

The Formulation of Action Plan on Increasing Income for Community-based Coffee Bean Farmers in Jember, East Java, Indonesia

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Abstract: This study aims to identify the internal factors (strengths and weaknesses) and the external factors (opportunities and threats) of coffee agribusiness in Jember, as well as to formulate an action plan at each value factor to increase the income of community-based coffee bean farmers. This study will utilize three approaches to collect data, namely participant observation, semi-structured interview, and focus group discussion. The analytical method applied in this research is SWOT analysis. The result shows several facts. Firstly, community-based coffee farmers in Silo region, the largest community-based coffee producer in Jember, are currently facing problems on the process of obtaining seeds due to the partnership system that tends to be more beneficial to the capital owners than the farmers. Secondly, there are limited quality of human resources, facilities and technologies for farmers. Thirdly, the provision of capital is limited and is only supported by less progressive farmers' unions/cooperatives due to limited funds. The programs are to increase production, productivity, and quality of sustainable coffee plants.

Keywords: *strategy, human resource, farmer institution, and downstream industrial technology*

1. Introduction

Indonesia is known as an agricultural country, and this can be seen by the vast land area used for farming. The farming lands cover about 74.68 percent of the entire land area in Indonesia. The contribution of Gross Domestic Product in agricultural sector increased from 10.96% in 2011 to 11.42% in 2012. Various researches conclude that the greatest contribution to the decline of poverty level is the growth of agricultural sector. The contribution of the agricultural sector in reducing the number of poor population reached 66 percent, with details of 74 percent in rural areas and 55 percent in urban areas (Central Bureau of Statistics, 2013). One of the leading commodities in plantation subsector is coffee. Coffee is one of the important commodities traded widely in the world. So far, Indonesia is well known as the world's greatest robusta coffee producer. Although the contribution of Indonesian coffee in the world coffee trade is quantitatively small, but qualitatively Indonesian coffee is very preferred by consumers due to its diverse kinds and specific tastes. Coffee is a product that has both domestic and foreign market opportunities. Most of the coffee productions in Indonesia are plantation commodities that are exported to the world market. As the second greatest coffee-exporting country, Indonesia has the potential to increase their economic foreign exchange through coffee plantations. In terms of social perspective, coffee plantations also provide abundant job opportunities, because the businesses are mostly carried out by the people. Despite the fact that Indonesia is the second greatest coffee exporter, yet Indonesia also imports coffee.

Currently, Indonesia is the third major producer of coffee after Brazil and Vietnam. The coffee plantation areas in Indonesia reach 1,292,965 hectares (in 2011) with the production of 633.991 tons and approximately 96% are managed by the community. Indonesian coffee is classified into two types, namely regular coffee and Robusta coffee. One of the advantages of regular coffee is its unique taste, so that it has its own market. Meanwhile, robusta coffee is a commodity that has a strategic value in the context of community-based economic empowerment. The Indonesian coffee commodity prospect is tremendous due to the availability of developing lands. Furthermore, Indonesia has geographical advantages and supporting climate for producing coffee that has tastes and aromas favored by anyone around the world. More than 90% of coffee plantations in Indonesia are developed by the people. Generally, coffee has become an important commodity in the economic sector of some coffee-producing provinces such as South Sulawesi, Bali, South Sumatera, North Sumatera and Aceh. Currently, the number of robusta coffee plants has reached more than 95%, while the rest is coffee of other types. Although robusta coffee was originally planted and cultivated by major plantation companies, but following its recent development, these plants have become community-based or farming plants (AAK, 2009). Problems encountered in coffee development are listed as follow: firstly, since 96% of these plants are managed by the people, thus the cultivation techniques are not in accordance to the recommendations or the Good Agricultural