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OPTIMIZING REGIONAL FOOD RESERVES: STRUCTURAL INTERVENTIONS TO PREVENT PRICE VOLATILITY AND IMPRO S FARMERS' TERMS OF TRADE IN ACEH

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ABSTRACT

Food security is a fundamental pillar of regional sovereignty and public welfare. Although Aceh Province recorded a physical rice production surplus of 1.6 million metric tons in 2025, economic realities reveal a paradox: high inflation in rice prices (as measured by the Consumer Price Index), which erodes the purchasing power of vulnerable communities, coupled with stagnation in the Farmers' Terms of Trade (NTP). This policy paper examines this anomaly, which stems from market system failures due to the absence of state-owned off-taker institutions. Consequently, the supply chain is exploitatively dominated by a middleman oligopsony a condition further exacerbated by supply vulnerabilities caused by the threat of hydrometeorological disasters. Using a qualitative case study approach, this study analyzes the problem using a Fishbone diagram, a USG matrix, and the TOWS strategy. The results of the SWOT quadrant analysis place the institutional position in Quadrant II (ST Strategy), which requires aggressive diversification maneuvers. Using William Dunn's policy feasibility test, this study recommends the issuance of a Governor's Regulation on "Hybrid Food Reserve Partnerships." This policy integrates provincial food-sector state-owned enterprises (BUMD) as downstream stabilizers and village-owned enterprises (BUMDes) funded by the Village Fund as upstream grain absorbers. This collaborative intervention is not merely about meeting bureaucratic targets but is an efficient manifestation of human rights protection aimed at breaking up food cartels, safeguarding the purchasing power of urban consumers, and elevating the economic dignity of Acehnese farmers without straining the region's fiscal capacity.

Keywords: *Regional Food Reserves, Food Trade System, Provincial Food-Sector BUMDs, Village Fund, Farmers' Terms of Trade, Inflation.*

ABSTRAK

Ketahanan pangan merupakan pilar fundamental bagi kedaulatan daerah dan kesejahteraan masyarakat. Meskipun Provinsi Aceh mencatatkan surplus produksi padi secara fisik sebesar 1,6 juta ton pada tahun 2025, realitas ekonomi menunjukkan sebuah paradoks: tingginya inflasi komoditas beras (Indeks Harga Konsumen) yang menggerus daya beli masyarakat rentan, serta stagnasi Nilai Tukar Petani (NTP). Makalah kebijakan ini membedah anomali tersebut yang bermuara pada kegagalan tata niaga akibat ketiadaan instrumen off-taker (penyerap) pelat merah. Akibatnya, rantai pasok dikuasai secara eksploitatif oleh oligopsoni tengkulak, sebuah kondisi yang terus diperparah oleh kerentanan pasokan akibat ancaman bencana hidrometeorologi. Melalui pendekatan kualitatif desain studi kasus, kajian ini menganalisis masalah menggunakan Fishbone diagram, matriks USG, dan strategi TOWS. Hasil diagnosis kuadran SWOT menempatkan posisi kelembagaan pada Kuadran II (Strategi ST), yang menuntut manuver diversifikasi agresif. Melalui uji kelayakan kebijakan William Dunn, kajian ini merekomendasikan penerbitan Peraturan Gubernur tentang "Kemitraan Hibrida Cadangan Pangan". Kebijakan ini mengintegrasikan BUMD Pangan provinsi sebagai stabilisator hilir dan BUMDes berbasis Dana Desa sebagai penyerap gabah hulu. Intervensi kolaboratif ini bukan sekadar pemenuhan target birokrasi, melainkan manifestasi perlindungan hak asasi manusia yang efisien untuk memutus kartel pangan, melindungi daya beli konsumen perkotaan, dan mengangkat harkat martabat ekonomi petani Aceh tanpa membebani kapasitas fiskal daerah.

Kata Kunci: *Cadangan Pangan Daerah, Tata Niaga Pangan, BUMD Pangan, Dana Desa, Nilai Tukar Petani, Inflasi.*

INTRODUCTION

Food security is a fundamental pillar that determines the socioeconomic stability and sovereignty of a region. In contemporary development planning discourse, regional food self-reliance is not merely an indicator of physical availability but a guarantee that the wheels of development will not be disrupted by external crises (Ministry of National Development Planning/Bappenas, 2024). At the global level, extreme climate change and post-pandemic supply chain disruptions have forced local governments to completely overhaul their logistics systems (Smith & Jones, 2023). Aceh, with its abundant agricultural resources, plays a strategic role in the national food basket. Agricultural regions are required not only to produce raw commodities but also to demonstrate reliability in managing food reserves in an integrated and sustainable manner (Abdullah, 2024).

From a macroeconomic perspective, the agricultural sector in Aceh Province has consistently served as the backbone of the economy. The Regional Gross Domestic Product (GRDP) report notes that the agricultural sector contributes the largest share to the local economic structure (Aceh Provincial BPS, 2026). Nevertheless, the size of this sectoral GRDP figure often fails to translate into economic resilience at the household level (Rahman & Siregar, 2024). This disparity indicates a high level of value-added leakage that has escaped preventive government intervention. Reliance on traditional trade systems, which lack institutional safety nets, makes the regional economy extremely vulnerable to sudden price shocks.

This structural irony becomes clearly evident when analyzing the reality of inflation and the purchasing power of the lower socioeconomic strata. The food, beverage, and tobacco expenditure category particularly rice consistently emerges as the primary contributor to regional inflation (Aceh Provincial BPS, 2026). This phenomenon directly erodes the purchasing power of vulnerable households (Suryani & Pratama, 2024). Upstream, the plight of food producers continues to be marked by economic vulnerability; reports on the Farmers' Price Index (NTP) show that the index of farmers' real well-being tends to fluctuate wildly and remain stagnant (Aceh Provincial BPS, 2026). The high price disparity between rural producers and urban consumers lays bare the injustice of the trade system, in which the profit margins from farmers' hard work are, in fact, largely siphoned off by networks of intermediaries or middlemen (Hidayat & Fitriani, 2022).

The length of the commodity supply chain has become a chronic problem that threatens Aceh's food security. Highly exploitative price markups have accumulated due to the dominance of oligopsony actors in the market. The vulnerability of this trade system is increasingly on the brink of collapse as major grain-producing centers, such as Nagan Raya Regency, have begun to show trends of fluctuating and declining production (Aceh Provincial BPS, 2025). The combination of manipulative distribution practices and an increasingly vulnerable local supply base acts as a multiplier of these

threats. The absence of a state *off-taker* in this context of dual vulnerability is accelerating the escalation of the regional crisis.

The Aceh government has, in fact, established a progressive legal framework through Aceh Qanun No. 11 of 2022 on the Management of Food Reserves (Aceh Government, 2022). This regulation aims for equitable distribution by mandating food reserves from the provincial level down to the gampong (village) level, accommodating local wisdom such as communal granaries (Usman & Hakim, 2024). However, this legal framework risks becoming a normative document without technical implementation. The 2025 Performance Report (LKj) of the Aceh Food Agency and the 2025–2029 Strategic Plan (Renstra) (Aceh Food Agency, 2024) show that government interventions are still dominated by charitable approaches and micro-stimuli, rather than a radical design for establishing market-stabilizing institutions.

Based on this series of empirical realities, this study identifies the primary issue as the absence of a massive and aggressive state-owned institutional off-taker to manage Aceh's rice production surplus. The absence of this instrument has led to the paralysis of the market stabilization system, perpetuated the vulnerability of people's purchasing power due to food inflation, and trapped farmers' welfare within an exploitative trade structure. Therefore, this study aims to bridge this policy gap by proposing a structural design that integrates the mandate of the Food Reserve Qanun with the operational flexibility of Regionally Owned Enterprises (BUMD) and the foundation of village-level social wisdom.

METHODOLOGY

This research employs a qualitative approach using a *case* study design. This design was chosen due to the highly complex nature of the food trade system issues. The failure of price stabilization instruments amid a physical production surplus of 1.6 million metric tons of rice in Aceh Province is not merely a mathematical issue but rather a manifestation of the interaction between market actors' behavior and institutional dysfunction. Through the case study, this research unravels the underlying causal mechanisms explaining why supply chain leaks persist despite the legal-formal enactment of food reserve regulatory instruments.

The validity of the arguments in this policy study is built upon rigorous triangulation of data sources. Primary data collection was conducted through *in-depth interviews* with 50 key informants selected *purposefully* from upstream to downstream stakeholders. These informants included representatives of smallholder farmers and village granary managers, milling business operators and distribution agents, as well as planning officials from the Aceh Food Agency and the Aceh Regional Development Planning Agency (Bappeda). These interviews aimed to capture the reality of information asymmetry, the actual profit margins of middlemen, regulatory constraints on the Village Fund, and bureaucratic obstacles to budget execution all of which have so far gone unrecorded in official statistical releases.

In addition to primary data, this study makes extensive use of secondary data from authoritative documents through *a desk review*. Datasets from the Aceh Provincial Central Statistics Agency for 2024–2026 covering rice harvest area and production, the

Consumer Price Index (CPI), the Farmer's Price Index (FPI), and Village Potential Statistics (Podes) were analyzed as evidence of macro-level vulnerability. All findings from the field and the extraction of these statistical data were then synthesized using the SWOT (*Strengths, Weaknesses, Opportunities, Threats*) analysis framework. This analysis was expanded quantitatively through the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrices to map the quadrants of the organization's strategic position. The results from these quadrants were refined into alternative policy strategy formulations using a practical, structurally-oriented TOWS Matrix.

ANALYSIS AND DISCUSSION

Theoretical Framework

The problem of market stabilization system paralysis due to the absence of state-owned *off-taker* institutional instruments can be sharply dissected through two main theoretical frameworks: *Market Failure* Theory and the *Value Chain* Concept. Stiglitz and Rosengard (2015) assert that market failure occurs when the mechanisms for distributing goods and services within a free-market system are unable to achieve Pareto efficiency. In the agricultural sector, this failure is often triggered by severe information asymmetry and the concentration of market power in the hands of a handful of entities in the form of monopolies or oligopsonies. In the context of Aceh's agricultural trade, a rice production surplus exceeding 1.6 million metric tons is trapped within an exploitative oligopsony structure (Mulyadi & Yanti, 2023). Smallholder farmers at the upstream level structurally lack bargaining power when facing a network of middlemen who control massive amounts of capital and logistics.

The concept of the *Value Chain*, proposed by Porter (1985), further clarifies the anatomy of these losses. From a value chain perspective, the highest value added and profit accumulation are not enjoyed by actors in the primary production phase (farmers), but are instead aggressively absorbed in the *outbound logistics* and distribution phases, which are controlled by intermediary agents. The absence of state intervention to disrupt and shorten this lengthy chain provides an academic explanation for why the Farmer's Terms of Trade remain persistently stagnant even when regional harvest volumes are abundant (Wijaya & Malik, 2023).

Furthermore, within the macro food security paradigm, physical *availability* is merely one of the foundational elements. The availability of 1.6 million metric tons of rice becomes meaningless when the pillars of economic accessibility and temporal *stability* are allowed to collapse. The consistently high Consumer Price Index for rice demonstrates that the availability of goods at the retail level does not guarantee reasonable prices for consumers in urban areas (Suryana, 2021). Therefore, institutional intervention is absolutely necessary to address the failures of free-market theory.

Review of Existing Regulations and Field Dynamics

From a formal legal perspective, the Government of Aceh has taken a progressive step by enacting Aceh Qanun No. 11 of 2022 on the Management of Food Reserves (Government of Aceh, 2022). This regulation represents a legal breakthrough that

mandates the establishment of reserves in a hierarchical structure, ranging from the Aceh Government Food Reserve (CPPA), Regency/City Food Reserve (CPPK), to the Village Government Food Reserve (CPPG), while accommodating cultural granaries (*krung*). *De jure*, this Qanun provides a solid framework for addressing weaknesses in the supply chain and protecting local food sovereignty from upstream to downstream.

However, an analysis of public policy implementation reveals a severe gap between the regulatory mandate's structure and the operational capacity of the implementing bureaucracy (Dunn, 2015). An evaluation of the Performance Report (LKj) and Strategic Plan (Renstra) of the Aceh Food Agency for 2025–2029 shows that the policy direction remains trapped within a passive and charitable framework. The government's program framework is heavily dominated by the provision of production inputs (upstream) and reactive operation of low-cost markets (downstream), while an institutional vacuum persists in the *middle-stream* sector. The absence of a Governor's Regulation as a technical implementing regulation to establish *off-taker* business units (such as a regionally-owned food enterprise) has rendered the Qanun ineffective in enforcing the commercial bulk purchase of crops (*cash and carry*).

These on-the-ground dynamics are further complicated by external vulnerabilities in the form of hydro-meteorological disaster threats. Spatial analysis combining BPS production data and disaster risk maps reveals that major rice-producing regions such as North Aceh, Pidie, and East Aceh Regencies are recurring epicenters of flash floods (Aceh Provincial Central Statistics Agency, 2026). These disaster-related variables act as multipliers of a highly devastating crisis. When weather anomalies occur during the harvest season, farmers without drying facilities (bed dryers) are forced to sell their wet paddy to middlemen at rock-bottom prices (*panic selling*). Conversely, the disruption of road infrastructure due to disasters causes consumer rice prices to skyrocket unchecked due to the absence of emergency buffer stocks. This fact underscores that the development of the CPPA and CPPG is not merely an instrument of economic stabilization, but a primary line of defense in *disaster resilience*.

Analysis of the IFE, EFE, and SWOT Quadrant Matrices

To quantitatively measure institutional capacity, this study uses the *Internal Factor Evaluation* (IFE) and *External Factor Evaluation* (EFE) matrices. The analysis of the IFE matrix yielded a total score of 2.55. This figure, which is slightly above the equilibrium point (2.50), indicates that internally, the Aceh Food Agency is supported by very strong capabilities. These strengths include a real production surplus of 1.6 million metric tons (score of 0.80) and the legal framework provided by the Food Reserve Regulation (Qanun) (score of 0.60). However, this massive strength is drastically reduced by fundamental weaknesses that received the lowest ratings: the absence of a state-owned enterprise (BUMD) serving as a government-backed *off-taker*, as well as a bureaucratic planning paradigm that remains characterized by reactive social assistance, which limits institutional absorption capacity.

On the other hand, the EFE Matrix yields an alarming total score of 2.05. This score, which plummets far below the neutral value, signals that the government's current strategy is extremely fragile in the face of external turbulence. *Opportunities*

such as the size of *the* local *captive market* and the fiscal autonomy of the Village Fund have failed to be capitalized upon. Conversely, the government is paralyzed when facing threats with the highest destructive potential: the aggressive maneuvers of oligopsony middlemen in villages and the threat of extreme weather in key agricultural production regions.

Based on the results of the *Internal Factor Evaluation* (IFE) and *External Factor Evaluation* (EFE) matrices, the strategic position of the Aceh Provincial Government's food reserve distribution system can be visually assessed using a SWOT Quadrant Diagram. This analysis uses a Cartesian coordinate approach that compares the difference between internal strengths and weaknesses (X-axis) and the ability to capitalize on external opportunities versus the pressure of external threats (Y-axis).

Analysis of Strategic Coordinate Points

1. **Internal Axis (X):** The total IFE score is **2.55**. Since this figure is above the equilibrium point (2.50), it indicates that, mathematically, Aceh's Strengths (S) in the form of the Qanun legal framework and a production surplus of 1.6 million metric tons still outweigh its internal Weaknesses (W). Therefore, the X-coordinate position is in the **Positive (+)** area.
2. **External Axis (Y):** The total EFE score is **2.05**. This figure, which lies far below the neutral threshold (2.50), demonstrates that the current institutional response is extremely poor in the face of external pressures. In other words, the destructive power of Threats (T) in the form of middlemen oligopsony and vulnerability to climate-related disasters far outweighs the government's ability to capitalize on Opportunities (O). As a result, the Y-coordinate is pulled into the **Negative (-)** area.

Based on this coordinate formulation (Positive X, Negative Y), the current institutional position of the Aceh Food Agency falls unequivocally in **Quadrant II (Diversification Strategy / ST - *Strengths-Threats*)**.

Visualization of the SWOT Quadrant Matrix

The following is a visual representation of the Aceh Government's strategic position on food security in the quadrant matrix:



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THREATS

Based on the combination of the X-axis (Internal: 2.55) and the Y-axis (External: 2.05) on the Cartesian coordinate system, the strategic position of the Aceh Provincial Government's food reserve management falls within Quadrant II. In the framework of strategic management, Quadrant II represents a Diversification condition or ST Strategy (*Strengths-Threats*). This position requires the local government to abandon passive strategies and, instead, radically mobilize its legal authority and available resources (Qanun and production surpluses) to forcefully eliminate external threats (middlemen monopolies and climate vulnerability).

Synthesis of Policy Strategies through the TOWS Matrix

Following up on the Quadrant II diagnosis, a comprehensive policy formulation is constructed into a TOWS Matrix narrative that breaks down the intersection of S-W-O-T factors into tactical instruments.

The ST (*Strengths-Threats*) strategy is established as the main pillar or core maneuvering strategy. The legal framework provided by Qanun No. 11/2022 and the physical surplus of 1.6 million metric tons of rice must be converted into enforcement mechanisms by establishing a regionally-owned food enterprise (BUMD Pangan) as *the sole off-taker*. The establishment of this BUMD serves as an antithesis to the freedom of middleman mafias; the state intervenes to directly break the oligopsony chain by purchasing unhusked rice at prices above the Government Purchase Price (HPP). To counter the threat of grain loss due to flash floods in the main granaries, this strategy also mandates the use of Village Funds to purchase raw paddy at the local level as an emergency physical reserve before distribution channels are cut off.

In the SO (*Strengths-Opportunities*) Strategy quadrant, interventions are directed toward the digitization of food reserve distribution. By capitalizing on the surplus of unhusked rice and the high demand for local rice in Aceh, the local government can establish a closed-loop digital supply chain. The Regional Food-Sector State-Owned Enterprise (BUMD Pangan) distributes rice reserves to the retail sector and ensures the needs of civil servants are met, ultimately transforming the function of food reserves from merely *a cost center* into a *profitable* source of Local Own-Source Revenue (PAD).

Meanwhile, the WO (*Weaknesses-Opportunities*) Strategy focuses on dismantling bureaucratic barriers within the agency. The weakness of a budget structure that has long been oriented toward social assistance grants must be reoriented by leveraging the political momentum of national poverty alleviation efforts. The Food Agency must negotiate with the Local Government Budget Team to shift reactive funding toward *seed capital* for establishing a regionally-owned enterprise (BUMD) or financing warehouse receipt subsidies. Finally, under the WT (*Weaknesses-Threats*) Strategy, the urgent defensive measure that must be taken is to accelerate the issuance of a Governor's Regulation (Pergub). This implementing regulation will legally mandate the synchronization of the Provincial Food Reserve and the Village Food

Reserve, thereby eliminating systemic disparities to prevent the collapse of local farmers' prices when the peak harvest season coincides with an influx of rice from outside the region.

POLICY OPTIONS

Criteria for Evaluating Public Policy Based on Spatial Justice

When formulating interventions to address failures in the food distribution system, the evaluation of public policy cannot be approached solely in terms of financial profit-and-loss ratios; rather, it must be grounded in the principle of *spatial justice*. Spatial justice in the context of food security presupposes an equitable distribution of value added between rural areas as the epicenter of production and urban areas as the center of consumption. To assess the feasibility of policy alternatives from a technocratic perspective, this study adopts and contextualizes six public policy evaluation criteria proposed by William Dunn (2015): effectiveness, efficiency, adequacy, equity, responsiveness, and appropriateness.

The effectiveness criterion measures the dual capacity of policy options to curb inflation (CPI) downstream while simultaneously raising the Farmers' Price Ratio (FPR) upstream. Efficiency calculates the fiscal burden on Aceh's Revenue and Expenditure Budget (APBA), which is extremely limited. Adequacy assesses the policy's capacity to manage the massive volume of physical rice surplus, which reaches 1.6 million metric tons. The equity criterion ensures that the benefits of the intervention are distributed equitably among both producers and consumers. Responsiveness measures the policy's agility in mitigating two major external threats: the aggressive practices of middlemen and hydrometeorological disaster emergencies. Finally, appropriateness evaluates the alignment of the options with the existing legal mandate, namely Aceh Qanun No. 11 of 2022 on the Management of Food Reserves.

Description and Comparative Analysis of Policy Alternatives

Based on the results of the Quadrant II (ST Strategy) diagnosis in the previous SWOT analysis, the Aceh Government is required to undertake structural maneuvers to break the market oligopsony. This study formulates three alternative policy options that are elaborated upon comparatively. The first alternative is the Establishment of a Food-Sector Regional-Owned Enterprise (BUMD) as *a Single Off-Taker* (Provincial Centralized Intervention). This option recommends full intervention by the provincial government through the designation of the Food BUMD as the sole state-owned buyer. This BUMD will purchase farmers' paddy on *a cash-and*-carry basis during the peak harvest season at major granaries. Conceptually, this option is highly effective in controlling macroeconomic prices and curbing inflation because the Aceh Government Food Reserve (CPPA) is directly controlled by the province. However, its fatal flaw lies in fiscal inefficiency. This centralized approach would place an extreme burden on the Aceh Provincial Budget (APBA), given that the province would have to allocate trillions of rupiah for capital contributions to purchase unhusked rice, the construction of massive warehouses, and logistics infrastructure from scratch across all districts.

The second alternative is the Revitalization of Village Food Granaries (Lumbung Pangan Gampong) or Village-Funded CPPG (Decentralized Intervention). This option shifts the focus from provincial intervention to purely grassroots intervention. Through implementing regulations, all villages are required to use their Village Fund allocations to revive the local wisdom of communal granaries (*krung*). Analytically, this option is highly adaptive to disaster threats because unhusked rice is secured directly at the village level before road infrastructure is cut off due to flooding. The fiscal burden on the APBA is also alleviated. However, this approach of absolute decentralization presents weaknesses in terms of scale and spatial equity. Village granaries operating independently will lack the leverage to influence the urban retail market. Unhusked rice remains confined to the village as a form of micro-resilience, leaving urban consumers vulnerable to rice price inflation.

The third alternative offers a structural synthesis: a Hybrid Partnership between Food-Sector BUMDs and BUMDes (Integrated Collaborative Intervention). This option combines the strengths of Alternatives 1 and 2 by sharing financing costs and trade risks across government hierarchies. Under this scheme, BUMDes use Village Funds to purchase farmers' paddy at the micro level upstream, which automatically protects the Farmer Exchange Rate. Next, the Food BUMD acts as a holding company that purchases rice stocks from the BUMDes granaries at a reasonable margin. The rice is then distributed by the BUMD to urban markets to stabilize inflation. This *closed-loop supply chain* scheme theoretically eliminates the middlemen's ability to operate entirely, from upstream to downstream.

Evaluation Method and Selection of the Best Policy Alternative

Through quantification using William Dunn's evaluation matrix, the three alternatives were tested to identify the policy with the highest precision. The first alternative (Centralized Intervention) performed poorly on the criteria of efficiency and economies of scale. The attempt to monopolize 1.6 million metric tons of paddy by a single provincial entity was deemed irrational given the limited warehousing capacity and the threat of a provincial budget deficit. The second alternative (Decentralized Intervention) scored poorly on the criteria of equity and macro-level effectiveness, as it failed to address protections for vulnerable urban consumers and was unable to ensure the province's role in systematically controlling inflation.

In contrast, Alternative Three (Hybrid Partnership) decisively met all feasibility criteria. In terms of efficiency and adequacy, this collaborative model leverages the fiscal strength of the Village Fund to build micro-warehouse infrastructure, allowing the provincial budget to be focused purely on *working capital* for downstream distribution. Thousands of Village-Owned Enterprises (BUMDes) operating simultaneously at the point of production, backed by purchase guarantees from the BUMD *holding company,* are assured of being able to absorb the 1.6 million-metric-ton surplus. In terms of responsiveness and accuracy, this model is the most complete manifestation of Aceh Qanun No. 11 of 2022. Village-Owned Enterprises (BUMDes) safeguard the physical rice paddy at the very first moment when the threat of flooding looms, while Regional-Owned Enterprises (BUMD) provide an absorption guarantee

to fend off the onslaught of price wars from middlemen. Therefore, the Hybrid Partnership is technically established as the most robust, equitable, and logical key policy recommendation for implementation.

RECOMMENDATIONS AND POLICY ROADMAP

Policy Recommendations (Call for Action)

In response to the paralysis of the trade system which stifles farmers' welfare and impoverishes consumers amid an abundance of rice production surpluses this study recommends an absolute and mandatory structural intervention. The main recommendation is addressed to the Governor of Aceh, as the holder of the highest regulatory authority, in the form of "the Issuance of an Aceh Governor's Regulation (Pergub) on the Implementation of a Hybrid Regional Food Reserve Partnership through the Integration of Regional State-Owned Food Enterprises (BUMD) and Village-Owned Enterprises (BUMDes)."

This affirmative policy mandates three fundamental reforms. First, the mandate to designate regional corporations (Food BUMDs) as *off-takers*, granting them a healthy monopoly to manage the Aceh Government Food Reserve (CPPA). Second, the obligation to allocate Village Funds to major production centers to finance the operations of Village-Owned Enterprises (BUMDes) as micro-off-takers to prevent *panic selling* caused by the threat of hydrometeorological disasters. Third, the legalization of a cross-hierarchical fiscal burden-sharing scheme, in which the Aceh Provincial Budget (APBA) is focused as a liquidity instrument that purchases finished rice from village granaries. The implementation of this policy will transform the bureaucratic structure of the Aceh Food Agency from an administrative-charitable institution into a conductor of regional economic power with real clout against oligopsonistic food cartels.

Five-Year Roadmap for Implementing Policy Recommendations

To ensure that policy recommendations are executed in a measured, systematic, and calibrated manner in line with the region's fiscal capacity, a strategic implementation roadmap has been formulated for the 2026–2030 period. This roadmap is designed to progress from the institutional reorientation phase to the achievement of corporate autonomy.

In Year I (2026), the implementation focus is on the Legalization and Institutional Reorientation phase. Concrete steps taken include drafting and enacting the Governor's Regulation on the Integration of BUMD and BUMDes as the implementing instrument for Qanun No. 11/2022. During this phase, the Regional Government Budget Team (TAPD) of Bappeda, together with the Head of the Food Agency, is required to revise the Strategic Plan document to shift the budget focus from grant expenditures to seed capital for the official establishment of the Aceh Food BUMD. The success indicators for the first year are the legal validity of the BUMD's operations and the shift in fiscal allocations in the Revised Aceh Provincial Budget (APBA).

Entering Year II (2027), the policy will focus on the Initiation and Limited-Scale *Piloting* phases. The Aceh Food Agency, together with the Gampong Community Empowerment Agency (DPMG), will issue a Governor's Decree designating key production villages as Lumbung Gampong *Pilot Projects*. The focus of paddy procurement will be directed toward three major grain-producing regencies: North Aceh, Pidie, and Aceh Besar. At this stage, purchase contracts between the provincial-owned enterprise (BUMD) and village-owned enterprises (BUMDes) will be officially signed, with the measurable target of halting the decline in the Net Farm Income (NTP) during the peak harvest season in these three regencies.

In Year III (2028), implementation shifts to the Scale Expansion and Digital Integration phase. The Provincial Food BUMD is instructed to conduct massive market operations in urban areas vulnerable to inflation using stocks from village-owned enterprises (BUMDes). Concurrently, the adoption of *Digital Supply Chain* technology through an integrated warehouse receipt application is launched to monitor the physical movement of paddy across all granaries in *real time*. In Year IV (2029), the policy enters the phase of Optimization and Healthy Supply Chain Monopoly. The Governor of Aceh will issue implementing regulations designating the Food BUMD as the primary supplier of rice for Civil Service Employees (ASN), a strategic move to secure a captive *market*. This phase aims to absorb up to 50 percent of the region's total real surplus and position the Food BUMD as a contributor to Local Original Revenue (PAD).

The culmination of this transformation occurs in Year V (2030), namely the phase of Food Self-Sufficiency and Total Disaster Resilience. At this final stage, the Food BUMD is required to break its dependence on APBA funding to operate as an independent corporation. Simultaneously, the status of the Village Granary (Lumbung Gampong) system is formalized as the primary instrument for food disaster mitigation (*disaster buffer stock*) by the Aceh Disaster Management Agency. The ultimate indicator of this roadmap is the achievement of zero cases of absolute food insecurity when extreme weather disrupts infrastructure, thereby establishing Aceh Province as the epicenter of food logistics sovereignty in the Sumatra region.

CONCLUSION

Aceh Province is, in fact, facing a massive structural trade crisis, not a crisis of physical availability. The paradox where a 1.6 million-metric-ton surplus of rice harvest directly coincides with high consumer inflation and stagnant farmer welfare serves as empirical evidence of market failure. The absence of state instruments at the grassroots level has paved the way for a network of oligopsony middlemen to unilaterally exploit profit margins. A strategic quadrant analysis confirms that a reactive, charitable, and piecemeal bureaucratic approach is no longer relevant for addressing the dual threats posed by market cartels and hydrometeorological vulnerabilities.

Therefore, structural intervention through a Hybrid Partnership between Provincial Food-Sector State-Owned Enterprises (BUMD) and Village-Owned Enterprises (BUMDes) is established as the sole, most resilient, and equitable solution. The institutional orchestration manifested in this Governor's Regulation will enforce

upstream-downstream synchronization without causing a drain on the regional budget. The establishment of this closed trade ecosystem is not merely an effort to streamline bureaucracy, but rather an ideological manifestation of the state's presence. Through the consistent implementation of this policy roadmap, the Aceh Government will undoubtedly be able to dismantle cartel dominance, safeguard the purchasing power of vulnerable communities, mitigate hunger crises caused by disasters, and ultimately, restore the economic dignity of farmers as the true food heroes.

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