

Rural Economic Institutions Operating Revitalization (Village Cooperative Unit/KUD) Support Sustainable Food Security System through the Prototype Based on Needs Maluku Islands and Papua

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ABSTRACT

One of the root causes of the food crisis experienced by our nation's rural economy is weak institutions, which in turn have an impact on the propensity of production, as well as the weakness of the distribution system. The momentum of the adoption of Act Cooperatives and Food Act by Parliamen, could be the foundation for revitalizing cooperatives.

Problems of rural economic life lush and equipped with adequate infrastructure that remains unresolved. One of the problems is if they want to send their children out. The cause of the difficulty it is cash flow that rotates in the village is very small, because the flow of money from the city to the village is almost ni. The small flow of money from urban to rural agriculture and fisheries caused because they are oriented to the needs of its own.

Given the extent of the problems faced and the limited funds, resources and time then do an appropriate strategy in business coaching and development of cooperative services KUD convergence strategy. The aim of the strategy is to accommodate all the government's efforts in accelerating the development of cooperatives in a way Revitalization KUD. Seeing great potential in Maluku and Papua, it would be ironic if the potentials are not empowered with the optimum.

Keywords: Revitalization (Village Cooperative Unit/KUD), food security systems, prototype-based requirements

INTRODUCTION

Background

Development of food and nutrition is a development effort across fields and sectors that are interrelated, which is intended to meet the food needs of society in a fair and equitable both in quantity and nutritional quality. In particular, the development of food is an effort to develop a reliable food system. Development in the field of food must be directed at efforts to increase self-sufficiency are not only oriented on rice and wheat alone, but supported also by the types of local strategic commodities. Thus we become sustainable food security.

Development of food security is an issue that is very important and strategic, for the existence of the sovereignty of a nation, in addition to the issue of energy security and water, and FEW (Food, Energy and Water). Hence, food security is one of our national development orientations. Master Plan for the Acceleration and Expansion of Indonesian Economic Development (MP3EI) 2011-2025, which was launched in May 2011 in which stated that the Indonesian economic development theme is "Indonesia's position as the basis of world food security, agricultural products processing center, plantations, fisheries, minerals and energy resources and global logistics mobility center". In particular, the economic corridor Papua-Maluku Islands oriented as "Development Center of Food, Fisheries, Energy and the National Mining".

There are several things that cause food crisis in Indonesia, particularly in eastern Indonesia, one of which is the Indonesian people's food needs are growing by day at an average of 132 kg/capita/year of rice. On the other hand the national rice production amounted to 69.8 million tons in 2010 while the level of need of 71.8 million tons of these conditions, the demand for rice (minus) -3.06 million tons of this is because people are still relying on the consumption of major food such as rice. This is also due to have not fully optimized efforts to diversify the local food as a major food in eastern Indonesia. Another problem is the eastern part of Indonesia, there are several small islands isolated in the border area that determines the sovereignty of the area, but is more oriented to the neighboring countries. Surely, lack of infrastructure especially transportation system cannot support the production, processing, marketing and distribution in the eastern part of Indonesia archipelago mainly due to the demanding connectivity between islands. Because it takes airports, public ports, fishing ports and land transportation lines, which is still very limited. Lack of transportation facilities also has an impact on the availability of energy for eastern Indonesia

While becoming one of the root food crisis which is being experienced by our nation's rural economy is weak institutions, which in turn have an impact on the propensity of production, as well as the weakness of the distribution system. The momentum of the endorsement of Cooperatives and Food Act by Parliament could be the foundation for revitalizing cooperatives. In the past *village cooperative unit* (KUD), the existing weaknesses of course, managed to play that role. At the very least, KUD be intermediary for farmers to get agricultural credit through rural micro-banking, distribution of agricultural inputs, agricultural processing and marketing. As one example of the effectiveness of cooperatives in support of food security, in 1982 KUD succeeded in procuring as many as 1.9 million tons of rice, equivalent to the ability of Indonesian Logistic Agency/Bulog's rice procurement this time.

When the monetary crisis followed the economic crisis and political override in 1998, village cooperatives unit (KUD) and cooperatives in general becomes a pendulum of national economic safety very meaningful. However, follow-up post-crisis economic phenomena which impact much on the political crisis, leading to the existence of KUD impact external and internal pressure is quite heavy. Internal pressure begins with the onset of the degradation tendency of political symbols of the new order without seeing the essence of the role and achieved results. This was followed by miss communication problems at the expense of many cadres development KUD tough as in the case of KUT. When examined more closely, the problems are not all arrears KUD absolute error. Many things make KUD should be affected, among others, the freezing of assets by banks.

Until the market pressure of the non-cooperative actors that gradually undermined the power of traditional business cooperatives. The ends of the pressure eventually those begin in a loss of public confidence in the KUD. While external pressure, among others, is urging the IMF to eliminate food Bulog's monopoly, which automatically removes the certainty of a guaranteed market and price for a superior KUD product.

Such pressures then incarnated in the form of laws that restrict or even eliminate the role of cooperatives in the rural economy. For example, the release of Presidential Decree No. 18 of 1998 or Presidential Decree No. 9 of 2001 and Presidential Decree No. 9 of 2002 which eliminates the cooperatives function as the sole executor of the purchase of grain. Similarly, the release of the distribution policy of fertilizers, seeds, and grain procurement was initially done through KUD and then handed over to the free market. Ripple effect of this policy was immediate, for example supporting facilities such as warehouses, drying floors, rice processing unit, and others are no longer operating or idle maximum. In just a few short years

the number of cooperatives involved in the marketing of fertilizers to just 40 percent from the previous.

There are no circumstances give a fair chance to KUD, was not a bit of KUD are able to survive, even thrive to this day. For example, is KUD Mina even faced with the challenge of creating the appearance of ego sectoral other forces outside KUD that serve the needs of the same community.

THE PROBLEMS OF VILLAGE COOPERATIVES UNIT (KUD)

Problems of rural economic life lush and equipped with adequate infrastructure that remains unresolved. One of the problems is if they want to send their children out. The cause of the difficulty it is cash flow that rotates in the village is very small, because the flow of money from the city to the village is almost nil. The small flow of money from urban to rural agriculture and fisheries caused because they are oriented to the needs of its own.

In any garden or rice population we can find various types of fruits: mango, papaya, banana, chili, corn, etc. Many kinds of fruits are planted but a little quantity. Similarly, in their fish ponds there are a variety of fish: carp, blue gill fish, and tilapia fish. Because the pattern as it was then, agricultural and fishery products they cannot be a commodity that is economical to hit the market because of the scale of production is small.

The next problem is the difficulty encountered by the villagers to access the market. It turns out that the road infrastructure, electricity and telecommunications is not enough to make the production of the village was thrown into the market. If this village with adequate infrastructure like the only difficulty selling their products, especially those areas that have not been touched roads, electricity and telephone.

Towards Revitalization of National KUD

Given the extent of the problems faced and the limited funds, resources and time to do an appropriate strategy in business coaching and development of KUD and cooperative services convergence strategy. The aim of the strategy is to accommodate all the government's efforts in accelerating the development of cooperatives.

Some parties, especially the local government and the cooperative movement, tried to revive the function and role of cooperatives as the support of food sovereignty. Awareness is still partial and limited regional. At least five provincial governments, and a few other local governments, have committed to revitalize cooperatives in their respective regions. We can browse in their site. Such commitment has responded positively by the Ministry of Cooperatives and SMEs in Mataram, the South East Nusa (NTB) Limited Coordination Meeting of 19 September 2012 and it was decided that the importance of systematic efforts to revitalize cooperatives and strategic in order to succeed the food security program.

Sectoral and regional revitalization has been run in the past two years. There are at least nine (9) provincial governments, two (2) Central Village Cooperative Unit (Puskud), as well as some districts have started. With a focus on internal institutional arrangement in the form of updates and institutional organizations, refreshment commitment independence, the handling of business activities that is relevant to potential and existing opportunities, as well as joint ventures. Moderate external support, ranging from the passage of the pro-regulation through legislation, support schemes for micro-finance institutions, to conduct a pilot project to attempt. Effort initiated by the cooperative movement and local governments have shown encouraging results. Expected future participatory efforts from below (local government) will become the greater and widespread. Along with the effort and commitment that has been

announced by the Ministry of Cooperatives and SMEs in supporting revitalization efforts KUD.

However, the revitalization efforts of existing KUD face several problems that need to be addressed nationally and cross-sectoral. Various problems include:

1. Still lack of regulation on the distribution of agricultural inputs which lead to the market mechanism is not entirely appropriate to be applied in the cooperative system has a public service function as cooperatives. As reflected in the 1998 Presidential Decree 18, Decree of the Minister of Industry and Trade No. 356/MPP/KEP/5/2004 on fertilizer distribution by both the private and Cooperative / KUD, Rice and national policies;
2. Problems arrears Farm Credit (KUT) which amounted to 5.71 trillion that menghambat KUD rate. Which when examined is not entirely the problem of arrears KUT this stems from an error KUD institutionally. But the fact immobilizes joints KUD life, and more than that there has been a character assassination for managing acute KUD. This condition has obscured KUD public confidence in the institution as a democratic economic institutions have an important function for our food security system;
3. Discrepancies between sectors in the economic development of rural communities. This is due to sectoral ego that makes KUD not act as economic agents that serve to empower the community. The number of rural economic actors are played by many sectors causing loss of added value should fall to the villagers themselves;
4. Decentralization policy has encouraged local governments have different policies on cooperatives. There are some local governments to prioritize the private sector as an economic actor rather than foster cooperative as institutional economics-based economy of the people by only considering the gain revenue without thinking of the interests of the public welfare. As a result, a range of policies and regulations do not favor local efforts to revitalize the cooperative;
5. Support human resource managers of cooperatives are very weak. This is due to the weak economic education system organized in formal educational institutions. The younger generation is professional in managing the economy based on democracy, less motivated to participate in managing the cooperatives. This led cooperatives managed by actors who tend to be less professional organizations and is part-time.
6. The weakening of financial support to the cooperative financial institutions, among others, due to their structural position that is difficult to provide collateral (bankable). Especially for KUD, the reluctance of financial institutions to serve the financing also caused by stigmatization and poor image that carried KUD.

LITERATURE REVIEW

A. Institution for Food Sovereignty, Independence and Food Security

Pengertian Definition

- *Food*: Everything that comes from biological resources that are intended as food and beverages for human consumption
- *Food Sovereignty*: Rights of the nation and country independently determine food policy to guarantee the right to food of the people and that gives rights for communities to determine appropriate food system with potential local resources

- *Food Independence*: The ability of the state and the nation to produce diverse food to ensure food needs are quite up to the level of individual
- *Food Security*: Fulfillment of the conditions of adequate food (quantity, variety, type, and quality) for the country up to the level of individual
- *Institutional Food*: Government agencies established by the government to carry out administration tasks that are in the field of Food under and responsible to the President
- *Maintenance of Food*: Activities of planning, implementation, and oversight in the preparation, affordability, consumption fulfillment Food and Nutrition, and Food security involving the role of the community and integrated terkoordinas

In Government Regulation number 28 of 2004, the food is anything that comes from biological sources and water, whether treated or untreated, which is applied as a food or drink for human consumption, including food additives, food raw materials, and materials others were used in the preparation process, and the processing or manufacture of food or drink.

While food sovereignty is the right of the nation independently determine food policy to guarantee the right to food of the people and that gives rights for communities to determine appropriate food system with potential local resources, citing the Law of the Republic of Indonesia number 18 of 2012. The concept of food sovereignty was developed by *La Via Campesina* formed to fight for the perspective and the lives of farmers. Spearheaded by the farmer movement in Central America, South and North, as well as farmers' group in Europe, 1993, *Saturnino Borrás JR*.

According to the Law of the Republic of Indonesia number 41 year 1999, food self-sufficiency is defined as domestic food production capabilities are supported institutions capable of guaranteeing food security food needs sufficient level of households, both in the quantity, quality, safety, and affordable price, supported by food sources that vary according to local diversity.

In the context of food self-sufficiency, in the Maluku region is still relatively low in the ability to provide their own food needs of its people. For food of rice, more than 70% still needs supplied from outside. Another food availability is lacking in this area are maize, beans and vegetable oil. Food crops are actually sufficient to meet the caloric needs of the community. The availability approximately 90.3 g/capita / day on PPH rate (Dietary Pattern Hope) nationwide. In addition there is a surplus of fish 438 g / capita / day. Of the 66 districts in Maluku Province, more than half belong to the category of low food security. Only the areas of food production, namely Central Maluku region are able to provide most of its food needs. Thus, Central Maluku is a buffer zone of food for other areas in Maluku.

According to the Food and Agriculture Organization Food and Agriculture Organization (FAO) and the World Health Organization World Health Organization (WHO), food security means access to every household or individual to the food at all times for the purpose of healthy living. The results of the FAO World Food Summit conference in 2006, states that food security as access to every household or individual to obtain food at all times for the purpose of living a healthy food with admission requirements in accordance with the values or the local culture.

Institutional Food is a government agency established by the government to carry out administration tasks that are in the field of Food under and responsible to the President. According to article 128 is a government agency established to propose to the President to give special assignments to state-owned enterprises in the field of Food to carry out the

production, procurement, storage, and / or distribution of Staple Food and other Food set by the Government.

Food maintenance activities namely planning, implementation, and oversight of the preparation, affordability, consumption fulfillment of Food and Nutrition, and Food security involves the role of the community in a more coordinated and integrated. Food security is a key point of knowledge sanitation. The abundance of our surroundings directly or indirectly connected with human food supply. This is realized since the beginning of human history kahidupan where food preservation efforts have been made, such as salting, curing with the addition of sugar, smoking and so on. According to a WHO report (1991), about 70 % of cases of diarrhea occurring in developing countries caused by the food pose a serious threat to your children even toddlers to adults. Foodborne illnesses or FOOD poisoning posed by the contamination of food and beverages by the microbes to get attention carefully, because these cases patients may suffer from digestive disorders and disorders penyarapan nutritional substances and, more alarming still sometimes end in death.

Legal Basis

Establishment of the Basic Law

The legal basis for the establishment of the Institute of Food Government field (I call the Food Authority - BOP) Act No. 18 of 2012 on Food, which is essentially:

- I. Being under and responsible to the President (Article 126)
- II. Carry out administration tasks field of Food (Article 127)
- III. Propose to the President to give special assignments to the SOE field of Food (Article 128)
- IV. Further provisions on the " BOP " is regulated by the government (Article 129)
- V. Synchronization with other regulatory requirements. It is estimated that the PP would be difficult to formulate effective as mandated by Law No. 18/2012 is too general to require synchronization with: 1) Another law that bound, 2) duties and functions of the Ministry / Agency that has existed , and 3) the implementation of regional autonomy
- VI. Arrangement of existing institutions. Because almost all of the duties and functions of Food has been divided out in the Act and the principal task of the K / L the other , so that " BOP " effective , the existing provisions should be transferred to the "BOP"

Authority of Cost "BOP" (Food Authority)

Prerequisites "BOP" Effectiveness

- I. "BOP" is a better vertical central level agency whose position is equivalent to the Ministry.
- II. Main Duties, Functions and Role existing in the Ministry / Agency policies related to Food revoked and transferred to Duty and Function BOP, unless arranged other laws.
- III. Institute Units contained in the Ministries / Institutions associated with the Food merged into the "BOP".
- IV. Separation expressly basic tasks, functions and roles of the regulator and the operators field of Food.
- V. Preparation of Food in regional institutions in accordance with Law No. 18/2012.

- VI. Food Preparation reliable field operators, especially those associated with the production, distribution, and logistics.

Main Duties, Functions and the Role of "BOP"

Main Duty

The main duty is; formulate good policies short and medium term and long to establish the sovereignty and independence of Food.

Function

- I. To formulate and coordinate policies to achieve robustness conditions, availability, and security down to the individual level Food.
- II. Formulate policies to SOEs field assignment to implement Food production, procurement, storage, and / or distribution of Staple Food and other Food.

Roles

- I. Setting the parameters determining the type, quantity, and quality materials Staple Food and other Food.
- II. Determine the type and amount of each type of Staple Food and other Food dynamically for National, Provincial and Regency / City.
- III. Determine the type and amount of each of the Staple Food into possession / control of the Central, Provincial, District and / or City.
- IV. Establish a policy instrument Staple Food Trade and Other Food-oriented self-reliance and food sovereignty and farmers' welfare.
- V. Establish policy instruments of production, including research and development priorities Food.
- VI. Establish criteria, mechanisms and giving assignments to SOEs.
- VII. Food.

In accordance with the mandate of Law Number 18 of 2012, the government should immediately form a Government agency in charge of Food. The Food Institute field should be named Agency of Food Authorization (BOP) to become an institution that has the sole authority to formulate any policy that mandated by Law No. 18 of 2012.

- a. Main Duties, Function, and Role Loss Food Authority, should exist of the consolidation of the task tree, functions, and roles associated with the distinction of Food policy in the Ministry / Board at this time to attempt to create a rule, Survival and Food Security to be addressed in a focused
- b. With its strategic Main Duties, Functions of the Governing Board of the position of the Food Authority should disterakan with the post of Minister.

B. Food Crisis National: Economic Political Feasibility

Democracy means "power in the hands of the people", but what happens is that the power is in the hands of the triumvirate who work together in a warm and mutually beneficial. And they were, once again, is: (1) the state authorities, civil and military, in the center to the regions, the ethnic natives, (2) the Chinese conglomerate which is 0.8 percent of the population but control 80 percent of the national wealth, pathway that controls the economy of the upstream to the mouth, on land, sea, and air, (3) the

multinational capitalists who controlled Indonesia's natural resources are hidden below the surface of the earth and on it.

C. Limited State Intervention Policy To Build Food Security Through Increased Domestic Production

National Food Situation

Food Imports in the Media Spotlight

MoU between Indonesia and Vietnam Extends Rice Imports until 2017, amounted 1.5 million tons. Memorandum of Understanding signed by Indonesia and Vietnam tg 18 September 2012. Earlier, Indonesia has signed an agreement with Cambodia and Thailand.

<http://www.republika.co.id/berita/ekonomi/makro/12/09/18/maj6dt-indonesiavietnam-perpanjang-mou-impor-beras-hingga-2017>.

Government Fixed Import Rice Self-Sufficiency cope Despite the national rice production is estimated at 38.564 million tons, more than the national rice consumption of 33.035 million tons. Although it has achieved self-sufficiency, said Rusman (WawenPertanian), the government remains open faucet imports. One of them allows Bulog imported about 1.5 million tons of rice from Vietnam.

<http://www.tempo.co/read/news/2012/09/26/090432062/Pemerintah-Tetap-Impor-Beras-Meski-Swasembada>.

Indonesian Farmers Association (HKTI) calculates the number of the need for food imports in the country reached U.S. \$ 12 billion. It was an illustration of the potential counterproductive Indonesia as an agricultural country.

<http://www.kabarbisnis.com/read/2833153>.

KPK chairman Abraham Samad said the KPK of search results; there are mafia networks that play in the governance of food imports over the years. As a result, society is flooded with imported goods are not necessarily needed.

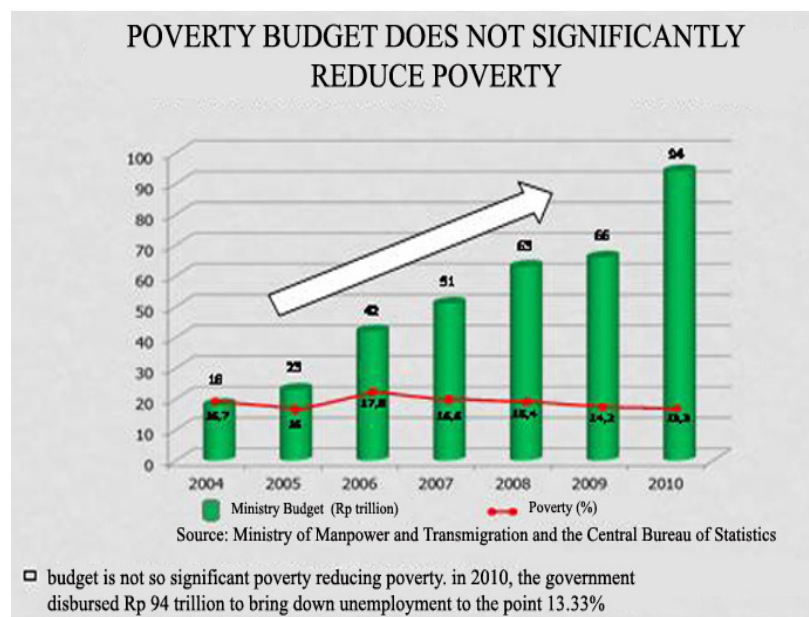


Figure 1. Budget Not Significantly Reduce Poverty

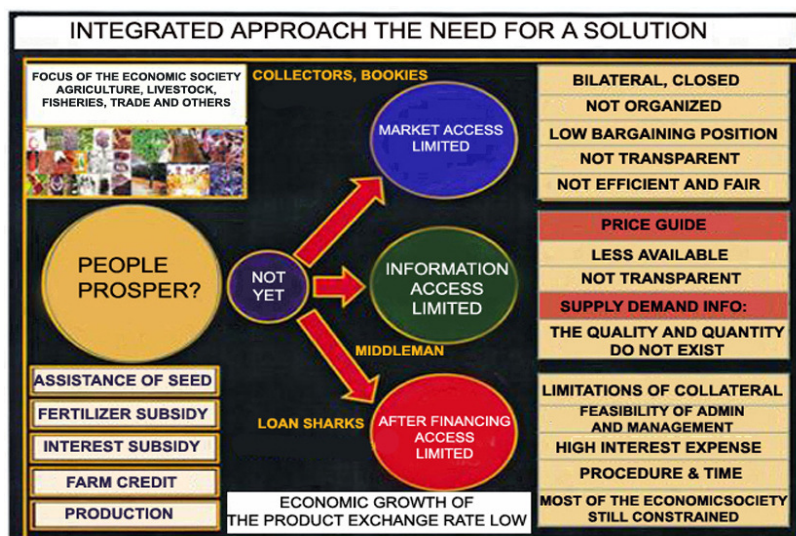


Figure 2. The Importance of Integrated Approach as a Solution

Table 1. Balance of Indonesian Food

Indonesian Food balance sheets for certain food commodities in 2012

Commodity	Import		Production	Consumption
	Volume	Value		
Rice	1.24	0.852	44.886	46.126
Wheat	6.167	2.589		6.167
Corn	1.656	0.529	19.378	21.043
Soy Bean	1.839	1.278	0.843	2.682
Cassava	0.723	0.353	24.177	24.9
Other foods	0.77	0.225		0.77
Total	12.395	5.826	89.293	101.688

Import, Production, Consumption in million tons, The value of imports in U.S. \$
 Source: Data Center Ministry of agriculture

RESEARCH METHODS

Method of Activities to Be Carried Out In the 2nd Year of Research

Revitalization of rural economic institutions (KUD) in the Maluku islands and Papua.

The Activities Implemented

1. Verification of rural economic institutions (KUD) to support the food security system. The purpose of verification is to optimize the rural institutions (KUD) which refers to the rural economy on the basis of food security which is produced in the first year. Verification is done to KUD residing in the islands of Papua and the Maluku islands in different ways tailored to the type of agricultural production. The results of the best food products will be used as a superior product to support the rural economy through cooperatives.
2. KUD revitalize efforts to support food security system.

- a. Increasing kesejahteraan people through increasing industrialization of modern agriculture and competitive.
 - b. Optimizing industrial development based on agriculture to strengthen food security independence.
 - c. The role of food distribution channels.
 - d. How can we restore the people to make the role of cooperatives as a pillar of the economy.
 - e. The role of government policy that can lead to revitalization.
- C. **Activity Levels**
- D. Measures that can be achieved in the attainment of activities, including:
1. Preparation phase (literature study).
 2. Verifying food.
 3. The collection of secondary data from Institution/Agencies associated in the Maluku islands and Papua islands.
- E. Data analysis for treating variety of existing information used data parameters that have been gathered.

Outcomes (Outputs) Activity

1. Food-based products featured in the Maluku Islands and Papua Islands.
2. Revitalization efforts KUD
3. Scientific publications in national journals accredited.

RESULTS AND DISCUSSION

Potential Development of Food Resistance in Maluku and Papua

Orientation corridor economic development of Papua-Maluku Islands are very precise because geographically and economic potential of the islands is indeed the case. Maluku Islands-Papua has the potential of abundant natural resources, among others agriculture, plantation, animal husbandry, fisheries (aquaculture and capture), marine, and energy and mining. Even specifically the potential of food in the Maluku islands rich in biological resources into local food commodities such as sago, hotong, tubers, corn, and others. The agricultural sector contributed most in shaping the economy of Maluku for 2009, amounting to 33%. Among the sub-sectors of agriculture, fisheries sub-sector is the most experienced the greatest improvement. Potential fisheries in Maluku are Banda Sea, Seram Sea and Arafura Sea which is often referred to as the *golden fishing ground*.

The amount of natural richness-Papua Maluku Islands poorer yet fully managed optimally for improving the economy or creating public welfare. In general, eastern Indonesia still faces various problems, including poverty, underdevelopment and inequality. As evidence, statistical data in 2010 showed that poverty in Indonesia is still around 13.3%. From these data it turns out poverty in eastern Indonesia is very high far above the national average which, like the Moluccas (27.7%), Papua (36.8%), West Papua (34.9%) (Central Statistics Bureau/BPS 2010).

Geographical conditions in Eastern Indonesia dominance of marine, coastal, small islands scattered and surrounding islands are saving natural resources are abundant, then it should be a marine and fisheries sector can contribute to the development of food security. Maluku islands surrounded or connected by large bodies of water, thus becoming a potential fishing area (*Golden Fishing Ground*) in Indonesia and the potential for fisheries is estimated at 1.63

million tons per year, but its utilization to date is only 40%. Coastal area in Maluku is also potential for aquaculture activities, such as seaweed, grouper, shrimp, pearl oysters, sea urchins, and other marine life with high economic value.

The potential availability of natural resources in the region based on the data KTI large enough potential in the fisheries sector sources pond area of 280,000 hectares KTI, open water fisheries resources of 50,000 acres, of fisheries resources by 95,000 acres of ponds, aquaculture resource of 500,000 hectares. While the land for agriculture in the region has a potential of 230 million KTI acres dominated Maluku and Papua. Opportunities that can be maximized is a source of local food can be substituted staple food rice, and also maximize the utilization of the potential of the new fisheries absorbed 40%.

The level of demand for domestic sources of animal protein foods nationwide high enough, for the KTI mainly used as barns Maluku and Papua fish-based protein to reduce dependence on animal protein. Moreover, it can encourage people's income in the fisheries sector, improve the nutritional intake of protein community and save foreign exchange by reducing import meat from abroad.

There is a government policy that can still be optimized to develop economic development efforts of food security in eastern Indonesia. One is the institutional development of the rural economy that can be achieved through the revitalization of cooperatives.

Conditions in Local Kud Maluku and Papua

Based on the conditions and constraints faced by cooperatives in the Moluccas and Papua, it can be concluded, it is a problem that is faced by the cooperatives of external and internal, these problems are:

1. External issues such as:
 - I. Communities in the Moluccas and Papua have not been able to fully persuaded that cooperatives are an effective means to overcome economic weakness and to improve their welfare. So that public awareness in the area of Papua and Maluku for cooperatives is still very lacking.
 - II. The absence of adequate facilities and infrastructure to be able to generate excitement cooperatives. Facilities and infrastructure owned by cooperatives in the Moluccas and Papua are still far from complete, it is exacerbated by infrastructure in the Moluccas and Papua inadequate so the impact on the performance of cooperatives.
 - III. Local governments lack of support in the form of capital to cooperatives in Papua and Maluku. It is the source of the problems faced by the cooperatives capital in the Moluccas and Papua. KUD in the Moluccas and Papua are still difficult to access capital from both the banks and the government.
 - IV. Cooperative effort is still small and has not had much success, so that the members and the general public has yet to feel the benefits.
2. Internal problems such as:
 - I. Lack of organization and management are owned by cooperatives in the Maluku and Papua.
 - II. Means services owned cooperatives in the Moluccas and Papua are still inadequate and far from expectations

- III. Lack of carrying capacity of human resources such as, participation and professional board members. Human resources owned by cooperatives in the Moluccas and Papua it is not optimal due to the educational background cooperative owned by the managers of cooperatives in the Moluccas and Papua are still lacking, it is resulting in the weakness of human resources support to cooperatives in the area Moluccas and Papua
- IV. Lack of capital owned by cooperatives in the Moluccas and Papua
- V. Less able to cope with the development and market economy system, so it is not ready to face foreign competition. KUD in the Moluccas and Papua difficult to compete and not competitive enough.

KUD conditions in Papua and Maluku KUD not reflect the expected criteria, because according to the technical instructions KUD Self-assessment, Self KUD expected criteria are:

1. Full members have a minimum of 25 % of the adult population who meet the membership requirements of cooperatives in their work area.
2. In order to improve the productivity of member business services to members at least 60 % of the overall volume of business cooperatives.
3. A minimum of three Book years in a row RAT implemented in a timely manner, in accordance Agency Directive.
4. Board and Audit Board members all come from KUD members with maximum number of Board and Board Audit 5 people 3 people. And KUD has employed managers and employees with decent benefits.
5. Equity capital (own capital) of at least Rp 25 million.
6. The results of the audit of financial statements without notes worth (unqualified opinion).
7. Limit deviation tolerance effort against the business plan KUD (Program and Non-Program) to a maximum of 20 % and a maximum deviation of 50 % negative to positive deviation .
8. Financial ratios are set by the RLS system (Profitability, Liquidity, and Solvency) with a minimum value of 75 %.
9. The total volume of business should be proportional to the number of members with a minimum average of Rp 250,000, - per member per year.
10. Minimum gross income to cover the cost based on the principle of efficiency.
11. Means viable business and managed its own
12. No adverse fraud and manipulation by managers KUD KUD.
13. Have no arrears.

These criteria can be used as a prototype of KUD in Papua and Maluku, so KUD in Papua and Maluku have a standard or reference in the development of cooperatives.

The Development Efforts and Revitalizing Kud in the Area of Maluku and Papua

The steps in developing the Village Cooperatives Unit (KUD) in supporting food security are:

1. KUD image repositioning in the understanding of rural communities (especially the farmers), that cooperatives are the only container economy of, by and for them (with a KUD) that can help improve the well-being of life. So that the villagers can be excited in building cooperatives in their respective regions. The image can also be

constructed by forming cooperatives with good management; for example through Depkop government can organize trainings involve cooperative experts.

2. KUD actively involved in the revitalization of the agricultural activities (both in farming extension effective and productive, about technology transfer, and so on) so that cooperatives can quickly meet the requirements to support the production activities. On the other hand the government in providing agricultural tools or media that support agricultural development can also cooperate with KUD in sales.
3. In terms of financing agricultural activities, by making the Farm Credit System (Farm Credit System) for Farm Credit (KUT) a clear and transparent mechanism to eliminate the role of parties who intend to make a profit (Data compiled by Bank Indonesia said delinquent loans at BNI, Bank Danamon and BRI, to the position in October 2005, there were still Rp 5, 718 trillion when that had been distributed only by 10 billion to farmers). In Indonesia, the agricultural credit system, needs to be carefully controlled, both from the government channel, bank, up to the village cooperative units as executing agent. Housing Means Business Development (formerly the Institute of Credit Guarantee Cooperatives): duty to guarantee to the bank for a loan requested by the cooperative and participates in cooperative capital. Housing is the first source of collateral for bank loans disbursed to cooperatives. The amount of the guarantee can be given depending on the risk probability, for working capital may be given 100% while for consignment as low risk could be 15%. During its development, the need is optimized perum role. Audit Committee: The Audit Committee is in the ranks of the Audit Board that all members of KUD. This committee must first be trained by Cooperative Audit Services is a service cooperative serving the cooperative auditing services, counseling and consultation services as well as education and training services that will disseminate the idea of cooperative auditing organization in the cooperative movement in the form of financial akuntabilisasi cooperative, for example, by application of the calculation of financial performance with a measure of liquidity, solvency, unqualified opinion (worth without notes) in the financial statements. The audit committee will present a report which will be a reliable source for banking information.
4. In supporting the activities of cooperatives that can optimize production, distribution and consumption-oriented, national agriculture, the government can 'split' Inkud to make a long-term concept to form the Regional Agricultural Input Supply and Marketing Cooperatives. In the United States, the cooperative is comprised of CENEX (Farmers Union Central Exchange Inc.), Land O'Lakes and Farm Land Industries. CENEX is co-KUD supplier serving local cooperatives that sell fuel, lubricating oil, animal feed, seed and sell services such as measurement services fertility of agricultural land belonging to members, the needs of various types of fertilizers to agricultural land and carry out fertilization members. While Land O'Lakes here is similar to the type of cooperative marketing efforts Indonesian Distribution Cooperative, which will market agricultural products, such as milk, cattle, chicken, soy, and so on from local cooperatives. However, Land O'Lakes businesses here have kind of production as well, namely the re-processing of the agricultural products in the form of packaged foods to be marketed in supermarkets, wholesalers and eating houses, which will be reaching the people who needed food. The net gain from these types of businesses will be distributed back to the members proportionally to the transactions carried out by Land O'Lakes. Whereas Farm Land Industries is a cooperative that serves the provision of agricultural inputs/facilities.

This proposal is expected to make the performance Inkud become more practical in supporting cooperatives.

5. Government through Depkop can conduct training for farmers (and owner of the land) to perform risk management crop failure, by introducing farmers into commodity futures business.

Food self-sufficiency depends on the empowerment of farmers in improving productivity, product quality, and value added so as to have the greatest leverage and high competitiveness. To realize the necessary acceleration of agricultural adoption innovation technology, so empowerment rice farmers can be done through the development of agribusiness cooperative approach to self-reliance and competitiveness through the development of centers of seed production of food commodities or agri-food development area.

Based on the above reasoning, to revitalize cooperatives with a strong legal basis, which has the function of (a) renew Presidential Directive No. 18 of 1989, (b) coordinate activities between sectors, (c) initiate cooperation with state-owned and private enterprises KUD. The step-langah breakthrough, among others, as follows:

1. Building A New Image

KUD needs a new image to create a better community trust and partner institutions. Things you can do are:

- I. Incentive systems for KUD managers Featured with professional characteristics. Subsidizing yield adequate employment for qualified young people in the business to manage prospective business cooperatives;
- II. The importance of institutional quality control system standard cooperatives nationwide. Created accreditation cooperative financial institution that is a collaboration colleges, banks, and cooperative movement;
- III. Repair business facilities. Rehabilitation and renovation Warehouse and Store Drying Floor (GLK) owned cooperatives totaling nearly 7,000 units spread across Indonesia, as well as the office of Cooperative Service Center (PPK). GLK physical appearance and good KDP and meet the standards will be an effective means of fishing cooperatives and public attention to the easiest way to create the impression that KUD was clean up and recover.
- IV. KUD repair services to members and prospective members, with the steps:
 - a. The unit KUD directed the focus of coaching. Organizational development is limited to the central level (Pusud). Thus KUD really be a service force strong rural economy;
 - b. Modernization of information technology-based management tool. For example, the listing is no longer a member of transactions done manually but using a smart card (RFID). Similarly, cash-based transactions to be replaced with a smart card-based transactions.

2. Terobosan Breakthrough for Improving the Regulation and Management of National Food KUD

- a. Performance of KUD is different, so it is necessary to develop cooperatives specific government policies in accordance with their respective performance KUD. Therefore, before settling on a policy of cooperatives, the Government needs to make clear measure to classify cooperatives based on performance. For example, dividing the KUD in three groups: 1) KUD built, which still has assets KUD GLK

but their economic inactivity; 2) KUD intermediate, namely cooperatives with assets GLK and the economy is still doing business but not "feasible", and 3) independent cooperatives, cooperatives are businesses that economy is feasible and can be directed into a bankable.

- b. Preparation of KUD economic roadmap business contribution in the provision of food, especially imported food substitutes. The roadmap needs to be secured through the implementation of a special Presidential Directive, for example, the task of providing Instruction that provides substitute food imports to Bulog through cooperatives. The impact of this kind Instruction, cooperatives will have a great business, for sure, and the benefit that can be implemented in the immediate future, because food production systems are readily available substitute food imports following infrstrukturnya. Thus, the business can also be a mainstay KUD local government to obtain revenue.
- c. Instruction credit provision required for food production imported substitute, with the customized requirements of farming conditions.

3. Breakthrough to Improve the Quality of Education Cooperative

Co-operative means member education. Because members of farmer cooperatives is food, then education is most needed by farmers food is always associated with the cultivation of skills, as well as the rights and obligations as members of cooperatives. The government can implement the Land Grant College, which gave concessions to the Food College of Higher Education and in return are required to educate local farmers on the land. In addition, it is necessary correctional cooperative values through schooling institutions. Restoring Teacher Training Institutions of Higher Education's commitment to print economics teacher who berofrentasi the constitution is the most important part of this.

4. Bleaching Farm Credit (KUT)

For cooperatives that actually potentially bankable but related problem KUT, the Government may request that the KUT bleached. The bleaching step also needs to be accompanied by the completion of the transfer of ownership of assets from the government to the KUD GLK, so that these assets can then be used as collateral in obtaining loans cooperatives banks. This must be followed by the issuance of state bonds specifically for infrastructure, food growers, SME development was later taken over by the Bank and later channeled its liquidity through banks with clear objectives for food security.

In addition, efforts to revitalize the cooperatives in order to build a sustainable food security system have to do with the ways:

- a. Political will of the Government to do the "bleaching" of the arrears problem KUT. Unpaid KUT make farmers to access bank credit difficulties that interfere with the production enhancement program.
- b. Restoring the role of cooperatives in the past, the function returns pengelolaan distribution infrastructure and production inputs (fertilizers, seeds, medicines and Rice Milling Units) to farmers, as well as the procurement and distribution of food.
- c. Logistics management system handled again by the rural cooperative / KUD such as rice self-sufficiency period in the past, so there is no price fluctuation.
- d. Synchronization policies between the Ministry and between center and regions in support of food security through the cooperative. Synchronization can be formed Committee as a legitimate institution and respected figure puts there.

- e. Perception or deletion of data Debtor Information System (SID) of the debtor KUT credit program stalled . Cooperative financing constrained because many cooperatives are listed as debtors jammed in Bank Indonesia.
- f. The need for institutional strengthening and human resource development of cooperative. Human Resources placement in regional work units (SKPD) cooperative in accordance with the competence and nomenclature in order koordinasai more efficient, do not mix 4 to 5 Ministry into one on SKPD.
- g. As a basis or legal basis for KUD revitalization program should be published soon as a replacement regulation or Presidential Directive Presidential Directive 18 of 1998 on Improved Guidance and Development Cooperation.
- h. Support for farmer group union can be KUD/cooperative, so that greater access to financing.
- i. There needs to be oversight and standardization of the level of specificity in terms of health cooperatives (rating).

CONCLUSIONS AND RECOMMENDATIONS

1. Government policies in Papua and Maluku still be optimized to develop the people's economy in an effort to build food security in eastern Indonesia, especially in Papua and Maluku. One is the institutional development of the rural economy that can be achieved through the revitalization of cooperatives.
2. KUD in the Maluku and Papua are not operating as they should, even when they have a legal entity but does not run cooperatives. This was caused by KUD in the Maluku and Papua are faced with some pretty heavy issues, both internal problems and external problems.
3. To revitalize cooperatives with a strong legal basis , which has the function of (a) renew the Presidential Instruction No. 18 of 1989, (b) coordinate activities between sectors, (c) initiate cooperation with state-owned and private enterprises KUD. The step-langah breakthroughs are: KUD build a new image, a breakthrough to improve the regulation and management of national food cooperatives, a breakthrough to improve the quality of education cooperatives, farm credit bleaching (KUT).

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