Abstract

Based on data on the development of Indonesian coffee exports to several countries in 2015-2019, it can be seen that the development of coffee exports tends to decline. For this reason, PT Java Preanger Lestari Mandiri (PT JPLM) takes a role in overcoming the decline in coffee exports, especially in South Bandung Regency. The scope of this study includes the potential and form of relationships, as well as assistance to Preanger Arabica coffee farmers. The research was focused in the area of South Bandung Regency, West Java. Qualitative research methods with data collection techniques are triangulation and inductive data analysis. In the first stage, researchers conducted research on the export value of Indonesian coffee for the past five years. Second, researching the form of the coffee relationship scheme carried out by PT JPLM. Third, researching the form of marketing support and developing coffee sales cooperation with potential buyers at home and abroad. This study aims to analyze the form of coffee relationship schemes carried out by PT JPLM to coffee farmers. Through this research, the first one will be exposed clearly and in detail about the potential for coffee exports that have not been optimized, the second will be the results of a clear analysis of how the form of coffee relations between PT JPLM and coffee farmers and the third will be known about the impact of coffee relations on coffee farmers.

Keywords: PT JPLM, coffee relationship scheme, mentoring, farmers

INTRODUCTION

Coffee exports are one of the mainstays of coffee farmers' incomes in Indonesia. Unfortunately, from 2015 to 2019, Indonesia's coffee export revenue has decreased. Based on data from the Faculty of Economics and Management, Bogor Agricultural University (FEM IPB), there is a tendency to decrease the value of coffee exports from Indonesia to export destination countries.

According to PT JPLM (2021), it can be seen from the data quoted from FEM IPB above, the development of Indonesia's coffee export value of US$ 1,197.7 million (2015), US$ 1,008.5 million (2016), US$ 1,186.9 million (2017), US$ 815.9 (2018), US$ 883.1 million (2019), where there was a downward trend in export value from 2015 to 2019, which was 7.89%.

Especially at the end of 2019, the Covid-19 pandemic began to spread to almost all countries in the world. Of course, this outbreak has an impact on the economy, especially coffee export activities. It is necessary to find alternative solutions to increase Indonesia's coffee exports again.

A company will not be able to survive in the long term and achieve other goals as planned, if it is not able to increase sales volumes. With maximum profit, the performance of the company's management can be assessed well. To increase the achievement of maximum profit, companies should do marketing their services or products so that it will affect the company's profit (Endaryono and Ariwibowo, 2021). One of the steps taken by the Indonesian government in supporting coffee farmers in Bandung Regency is the establishment of PT Java Preanger Lestari Mandiri (JPLM), which is supported by the
Ministry of Agriculture and Bank Mandiri. The majority stake of PT JPLM is owned by the people of Bandung Regency, represented by coffee farmer cooperatives.

Currently, there are 5 (five) cooperatives under the auspices of PT JPLM, namely the Mandala Wangi Cooperative, Mekar Tani Cooperative, Wanoja Cooperative, Margamulya Cooperative, and Bukit Amanah Cooperative. The five farmer cooperatives have a coffee processing capacity of 965 tons. All of these cooperatives have more than 2000 members of farmers.

PT JPLM's commitment is to encourage exports and improve the welfare of farmers, by implementing a coffee relationship scheme. This is done with an upstream (before cultivation), on-farm (cultivation), and off-farm downstream (post-harvest) off-farm business model. All of this is to optimize the potential of coffee production capacity in Bandung Regency, which consists of raw materials (26,688.84 tons) and processed products (6,672.22 tons), while currently the 5 cooperatives can only process 965 tons. So, there is still a lot of coffee potential, both in the form of raw materials, and processed products in Bandung Regency that can be optimized.

Coffee relations are a premium price scheme for quality coffee. This is done by collaborating directly between roastery (processing coffee beans into ground coffee) and coffee farmers. By implementing a coffee relationship scheme, roasteries buy quality coffee directly from coffee farmers based on the origin of the plantation. This shortens the coffee value chain. Vicol et al (2018), stated that this collaboration involves many aspects, namely interpersonal relationships, price transparency, maintaining trust, commitment to quality improvement, and intention to improve the income of coffee farmers and their communities.

The coffee relationship scheme involves farmers and roasters from consumer countries, but also involves from producing countries. The role of domestic roastery is the impact of public awareness on the consumption of quality local coffee.

Glick (2017), stated this phenomenon as a fourth wave, which is a transformation of the third wave that develops in coffee producing countries, including Indonesia. This is also a continuation of the shift in coffee demand according to the W. I. P. Organisation (2017), namely the change from the second wave, namely demand-oriented product differentiation to third wave, which is oriented towards direct coffee relations. Astuti et al (2015), also emphasized this, namely the development of coffee market segmentation to the domestic region, Asia, and the Middle East. Coffee market segmentation that focuses more on quality coffee than certified.

Glick (2017), also explained that the transformation was mainly due to the improvement in the income of the middle class. This has led to a shift in their tastes to become inclined towards quality local agricultural products, including coffee. The fourth wave provides hope for improvement in the income of coffee farmers, because the value of the largest income in the value chain is the closest to the coffee consumed (W. I. P. Organisation, 2017).

The concept of coffee relations in the coffee industry has existed since the 1950s. This thinking is to simplify the coffee supply chain, namely by eliminating the role of collectors who are considered to exploit low farmer-level prices (Rosenberg et al, 2018). The distribution structure of coffee marketing is a determinant of income from the sale of farmers' coffee. The longer the distribution structure, the smaller the income of coffee farmers. Therefore, it is necessary to implement a trade scheme through simplification of the coffee trade chain, including by implementing a coffee relation scheme.

Ibn et al (2018), stated, organized farmers have a greater chance of obtaining higher profits.
According to Vicol et al (2018), the Government of Indonesia is trying to use coffee relations as a strategy in increasing the income of coffee farmers in rural development. Mann (2018), stated that government intervention has a very important role, because coffee plantations are a rigid sector and are vulnerable to various changes. This is because farming households have a slow response in anticipating changes in demand and agribusiness, to the point that they tend to obtain fewer and even less profits. The government intervention is realized through farmer organizations that have a role as a forum for distributing aid. These assistances include, in the form of agricultural product processing machines, production facilities, and training for coffee farmers. With the implementation of this policy, it is hoped that there will be an improvement in the competitiveness of coffee farmers. It is hoped that coffee farmers can access the premium quality coffee market. This makes the role of farmer organizations very important as agents of rural development thereby also ensuring the continuation of the coffee farmer economy.

Bray and Neilson (2017), explained that the existence of a strong farmer organization can create benefits for every coffee farming household. This is in contrast to the coffee trading scheme which is oriented towards differentiation (coffee is sorted by quality value or grade), the coffee relation model is based on experimental. That is, coffee relations create innovation through the development of the inherent quality of coffee based on consumer tastes. Therefore, the coffee relationship model includes the optimal role of coffee farmers to improve coffee quality. Thus, coffee farmers have the opportunity to further develop their capacity in accordance with the dynamics of the premium coffee market.

Jamil (2019), stated that Indonesia has the lowest share of global coffee exports compared to other competing exporter countries. Based on the value of the RCA Index (Root Causes Analysis) and CMS (Cash Management System) states that Indonesia has the lowest competitiveness compared to others. The recommended efforts to increase the competitiveness of Indonesian coffee exports are increasing productivity and improving quality based on the peculiarities of certain coffees. Meanwhile, according to Setiawan et al (2016), the competitiveness of Indonesian coffee is strong in Malaysia and unfortunately decreased after the enactment of CEPT-AFTA (Scheme of Common Effective Preferential Tariffs For ASEAN Free Trade Area) in 2015.

Meanwhile, according to Elisha (2015), things that have an influence on the volume of Indonesian coffee exports consist of several points. Coffee production has a positive and significant influence, both in the short and long term on the volume of exports to the United States. World coffee prices do not have a significant influence, either in the short or long term on the volume of coffee exports. Meanwhile, the rupiah exchange rate (exchange rate) does not have a significant influence in the short term, but has a positive and significant influence on the volume of coffee exports to the United States.

According to Wiguna et al (2019), the coffee relationship scheme is an important thing to implement. This is to develop and increase the capacity of coffee farmers to be able to access the premium coffee market. With this model, farmers can get greater profits. This is due to the development of potential revenue receipts, due to the dynamic development of demand segmentation. All of this can reduce the risk of fluctuations in market prices.
coffee prices. For this reason, it is necessary to have transparent management of cooperatives and farmer groups by involving all coffee farmers. It is also expected that there will be careful identification related to the existence of farmer organizations, so that the development of farmers is right on target.

Evalina (2018) revealed that to be able to go global or carry out exports, or be accepted in the global market, it must have 1) Trained and educated human resources, 2) There is sustainable development related to maintenance licenses, export licenses, brand protection, copyright protection, funding and marketing assistance, 3) Ease of export taxes and export processes, 4) Ease of logistics procurement, stable prices of raw materials, and guarantees of obtaining raw materials, 5) Standard costs to be paid.

Evalina (b) (2018) in a different study stated, management and marketing assistance from Tanihub Indonesia, led to an increase in the income of farmers. This increase averages 20% with better bargaining power of farmers, leading to better selling prices. This has also led to an increase in the recruitment of agricultural workers.

Based on previous studies, it can be concluded that there is a decrease in demand for Indonesian coffee exports. Of course, this has caused a decrease in the income of coffee farmers. Especially during this Covid pandemic, the income of coffee farmers is also decreasing. This encourages PT JPLM to provide assistance from upstream to downstream, ranging from nursery assistance, funding, to marketing, especially to encourage an increase in coffee exports produced by coffee farmers in the South Bandung Regency, West Java.

The renewal of the research that will be carried out based on the results of previous research, namely that there is still a need for in-depth analysis with the subjects and objects of research, especially in South Bandung Regency, West Java, namely farmers together with a combination of farmer groups (gapoktan), and agricultural cooperatives with a more detailed direction, namely an in-depth analysis of the role of PT JPLM in the coffee relationship scheme. Thus, this study will examine in more depth what is the role of PT JPLM in supporting the increase in productivity and quality of coffee produced, with the aim of exporting.

METHOD

The research method in this article, namely qualitative, connects the research with previous research that is relevant as an effort to find the validity of reliable and trusted research. On the other hand, previous research as a starting point for research that will lead to new developments in research (Kemal and Rossy, 2017).

The research was conducted at PT JPLM by conducting in-depth interviews with management, as well as reviewing related written documents. The information traced is the vision and mission of the company’s establishment, coffee farmer cooperative assistance activities, which include on-farm assistance (subsidy assistance, R&D, bimtek, and counseling), processes (value added), and distribution and marketing (covering domestic and foreign markets). This includes production, distribution, and marketing activities, both at home and abroad.

RESULTS AND DISCUSSION

Result

Data from FEM IPB (PT JPLM, 2021), on the development of the value of Indonesian coffee exports from 2015 to 2019 as follows underlies the establishment of PT JPLM and this research.
Table 1. Development of Indonesia’s Export Value in 2015-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Export Value (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1.197.7</td>
</tr>
<tr>
<td>2016</td>
<td>1.008.5</td>
</tr>
<tr>
<td>2017</td>
<td>1.186.9</td>
</tr>
<tr>
<td>2018</td>
<td>815.9</td>
</tr>
<tr>
<td>2019</td>
<td>883.1</td>
</tr>
</tbody>
</table>

Source: PT JPLM (2021)

From the development of the value of Indonesian coffee exports which tends to decrease from 2015-2019. That is, US$ 1,197.7 million, US$ 1,008.5 million, US$ 1,186.9 million, US$ 815.9, US$ 883.1 million. From the existing data, there was a downward trend in the value of exports from 2015 to 2019, which was 7.89%.

What underlies the establishment of PT JPLM is also the potential for Bandung regency coffee which is still very large, namely the production potential of coffee raw materials (5,999.95 tons) and processed coffee products (1,499.99 tons) with an average production of 0.92 tons / ha (source: PT JPLM, 2021).

PT JPLM was established in October 2020 as a form of concern from the Government for the welfare of the community. Especially improving the welfare of farmers and community businesses in rural areas. This is done with the commitment of PT JPLM by running a professional business with export targets and sustainability in an effort to improve the welfare of farmers.

Government support to PT JPLM is provided by the Ministry of Agriculture and Bank Mandiri with the Farmer Corporation Program. The Farmer Corporation Program is a form of implementing a coffee relationship scheme to coffee farmers in Bandung Regency. This is in accordance with previous research by Vicol et al (2018), that coffee relations have the potential to increase the capacity of coffee farmers by transferring technology, knowledge, ideas, financing, and other supporting infrastructure. Each farmer indirectly gets training on improving the quality of coffee, so that they get a better selling price of coffee.

The majority stake of PT JPLM is owned by the people of Bandung Regency, in this case represented by a coffee farmer cooperative. This is so that the purpose of PT JPLM related to improving welfare is more attractive to coffee farmers as the majority shareholder.

The potential for coffee production and processing in Bandung regency is very large, but the production capacity that can be processed is still not optimal by the joint cooperative of coffee farmers who are members of PT JPLM.

This can be seen from the table below.

Table 2. Cooperative Profile of Corporate Participants

<table>
<thead>
<tr>
<th>Cooperation</th>
<th>Year of establishment</th>
<th>Capacity per-month (tons)</th>
<th>Production Activities</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margamulya Cooperative</td>
<td>2014</td>
<td>150</td>
<td>Sorting coffee fruit, stripping coffee skin, fermentation, washing, drying, stripping of horn skins and epidermis, sorting of coffee beans, roasting, grinding, packaging</td>
<td>Own business (café), wholesaler, exporter</td>
</tr>
<tr>
<td>Mandalawangi Cooperative</td>
<td>2015</td>
<td>700</td>
<td>Stripping of horn and epidermis skin</td>
<td>Exporter</td>
</tr>
<tr>
<td>Wanoja Cooperative Is Like Advancing</td>
<td>2012</td>
<td>15</td>
<td>Coffee peeling, fermentation, washing, drying, stripping of horn skins</td>
<td>Own business, coffee processing industry (factory), roastery</td>
</tr>
</tbody>
</table>
The Role of PT JPLM in the Coffee Relations Scheme in an effort to Increase Coffee Exports in South Bandung

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Of the five coffee farmer cooperatives that are members of PT JPLM, namely: Margamulya Cooperative, Mandalawangi Cooperative, Wanoja Laksana Maju Cooperative, Mekar Tani Cooperative and Bukit Amanah Cooperative, more than 2000 coffee farmers in the South Bandung area are incorporated. The production capacity of the five cooperatives amounts to 965 tons of coffee per month. The activities of these cooperatives include sorting coffee fruits, stripping, brewing, grinding, and packaging coffee grounds. The markets of the five cooperatives are cafes, coffee processing industry (SMEs), wholesalers, to exporters.

Discussion

The role of PT JPLM in this case is to help improve the quality of the coffee produced by conducting guidance, as well as helping for distribution and marketing.

Source: PT JPLM (2021)

<table>
<thead>
<tr>
<th>Cooperative</th>
<th>Year</th>
<th>Capacity</th>
<th>Process</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mekar Tani</td>
<td>2006</td>
<td>50</td>
<td>Stripping of coffee skins</td>
<td>Coffee processing industry (factory)</td>
</tr>
<tr>
<td>Bukit Amanah</td>
<td>2008</td>
<td>50</td>
<td>Sorting coffee fruit, stripping coffee skin, fermentation, washing, drying, stripping of horn skins and epidermis, sorting of coffee beans, roasting, grinding, packaging</td>
<td>Own business (café), wholesaler</td>
</tr>
</tbody>
</table>

Source: Bank Mandiri and Primakelola IPB Studies (2020)

PT JPLM's business model is carried out by dividing into 3 stages, namely, the first stage, on-farm, process, as well as distribution and marketing. At this stage, PT JPLM, supported by the Ministry of Agriculture and Bank Mandiri, provides subsidy assistance, development research, technology guidance, and counseling to the Association of Farmer Groups, Farmer Groups, or farmers. Assistance was also provided to coffee farmer cooperatives. Assistance at this stage, namely in the form of financing and assistance.

The second stage, that is, the process. At this stage, value added is given. At this stage is also provided with insurance, which protects the production process of coffee.
crops. At this stage, PT JPLM provides support to farmers or coffee farmer cooperatives with guidance on improving the quality of coffee plants, so that they have quality that is in accordance with consumer demand or export market demand. In addition, the provision of insurance protects farmers or cooperatives during the production process, even up to the hands of consumers when exporting.

The third stage, that is, the distribution and marketing stages. At this stage, PT JPLM's support is in the form of certification and regulatory negotiations with the government to support coffee marketing, both at home and abroad. One advantage of PT JPLM is the information support from the Ministry of Agriculture and Bank Mandiri. This is in accordance with the opinion of Borrella et al (2015), namely the coffee relationship model is able to realize three development strategies, namely: 1). Overcoming the limited needs of coffee farmers in terms of production and limited information in accessing the coffee trade market. 2). Build strategic partnerships with governments. 3). Increase transparency and equity in the coffee value chain, so that it becomes simpler.

Source: PT JPLM (2021)

Figure 3. PT JPLM Business Scheme

PT JPLM's business scheme starts from coffee farmers who hand over coffee cherries to be processed in cooperatives in primary processing sites that produce raw materials. Funding institutions that support cooperatives in their operations are LPDB (Revolving Fund Management Institution), KUR (People's Business Credit), or BLU (Public Service Agency).

The follow-up to this scheme is that the raw materials are processed by PT JPLM with a majority stake of the five cooperatives incorporated. PT JPLM in this case acts as a maelon and also as a coffee processing industry. In its operations, this company is supported by funding from LPDB / BLU or from the Ministry. The results of product processing, marketed by PT JPLM to distributors / retailers, online stores, direct consumers, or export destinations.

The benefits of the establishment of PT JPLM are: 1) Having a wider market, with the support of the government. Support in the form of information or market expansion, both at home and abroad, 2) Cooperatives and farmers can focus more on cultivation, as well as coffee processing. This is done with the help of subsidies, development research, technology guidance, and counseling related to coffee cultivation. 3) PT JPLM has been equipped with machines that have better capacity, so that it can encourage green bean production with export quality. The profit from the company also returned as a dividend.
to the cooperative as the majority shareholder. 4) The management of the coffee business becomes more professional with assignments to experts.

In coffee relations, PT JPLM plays a role in breaking the coffee trade chain, both at home and abroad, which is expected to provide direct benefits to farmers and companies. In addition, to promote the coffee products produced, the company also makes coffee education for people in the Bandung Regency area.

In carrying out the promotion, the company cooperates, both with trader companies at home and abroad, such as with the Jakarta Coffee House, Mercure Nexa Hotel Bandung, De Vanilla and Srikandi Turki which were obtained after participating in the Coffex (Coffee Expo) Istanbul 2021.

In an effort to establish coffee export cooperation, representatives of PT JPLM made efforts 1) Introducing PT JPLM through the Indonesian Musiad Organization at the Musiad Expo event in Istanbul, Turkey in 2020. 2) Participating in the Istanbul Coffee Expo in Istanbul September 2021 is fully supported by the KJRI (Consulate General of the Republic of Indonesia), the Ministry of Agriculture of the Republic of Indonesia, Biru Marmara. At that time, a visit was made to two factories of major Turkish importers in Istanbul and Ankara, namely Delfiano and Kocatepe. The result of the visit was the export demand from the two companies.

CONCLUSION

From the development of the value of Indonesian coffee exports which tends to decrease from 2015-2019. In addition, the establishment of PT JPLM is also based on the huge potential of Bandung Regency coffee. PT JPLM was established at the end of 2020 as a form of concern from the Government for the welfare of the community, with the aim of improving the welfare of farmers.

PT JPLM's business model is carried out by dividing into 3 stages, on farm, process, as well as distribution and marketing. The three stages of it are the application of the coffee relationship scheme in accordance with previous research. In the first phase, on farm, PT JPLM, supported by the Government, provides subsidy assistance, R&D, bimtek, and counseling to cooperatives/combinations of coffee farmers, namely in the form of financing and assistance. The second stage, namely the process, where value added is given to coffee production. The third stage, that is, the distribution and marketing stages. At this stage, PT JPLM's support is in the form of certification and regulatory negotiations with the government to support coffee marketing, both at home and abroad.

PT JPLM's business scheme starts from the handover of coffee cherries by coffee farmers to be processed in cooperatives in primary processing that produces raw materials with the support of funding institutions. Then the raw materials are processed by PT JPLM which acts as a maklon and also as a coffee processing industry with funding supported by the Ministry.

The results of product processing, marketed by PT JPLM to domestic and export markets. The benefits of the establishment of PT JPLM, namely:

1. Have a wider market;
2. Cooperatives and farmers can focus more on cultivation, as well as coffee processing;
3. PT JPLM has been equipped with machines that have the capacity to encourage production with export quality. Profits from the company return as dividends to the cooperative;
4. The management of the coffee business has become more professional.

The prospect of developing a study from the results of this study is research on the export process of the results of the coffee relationship scheme, and the extent to which it can affect the welfare of coffee farmers in the South Bandung Regency, West Java, Indonesia.
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