ABSTRACT

IMAM TEGUH SAPTONO. Design of National Food Crops Financing Institution, Case Study Rice Commodity, Under Direction of MARIMIN, MANGARA TAMBUNAN and RINA OKTAVIANI.

In year 2009, the agricultural sector contributed around 15% of Indonesia’s GDP, and absorbed around 44 million of total workforce. As the biggest GDP contributor and workforce absorption within the sector, food crops hold a strategic role in providing national food security. In line with it, government has promulgated a national agricultural revitalization agenda, which one of the programs is providing a financing scheme for small scale farmer. At the implementation level, the program was not performed yet, due to the weaknesses of existing institutions. In turn it resulted on the significant gap of financing and investment in agricultural sector. On the other hand the oligopoly structure and price disparity between distributor and farmer on food crops market shows a potential market failure in industry. Therefore non-market institution is playing the significant role in the system. The aim of this research is designing a model of financial institution in national wide level, focusing on food crops financing by using Interpretative Structural Modeling (ISM) which then supported by Analytical Hierarchy Process (AHP). The usages of ISM, system approach and AHP are designated to accommodate the complexity of the object. The respondents involved are experts from various related institutions. ISM analysis resulted price stability, government commitment, geographic coverage, suitability of the institution with local conditions, and return of investment are strong driver sub-elements among the sub-elements of the system, which has to be notified. The recommendation of institution resulted by AHP was developing a new non-bank financial institution, set up by government which focusing their financing on supply chain approach. The end game of the entire synthesis mentioned above is the creation of a financing institution as a part that is integrated with a specific food cluster.

Key words: Financing institution, Food crops, benchmarking, Interpretative Structural Model (ISM), Analytical Hierarchy Process (AHP)