

**THE STRATEGY OF BANK NEGARA INDONESIA (BNI) IN FOOD ESTATE DEVELOPMENT AS NATIONAL RESILIENCE IN THE ERA OF THE COVID-19 PANDEMIC FROM A GEOPOLITICAL AND GEOSTRATEGIC PERSPECTIVE**

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**ABSTRACT**

Food estate is a strategy that is compatible to be applied in a pandemic situation, where disease outbreaks are a form of non-conventional threat to national security. Indonesia's food security is an issue domestic especially in facing the Covid-19 Pandemic. The purpose of this study is to determine the Implementation Strategy of Bank Negara Indonesia (BNI) in Food Estate Development as National Defense in the Era of the Covid-19 Pandemic. The method used in this research is qualitative research with literature study method. The results of this study are the implementation of the Food estate program, the government of the Republic of Indonesia collaborates with BNI Bank to provide distribution of funds to farmers through the People's Business Credit (KUR). With low interest rates, easy terms, and payment methods through a simple scheme, KUR can provide benefits for farmers, especially to increase agricultural productivity.

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**Introduction**

The agricultural sector in Indonesia is very important considering its role in meeting the increasing need for food with increasing population growth. According to the Population and Family Planning Agency (2013) each year Indonesia's population increases by four million. This population growth, if not accompanied by an increase in food production, will have the opportunity to face the problem of meeting the food needs of its population in the future (Agam & Persada, 2017) Indonesia's food needs over the past five years are likely to increase with the increase in production is not balanced so as to encourage an increase in imports. Weak capital and technology in the agricultural sector, especially in the food crop sub-sector, is one of the obstacles to increasing food production in Indonesia. This is due to the

limitations of the government in providing a budget which results in many sectors of service that the government cannot handle maximally so that the private / private sector is involved in meeting needs that have not been addressed without taking over government responsibility, one of which is the Food Estate Program (Bernauer et al., 2012).

Certain program can be effective, efficient and sufficient if the costs and benefits are evenly distributed (Alfiky et al., 2012). The size of the benefits obtained from a number of costs incurred will be a consideration in shaping the economic growth of a region so that it becomes the determination of policy strategies and recommendations for the sustainability of this development program in the future because it involves hopes and goals to be achieved

through the Food Estate Development Program. Information regarding the costs and benefits as well as the regional economic impact from the existence of the regional food estate development program is still limited. Basically, the local government has conducted a cost benefit analysis of the Food Estate Development Program, but the analysis is carried out using a financial approach. Financial analysis illustrates that the program is beneficial for certain individuals or groups that have a major effect on capital ownership so that it does not represent benefits for the community at large, especially farmers (Unit, 2019). So it is very important to carry out a cost benefit analysis with an economic analysis approach to the Food Estate Program because in this analysis it considers the community's economy as the impact of the Food Estate Program which illustrates economic feasibility where benefits for the public are the main objective in this analysis (Fitch, 2018).

Issue of food security remains the main focus of policy makers around the world, especially during the global pandemic COVID-19. The COVID-19 pandemic has caused various multidimensional crises on the international stage as well as in the realm of domestic security. The international world was shaken by a massive reduction in the intensity of the circulation of capital, goods, services and people between countries due to various mechanisms and policies to reduce the risk of the increasing threat from the COVID-19 virus. FAO as a world food institution actually notes that food supply is still relatively safe even though the COVID-19 pandemic has significantly disrupted the agricultural sector. In the first quarter of 2020, it was noted that the world's cereal reserves including rice which is the staple food of Indonesians reached 850 million tonnes (Schidhuber, 2020). These reserves are determined by FAO as an anticipation in case of bad weather or natural disasters throughout

2020. However, with the impact of the pandemic which is increasingly real and the fate of the agricultural sector around the world is increasingly unclear as the pandemic is uncontrolled, real action must be taken by a number of countries to maintain food security (Meeting & Organization, 2010).

In the national domestic sphere, the COVID-19 virus also has a big impact. All aspects of the nation's ideology, politics, security-defense, economy, and socio-culture have undergone massive adjustment following the revolutionary changes brought about by the COVID-19 pandemic. Due to the nature of the threat that requires coordination between the components of the state, President Joko Widodo issued Presidential Regulation Number 82 of 2020 concerning the Committee for Handling Coronavirus Disease 2019 (COVID-19) and the National Economic Recovery. Quoting President Joko Widodo's statement, this committee was formed as a form of gas and government brakes on accelerating growth and economic sustainability in dealing with breaking the chain pandemic COVID-19 medically (Widyastuti, 2020). As a result, a food security strategy during a pandemic certainly requires a defense-security touch as part of the main pillar of national security.

Therefore, Indonesian Government develop the food estate program as one of the spearheads in the food security strategies in a pandemic period COVID-19. As a national strategic reserve, President Joko Widodo mandated Defense Minister Prabowo Subianto to lead the development of this strategic program, with cooperation and coordination from the Ministry of Public Works and Public Housing, Ministry of Agriculture, Ministry of Environment and Forestry as well as the Ministry of State-Owned Enterprises.

Bank Negara Indonesia (BNI), as the government's main partner, especially in running the food estate program, has also

contributed to providing support, especially to support access to capital for farmers. This is due to the fact that the agricultural sector in the first semester of 2020 was a winning sector that could still survive and contribute positively. With the absorption of people's business credit (KUR) in the production sector, especially agriculture, it is hoped that it will touch the MSME sector which is in line with the National Economic Recovery (PEN) program which continues to be echoed by the government. BNI and the Ministry of Agriculture in order to continuously guard the KUR loans can be absorbed evenly agricultural sector, especially to farmers in addition to escort existing programs.

Government of Republic of Indonesia has high hopes for the agricultural sector because based on data released by the Minister of Agriculture of the Republic of Indonesia, the food program contributed to the export balance which increased by 16.9 percent in the January-April 2020 period compared to the same period in 2019 of IDR 115, 18 trillion to IDR 134.63 trillion. Agricultural sector also experienced a significant increase in the balance sheet by posting a trade surplus of agricultural products of 32.9 percent. Apart from this figure, availability of a food estate or food barn is an immediate need. Therefore, agricultural sector must continue to be managed properly so that its productivity can increase in order to maintain national food security.

### **Method**

This research was conducted using a qualitative method with a descriptive case study, to answer problems in the form of the food crisis that occurred during the COVID-19 pandemic era through the food estate program conducted by the Government of the Republic of Indonesia and BNI. Given the novelty of the issue that is still very new, this research focuses on the latest data and

variables regarding food security in Indonesia, the objective of BNI - the Government of the Republic of Indonesia in the food estate program, the Situation and Condition of the Food Estate in Central Kalimantan and North Sumatra, and the Role of BNI provides People's Business Credit (KUR) in the agricultural sector as a support step for food estate.

The research was conducted by analyzing various sources, especially by reviewing the literature. The literature that becomes the source is of course closely related to themes, including official reports from related state institutions such as the Ministry of Agriculture, Defense, and the Logistics Affairs Agency. Not to forget, a number of domestic and foreign journals on food security in Indonesia are also a source of reference for this research.

## **Result And Discuss**

### **1. Overview of Food Estate in Indonesia**

Indonesian government through the Ministry of Public Works and Public Housing received a task from President Joko Widodo to implement a food estate development program as an area that is expected to become a new food barn outside Java. Food estate is a food development concept that is carried out in an integrated manner, covering agriculture, plantations, and even livestock in an area. The location of this new food barn is planned to be in Pulang Pisau Regency, Central Kalimantan Province (Kalteng). Food Estate will be one of the 2020-2024 National Strategic Programs (PSN) where there is a potential land area of 165,000 hectares which is an alluvial area, not peat, on ex-Peatland Development (PLG) land in Central Kalimantan.

Development of the food estate program will be carried out with the Ministry of BUMN through an investment scheme. The PUPR Ministry develops

basic facilities and infrastructure such as repairing irrigation channels around the area, both secondary and primary irrigation networks. Meanwhile, the Ministry of BUMN together with the Ministry of Agriculture will carry out the development of cultivation technology so that it can produce better production. It is expected that from one hectare of land will increase rice productivity by two tons.

Of the 165,000 hectares of land, 85,500 hectares are functional lands that have been used for production every year. Meanwhile, the remaining 79,500 hectares are already in the form of shrubs, so it is necessary to do land clearing alone, without needing to print the fields again. Of the 85,500 hectares of functional land, around 28,300 hectares have good irrigation conditions. Meanwhile, the remaining 57,200 hectares of land are required to rehabilitate the irrigation network in the framework of the food estate program, with a total budget requirement of Rp1.05 trillion.

Irrigation rehabilitation activities in the 2020 fiscal year include four physical activities. Namely, rehabilitation covering an area of 1,210 hectares with a budget of Rp. 26 billion and two planning activities covering an area of ?? 164,595 hectares with a budget of Rp. 47 billion. Physical activities include raising embankments, constructing sluice gates, and dredging channels in the Rawa Tahai Irrigation Area, covering an area of Rp9.8 billion, whose contacts have started on May 28, 2020. The Tambak Sei Teras Irrigation Area is 195 hectares worth IDR 4.1 billion with progress 29.1%. The Tambak Bahaur Irrigation Area covering an area of 240 hectares valued at Rp3.9 billion with a progress of 27.2% and the Rawa Belanti Irrigation Area covering an area of 560 hectares worth Rp8.2 billion (Irawan et al., 2019).

Meanwhile, Indonesian government through the Ministry of Public Works and Public Housing has completed construction on the bridge that connects the village tumbles Telok Samba and Samba Danum village, in the district of Middle Katingan, Central Kalimantan Province. Samba Fall's bridge but aims to open up an isolated region in the North Katingan and complete the national road network structure of Central Kalimantan and West Kalimantan to the contrary, it will also support increased connectivity to the location of the food estate development plan.

Having a food estate will provide many benefits directly or indirectly. Among others, it can increase the added value of local agricultural sector production, increase the absorption of agricultural labor by 34.4%, cheaper food prices with abundant production, and open up the potential for food exports to other countries.

## **2. The Role of BNI in Encouraging the Food Estate Program**

As a supporting partner in the national agricultural program, BNI supports a series of food security management activities held by the Ministry of Agriculture in South Bangka Regency and Bangka Regency through financing of its agricultural ecosystem. The agricultural sector is given massive financing for people's business credit (KUR). BNI also provides assistance, training and development of the agricultural sector in a comprehensive manner.

The real manifestation of BNI's support in the agricultural sector is through the management of agricultural entrepreneurship, activities towards agriculture 4.0 (smartfarming), as well as the absorption of grain and other activities. This series of programs is BNI's commitment to support the government regarding "National Food Security" which is part of the National

Economic Recovery (PEN) program.

One of BNI's support for the National Food Security program was manifested symbolically through the handover of KUR Tani BNI by the Minister of Agriculture to farmers in Bangka Belitung, last weekend as a manifestation of the #BUMN bangkit UMKM Program. The event was attended by elements offtaker, agricultural activists, local Muspida, and stakeholders involved in and contributing to the agricultural sector.

This activity focuses on developing the agricultural sector, especially land use and increasing agricultural output. With this program, the Indonesian government has high hopes for the agricultural sector as a sector that can still grow through the Covid-19 Pandemic. This can be done with the support of all parties including the banking sector in distributing KUR to the agricultural sector. With low interest rates, easy terms, and payment methods through a simple scheme, KUR can provide benefits for farmers, especially to increase agricultural productivity. The hope is that from economies of scale, farmers can feel a greater opinion.

This is because during the pandemic period, when almost all sectors were affected, the agricultural sector emerged victorious and continued to post positive growth including its export commodities. Therefore, BNI is increasingly active in contributing to the agricultural sector according to existing roles and responsibilities. The role of BNI is evident from the increasing number of KUR expansion in the agricultural sector, including during the pandemic. In addition to using clusters for all agricultural sector commodities, optimizing Agent 46 to distribute fertilizer, partnering with startups for smart farming, BNI also continues to innovate through digital financing, including through the BNI

Move Agriculture application. "BNI Move Agriculture is here to answer market needs and demands, especially farmers (MSMEs) which are in line with the DigiKU and National Economic Recovery programs echoed by the government. BNI Move Agriculture is presented as a financing solution for the agricultural sector in order to support national food security as part of an economic recovery program that is able to drive the nodes of the country's economic growth.

### **Conclusion**

From the explanation regarding the food estate project and its relation to the national food security strategy, especially in the era of the COVID-19 pandemic, several things can be concluded. First, a pandemic is a multisectoral event and can disrupt various strategic sectors, including a country's food security. One of the steps to achieve this is by securitizing this aspect by developing the domestic agricultural sector as well as creating strategic food reserves. It is no less important, is that the food estate project launched by the Government of Indonesia has also become a manifestation of a national food security strategy that has become increasingly crucial in the pandemic era, as in recent times.

Food estate program, the government of the Republic of Indonesia collaborates with BNI Bank to provide distribution of funds to farmers through the People's Business Credit (KUR). With low interest rates, easy terms, and payment methods through a simple scheme, KUR can provide benefits for farmers, especially to increase agricultural productivity. The hope is that from economies of scale, farmers can feel a greater opinion.

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