmers involving farmer's groups/federated farmer's groups and cooperative administrators so that they can coordinate a large number of members. Practically, methods through a business group are more effective because the group leader would easily identify the group members compared to that of KUR distributors.

Factors Affecting the Use of KUR

According to farmers, both customers and non-customers of KUR, the terms and conditions for submission, interest rates, distance from the farmer's house to the KUR distributor office, socialization, and the suitability of the actual amount with the number of loan applications have a significant effect on farmers' decisions to use KUR. KUR distributors want prospective KUR debtors to have an off-taker to ensure the marketing of products produced by customers and provide technical guidance for cultivation. KUR distributors also expect the role of the local government/relevant offices in providing accurate data related to the prospective debtor's farming business profile.

Off-taker and cluster approaches are found on sugarcane smallholding farmers in Malang Regency. Farmers are members of a farmer group. Some farmer groups are members of a cooperative, which plays a significant role in connecting farmers with business partners, in this case, the sugar factory. During 2016–2019, there was no specific constraint in marketing KUR credit to sugarcane farmers in Malang Regency. The repayment by the farmers was also successfully experienced by the banks.

Principally, the role of the government in KUR disbursement is only as a facilitator. The credit transaction and its risk would be the distributor's and the debtor's responsibility. The Ministry of Agriculture and relevant agriculture offices' involvement in KUR disbursement is still below expectation because they have not identified and uploaded the data of prospective KUR customers into SIKP (credit information systems), facilitating the establishment of business areas and the existence of off-takers. There is no technical guidance for KUR distributors with information about the farm cost structure of each crop and its business classification according to KBLI (Classification of Indonesian Business Field Standards). As a provider of subsidies for KUR interest, the government, including the Ministry of Agriculture, can also access SIKP to evaluate the benefits of KUR.

The Effect of Program Credit on Increasing Food Production

Most of the farmers (98.2%) take advantage of financing from KUR for on-farm. Based on this amount, the majority (97.1%) of shallot, rice, and sugarcane farmers used the funds to purchase production inputs and finance the cost of cultivating the land. In comparison, the majority of breeders (84.4%) used the funds to buy cows.

The KUR program impacts the increase in productivity of shallots, cattle breeding, cattle fattening, and rice by 1 ton/ha, 0.2 head/year, 0.2 kg live weight/head/day, and 2 tons/ha, respectively. The

increase in the farming scale of shallots, cattle breeding, and cattle fattening is 0.2 ha, 2 heads, and 8 head per farmer, respectively. In sugarcane farming, the impact of the KUR program is still uncertain and requires special attention because the business situation is still not conducive, which impacts on the selling price of sugarcane to be cheap.

Nationally, the potential impact of increased production caused by increased productivity and farming scale is significantly determined by the level of farmer participation in KUR use. Data for 2019, the participation rate of rice farmers is only 2.57%. This figure is obtained from the percentage of rice KUR borrowers to the number of agriculture households (RTUP). For shallot, beef cattle, and sugar cane farmers, the values were 15.75%, 2.71%, and 7.31%, respectively.

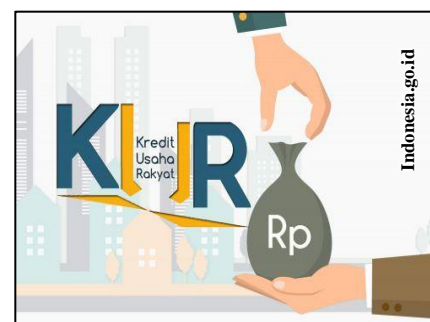
This low participation of KUR can be interpreted on two different sides. First, efforts are needed to encourage farmers to increase participation through socialization, easing requirements, and making adjustments and breakthrough policies. Efforts to increase participation will increase production, either through increasing productivity and/or increasing business scale. Second, farmers who need KUR financing are relatively small because they already have capital from their own business, and there is a subsidy program for the provision of production facilities that supports farmers' businesses. However, based on the previous description, the low participation rate is more due to the first cause.

Policy Implication

Business Process of KUR

It is proposed that adjusting the repayment period and the amount of the KUR loan for cattle breeding from 9 months to 12–18 months and for cattle fattening from IDR 500 million to IDR 2 billion could enhance the performance of the farmers in raising the cattle. To increase farmers' participation in the use of KUR for the agricultural sector by (i) narrowing the gap between the guidelines issued by the KUR Committee and the implementation of KUR in the regions by KUR distributors through socialization, promotion, and advocacy by coordination between related parties; (ii) increasing the role of linkage institutions such as LKMA and/or farmer cooperatives by providing a certain margin between KUR distributors and linkage institutions using sharing interest subsidies; and (iii) the Ministry of Agriculture issues the KUR Agricultural Technical Guidance, which is equipped with a farming cost structure, and the list of upstream-downstream activities which are the functions of the Ministry of Agriculture. Therefore, in recording it in KBLI, it can be put into products/output of the Ministry of Agriculture.

Special for sugarcane farmers in Malang Regency, it is necessary to review the implementation of the Special KUR: (i) small-scale sugarcane farmers and partners with sugar factories using the



Special KUR with NPWP conditions can use KUR Micro without NPWP requirements and be coordinated by existing farmer groups and cooperatives; (ii) farmers who in the past have taken a KUR loan with a value of more than IDR 25 million and at that time were a small KUR borrower should be allowed to become a KUR Micro borrower (downgrade); (iii) the status of the smallholder sugarcane farmer secondary cooperative should be raised to a linkage institution or even KUR distributors.

Factors Influencing the Use of KUR

KUR distributors intensify the implementation of socialization, promotion, and advocacy on KUR to farmers, as well as simplify the requirements and procedures for applying for KUR. The time required for loan realization pays attention to the accuracy of the farming production cycle so that the use of KUR is efficient so that the expected production level is achieved. The distance between the KUR service office and farmer residential areas should be closer to opening service units in sub-districts to villages through bank agents and/or linkage institutions.

The KUR distributor wants an *off-taker* with a good business profile supported by data on land management and farming productivity of prospective borrower farmers prepared by the relevant regional offices to facilitate the distribution and repayment of KUR loans. Involving the role of the Ministry of Agriculture to identify potential customers and upload the data to SIKP in collaboration with the Regional Government and Related Services will make the KUR quota amount for each region more accurate. It can be used as a basis for allocating the

KUR quota per area by KUR distributors. Related Service Office hopefully provides guidance and assistance to farmers who receive KUR so that the funds obtained are used for farming to apply the recommended technology and increase food production so that KUR returns can be smooth.

The KUR Committee is expected to review several regulations, including (i) resolving the problem of farmers who cannot access KUR because they are still in arrears for their KUT, among others, by collecting existing arrears so that farmers can return to access to the credit market; (ii) reviewing the problems of sugarcane farmers in Malang Regency regarding the “down-grade problem” in the small KUR and Micro KUR schemes; (iii) increasing the role and support for linkage institutions so that farmers' access to KUR will increase; and (iv) coordinating KUR Distributors and Users to make MOU and Cooperation Agreements to encourage better use of KUR to achieve program objectives.

The Effect of Program Credit to Increase Food Production

To increase the impact of the use of KUR on food production, the participation of farmers in the use of KUR and the use of KUR should be promoted by adopting the recommended technology, which would affect the productivity through the active role of extension workers with whom the farmers are closely working. The effectiveness of a financing policy such as KUR needs to be supported by other policies, such as controlling food imports, especially strategic food products which are partially imported, such as sugar, beef, and shallots.

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Policy Development

MINISTRY OF AGRICULTURE STRATEGIC PROGRAM 2021

The Ministry of Agriculture Strategic Plan (Renstra) 2021 is designed based on annual National Development Strategies (RKP) to accelerate economic recovery and social reformation. National Development Planning Agency (Bappenas) has declared, during the National Development Planning Consultation Forum (Musrenbangnas) 2020, Seven National Strategic Priority (PN) that is also part of the National Medium-Term Development Planning 2020–2024. Those national priorities are (1) strengthening economic resilience for quality growth; (2) regional development for reducing inequality; (3) upgrading human resource qualification and competitiveness; (4) mental revolution and cultural development; (5) strengthening the infrastructure for supporting economic development and basic needs; (6) building living environment, increasing disaster resilience and climate change; and (7) strengthening politics, law, defense, and security stabilization and public service transformation.

The Ministry of Agriculture Strategic Program consists of two priority programs, namely (1) increasing the availability, accessibility, and quality of food consumption and (2) increasing value-added in employment creation, investment, and industrialization. Based on these programs, the Ministry of



Agriculture has designed five strategic programs as follows: (1) the availability, accessibility, and consumption of good quality food (specific program); (2) adding value and competitiveness of agricultural industries (inter-ministries); (3) research and innovation of science and technology (inter-ministries); (4) education and vocational training (inter-ministries); and (5) management supports (inter-ministries).

The implementation stage of these programs has been supported by 11 institutions within the Ministry of Agriculture (DG of Food Crops, DG of Horticulture, DG of Estate Crops, DG of Livestock and Animal Health, and DG of Agricultural Infrastructure and Facilities). They are responsible for providing and increasing the production of food and livestock to meet the achievement on national target on food security, the availability of raw material for industries, and export. The Indonesian Agency for Agricultural Research and Development accommodates the implementation of research and innovation, science, and technology.

Meanwhile, the Agency for Agricultural Extension and Human Resource Development supports agricultural education and vocational training. Agricultural Quarantine Agency provides quarantine infrastructure and facilities, while Agency for Food Security assists the diversification improvement program and community food security through sustainable food reserve garden, development of corporate farming, and food diversification. The Secretariat General focuses on the activities related to general affairs to support all programs within the DGs and Agencies. Finally, the Inspectorate General is responsible for supervising government budget expenses across all units under the Ministry.

Research Activities

ICASEPS RESEARCH TOPICS IN 2021



Every year, ICASEPS should implement its main mandate as a research institution to conduct research activities. A number of topics have been previously selected and approved to be

rendered by several research teams. Each research team was requested to prepare their research proposal, which will be discussed among the researchers and other interest parties prior to its implementation. In 2021, seven research teams were formed to implement one each research topic, as listed below:

1. *Strategi pengembangan korporasi petani mendukung pengembangan food estate di Kalimantan Tengah* (Farmer's corporation development strategy to support food estate development in Central Kalimantan)
2. *Pengembangan mata rantai pasok dan strategi pemulihan agribisnis sayuran dan dampak pandemi Covid-19* (Supply

chain development and strategy to recover vegetable agribusiness and the impact of COVID-19 pandemic)

3. *Strategi akselerasi dan penetrasi pasar pangan lokal olahan mendukung diversifikasi pangan* (Strategy to accelerate and penetrate market of processed local food to support food diversification)
4. *Strategi penguatan cadangan pangan pemerintah daerah dan masyarakat* (Strategy to strengthen regional government food reserve and the community)
5. *Strategi peningkatan ekspor komoditas pertanian unggulan* (Strategy to increase export of strategic agricultural commodities)
6. *Kemanfaatan BPP sebagai simpul pelayanan pembangunan pertanian di tingkat kecamatan* (Benefit of BPP as agricultural development service node at sub-district level)
7. *Monitoring dan evaluasi dinamika pembangunan pertanian dan perdesaan: Patanas (Panel Petani Nasional)* (Monitoring and evaluation of agricultural and rural development dynamics): PATANAS (National Farmers Panel)

ICASEPS Publications

Jurnal Agro Ekonomi Vol. 38 No. 2 Oktober 2020

1. *Strategi Implementasi Kebijakan Pemerintah pada Manajemen Rantai Pasokan Ayam Broiler di Indonesia* (Implementation Strategy of Government Policy on Broiler Chicken Supply Chain Management in Indonesia) (Ismatullah Salim, Suci Paramitasari Syahlani, Ahmad Romadhoni Surya Putra)



2. *Dampak Bantuan Langsung Tunai terhadap Ketahanan Pangan Rumah Tangga di Indonesia* (Impacts of Direct Cash Transfer on Household Food Security in Indonesia) (Eka Rastiyanto Amrullah, Ani Pullaila, Ismatul Hidayah, Aris Rusyiana)
3. *Ketahanan Pangan Rumah Tangga Penerima Bantuan Program Desa Mandiri Pangan di Kabupaten Sumba Tengah* (Food Security of the Household Participants of the Food Self-Reliant Village Program in Sumba Tengah Regency) (Yosua Uumbu Osa Sabaora, Sony Heru Priyanto, Tinjung Mary Prihantani)
4. *Kerentanan dan Adaptasi Rumah Tangga Petani terhadap Perubahan Iklim di Kabupaten Gunungkidul* (Vulnerability and Climate Change Adaptation of Farmer Households in Gunungkidul Regency) (Raditia Eka Kurniawan, Reynaldi Elmir Arisurya)
5. *Faktor-Faktor yang Memengaruhi Keputusan Petani dalam Mengadopsi Teknologi Persemaian Bibit Cabai di Provinsi Jawa Barat* (Factors Affecting Farmers' Decision in Adopting of Chilli Seedling Nursery Technology in West

Java Province) (Rizka Amalia Nugrahapsari, Apri Laila Sayekti, M Prama Yufdy, Idha Widi Arsanti)

Forum Penelitian Agro Ekonomi Vol. 38 No. 2 December 2020

1. *Pengembangan Sumber Daya Manusia (SDM) Pertanian pada Era Disrupsi: Upaya Mendukung Agribisnis Inklusif* (Agricultural Human Resources Development in the Disruption Era: Efforts to Support Inclusive Agribusiness) (Herlina Tarigan)
2. *Dinamika Kredit Program dan Perspektif Skema Baru Kredit Usaha Rakyat (KUR) untuk Pembiayaan Pertanian 2020–2024* (Program Credit Dynamics and New Scheme Perspective of People's Business Credit (KUR) for 2020–2024 Agricultural Financing) (Sri Wahyuni, Endro Gunawan, Sri Hastuti Suhartini, Julia Forcina Sinuraya, Mat Syukur, Nyak Ilham)
3. *Operasionalisasi Spektrum Diseminasi Multi Channel (SDMC) Teknologi Pertanian untuk Diseminasi yang Efektif* (Multi-Channel Dissemination Spectrum (MCDS) Operationalization of Agricultural Technology for Effective Dissemination) (Enti Sirnawati, Muhammad Taufiq Ratule)
4. *Smart Farming 4.0 untuk Mewujudkan Pertanian Indonesia Maju, Mandiri, dan Modern* (Smart Farming 4.0 to Build Advanced, Independent, and Modern Indonesian Agriculture) (Rika Reviza Rachmawati)
5. *Karakteristik, Potensi Generasi Milenial, dan Perspektif Pengembangan Pertanian Presisi di Indonesia* (Characteristics, Potential of Millennial Generations, and Perspectives of Precision Agriculture Development in Indonesia) (Joula Sondakh, Janne H.W. Rembang, Syahyuti)

ICASEPS News

ICASEPS COLLABORATION AND SUPERVISION IN FOUR REGENCIES OF CENTRAL JAVA PROVINCE

Officially appointed, ICASEPS has participated in guarding MoA's programs and main activities in four regencies in Central Java Province, namely (1) Banyumas, (2) Purworejo, (3) Banjarnegara, and (4) Purbalingga. ICASEPS' responsibility in joining such implementation include:

- Planning of activities related to the acceleration of agricultural development at the regency/city level.
- Coordinate validation of target location and farmers to be involved in the MoA's main activities in collaboration with an official team from the provincial level.
- Carry out supervision and accompaniment of implementing institutions at the regency/city level.
- Prepare monthly reports to be submitted to the provincial level about MoA's program and main activities.

The coverage of collaboration and supervision activities are:

- Increasing the productivity of main agricultural commodities.
- Preparing agricultural infrastructures.
- Increasing export of agricultural commodities.
- Preparing inputs to reduce losses, specifically paddy.
- Developing commercial activities for agricultural commodities.
- Developing MSMEs in the agriculture sector.
- Increasing investment in the agriculture sector.
- Facilitating agricultural financing (credit through KUR, agricultural insurance).
- Developing human resource capacity in agriculture, especially export-oriented millennial farmers.
- Guarding efforts to achieve agricultural development target at the province level (*Kostrawil*), the regency/city level (*Kostrada*), and sub-district (*Kostratani*).

The appointment of ICASEPS to work together with local agricultural services has been started as early as February 2020, before the outbreak of COVID-19. The head of Agriculture Services in each regency presented their program and activities related to national agricultural development enabling ICASEPS to formulate how to cooperate and implement programs and main activities in each regency. With such a responsibility, ICASEPS plays an important role in guarding the development activities.

Entering March 2020, the outbreak of Coronavirus disease started to make its impact. The contagious virus was eventually responding to the large-scale social restriction policy following the fast-spreading disease pandemic across the nation. This policy affected the flow and distribution of goods and services, including those required by the agricultural sector. With the restriction on goods and human mobilities, collaboration and supervision on various agricultural development activities in those regencies were heavily affected, encouraging the local government to different improvised tasks according to their capacity and available resources. All coordination activities with the four regencies were conducted through virtual, including activities to monitor the development and obtain problems associated with such development. Virtual

coordination, conducted regularly, however quite effective to enhance communication with local agricultural services.

As a partner, ICASEPS took initiatives on technology dissemination with various information on production activities, such as fruits seed for technology guidance, screen house materials, compost materials, materials for duck cage, demonstration plots of various crops, etc. All these materials should improve the role and function of extension institution (BPP) in each of the four regencies (BPP Banyuurip, BPP Kemangkon, BPP Sokaraja, and BPP Purwanegara).

Approaching the end of 2020, Dr. Sudi Mardianto, Director of ICASEPS, and the team have a chance to visit those regencies and directly coordinate with all concerns. Discussions cum field visits were carried out, meeting with officials and those who directly work at the field level were conducted. A visit to one ideal BPP institution was part of the agenda. This ideal BPP is expected to significantly improve its extension role as the front-line guard for disseminating agricultural information.

PROFESSORIAL INAUGURATION CEREMONY



The Indonesian Center for Agricultural Socio Economic and Policy Studies (ICASEPS) congratulates Professor Dr. Handewi Purwati Saliem on her achievement as the first female from ICASEPS

who is awarded a Research Professor rank. Known as a senior expert on food security and nutrition issues, Professor Handewi addressed the dynamic of Indonesian food security and nutrition policy at her inauguration ceremony with the title "Redesigning Food Security and Nutrition Policy Based on the Dynamic of Consumers Consumption Pattern". Professor Handewi has demonstrated her expertise in formulating various government policies on food security and nutritional issues since she first joined ICASEPS in the early 1980s. At the national level, Professor Handewi is marked as Research Professor number 596 and number 151 at the Ministry of Agriculture.

In her inauguration speech, Professor Handewi delivered her ideas on redesigning Indonesian current food security and nutrition policies in the spirit of eradicating poverty (SDG-1) and zero hunger (SDG-2). Recent data shows that Indonesia cannot achieve food security and nutrition parameters, leading to the importance of addressing the gap between national food supply and consumption patterns at the household level. Like other countries, the global pandemic increases the number of households under threat of food insecurity, poverty, and stunting for children in Indonesia. To cope with such conditions, during the COVID-19 pandemic, the Ministry of Agriculture has launched the "Local Food Diversification Program 2020".

In contrast to the increase of food production and food availability, Professor Handewi proposed the importance of other variables such as diversification, changes, and dynamics in food consumption patterns in explaining food security and

nutrition policies. In this context, there are five important recommendations in strengthening food security and nutrition policy in Indonesia, namely:

1. Increase of production must consider local food sourcing and potential commodities within the area.
2. Diversification of local food in horizontal and vertical directions should continue in a massive yet consistent and sustainable way.
3. Maximizing yield from home yard farming (family farming) to provide enough food for the poor.
4. Plan of production and food supply must consider the Desirable Dietary Pattern. It is also important to train food providers in ensuring food security.
5. The availability of food reserved at the community level, regional (district/municipal), and provincial level is a must, in particular, to mitigate unpredictable conditions such as natural disasters and food crises.

Closing her speech, Professor Handewi emphasized the importance of support from plant breeders in providing high yield varieties enabling the fulfillment of the need for nutritious food. Meanwhile, it is also important to create food fortification with affordable prices, build synergies between multi-stakeholders at the local and central level, and provide incentives as a reward for the head of the region to accelerate the process of redesigning food policy.

WELCOME

Dr. Wahida Maghraby, Agricultural Attaché 2017-2020



We would like to warmly welcome our colleague, Dr. Wahida Maghraby, who just accomplished her assignment as the Agricultural Attaché of the Republic of Indonesia's based in Brussel, Belgium. Her experience during her assignment from 2017 to 2020, especially in her involvement in agricultural trade diplomacy. Her learning experience should enhance

research capacity at ICASEPS.

Dr. Wahida Maghraby has been assigned a special and important duty during her tenure for the past four years in Europe. One of her duties was to provide valuable information

on European Union agriculture policy and related issues that would significantly influence the development of agricultural trade, market access for Indonesian agricultural export commodities, and the improvement of foreign agricultural policy relation between Indonesia and the EU member states.

During her assignment, she also developed her network and a role in bridging the Indonesian agricultural needs with the EU counterparts in order to maintain market access for agricultural products. Her role as an Indonesian delegate was also well recognized by her counterpart countries, with representatives based in Europe. It was declared that her trade diplomacy and capacity in trade negotiation were highly acceptable. Her participation with the Indonesian delegate in various trade negotiations across European countries was very supportive and helpful. We are very delighted to have her back at ICASEPS.

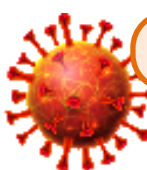
ICASEPS' New Recruited Employees



ICASEPS accepted four newly recruited employees who have passed the Ministry of Agriculture's 2020 enrollment test. They are Neni Kholimah, SP; Frilla Ariani, ST; Aldho Riski Irawan, SSI; and Restu Puji Hidayat, AMd. They will support ICASEPS on various activities and services according to each and every assignment by their respective superior at ICASEPS.

Ms. Neni was graduated from Gajah Mada University (UGM), Yogyakarta in agricultural extension (2015), while Ms. Frilla from the School of Information and Electro Technology of Bandung Institute of Technology (ITB), Bandung with BS in informatics (2008) and master degree in information system (2013). Mr. Aldho pursued his higher education at the Sepuluh Nopember Institute of Technology (ITS), Surabaya in statistics (2017), and Mr. Restu completed his diploma degree from IPB University, Bogor in information management (2014).

Nowadays, there is a growing demand for information technology, including its application in many research analyses. Therefore, their presence is timely and suitable for our research environment. We warmly welcome them as part of the ICASEPS family.



PSEKP Tanggap COVID-19

<http://pse.litbang.pertanian.go.id/ind/index.php/covid-19>

Publication Adviser: Director of ICASEPS | **Chief Editor:** Sahat M. Pasaribu | **Editors:** Erma Suryani, Bambang Sayaka, Wahida Maghraby, Ening Ariningsih, Sunarsih | **Lay-out and Production:** Ibnu Salman | **Publication and Distribution:** Frilla Ariani, Rina Cantayani

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