



PROVINCIAL SITUATION REPORT

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DISCLAIMER

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ISSUE OF THE WEEK



Amid Deflation, Farmer Exchange Rates (NTP) Increases

In the price fluctuation in July, as reported by BPS, there was a deflation of 0.10% against June 2020. In July, this deflation rate caused inflation from January to July (year to date/YTD) of 0.98% and 1.54% on an annual basis. There are three expenditure groups that contribute to deflation, namely food, beverage, and tobacco, which experienced deflation of 0.73%, contributing 0.19% to deflation in July 2020. Meanwhile, commodities that experienced a price decline, such as shallots contributed to deflation of 0.11%, chicken meat of 0.04%, garlic of 0.03%, and cayenne, rice, and granulated sugar of 0.01%.

Amid this deflation, most farmers experienced an increase in Farmer Exchange Rates (NTP) by 0.49% compared to the previous month. The national NTP for July 2020 is 100.09. The NTP increase was due to the Farmer Received Price Index (IT), which rose by 0.47% while the Farmer Paid Price Index (Ib) decreased by 0.02%. The increase was influenced by the rise of NTP in three agricultural subsectors, namely the Community Plantation subsector by 1.76%, the Livestock subsector by 1.68%, and the Fisheries subsector by 0.69%. Although the NTP experienced an increase in general, NTP in the other two subsectors experienced a decline. The NTP of the Food Crop subsector fell by 0.25% from 100.42 to 100.17 due to the decrease in grain prices, maize prices, and some food crop commodities such as peanuts and green beans. The same thing also happened in the Horticulture subsector. The NTP fell sharply by 0.74% to below 100 (99.77 to be exact) due to the price decrease in shallots, carrots, pineapple, and several other commodities.

<https://bit.ly/2DbmRGG>;
<https://bit.ly/3k9jNvf>

<https://bit.ly/33lgwmF>;

<https://bit.ly/2PouFqY>;

<https://bit.ly/3k7gftm>;

POLICY INSIGHT



1. National Level

- President Joko Widodo is hoping that people would use the COVID-19 pandemic as momentum to accelerate digital transformation. “We need at least 9 million digital talents for the 15 years ahead. This needs great preparation to produce at least 600,000 people each year so we can establish an ecosystem that supports the growth of our digital talents,” said Jokowi in opening the digital transformation limited meeting on Monday, August 3. Apart from the digital skills needed to be mastered in the future, the president said that broadening Indonesia’s digital infrastructure is also crucial along with providing the needed internet services across 12,500 villages. <https://bit.ly/33mjK9h>
- The Minister of Finance said that the Government had prioritized food security as the primary focus to strengthen the competitiveness of the national economy and industry through innovation and to strengthen human resources quality. The President asked to not only focus on creating food security but also growing employment opportunities since the purpose of the 2021 APBN is to achieve growth and poverty reduction. The 2021 APBN draft focus on four major programs: food security, industrial sector, infrastructure development and information technology, and education and health. <https://bit.ly/31b1fC6>
- The Statistics Indonesia (BPS) released the national Farmers Exchange Rate (NTP) in July 2020 by 100.09 or increased 0.49% compared to the previous month because the Price Index Received by Farmers (It) rose by 0.47%, while the Index Prices Paid Farmers (Ib) decreased by 0.2% amid the pandemic. The increase was influenced by the rise of NTP in three agricultural subsectors, namely the Community Plantation subsector by 1.76%, the Livestock subsector by 1.68%, and the Fisheries subsector by 0.69%. Meanwhile, NTP in the other two subsectors experienced a decline, namely the Food Crop subsector by 0.25% and the Horticulture subsector by 0.74%. Nationally, the January-July 2020 NTP was higher by 1.16% compared to the 2019 NTP in the same period. <https://bit.ly/3k7gftm>

- Minister of Cooperatives and SMEs (Menkop) said that the government would focus on developing food cooperatives as a solution to the increasingly complex problems of the food sector, namely limited access to land, financing, and markets, as well as supply chains that are too complicated and long. The Menkop noted that in terms of the number of food cooperatives, there are only around 11% or 13,821 active units of the total cooperatives in Indonesia (123,048 units). While in terms of the volume of cooperative businesses are also smaller, only Rp 11 trillion or less than 8% of the total volume in Indonesia worth Rp 154.718 trillion. <https://bit.ly/33pAs7Y>

2. Provincial Level

- **EJ:** Data from The Government of India's APEDA (Agricultural and Processed Food Products Export Development Authority) indicates that beef meat import from India to Indonesia has increased from 812 tonnes in 2015-2016 to 65.304 tonnes in 2016-2017. The import was still high from 2018 to 2019, which reached 94.500 tonnes. At the same time, data from the Directorate General of Livestock & Animal Health of MoA informs that Indonesia is importing 170 thousand tonnes of beef meat from India. The import has decreased East Javanese farmer's competitiveness as they could not scale up their business and make them rely mostly on sales before Eid al-Adha. <https://bit.ly/30IYY7L>
- **CJ:** Governor Ganjar Pranowo provided Rp 2.23 trillion for all district/city governments in Central Java to boost economic growth during the COVID-19 pandemic. According to the Governor, this financial assistance is reserved in handling COVID-19 because the refocusing budget for COVID-19 is still sufficient. The governor in particular has issued a Circular Letter (SE) concerning Management of Financial Assistance in a Labor-intensive Method. The Head of the Central Java Regional Financial and Asset Management Agency (BPKAD) detailed the fund into two: Rp 1.04 trillion for districts/cities and Rp 1.189 trillion for villages. <https://bit.ly/3gE0Bnn>
- **NTB:** To reduce the impact of losses from drought, BMKG developed an Extreme Climate Early Warning System, issued every day (10 daily). Based on BMKG information from the Lombok Barat Climatology Station, BMKG has developed an early warning of a meteorological drought for the NTB region. NTB areas that need to be aware of potential drought phenomena include several areas in Dompu (Kempo and Pajo), which have experienced days without rain for more than 60 days. <https://bit.ly/2BWvDaT>
- **NTB:** The NTB Provincial Government plans to build an animal feed factory in Bima District area in 2021. The provincial government has prepared the budget for its construction. NTB Governor admitted that the plan to build a feed mill is because NTB residents, especially Bima, planted a lot of maize and owned livestock. <https://bit.ly/3199UEY>
- **NTT:** The District Government of Sabu Raijua (Sarai) disbursed budget around Rp 50 billion from APBD (district budget) for several sectors to restore the economy affected by the COVID-19 pandemic. The sectors are agriculture, fisheries, livestock, in addition to providing health facilities. In the agricultural sector, the budget is channeled to procure water pumps to support the planting period on potential agricultural land. For now, the Sarai District Government is paying special attention to optimizing agricultural land in areas with water potential, so that it can continue to produce during the dry season. In the livestock sector, especially the poultry and fisheries sector, the budget is allocated to help local fishers trawl procurement. <https://bit.ly/3k5ARck>
- **NTT:** Directorate General of Treasury (DJPb) Ministry of Finance (Kemenkeu) of NTT Province encourages the acceleration of labor-intensive programs to provide multi-effects to the economy in that province, especially in efforts to recover the economic impact of the pandemic. The budget disbursed for labor-intensive programs in NTT in the first semester of 2020 reached Rp 184.6 billion or only 29.9% of the total ceiling of Rp 616 billion. With less than 50% of absorption rates, the program realization needs to be accelerated by the authority of the program budget user, where the leading sector is at ministries/institutions with several units in NTT. <https://bit.ly/319HZVy>

- **NTT:** According to the Regional Office Head of the Directorate General of Customs and Excise (DJBC) of Bali, NTB, and NTT, Hendra Prasmono, export access through the Motaain Cross-border Post (PLBN) in Belu District has returned to normal. Previously, the export and import activities through Motaain Post were constrained by the closure of the Indonesia - Timor Leste border. After coordinating with Timor Leste, an agreement was reached to reopen the border gates every day to restore the national economy due to the COVID-19 pandemic. Since reopening, the volume of exports of goods has increased by 100%. <https://bit.ly/30IVFxn>
- **Papua:** The Statistics Indonesia (BPS) of Papua Province recorded combined inflation in three cities, namely Jayapura, Merauke, and Timika, in July 2020 reached 0.64%. According to BPS Papua, there was an increase in the consumer price index (CPI) from 104.41 in June 2020 to 105.07 in July 2020. Meanwhile, there was a deflation of 0.16% in rural areas in July 2020. As for the agricultural exchange rate (NTP) in Papua in July 2020, there was an increase of 0.06% with an NTP index of 102.56. The increase occurred because the price index received by farmers was higher than the price index paid by farmers. In more detail, Papua NTP in July 2020, according to subsectors, are food crops 101.31; horticulture 103.26; community plantation crops 101.65; animal husbandry 108.16; and fisheries 109.41. <https://bit.ly/3k9jNvf>

FOOD SYSTEM

Impact at food supply continuity; food price; etc



1. Central Java

- The Statistics Indonesia (BPS) of Central Java noted that the province experienced deflation of 0.09% in July 2020. The Head of Central Java BPS in Semarang said that deflation occurred in six regions that were the cost of living surveys in the province. "The biggest deflation occurred in Purwokerto, which reached 0.20%," he added. Deflation occurs due to falling prices, as indicated by the falling price index of several expenditure groups, such as garlic, shallot, chicken meat, and sugar. <https://bit.ly/33pF2Tl>

2. West Nusa Tenggara (NTB)

- The Regional Disaster Management Agency (BPBD) of Dompu District, has made an inventory of villages/kelurahan affected by drought in mid-2020. As a result, 34 villages in eight sub-districts began experiencing drought. Countermeasures such as the distribution of clean water are still awaiting application letters from the respective Village/Kelurahan Government. <https://bit.ly/2D7CYVK>
- The availability of food in NTB is projected to be safe for the next two months. Based on the records of the Food Security Office (DKP) of NTB, 11 strategic food staples in NTB still have sufficient stock. The Head of DKP NTB will coordinate the availability of food with stakeholders such as the Agriculture and Plantation Office and the Livestock Service Office concerning the amount of food stock. <https://bit.ly/2DgG75t>

SECTOR'S ISSUE

Specific issues related to the agricultural sectors PRISMA works in.



1. East Java

- **Beef:** Governor Khofifah ensured that the COVID-19 pandemic does not significantly affect beef sales for Eid charity needs in East Java. However, a beef trader in Sidoarjo informed that his sales two days before Eid decreased around 30% to 40% compared to last year's sales. While in Tuban, a limited number of beef market visitors made some traders drop their beef prices from Rp 21 million – Rp 27 million to Rp 20 million – Rp 22 million per head. Tuban animal market data shows that the number of beef for transactions in Tuban per day has decreased to 750 to 800 head before this year's Eid al-Adha. Previously, the average number of beef for sale before the Eid day was 1,800 beef/day. <https://bit.ly/3fpy1Ew>

2. Central Java

- **Rice:** The yield of milled unhusked rice production in Cilacap District gained national achievements. Based on data released by the Ministry of Agriculture, Cilacap's agricultural production last year was ranked in the top 10. Cilacap is considered to be one of the national food buffer regions. Even at the level of Central Java Province, it managed to be in the third position. According to the Head of Cilacap District, this achievement showed the persistence of farmers in Cilacap in managing agriculture and producing quality food production. He added, one hectare of land in Cilacap District was able to produce around eight tons of dry grain. This condition is expected to be maintained. <https://bit.ly/3foiaWL>

- **Rice:** Klaten District still confirms as a food buffer district, both in Central Java and nationally. It was proven that rice productivity in Klaten is safe when entering the second harvest this year. Even the rice surplus reached 101 thousand tons. During this pandemic, Sri Mulyani hoped that every village in Klaten to have a village food barn so that if rice was scarce, farmers still had food reserves. The Head of the Agriculture, Fisheries, and Food Security Office of Klaten District said that the harvested area of agricultural land in Klaten is around 72,000 hectares. Wonosari has approximately 2,000 hectares and able to support food self-sufficiency in Klaten. <https://bit.ly/2D7c93Z>
- **Rice:** The first harvest of organic rice in Sawahan, Jaten Village, Karanganyar District produced 6.4 tons of dry grain or about three tons of rice per hectare. The first harvest was held on Monday (3/8). The organic rice planted in the 1-hectare area is managed by the Jaten Bermartabat Village Owned Enterprise (BUMDes). The Director of the BUMDes, Imam Subhan, said that the BUMDes was established on 5 December 2019. According to him, the organic rice fields cost Rp 48 million in one hectare. This figure is twice more than inorganic rice fields. However, he ensures that the quality of organic rice produced by BUMDes Jaten is better, and the land is more fertile. <https://bit.ly/2PI5Mwr>
- **Rice and Irrigation:** About a month during the dry season, the water needs for rice fields in Purbalingga District is still relatively sufficient. The Head of the Agriculture Office of Purbalingga said that the irrigation water flow has begun to decrease. "However, by rotating irrigation, water can still meet the needs of all irrigated rice fields in Purbalingga." He also added that rice plants' water needs are currently not too much since most plants are more than two months old. <https://bit.ly/39Xis5V>

3. West Nusa Tenggara (NTB)

- **Maize:** To answer the maize's needs for the food industry, which is still very dependent from abroad, driven by the Koperasi Dinamika Nusa Agribisnis (DNA) in Lombok Timur, finally able to pioneer the production of low-aflatoxin maize. This cooperative has collaborated with the NTB Provincial Agriculture Office and the private sector to increase the production of low-alpha aflatoxin maize. <https://bit.ly/2XpdPfP>

4. East Nusa Tenggara (NTT)

- **Seaweed:** The development of seaweed and fish in NTT Province should be supported by appropriate grand design for better-improved production and quality, as conveyed by a member of the House of Representatives Commission IV, Julie Sutrisno Laiskodat. While the Head of NTT Provincial Marine & Fishery Office (DKP), Ganef Wurgiyanto stated, in connection with increasing competitiveness, the NTT DKP synergized with the Central Government through the Ministry of Marine & Fishery (KKP). To date, the export of seaweed has been carried out from Kupang District. Meanwhile, the price of seaweed, which is a leading commodity in Sabu Raijua (Sarai) District, has fallen, but not drastically. The Head of Sarai District, Nikodemus Rihi Heke, said that amid the COVID-19 pandemic, the price of seaweed went down, but fortunately not too drastic. The seaweed price before the pandemic was Rp 24,000 per kilogram, has been falling to Rp 20,000 - Rp 18,000 per kg. <https://bit.ly/2XkUU61>; <https://bit.ly/3fmKfhn>
- **Rice:** The NTT Governor, Viktor Laiskodat, symbolically planted rice to mark the start of the second planting season in Paklay Barat paddy field, Tulleng Village, Alor District. Hybrid rice is planted on 50 hectares area, out of 100 hectares. Governor Viktor expected an increase in the quality of rice production through assistance to farmers. All of these efforts support the local food needs of the people in Alor District. Five farmer groups manage the 50 hectares paddy field. <https://bit.ly/33lBzFp>
- **Pig:** The Livestock Office (DISNAK) of Sumba Timur District continues to monitor the death of pigs, including the spreading of diseases that cause the death of thousands of pigs. Samples from dead pigs have been sent to the Denpasar Veterinary Central Laboratory (BB-Vet) in Bali. Still,

until now, no results have been obtained. Even so, because clinical symptoms that occur similar to African Swine Fever (ASF), DISNAK has taken precautionary steps quickly. Meanwhile, in Ngada District, DISNAK officer tightened surveillance at the border gate to prevent the entry of pigs or processed pork products into the district. Supervision is carried out at four border posts. The DISNAK also routinely carries out communication, information, and education about ASF prevention measures. <https://bit.ly/33otKyT>; <https://bit.ly/2XnCZeT>

5. Papua

- **Rice:** The COVID-19 pandemic can only be averted by the availability of food as pursued by the Joint Business Farmers Group (Poktan) in Kampung Bokem, Merauke District, West Papua. These days, Poktan Usaha Bersama prepares captive rice seeds covering an area of six hectares (ha), with varieties of Inpari 22, Inpari 32, Inpari 42 to support the acceleration of planting the dry season. Chairperson of the Joint Poktan Usaha Rudi Setiawan together with 21 Poktan members accelerated planting and land management of 45 ha. <https://bit.ly/2PorGi4>
- **Maize:** Keerom District, Papua, helps maintain national food security. The district meets food needs by increasing maize production on potential land with hybrid maize seeds. The Minister of Agriculture, Syahrul Yasin Limpo, appreciated the steps taken by farmers in Keerom to maximize the diversification of local types of maize. Appreciation was also given by the Head of the Ministry of Agriculture's Human Resource Extension and Development Agency (BPPSDMP), Dedi Nursyamsi. Dedi also conveyed his appreciation to agricultural instructors in Keerom, who faithfully assisted farmers in the field. <https://bit.ly/30opoG0>



RURAL ECONOMY

Impact at rural area such as continuity of farmers' production; agriculture inputs availability; labour availability at rural area; market access; etc



1. East Java

- District Agriculture, Food Crop, Horticulture, and Plantation Office of Sumenep ask tobacco farmers in the district to limit tobacco farming activities this year, due to no clear buying commitment from tobacco companies. As an impact, this year, tobacco farming land size in the district has decreased around 40%, as the tobacco farmers start shifting to chili farming, especially in Manding and Rubaru sub-districts. <https://bit.ly/3k39lzT>

2. Central Java

- The Purbalingga District Government will develop Gunung Malang Arabica coffee as a coffee brand from Purbalingga. The District Head mentioned that Gunung Malang coffee, located at an altitude of 1,400-1,700 in Serang Village, Kutabawa, Purbalingga has the potential to be developed because its location is near the Goa Lawa and tourism village area. Related to this, she added that the district government would provide support, such as infrastructure to Serang Village. In addition, the District Government will also provide Arabica coffee seedling assistance so that coffee farming in Gunung Malang is growing. <https://bit.ly/30nFxM4>

3. West Nusa Tenggara (NTB)

- Subsidized fertilizer prepared by the central government began to decrease. Last year subsidized were around 1,200 tons, but now it is only 840 tons. "There is a reduction in urea subsidized fertilizers from the center," said the Head of Agriculture Office (Distan) of Mataram City. According to him, the reduction is made so that farmers use organic fertilizer, where the price is quite low at only Rp 500/kg. <https://bit.ly/31hoZ7K>

- The long dry season has led to increasingly violent water struggles over water. Especially if farmers' cropping patterns are not well regulated. According to him, entering the second planting season, farmers must be able to control planting patterns. In the dry season, farmers do not plant rice but crops instead that do not need much water. To avoid fighting over water, Sahdan asks those who handle it, especially in the natural resources sector, to be present for equitable water distribution. He said water reservoirs in all NTB dams shrank 30%. <https://bit.ly/3frbJCn>

4. East Nusa Tenggara (NTT)

- The Meteorology, Climatology and Geophysics Agency (BMKG) of NTT stated that 100% of the total season zones in NTT are now in the dry season period. BMKG reminded the need for vigilance related to the threat of a drought in this region. This condition has an impact on the agricultural sector with a rain-fed system, in addition to an impact on reducing the availability of groundwater, causing scarcity of clean water, and increasing the potential for ease of fire. Therefore, BMKG considers it is essential to issue an early warning of drought so that the government and the community can take the necessary anticipatory steps. <https://bit.ly/2PkgV0o>

5. Papua

- Sago is one of the plants suitable for peatlands. The character of peat stores a lot of water, so it is a suitable place for sago. Sago land area in Indonesia reaches 5.5 million hectares. Around 4.5 million hectares are located in Papua and 0.5 million hectares in West Papua. Unfortunately, the use of sago in Indonesia has not reached 10%. In contrast, sago can reduce imports of rice, wheat, and sugar. Therefore, cooperation by many parties is needed to make sago as a strategic plant. <https://bit.ly/3qt8ewv>
- Police officers train the Kanum tribe families in the Sota District, Merauke to grow various types of vegetables. The training was directly conducted by the Sota Police Chief, Adjunct Commissioner Makruf Soerota, and the local Bhabinkamtibmas. "We are assisting and teaching the OAP community to plant several types of vegetables such as cabbage, long beans, sticky corn, bananas, taro and sago treatments," said Makruf Soerota. <https://bit.ly/3fsrits>
- One day before the Eid al-Adha 2020, the price of large chili and curly chili increased. According to information from agricultural commodity traders in Hamadi Market, Jayapura-Papua City, Fatimah, these two commodities have only recently experienced price increases. "The price of a large chili is Rp140 thousand per kg, previously only Rp 80 thousand. Meanwhile, curly chili is Rp110 thousand per kg, previously only Rp 90 thousand, " said Fatimah at the Hamadi Market, Jayapura City, Papua. <https://bit.ly/2Dh2M1x>

6. West Papua

- The second stage of the Responsive Innovation Fund (RIF) program is collaboration between the Government of Indonesia through the Ministry of National Development Planning (PPN)/BAPPENAS and the Government of Canada through Global Affairs Canada (GAC). The National Support for Local Investment Climate / National Support for Enhancing Local and Regional Economic Development (NSLIC / NSELRED) provides capacity building support to improve the local investment climate and local economic development at the national level and in a total of 28 selected districts/cities in Indonesia. One of the six regions and innovations that have been selected for RIF Phase II is Manokwari District, West Papua Province, for the development of organic cocoa and coconut. <https://bit.ly/2DyNQLQ>
- West Papua Governor, Dominggus Mandacan, along with Bank Indonesia (BI) West Papua Chief Representative, Joko Sapratikto, in Ransiki, Manokwari Selatan District (Mansel) conducted a series of activities to hand over processed chocolate machine tools and the inauguration of a chocolate production house managed by the Eiber Suth Cokran Cooperative Ransiki. Governor said that Eiber Suth Cokran cooperative could spur the economic growth of local residents in Ransiki to move forward in the development of cocoa plantations in the area. <https://bit.ly/31mShSy>

