

ABSTRACT

THE BENEFIT OF EMPOWERMENT AND COFFEE VERIFICATION IN COFFEE QUALITY IMPROVEMENT EFFORT

**CASE STUDY: VERIFICATION PROGRAM EMPOWERED BY PT NESTLÉ INDONESIA
IN TANGGAMUS DISTRICT**

By

Tasya Juwita

This study aims to assess (1) the financial benefit, (2) the economic, social, and environmental benefits, and (3) farmer's perception of the benefit of empowerment and coffee verification program in improving the coffee quality.

The study was conducted in Pulau Pangung and Sumberejo Sub Districts, Tanggamus District. This study compares the benefit of verified and non-verified farm, and from each of those farm types sampled 36 farmers using simple random sampling method. Data collection was carried out in January-March 2013. The benefits of the empowerment and verification are analyzed using financial feasibility analysis, incremental B/C ratio, sensitivity analysis with possibility in decline in production by 68%, decrease in selling price by 25%, along with rise in labor cost by 16.7%. Farmer's perception is analyzed using difference test of The Mann-Whitney Two Sample Test.

The results showed that: (1) verification program has financial benefit indicated by the incremental B/C ratio of 7.56, NPV of Rp 16,354,457.22, and IRR of 28%. If the production declines by 68%, selling price decreases by 25%, and cost rises by 16.7%, the program still provides benefit to the farm, (2) verified farmers' perception on the benefits of economic, social, and environment is significantly higher than that of non-verified farmers, (3) perception of verified farmers on economic, social, and environment benefits is significantly higher than that of non-verified farmers.

Keywords: Financial feasibility, Perception, Verification, Empowerment, Quality, Coffee