

Poverty-Agriculture Institutional Nexus in Indonesian Rural Area¹

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Abstract: Poverty-agriculture institutional nexus still becomes serious issue in developing countries and Indonesia is no exception, especially for cocoa smallholders development. Poverty trap for cocoa smallholders is a result of: (i) low quality of human resources, (ii) lack of agricultural assets, (iii) lack of access to social facilities, information and communication, and (iv) lack of income gained in economic activity. All this, however, cannot be separated of the weak role and inter-agency coordination, indicating the weak of smallholders institutional. By employing an Interpretative Structural Modeling (ISM), the research objectives are; (i) identifying the role of institutions in agriculture institutional, (ii) assessing the interest of education and training materials in smallholder development. The central point of ISM results show that, (i) Local Office for Forestry and Estate (*Hutbun*), (ii) Local Field Extension Officer for Plantation (PPL), and (iii) Marketing Institutions are the key institution actors in strengthening agriculture institutional of cocoa smallholders. This leads us to argue that maximizing the role of *Hutbun*, PPL, and Marketing Institutions could help smallholder institutional development, improving welfare in other words. Similarly, the role of education and training is also needed in helping smallholders. ISM results revealed that, materials set of (i) post-harvest management, (ii) marketing, and (iii) provision of agriculture inputs are the key elements in educating smallholders. An important implication of this finding is that, introducing materials of post-harvest management & fermentation, agriculture input provision, and marketing aspect in educating and training smallholders, could become a potential way to strengthen agriculture institutional towards cocoa smallholders welfare.

Keywords: Agriculture Institutional, Cocoa Smallholders, Interpretative Structural Modeling

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