



Agro-Socioeconomic Newsletter

Indonesian Center for Agricultural Socio Economic and Policy Studies (ICASEPS)

Editorial

Dear Readers,

We are currently experiencing the impact of Covid-19 pandemic that hit the world with lots of victims. The people are suffering from this contagious disease that almost every country in all parts of the world has their economic disturbances and affecting severely community social life. The Ministry of Agriculture has announced strong response to such a situation with immediate policies, including the officials at all levels to work from home since 17 March 2020. The situation of agricultural production, food availability and its distribution is closely monitored. Agricultural production activities should be continued amid the threat of this deadly disease.

The Minister and all high officials at the Ministry are kept alerted with condition concerning farm production, harvesting, and marketing and processing activities. Immediate response to issues in relation to Covid-19 and in agro-socioeconomic fields would be carried out by ICASEPS to improve policy decisions and its development.

With all limitations we have, the first issue of this ICASEPS Newsletter in 2020 is published for your reference. We don't know when this dangerous Covid-19 will last, so this is our strong advice: Always use a mask and frequently clean your hand; keep healthy and stay at home. Let's continue supporting one another....

The Editor

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Research Findings



DESIGN OF FINANCING MODELS IN CORPORATE-BASED AGRICULTURAL DEVELOPMENT AREAS

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Introduction

Availability of financial support to cover various farm expenses, marketing places, and reasonable prices are among the main problems associated with agricultural management in Indonesia. On the one hand, accessibility to a financial institution with simple procedures, fast, and timely are the next associated expectations for farm loan or credit. On the other hand, farmers are required to improve their farm performances and increase agricultural production. Therefore, for especially smallholding farmers, the availability of farming fund is highly needed to increase farm production.

The increasing trend of land conversion in many regions of fertile land has forced the farmers to look for other potential areas to employ. Swamp land is the potential land for this purpose. Farmers who have engaged in this farmland are expected to optimize their farm activities, increase their cropping index, and improve their income. To this end, in 2019, the Indonesian Government has developed a program called *Selamatkan Rawa Sejahterakan Petani* (SERASI), which means save the swamp and improve farmer's welfare. Such a program has been carried out in the provinces of South Sumatra (200,000 ha), South Kalimantan (120,000 ha), South Sulawesi (33,505,000 ha), Lampung (25,604,000 ha), and Central Kalimantan (25,000 ha).

The locations of swamp land that are far from the trading center and lack of accessibility cause farmers to pay more input prices and sell cheaper produce, hence require financial support. Swamp land development needs to be managed into one area under management of farmers' corporation to achieve efficiency in inputs procurement and product selling.

Objectives and Methodology

The objectives of this research are to (i) analyze the need for agricultural finance in the SERASI Program swamp area; (ii) identify sources and patterns of agricultural financing in the SERASI Program swamp area; (iii) design management of agricultural finance in the SERASI Program swamp area; and (iv) formulate financing policies in the SERASI Program swamp area. The study sites are Banyuasin Regency, South Sumatra Province, and Barito Kuala Regency, South Kalimantan Province.