OPPORTUNITIES AND CHALLENGES IN THE UTILIZATION OF WAREHOUSE RECEIPTS FOR COFFEE FARMERS IN CENTRAL ACEH DISTRICT

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ABSTRACT

This article aims to analyze and explain the opportunities and challenges for coffee farmers in obtaining financing from banks using Warehouse Receipts (RG) as collateral. Capital for coffee production costs is one of the obstacles coffee farmers face in Central Aceh. As one of the Warehouse Receipt System (WRS) commodities, coffee can be used as collateral in the form of Warehouse Receipts issued by the WRS warehouse. It is under the provisions of Law No. 9 of 2009 concerning WRS. This research is empirical juridical research. Data were obtained through interviews with farmers/farmer groups, warehouse managers, and Disperindagkop Central Aceh District. This research found that Central Aceh farmers/farmer groups have an excellent opportunity to get financing with Warehouse Receipts as collateral. It can be seen from the support of the local Government in accelerating the certification process for 3 WRS warehouses during the COVID-19 pandemic. Currently, in Central Aceh, 5 WRS warehouses can accommodate the harvests of farmers/farmer groups. In addition, the existence of farmer groups and cooperatives can also strengthen farmers' opportunities to meet the requirements for obtaining Warehouse Receipts. However, currently, the implementation of the WRS in Central Aceh is still not running optimally. It can be seen from the use of WRS, which is still very minimal. Of the five available WRS warehouses, only two have issued Warehouse Receipts, namely 110 SRG warehouses owned by the Government and PT. 3. In addition, currently, WRS is only used by entrepreneurs/cooperatives/exporters, while farmers/farmer groups have not yet utilized it. Until now, farmers/farmer groups still use the mechanism of selling coffee directly to collectors, which harms them in certain circumstances. The farmers do not use this WRS to obtain financing from the bank or delay selling. Another obstacle is related to the implementation of the Qanun on Sharia Financial Institutions in Aceh.

Key Words: warehouse receipt, financing collateral, coffee farmer, central aceh.

INTRODUCTION

Arabica Gayo Coffee is a leading export commodity from Aceh, Indonesia, well known in the domestic and international markets (Ellyanti, 2012). Aceh's export performance is also supported by the increase in exports of this coffee commodity. Until the third quarter of 2019, coffee
commodities exported abroad reached USD 91.26 million, a significant increase of 70.13% compared to the previous year's export value, at USD 53.64 million. The rise in coffee exports was in line with the abundant supply of coffee beans in 2019 due to more supportive weather and natural conditions than the previous year (Bank Indonesia, 2019). The forecast for coffee production growth in the fourth quarter of 2019 is in line with the entry of the coffee harvest season in October in the Gayo coffee center areas, namely Central Aceh, Bener Meriah, and Gayo Lues. In addition to increasing volume, commodity prices also improved at the end of 2019 (Bank Indonesia).

The Covid-19 pandemic, which has been going on since mid-March 2020, has impacted coffee commodities, which are the backbone of the economy of Central Aceh District. As a result of this pandemic, the price of Gayo Arabica coffee, which has been known as the best and most expensive Arabica coffee in the world, has dropped drastically. The commodity-exporting process to Europe and America is hampered by the COVID-19 pandemic that hit all corners of the world. This condition causes tons of green beans to accumulate in cooperative warehouses and coffee exporters' warehouses. It impacts the price decline by around 35 percent, from Rp. 85,000,- per kilogram to around Rp. 55,000,- per kilogram. This situation affects the economic condition of coffee farmers. One of the efforts made by the Central Aceh District Government for coffee farmers is to help them through the use of the Warehouse Receipt System (WRS). (BaraNews)

Central Aceh already has 2 WRS certified warehouses. To support farmers' needs for the existence of WRS, in 2020, the Central Aceh District Government has proposed seven warehouses to obtain certification. After going through the administrative process, only three warehouses, namely Meukat Komoditi Gayo Ltd., KSU Arigata Cooperative, and Gayo Megah Berseri Cooperative, met the requirements and received a WRS warehouse certificate. Therefore, Central Aceh currently has 5 (five) warehouses that run WRS certified as warehouse receipt managers and issuers by the Commodity Futures Trading Supervisory Agency (Bappeti) (TribunNews, 15 Juli 2020, 2020). The availability of the WRS warehouse is an effort by the Central Aceh District
government to accommodate farmers' crops that are difficult to market due to a significant decline in demand due to the COVID-19 pandemic.

The use of WRS in Central Aceh during the pandemic and harvest season is an excellent first step to increasing the selling price of the harvest. Besides that, WRS can solve farmers’ financing needs from banks because warehouse receipts are one of the material guarantees regulated in Law Number 9 of 2009 concerning the Warehouse Receipt System. Warehouse receipts as proof of ownership of goods stored in warehouses can be used as collateral. Keumala Fadhiela and Dwi Apriyani found that the high production of Gayo Arabica coffee became an excellent opportunity to implement WRS in the Central Aceh district (Apriyani, 2020). This opportunity opens up opportunities for coffee farmers to access financing from the Bank with WR guarantees. Based on this background, this study aims to identify the opportunities and challenges of using WRS as a financing guarantee for coffee farmers in Central Aceh.

RESEARCH METHODS

This study applies a qualitative method with an empirical juridical approach. This research was conducted in Central Aceh, which already has a WRS certified warehouse. Data were obtained through field research by interviewing respondents related to the implementation of WRS. Literature data are used to get legal analysis and scientific studies related to Warehouse Receipts. The data were analyzed using qualitative methods and described analytically and descriptively, namely by describing or analytically explaining the data so that facts can be found with the proper interpretation.

DISCUSSIONS AND ANALYSIS OF RESULTS

1) Warehouse Receipt System as an Alternative to Financing Coffee Farmers

Aceh Province is one of the largest Arabica coffee-producing provinces in Indonesia. Central Aceh, Bener Meriah, and Gayo Lues districts are the largest coffee-producing areas in Aceh.
Arabica coffee is very suitable for growing in the Gayo Highlands, which has a geographical location between 3°45'0"–4°59'0" N and 96°16'10"–97°55'10" E. The area dominated by altitude between 900 – 1700 m above sea level is an ideal habitat for Arabica coffee cultivation. Based on data from the Aceh Agriculture and Plantation Service in 2018, the area of coffee plantations in Central Aceh reached 49,251 hectares, Bener Meriah was 46,273 hectares, and Gayo Lues was 7,000 hectares. These three districts can produce around 61,761 tons of coffee each year from smallholder plantations. There are more than 78,624 farmers who depend on coffee production (Hanafiah).

This potential certainly requires financial support, which is one of the problems coffee farmers face. Farmers are constrained by various requirements in accessing financing, one of which is a guarantee in the form of fixed assets. So far, farmers are faced with no choice but to immediately sell their commodities after harvest to intermediaries, even when coffee prices are falling (Bappebti, n.d.). Regarding guarantees, Evi Sustyaningrum stated that access to financing from banks so far cannot be used by people who do not have fixed assets to be used as debt guarantees (Sustyaningrum, 2014). According to Fadhil R et al., credit allocation to the agricultural agribusiness sector is still meager (Fadhil, 2018). Starting from these problems, the development of WRS can be an alternative for providing financing for coffee farmers in the Central Aceh region.

SRG is regulated by Law Number 9 of 2011 concerning Amendments to Law Number 9 of 2006 concerning Warehouse Receipt System (hereinafter referred to as UUSRG). Warehouse Receipt System is an activity related to the issuance, transfer, guarantee, and settlement of Warehouse Receipt transactions. At the same time, Warehouse Receipt is a document of proof of ownership of goods stored in the Warehouse issued by the warehouse user. The parties in the Warehouse Receipt System are (1) the warehouse receipt holder as the owner of the goods and (2) the warehouse owner, either his warehouse or someone else's warehouse, who then stores, maintains, and supervises the goods stored, and has the right to issue Warehouse Receipt.
Furthermore, based on the Regulation of the Minister of Trade (Permendag) No. 14 of 2021 concerning Amendments to the Regulation of the Minister of Trade No. 33 of 2020 regarding Goods and Requirements for Goods that can be stored in the Warehouse Receipt System stipulates that coffee is one of the 20 commodities that can be stored in warehouses in the implementation of the WRS. Coffee farmers can use the warehouse for the storage of crops. However, only commodities that meet specific requirements/quality can be stored and get Warehouse Receipts. According to the research of Keumala Fadhiela ND and Dwi Apriyani, coffee that is allowed to enter the WRS warehouse to be used as collateral must be of SNI standard, namely in the form of green beans that have passed all tests such as moisture content and quality (Apriyani, Sistem Resi Gudang Kopi Arabika Gayo Dalam Perspektif Kelembagaan Pengelola dan Pengguna di kabupaten Aceh Tengah, 2020).

Coffee storage warehouses, both owned by the private sector and the Government and have met specific standards, can apply for certification to the Commodity Futures Trading Regulatory Agency (BAPPEBTI). Furthermore, the certified warehouses can carry out WRS. Farmers/farmer groups can store their harvests in the WRS Warehouse before the commodity is marketed. Then, the Warehouse Manager will issue a receipt as proof of commodity storage, and the receipt is handed over to the commodity owner.

The receipt issued by the Warehouse Manager can be used as collateral for credit/financing from the bank. As regulated in Article 4 of the UUSRG, warehouse receipts can be transferred, used as collateral for debt, or used as documents for material delivery. Then, the warehouse receipt as a document of ownership can guarantee the debt without any collateral required entirely. Furthermore, Article 16 paragraph (1) Government Regulation no. 36 of 2007 concerning the Implementation of Law no. 9 of 2011 concerning Warehouse Receipt System, as amended through Government Regulation no. 70 of 2013, also states that Warehouse Receipts can be encumbered
with collateral rights for debt repayment. Farmers can do financing with a Warehouse Receipt guarantee by guaranteeing their business results.

Warehouse receipts help delay the sale of coffee in the event of a decline in prices during the main harvest due to abundant supplies. Through the mechanism of delaying sales, farmers are not harmed and can sell their goods when prices are relatively stable. Delays in the sale of crops have both good and bad impacts on farmers who depend on them for their livelihood. The positive effect is that the delay in selling will stabilize the selling price because if it is sold at the time of harvest, the commodity's price will be meager, which will harm farmers. Meanwhile, the harmful impact is that farmers cannot fulfill their pre-and post-harvest needs.

Farmers need money to meet their daily needs and coffee production needs, and these costs can be obtained from banks. However, in distributing financing, banks will apply prudential banking principles. Using these principles makes it difficult for farmers to access capital/financing from banks because additional requirement such as land certificates is required as collateral (Kementerian Pertanian).

The WRS is an effort from the Government to overcome falling commodity prices during the harvest season (Anitasari, 2015). The Government has also created a WRS program to assist farmers in solving farming costs and anticipating the low income of farmers at harvest (Khasanah, 2017). In other words, WRS can stabilize market prices and can achieve price control (Nugraheni, 2017). The advantage of using Warehouse Receipts as collateral is that it can delay the sale of agricultural commodities, so prices do not fall at harvest. If farmers need money, they can apply for a loan to the bank, using the Warehouse Receipt as collateral (Doyoharjo, 2008).

The implementation of this Warehouse Receipt System provides benefits for farmers and security for creditors. Farmers will delay the sale of agricultural commodities to get the most favorable price, while the need for funds can be met by applying credit to the bank. The credit will be guaranteed by using the Warehouse Receipt as collateral so that creditors feel safe and secure for
the credit they issue (Doyoharjo, Sistem Resi Gudang Sebagai Alternatif Sumber Pembiayaan Untuk Komoditas Pertanian, 2008). In the warehouse receipt system, what is used as collateral is not the commodity or object but the warehouse receipt, proof of the commodity's ownership (Rismawati, 2017).

The collateral function, legally, is to provide legal certainty for debt repayment by entering into collateral agreements through insurance institutions. The role of the guarantee, legally, is to provide legal assurance for debt repayment by entering into guarantee agreements through guarantee institutions. Munir Fuady stated that debt guarantees give creditors confidence in the payment of debts that have been given to debtors that occur either by law or issued from an agreement that is an accessory to a debt agreement, both in the form of material guarantees and personal guarantees. Material guarantee is the appointment of particular objects belonging to the debtor/third party to guarantee his debt to the creditor, where if the debtor defaults, then the creditor has the right of preference in terms of paying off his debt from the sale of the object of the guarantee (Fuady, 2014).

According to Faturrahman, collateral generally functions as a guarantee for repayment of credit/financing. Collaterals are divided into immaterial guarantees in the form of (character, ability, capital, and business prospects of the debtor) which function as the first way out, and material guarantees, which serve as the second way out. As a second way out, the implementation of the sale/execution of collateral will be carried out if the debtor fails to fulfill his obligations through the first way out (Djamil, 2014). Furthermore, Trisadini Prasastinah Usanti stated that collateral is a preventive measure for banks in securing debtor debts given by the bank, namely by pledging the debtor's wealth that the debtor fulfills his obligation to repay. Objects that can be used as collateral objects should have economic value and be transferable (Usanti, 2014).

Legal certainty of repayment of debts to creditors who receive Warehouse Receipt guarantee rights can be seen in Article 21 paragraph (1) PP No. 36 of 2007. The article stipulates that if the
guarantor fails to comply with his obligations to the guarantee right recipient, the guarantee right recipient has the right to sell the object of security on his power without requiring a court order after notifying in writing of this matter to the guarantor.

2) Opportunities and Challenges for Coffee Farmers in obtaining Financing from Banks with Warehouse Receipts Collateral

Based on this research, it is possible to inventory several opportunities and challenges for coffee farmers in obtaining financing with warehouse receipts collateral. These opportunities and challenges can be analyzed from several aspects that influence each other.

I. Opportunity

a. Opportunity Analyzed from Local Government Policy Aspect

The Central Aceh government has shown exemplary support for implementing the WRS in the region. It can be seen from the quick steps taken by the regional Government during the COVID-19 pandemic related to the acceleration of processing the SRG warehouse certification to Bappeti. COVID-19 has caused farmers' harvests to accumulate because they are hampered from being marketed, especially to foreign markets. The local Government is aware of the importance of the WRS warehouse to accommodate the farmers' crops. Then, with this WRS, farmers can also access financing from banks. However, in its implementation, the WRS has not yet reached the level of farmers/small farmer groups. Currently, the WRS is only accessed by entrepreneurs/corporations/exporters.

When analyzed from local government policies, no policy supports this WRS policy at the national level. To implement the WRS per the Government's expectations, namely to improve the community's economy, help farmers/farmer groups to the minor level, local governments need to issue policies for this acceleration.
The local Government already has a WRS warehouse. It is hoped that this government-owned SRG warehouse can help farmers/farmer groups avoid the coffee sales mechanism that has been detrimental to them. A private party, namely Ketiara Ltd., currently manages the WRS warehouse owned by the Central Aceh district government. The Government should also place special personnel who participate in the management of the warehouse. This person must have a good understanding of the WRS concept so that the Government can directly control the WRS Warehouse's direction. The existence of this WRS is expected to be used by farmers/coffee farmer groups to obtain financing from banks, not only by entrepreneurs/cooperatives/exporters as is currently practiced.

b. Opportunity Analyzed from WRS Warehouse Existence

Based on data obtained from the Industry and Trade Office of Aceh Province, it is known that until March 2021, in Aceh Province, there are 6 (six) WRS warehouses for coffee commodities. Of the 6 (six) WRS warehouses, two are owned by the Government, and 4 (four) are owned by the private sector. More details can be seen in the table below:

**Table 1. WRS Warehouse for Aceh Province Coffee Commodities**

<table>
<thead>
<tr>
<th>No</th>
<th>Warehouse Names</th>
<th>Warehouse Ownership</th>
<th>Warehouse Management</th>
<th>Warehouse Capacity</th>
<th>Number of Receipts Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>WRS Warehouse Bener Meriah District</td>
<td>Government</td>
<td>Gayo Pratama Mandiri Cooperative</td>
<td>1000 ton</td>
<td>3</td>
</tr>
<tr>
<td>2.</td>
<td>WRS Warehouse Central Aceh District</td>
<td>Government</td>
<td>Ketiara Ltd.</td>
<td>1000 ton</td>
<td>110</td>
</tr>
<tr>
<td>3.</td>
<td>Ketiara Ltd. WRS Warehouse</td>
<td>Private</td>
<td>Ketiara Ltd.</td>
<td>800 ton</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>Meukat Komoditi Gayo Ltd. WRS Warehouse</td>
<td>Private</td>
<td>Meukat Komoditi Gayo Ltd.</td>
<td>1000 ton</td>
<td>-</td>
</tr>
<tr>
<td>5.</td>
<td>KSU Arinagata Cooperative WRS Warehouse</td>
<td>Private</td>
<td>KSU Arinagata</td>
<td>500 ton</td>
<td>-</td>
</tr>
<tr>
<td>6.</td>
<td>Gayo Megah Berseri Cooperative WRS Warehouse</td>
<td>Private</td>
<td>Gayo Megah Berseri Farmer Cooperative</td>
<td>1000 ton</td>
<td>-</td>
</tr>
</tbody>
</table>

_Sources_: Aceh Province Industry and Trade Office, Data processed from the Government-owned WRS Warehouse Activity Report in Aceh Province, March 2021.
The table above shows that Aceh has 6 (six) CoFTRA certified coffee commodity warehouses. One warehouse is located in the Bener Meriah district, which the Bener Meriah District Government owns, and 5 (five) warehouses are located in Central Aceh District, where one of them is owned by the Central Aceh District Government, and others are privately owned.

When analyzed from the number and capacity of certified warehouses in Central Aceh District, it can be said that the opportunity for implementing the SRG for coffee commodities in Central Aceh is quite significant. In total, the capacity of the WRS warehouse has reached 3,580 tons. However, when viewed from the number of receipts issued by the WRS warehouse until March 2021, it can be concluded that the WRS has not been fully implemented in Central Aceh District. From 5 (five) warehouses, only 3 (three) warehouses issue receipts. Most receipts were issued by the Central Aceh District WRS Warehouse, which was 110 (one hundred and ten) receipts. Others are published by the Bener Meriah District WRS Warehouse and Ketiara Ltd. WRS Warehouse as many as 6 (six) combined. This data shows that the use of WRS in the Central Aceh District is still very minimal.

c. Opportunity Analyzed from the Existence of Farmer Groups and Cooperatives

Almost all coffee farmers in Central Aceh and Bener Meriah districts are farmer groups and cooperatives. Farmers who are members of the farmer group/cooperative have the opportunity to get financing from the Bank with Warehouse Receipts collateral. It is because warehouse receipts are only issued for commodity storage that meets the requirements of the WRS warehouse. One of them is a minimum and maximum amount of coffee stored in the warehouse. The minimum amount of coffee stored and issued by this receipt may not be met by individual farmers but can be achieved if these farmers join farmer groups or cooperatives.

The existence of farmer groups and cooperatives in Central Aceh district is an opportunity for farmers to obtain financing from banks, although not independently. Farmer groups or cooperatives can apply for funding to the bank with warehouse receipts collateral. Later this capital can be
distributed to farmers who are members of farmer groups or cooperatives according to the number of commodities stored by each member. In addition, the existence of farmer groups/cooperatives also provides opportunities for farmers to access financing for subsidized programs from the Government. One of them is through the type of People's Business Credit (KUR) financing.

II. Challenges

a. Challenges Analyzed from the Usage of the WRS Warehouse

The results showed that the WRS Warehouse in Central Aceh was almost entirely used to store coffee commodities belonging to the warehouse manager. The number of commodities stored in the SRG Warehouse, which issued receipts, is not many. It shows that the warehouse has indeed been used as a coffee storage area, but the WRS has not been appropriately implemented. The Warehouse Receipt data that the WRS warehouse has issued in Central Aceh can be seen in the table below:

<table>
<thead>
<tr>
<th>No</th>
<th>Nama Gudang SRG</th>
<th>Jumlah Resi</th>
<th>Jumlah komoditi</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>WRS Warehouse Central Aceh District</td>
<td>110</td>
<td>200 ton</td>
</tr>
<tr>
<td>2.</td>
<td>Ketiara Ltd. WRS Warehouse</td>
<td>3</td>
<td>60 ton</td>
</tr>
<tr>
<td>3.</td>
<td>Meukat Komoditi Gayo Ltd. WRS Warehouse</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4.</td>
<td>KSU Arinagata Cooperative WRS Warehouse</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5.</td>
<td>Gayo Megah Berseri Cooperative WRS Warehouse</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Source:** Aceh Province Industry and Trade Office, WRS Warehouse Activity Report, March 2021

The table above shows that only two warehouses have issued receipts, namely the WRS Warehouse owned by the Central Aceh District Government and a private WRS Warehouse managed by PT Ketiara. Ketiara Ltd. manages the government-owned WRS warehouse, issued 110
receipts, and the remaining three receipts were issued by a private SRG Warehouse managed by PT. Ketiara.

Based on this data, it can be said that the WRS in Central Aceh has not been running well. Only 2 WRS Warehouses have issued warehouse receipts. In addition, it is known that coffee stored in WRS warehouses and issued Warehouse Receipts are only limited to coffee owned by entrepreneurs (exporters/cooperatives/warehouse managers), while farmers/farmer groups have not utilized WRS.

All WRS warehouse managers in Central Aceh are exporters. This exporter forms a cooperative consisting of farmers from several assisted villages and collectors. Collectors will buy crops from farmers/farmer groups who are members of the cooperative and eventually sell them to the cooperative. After purchasing coffee from the assisted farmers/farmer groups, the exporter will store the commodity in the WRS warehouse before being exported. It shows that farmers/farmer groups have not directly utilized the use of WRS in Central Aceh.

Ideally, WRS provides farmers with financing by utilizing receipts from commodities stored in warehouses as collateral. However, the practice of WRS in Aceh Tengah has not touched the farmers/farmer groups at all. They have never used the WRS warehouse or private warehouse to store their harvests. Coffee harvested from cooperative farmers is directly sold to collectors or coffee collectors in logs (unprocessed coffee and usually called cherry coffee). Then, collectors can sell the coffee in logs or process it first (skin separation and drying process) and then sell it to cooperatives/warehouse managers/exporters.

Farmers in Central Aceh are generally members of farmer groups and are members of cooperatives. Currently, there are 26 coffee cooperatives in Central Aceh, and 13 of them are exporters who export their coffee to America and Europe. During the pandemic, coffee exporters suffered losses due to a decline in coffee exports by 40% to 60%, affecting farmers' economies in general.
b. Challenges Analyzed from Government's Understanding of WRS

Central Aceh District already has a potential warehouse for the utilization of Warehouse Receipts. There are 5 (five) certified warehouses; one of them belongs to the Government. However, the warehouse is currently only used to store coffee belonging to a cooperative/warehouse manager/exporter/coffee entrepreneur. Meanwhile, the community/coffee farmers have never used the warehouse to keep their crops. So they never get a Warehouse Receipt and are prevented from getting financing from the bank.

Local government support to improve the welfare of coffee farmers in the Central Aceh District can be seen from the success of accelerating the warehouse certification process during the COVID-19 pandemic. However, local governments do not have a comprehensive understanding of the WRS concept at the implementation stage. Article 33 of the SRG Law stipulates that the Regional Government can undertake efforts to foster WRS by formulating regional policies to accelerate the implementation of WRS; develop superior local commodities; strengthen people's economic actors for the development of the WRS implementation; facilitate the development of commodity auction markets. These efforts have not been seen to be carried out by the Central Aceh Government.

One of the purposes of the Warehouse Receipt is as a financing guarantee instrument to support the smooth production and distribution of goods from producers to consumers. Achieving this goal requires cooperation between parties such as the Central Government, regional governments, and the entire chain of coffee producers, from farmers to collectors and cooperatives/exporters. In addition, the support of banking institutions/other financial institutions is also an indicator of the success of the WRS implementation. However, this study shows that farmers/farmer groups still do not get direct benefits from the existence of WRS warehouses, so they do not have access to finance. The Government needs to socialize about WRS to the farmers to understand the system and use it for financing needs during the coffee production process.
This study also found that farmers still use coffee sales mechanisms that do not benefit farmers. If this mechanism continues and farmers do not take advantage of WRS, it can be said that the Government's efforts to accelerate WRS Warehouse certification aimed at improving farmers' welfare have not been achieved.

The WRS in Central Aceh is currently only used by warehouse managers. The warehouse manager in Central Aceh also acts as the cooperative manager. So far, only cooperative administrators have used Warehouse Receipts as collateral for financing from national and international banks. Ketiara Ltd., for example, gets funding from Bank BRI with Warehouse Receipts as collateral and loans from the Capital Bank from the US.

The implementation of WRS has not helped farmers to facilitate access to finance. In contrast, financing for coffee farmers is a significant problem to increase coffee production. Of course, the increase in coffee productivity will also impact increasing farmers' income and welfare. Unfortunately, those who have easier access to finance are the owners of capital and large commodity owners (coffee entrepreneurs, coffee exporters, collectors, and warehouse managers), while farmers are still far from accessing capital even though the WRS has been running in Aceh Tengah.

**c. Challenges Analyzed from the Mechanism of Selling and Buying from Farmers' Coffee in Central Aceh District**

The mechanism for selling coffee in Central Aceh District is one of the challenges in implementing WRS. The conventional coffee sales mechanism is still being carried out because farmers need capital for coffee maintenance and living costs, even though the mechanism is detrimental to farmers. The conventional sales mechanism can be described as follows:

*Figure 1. The Process of Selling and Buying in Central Aceh District*
Based on Figure 1, the coffee trade starts from farmers selling coffee to collectors. Then the collector will sell the coffee to the cooperative. The cooperative then sells the commodity to exporters. In Figure 2, farmers sell their harvests to collectors, and then the collectors will sell the coffee to Cooperatives which also act as exporters. The two schemes above have differences in the stages of sales. In the first scheme, it can be seen that cooperatives and exporters are two different parties, while in the second scheme, cooperatives also act as exporters. It shows that not all cooperatives in Central Aceh are coffee exporters.

Farmers/farmer groups at harvest time will immediately sell the harvest to coffee collectors in the form of logs (coffee cherries). Through interviews with cooperative managers and their assisted farmers/farmer groups, it can be seen that these farmers/farmer groups are bound to sell their harvests to collectors appointed by the cooperative. Collectors are also bound to buy commodities from farmers following the prices determined by the cooperative so that collectors do not harm farmers. After purchasing coffee from farmers, the collector will sell it to the cooperative. According to Ara Siberani, coffee processing starts from skin separation, drying, sorting coffee beans, and packaging until ready for export is carried out by the Arinagata KSU Cooperative. The sorting process is carried out very carefully because exporters must maintain quality and meet the standards set by the buyer.

The explanation above shows that cooperative farmers are not part of the cooperative as they should be. Farmer groups who are members of this cooperative do not submit their harvests to the cooperative and are counted as income from cooperative members. However, they are only bound to sell their products to cooperatives and benefit from fostered members. They do not get other rights as members of the cooperative.
Judging from the coffee buying and selling mechanism practiced in Central Aceh, it can be seen that the relationship between coffee farmers/groups of coffee farmers and the cooperatives of which they are members is different from what is regulated by law. If you look at Law No. 25 of 1992 concerning Cooperatives, the relationship between cooperatives and cooperative members is mutually beneficial. In theory, cooperatives come from members, by members, and for members. Therefore, the purpose of establishing a cooperative is for the welfare of its members, not to benefit one side.

Through interviews with farmers/farmer groups assisted by cooperatives, it can be seen that farmers/farmer groups of cooperatives do not have an obligation to contribute capital to cooperatives, as is generally the case. However, cooperative members must sell the harvest to collectors determined by the cooperative. In addition, cooperative members must maintain the quality of the coffee as required by the cooperative. For example, they preserve the taste of coffee while keeping the plants that affect the taste of the coffee beans grown around the coffee tree. One of the KSU Arinagata cooperative delegates stated that the coffee produced by farmer groups in his village is coffee with a fruity flavor. So they have to keep that feeling. In addition, farmers also must use organic fertilizers. If farmers use non-organic fertilizers, they will be expelled from the cooperative.

d. Challenges Analyzed from the Banking Readiness

Only a few banks are willing to accept Warehouse Receipts as collateral. Before enacting Qanun No. 11 of 2018 Regarding Sharia Financial Institutions (Qanun LKS) in Aceh, BRI is the only bank that provides financing with Warehouse Receipts as collateral through a subsidy scheme from the Government. However, after enacting the LKS Qanun in Aceh, the WRS no longer works because no more banks are willing to provide financing with Warehouse Receipts as collateral.

Bank Aceh Syariah was once willing to provide financing by making Warehouse Receipts as collateral. However, the bank offers financing with a very high profit-sharing, reaching 13.5%, and
it is felt to be very burdensome for the farmers. Whereas financing from BRI previously only charged an interest of 6%. It means that the existence of Bank Aceh has not been able to ease the burden on the community, especially coffee farmers who need financing. It is hoped that in the future Islamic banks can provide financing with a particular scheme for coffee farmers in Central Aceh so that farmers/farmer groups can access financial assistance. It is also hoped that the Government can support Islamic banks operating in Aceh by providing subsidies to provide financing with a profit-sharing of 6%.

CONCLUSIONS

This research shows that the WRS for coffee commodities runs in Central Aceh but has not worked as expected. Farmers/farmer groups have not taken advantage of WRS during coffee harvest, so they are not likely to access financing with Warehouse Receipts as collateral. From an opportunity point of view, Central Aceh farmers/farmer groups have the opportunity to get funding with Warehouse Receipts as collateral. This opportunity is seen from the availability of 5 WRS warehouses that can accommodate the harvests of farmers/farmer groups in Central Aceh. In addition, the existence of farmer groups and cooperatives is also an opportunity for farmers to fulfill the requirements for obtaining Warehouse Receipts.

However, currently, the use of WRS is still very minimal. Of the five existing WRS warehouses, only two have issued Warehouse Receipts, and the WRS has only been used by entrepreneurs/cooperatives/exporters, while farmers/farmer groups have not yet utilized it. Another obstacle is related to the readiness of banks to provide financing with Warehouse Receipts as collateral. Before the enactment of the Qanun on Sharia Financial Institutions in Aceh, BRI had provided funding with 6% interest with Warehouse Receipts as collateral. However, due to the implementation of the LKS Qanun, BRI no longer operates in Aceh. So it is expected that Islamic Banks can replace this role by providing financing with 6% interest and Warehouse Receipts as
collateral. Currently, the profit-sharing offered by Islamic banks is very high, reaching 13.5%, and this is due to the absence of subsidies from the Government.

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