

Economic impact analysis of coffee enterprises on community income in Mimika Regency, Central Papua Province

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Abstract

Purpose: This study analyzes the economic impact of independent coffee enterprises on household income and local diversification in Mimika Regency, Central Papua, where dependence on mining remains dominant.

Research/methodology: A mixed-methods approach was applied, combining a survey of 120 respondents with 30 in-depth interviews involving farmers, cooperatives, traders, and government officials. Primary data were collected through questionnaires, interviews, and field observations, while secondary data came from BPS reports and cooperative records. Quantitative analysis used descriptive statistics, correlation, and regression, while qualitative data were thematically analyzed with Atlas.ti.

Results: The findings show that coffee enterprises significantly increase household income, with over 68% of respondents reporting growth of 15–25%. Statistical tests confirm a strong correlation between coffee enterprise activities and household welfare. However, their contribution to job creation remains limited, as most enterprises operate on a micro scale and rely on family labor. Structural barriers, including limited capital, poor infrastructure, weak branding, and market constraints, hinder expansion. Despite these challenges, coffee enterprises hold strong potential as alternative drivers of local economic diversification beyond mining.

Conclusions: Independent coffee enterprises positively impact household income but have yet to create significant employment opportunities. Strengthening access to finance, infrastructure, and marketing is essential to maximize their role in sustainable regional development.

Limitations: The study is limited to Mimika Regency and small-scale enterprises, which may not reflect broader regional dynamics.

Contribution: This research contributes empirical evidence on coffee's role in economic diversification in resource-dependent regions and offers policy insights to support sustainable development strategies in Central Papua.

Keywords: *Economic Diversification, Household Income, Independent Coffee Business, Job Creation, Local Economy*

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1. Introduction

Indonesia, the third-largest coffee producer in the world, contributed approximately 5% of global coffee production in 2023. One region with significant potential that has not been fully utilized is the Mimika Regency (Central Statistics Agency of Mimika Regency, 2021, 2023, 2024). While well-known for its natural resources, particularly gold mining, Mimika also holds substantial economic potential in the

agricultural sector, especially coffee cultivation (Yusuf & Matiin, 2022). However, the full potential of local coffee, especially grown in mountainous areas such as Hoeya, Arwanop, Tsinga, and Banti, remains underdeveloped due to challenges in transportation access, local and regional markets, and various structural and technical constraints faced by the farmers.

Mimika Regency in Central Papua possesses coffee potential that requires detailed review. Coffee production in 2010 reached 41,746 tons (Papua Provincial Plantation Office, 2012), with the most recent estimate being approximately 10 tons of coffee beans per year (Mimika Communication and Information Office, March 2023). The total coffee cultivation area in Mimika is approximately [insert number of hectares; if no concrete data, refer to BPS 2022: average 0.5 ha per farmer]. Coffee enterprises serve as an income source for farmers, although their specific contribution to the regional gross domestic product (GRDP) remains limited. Coffee management is dominated by smallholder farmers, farmer groups, such as Kopi Amungme Gold, and cooperatives. However, its development faces multiple challenges, including limited access to superior seeds and fertilizers, post-harvest issues, transportation constraints, market access, and the need for technical assistance. This situation underscores the urgency of researching the economic impact of coffee enterprises on the livelihoods of Mimika communities to understand their potential more comprehensively.

According to data published by the Central Statistics Agency of Mimika Regency (2023), coffee is one of the key commodities for economic diversification; however, its contribution to the regional gross domestic product (GRDP) remains far below that of the mining sector (Humairoh, Zuhriyah, Triyasari, & Suprati, 2022; Rahmah et al., 2023). Challenges such as limited market access, packaging technology, and marketing capacity hinder independent coffee businesses from expanding into national and international markets (Nawipa, Banurea, & Abidjulu, 2022; Ramadhana, Aulia, & Ulum, 2024). Additionally, KSU Amungme Gold Coffee, one of the largest coffee cooperatives in the area, still relies on subsidies from PT Freeport Indonesia, indicating that the coffee sector is not yet fully financially independent (Tuwaidan, Iek, & Ngutra, 2020; Wardhani, 2020).

This study is highly significant, considering that coffee has substantial potential as an alternative commodity to support the economic diversification of Mimika Regency (Soesanto, Wahyuningrum, & Handayani, 2024). Given the high dependence on the mining sector, coffee offers a new pathway for improving community welfare through job creation and increased household income. Since the regency heavily relies on the mining industry, particularly gold mining managed by PT Freeport Indonesia, economic diversification is crucial for creating broader and more inclusive economic stability. Coffee has the potential to serve as an alternative commodity that can enhance the economic welfare of local communities through job creation and higher household incomes (Prakoso, Alpandari, Widyastuti, & Ariyanto, 2024). This research is essential as it provides the empirical data needed to understand how independent coffee enterprises can directly contribute to the local economy, especially in remote areas such as Hoeya, Arwanop, Tsinga, Banti, and Jila (Humairoh et al., 2022).

The various challenges faced by coffee enterprises in Mimika raise critical research questions aimed at understanding the sector's role in the local economy (Mujiono, 2020). A primary question is how independent coffee businesses contribute to improving economic welfare in Mimika, particularly in terms of household income and job creation. This study also examined the extent to which local coffee entrepreneurs face challenges in technology, marketing, and distribution, as well as access to broader national and international markets. Limited access to advanced technology and adequate distribution infrastructure hinders the expansion of the Mimika coffee market.

Furthermore, the role of coffee enterprises in reducing Mimika Regency's economic dependence on the mining sector is an essential question in the context of economic diversification (Soesanto et al., 2024). Historically, Mimika's economy has relied heavily on the gold mining industry, managed by PT Freeport Indonesia. Therefore, diversification through coffee sector development can serve as a relevant strategy for creating a more stable and sustainable economy. Proactive local government policies that support coffee sector growth are essential. Questions regarding how such policies can enhance the competitiveness of local coffee products and expand market access are vital to address. Through a

comprehensive analysis, this study aims to provide strategic solutions to overcome these challenges and offer policy recommendations that positively impact community welfare and economic development in the Mimika Regency.

This study aimed to analyze the economic impact of independent coffee enterprises on community welfare in Mimika Regency. Most research on the coffee industry in Indonesia has focused on regions such as West Java, North Sumatra, and Lampung, which benefit from better infrastructure and institutional support than other regions. In contrast, research based on economic data regarding coffee enterprise development in Eastern Indonesia, particularly Central Papua, remains limited. This gap highlights the need for an in-depth study of the potential and challenges of local coffee enterprises in Mimika to support data-driven decision-making for regional economic growth. Given these conditions, this study is important because independent coffee enterprises in Mimika have strategic potential as alternative economic drivers, amid the dominance of the mining sector. This research provides empirical insights into the coffee sector's contribution to household income, job creation, and opportunities for more sustainable economic diversification. The results are expected to serve as a basis for policymakers and stakeholders to systematically, inclusively, and competitively develop the coffee-agriculture sector.

1.1. Problem Formulation

Based on the background described, this study focuses on several main issues related to the development and economic impact of independent coffee enterprises in the Mimika Regency. The research questions are as follows:

- a) How do independent coffee enterprises in Mimika contribute to improving the economic welfare of local communities, particularly in terms of household income and job creation?
- b) What obstacles do local coffee entrepreneurs face, particularly in terms of technology, marketing, distribution, and access to broader national and international markets?
- c) To what extent can local coffee enterprises in Mimika diversify the regional economy, reduce dependence on the mining sector, and support more sustainable economic growth?
- d) How can local government policies be optimized to support the development of independent coffee enterprises and enhance the competitiveness of local coffee products in broader markets?

2. Literature review

2.1. Public Policy Theory

Public policy theory explores how governments formulate and implement policies to achieve specific objectives (Fika et al., 2023). Lasaksi (2024) defined public policy as a set of deliberate actions undertaken by the government to address public problems or achieve particular goals. In this study, public policy theory was used to analyze how local government policies influence the development of independent coffee enterprises in Mimika Regency. One relevant model in public policy theory is the policy-stage model. Popularized by Sheaff (2023) this model outlines the public policy process in several stages, from problem identification, policy formulation, and implementation to evaluation. This study uses the policy stages model to understand how local government policies, such as SME development programs, access to capital, and infrastructure, are formulated and implemented to support the coffee sector in Mimika (Sartika, 2023).

Previous studies have indicated that effective public policies play a critical role in promoting local economic growth. Research by Wakhidah and Pramono (2024) shows that government policies supporting SME development, such as simplified business licensing, entrepreneurship training, and improved market access, can enhance SME competitiveness and drive economic growth. However, public policy implementation often faces challenges, particularly in remote areas with limited infrastructure and human resources. Therefore, this study aims to identify the factors influencing the effectiveness of government policies in supporting independent coffee enterprises in Mimika Regency (Prasannath, Adhikari, Gronum, & Miles, 2024).

Types of Public Policy in Coffee Business Development in Mimika Regency

- 1) Regulatory Policies:
 - a) Regional regulations on coffee business permits.
 - b) Standards for the quality and safety of coffee products.
 - c) Regulations on land use and environmental management.
- 2) Facilitative Policies:
 - a) Training programs and mentoring for coffee farmers and entrepreneurs are also recommended.
 - b) Development of road infrastructure and accessibility to coffee-producing areas.
 - c) Facilitating access to capital and business credit.
- 3) Promotive Policies:
 - a) Promotion of Mimika coffee products at the regional, national, and international levels.
 - b) Development of branding and marketing for Mimika specialty coffee.
 - c) The organization of coffee festivals or exhibitions.

Factors Affecting the Effectiveness of Public Policy

- a) Commitment and capacity of the local government.
- b) Availability of resources and budgets.
- c) Active participation of the community and coffee entrepreneurs.
- d) Coordination among related agencies and institutions is essential.
- e) Monitoring and evaluation of policies.

2.2. *Economic Diversification*

Economic diversification is a development strategy aimed at reducing a region's economic dependence on a single sector while promoting the growth of other potential sectors (Setyorini, Sijabat, & Nastiti, 2024). The theory of economic diversification is based on the idea that reliance on one sector exposes a region or country to high economic risks, especially when that sector experiences a downturn. A major proponent of this theory, Susanto and Suryani (2024), emphasize the importance of diversifying economic sectors to achieve more stable and sustainable growth. In the context of Mimika Regency, which heavily depends on the mining sector, particularly gold mining managed by PT Freeport Indonesia, diversification through the development of agriculture, such as coffee, is a relevant strategy for long-term economic stability (Yunarni & Haris, 2020).

Research on economic diversification shows that developing businesses based on local commodities can create new employment opportunities and increase community income. A study conducted by Wola, Purwanto, and Kawung (2023) in Minahasa demonstrated that agricultural diversification helps reduce dependence on the mining industry and strengthens economic resilience in rural areas. This is relevant to Mimika, where independent coffee business development can reduce economic dependence on mining while providing more equitable benefits to the local population. Furthermore, Febriyanto (2019) confirmed that diversification through agricultural development can support long-term economic resilience, particularly in areas exposed to social and environmental risks from extraction activities.

However, despite its advantages, economic diversification faces several challenges. A main limitation highlighted in the literature is the lack of focus on the structural constraints and policies that may hinder implementation in remote areas (Asari, Jayadi, Safitri, & Pandin, 2024; Wola et al., 2023)). For instance, (Soesanto et al., 2024) point out that infrastructure limitations and lack of access to capital are major obstacles to diversification efforts in many developing regions. In Mimika, this implies that although coffee businesses have great potential, their success heavily depends on local government policies to improve infrastructure, increase access to technology, and support national and international markets. Overall, the literature provides a solid foundation for developing independent coffee enterprises in Mimika, but gaps remain, particularly regarding the supportive policies needed to optimize the economic diversification potential in agriculture. This study aims to provide empirical contributions by offering data on the impact of economic diversification on local communities' welfare in Mimika through coffee sector development (Berkat & Lumentah, 2022; Naa, Umar, & Ngutra, 2025).

2.3. Economic Welfare Theory

Economic welfare theory, a branch of microeconomics, analyzes how resource allocation affects the well-being of individuals and society. A key figure in this field is Arthur Cecil Pigou, who introduced the concept of economic welfare in *The Economics of Welfare State*. Barr (2020) argues that government intervention can enhance economic welfare through income redistribution and reduction of negative externalities, such as pollution. In the context of independent coffee businesses in Mimika, economic welfare theory helps explain how small and medium enterprises (SMEs) can increase local income, generate employment, and support sustainable economic development (Iryanti, Pangkey, & Londa, 2014).

Economic welfare can also be measured using indicators such as household income growth, poverty reduction, and public service access. Studies on SME development in Indonesia indicate that small businesses, such as coffee, often serve as key instruments for improving economic welfare in rural communities (Beni, Sadewo, & Manggu, 2021). By focusing on coffee SMEs in Mimika, this study contributes to the literature on economic welfare in remote regions, particularly in the agricultural sector (Persada & Arifin, 2020). However, the literature also identifies gaps in the impact of economic diversification on welfare (Al Farisi & Fasa, 2022). Some studies suggest that diversification into non-mining sectors, such as agriculture and creative industries, can significantly reduce dependence on a single sector, such as mining, which is relevant for Mimika. However, direct studies on the impact of coffee businesses on economic welfare in Mimika remain limited. Therefore, this study aims to fill this gap by providing relevant empirical data (Aula, Umar, & Hafizrianda, 2024).

2.4. Income Theory

Income is a key indicator of the economic welfare of individuals, households, and communities. In this study, income theory helps us understand how coffee enterprises contribute to household income in Mimika Regency.

Basic Concepts of Income

- a) Individual/Household Income: According to economic scholars, income includes all receipts in money or in-kind from economic sources over a certain period. For farming households, income can come from on-farm, off-farm, and nonfarm activities.
- b) Community Income: The accumulation of individual or household income within a region or community.

Sources of Coffee Farmers' Income:

- a) On-Farm Coffee Income: This primary focus of this study. It comes from selling coffee beans (raw, green, or minimally processed) minus production costs (seeds, fertilizers, labor, pesticides, land rent, etc.).
- b) Off-Farm Income: Income from other activities related to agriculture, such as working as farm laborers in other plantations or engaging in livestock or other crops.
- c) Non-Farm Income: Income from sectors outside agriculture, such as trade, employment, or other services. It is important to identify whether coffee enterprises allow farmers time and capital to diversify into these sectors.

2.5. Conceptual Framework

This framework centers on independent coffee businesses in the Mimika community as the main economic activity. These businesses directly impact household income through the sale of harvests after production expenses. Coffee enterprises also contribute to local employment creation, both within farming families and the surrounding community, as the business scales up. Furthermore, coffee businesses encourage local economic diversification in the region. The emergence of supporting businesses, such as agricultural suppliers and coffee-related services, indicates that the local economy is not reliant on a single sector. The accumulation of these impacts leads to overall community income growth in the Mimika region (Ramadhana et al., 2024; Wijaya, 2021).

A significant external factor is government policy, often depicted in diagrams with a dashed line to indicate an indirect or moderating effect. Government support (seed assistance, training, infrastructure,

and regulations) is not part of the coffee business itself but greatly influences its success, scale, and economic impact. Appropriate policies can enhance the positive effects of coffee enterprises on income and local economic development. Ultimately, these positive impacts income growth, job creation, and economic diversification supported by conducive government policies, are expected to lead to improved community welfare in Mimika, encompassing basic needs fulfillment and better quality of life, with increased income as a primary pathway. This framework provides a comprehensive view of the economic impact of coffee enterprises .

2.6. Hypotheses

Based on the background and theoretical framework described, the hypotheses of this study are as follows:

- a) Hypothesis 1: Independent coffee businesses in Mimika Regency significantly contribute to increasing household income and creating employment opportunities in mountainous areas such as Hoeya, Arwanop, Tsinga, Banti, and Jila.
- b) Hypothesis 2: Barriers to technology access, distribution, and marketing negatively affect the competitiveness of local coffee businesses in Mimika Regency, resulting in limited market reach at the local and regional levels.
- c) Hypothesis 3: Economic diversification through coffee sector development can reduce Mimika Regency's dependence on the mining sector and enhance regional economic stability.

3. Research methods

This study employs a mixed-methods approach, combining quantitative and qualitative methods to obtain a comprehensive understanding of the economic impact of coffee businesses in the Mimika Regency. The quantitative approach was conducted through surveys using structured questionnaires distributed to coffee farmers, owners of small and medium enterprises (SMEs), and cooperative members. This survey aims to measure the contribution of coffee businesses to household income, employment creation, and the role of coffee businesses in supporting local economic diversification in the region. Meanwhile, a qualitative approach was used to explore in-depth information on the challenges faced by coffee farmers, barriers to technology and capital access, and available marketing strategies. In-depth interviews were conducted with cooperative administrators, coffee traders, and local government representatives, and field observations were carried out to directly understand the dynamics of coffee production, distribution, and marketing in the study locations.

The research population comprised all stakeholders involved in the coffee business chain in Mimika Regency, including independent coffee farmers, SME owners, coffee cooperative administrators, coffee traders or distributors, local government officials, and academics or researchers focused on commodity-based local economies. Purposive sampling was used to select the sample based on relevance to the research objectives. The quantitative sample size was determined using Slovin's formula with a 10% margin of error, resulting in 120 respondents from a larger population. Additionally, the study involved 30 key respondents for in-depth interviews, chosen for their direct involvement in coffee cultivation, processing, distribution, or policy-making. This sampling strategy aimed to ensure diverse perspectives, enhance data validity, and strengthen the triangulation between quantitative and qualitative findings.

The data used in this study consisted of primary and secondary data. Primary data were obtained from questionnaire responses, semi-structured interviews, and direct field observations, while secondary data were obtained from official documents of the Mimika Regency Central Bureau of Statistics (BPS), reports from KSU Amungme Gold Coffee Cooperative, and academic literature and local policy studies related to coffee sector development. Quantitative data were analyzed using descriptive statistics to identify general patterns of coffee business contributions to household income and regression analysis to test relationships between variables. Qualitative data were analyzed thematically using Atlas.ti software, enabling coding, categorization, and visualization of interview and observation data. The combination of quantitative and qualitative analyses is expected to provide a comprehensive understanding of the role of coffee businesses in improving community welfare and strategies for sustainable coffee sector development in Mimika Regency (Wijayanto, 2019).

4. Results and discussion

4.1. Research Findings

4.1.1. Economic Contribution of Independent Coffee Businesses to Households

Quantitative analysis indicates a significant positive contribution of independent coffee businesses to the economic well-being of households in the study area. Spearman correlation analysis showed a very strong and statistically significant positive relationship ($\rho = 1.00$, $p = 0.0000$) between the contribution of coffee businesses and household income. This suggests that increased economic activity from coffee businesses is directly proportional to an increase in farmers' household income.

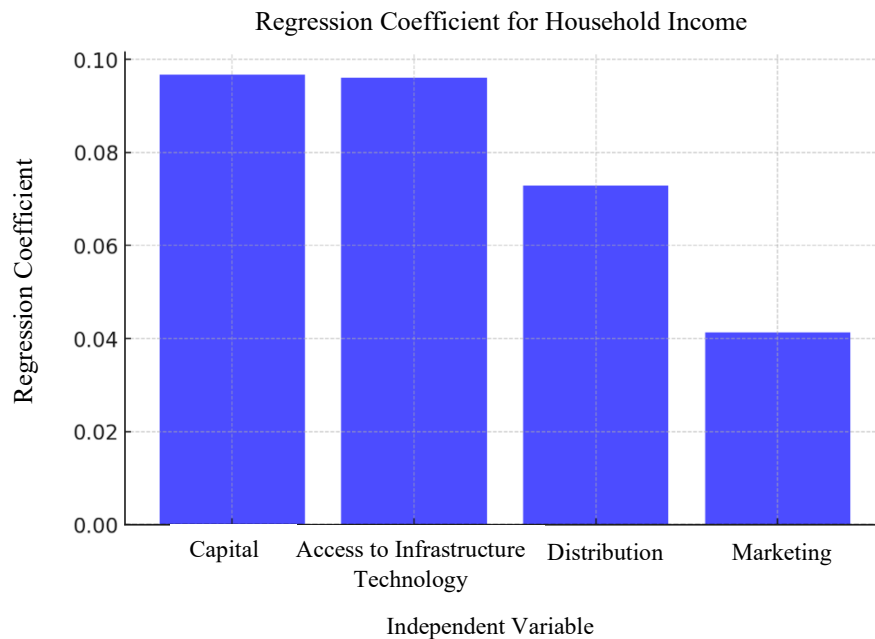


Figure 1. Regression Coefficient for Household Income

Furthermore, multiple linear regression analysis ($R^2 = 0.343$, $p < 0.05$) reinforces these findings, showing that key variables such as business capital, technology access, distribution infrastructure, and marketing collectively have a significant impact on household income growth. Qualitative findings from interviews with coffee farmers support these results, with respondents stating that coffee businesses have helped increase income, although earnings remain volatile and are heavily dependent on harvest yields and market prices. Specifically, the data indicate that over 68% of respondents experienced a 15–25% increase in household income after actively engaging in coffee businesses.

4.1.2. Impact of Independent Coffee Businesses on Employment Creation

Unlike their impact on income, independent coffee businesses' contribution to employment creation in Mimika Regency is limited. Spearman correlation analysis showed a weak and statistically non-significant positive relationship ($\rho = 0.24$, $p = 0.0633$) between the number of workers employed by coffee businesses and the welfare of business owners. This implies that increasing the workforce in coffee businesses does not necessarily lead to a significant improvement in the owners' welfare.

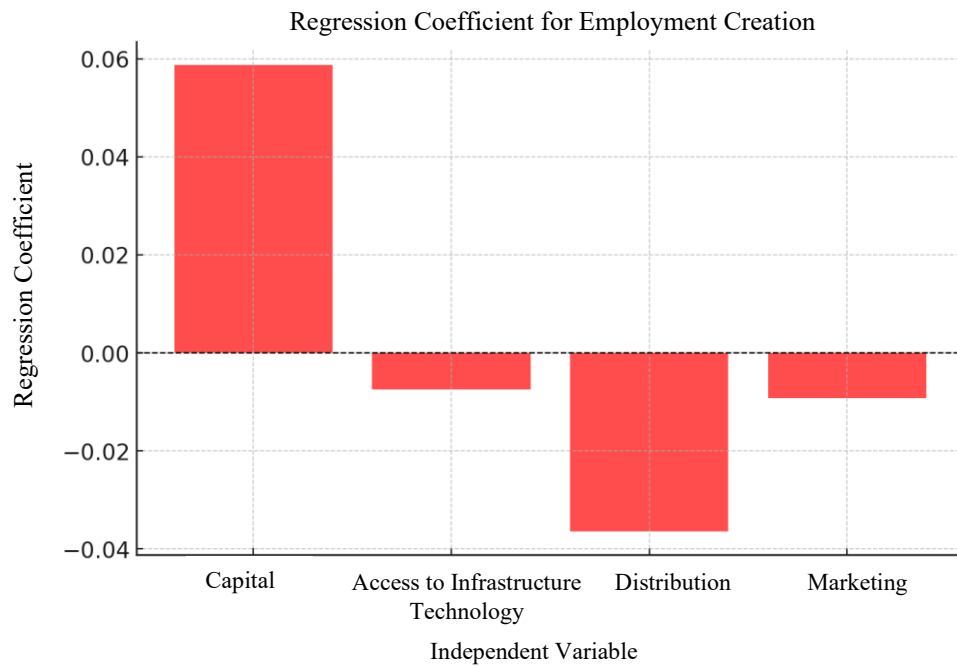


Figure 2. Regression Coefficient for Employment Creation

Further multiple linear regression analysis confirmed this finding, showing that the model testing the effect of coffee business factors (capital, technology, distribution, and marketing) on employment creation was not significant ($R^2 = 0.005$, $p = 0.9909$). This aligns with qualitative data from interviews, revealing that most coffee businesses in the study area still operate at a micro or household scale and are managed independently or with family assistance, resulting in a minimal need for additional labor recruitment.

4.1.3. Identification of Barriers Faced by Coffee Business Actors

The development of independent coffee businesses in Mimika Regency faces various structural and operational challenges. Regarding technology and capital access, farmers report limitations in using modern agricultural technologies and post-harvest production equipment. Limited dissemination and training on new technologies also pose significant challenges. Additionally, difficulties in accessing sufficient capital for business expansion are common complaints among farmers and small-business owners.

In terms of marketing and distribution, business actors struggle to penetrate broader markets at the national and international levels. Limited transportation and logistics infrastructure, especially in mountainous areas, increases delivery costs and hampers the distribution. This often forces farmers to rely on intermediaries with weak bargaining positions and unstable selling prices. Insufficient branding and promotion also make Mimika coffee less recognized than coffee from other regions. The role of cooperatives in assisting distribution is suboptimal. Other influencing barriers include the impact of climate change, pest and disease attacks on coffee plants, labor shortages during harvest seasons, and the complexity of licensing and business regulations in the coffee industry.

4.1.4. Potential of Coffee Businesses as a Regional Economic Diversification Instrument

Despite these challenges, the coffee sector in Mimika Regency has significant potential as a tool for regional economic diversification. Positive perceptions of this potential are evident from various respondents, including farmers, business owners, government representatives, and academics, who view coffee sector development as a strategic alternative to reduce the Mimika Regency's dependence on the traditionally dominant mining sector. Some farmers have even begun independently diversifying products, such as processing coffee into locally packaged powdered products, to increase added value. Quantitative data analysis using mediation testing (Sobel test) also indicates that market access plays a

key role as a mediator that can enhance the economic impact of the business capital. This suggests that if market access barriers are overcome, the potential of coffee businesses to drive local economic growth will be greater, while simultaneously creating a more resilient and sustainable regional economic structure.

4.2. Discussion

4.2.1. Significance of Coffee Enterprise's Economic Contribution to Households

The research findings consistently indicate that independent coffee enterprises significantly contribute to household income improvement in Mimika Regency. The income increase experienced by the majority of respondents aligns with economic welfare theory, which emphasizes the role of productive sectors in enhancing community living standards, and confirms the important role of Small and Medium Enterprises (SMEs) as drivers of local economic growth and instruments for poverty alleviation, particularly in rural or remote areas. Regression analysis and in-depth interviews reinforce the argument that access to business capital, adoption of technology (albeit still limited), and market reach capabilities are key determinants of income growth among coffee farmers.

Furthermore, the role of market access as a mediating variable between business capital and household income highlights that capital alone is insufficient without the capacity to sell products to broader markets. This finding emphasizes the importance of effective marketing strategies and adequate distribution networks in the pharmaceutical industry. Additionally, moderation analysis shows that good distribution infrastructure significantly strengthens the positive impact of digital marketing strategies on income. In other words, investment in physical infrastructure (roads, logistics) is a crucial prerequisite for maximizing the benefits of adopting digital technology in coffee marketing.

4.2.2. Analysis of Low Job Creation

Although contributing positively to income, this study found that independent coffee enterprises have a very limited impact on job creation. Household income growth was not accompanied by a significant absorption of new labor. This is mainly due to the characteristics of coffee enterprises in Mimika, which are mostly micro- or household-scale businesses. Small scale encourages farmers to manage their land independently or involve only family members, thus eliminating the urgent need to hire additional external workers. This finding is supported by quantitative analysis, where the correlation between the number of employees and entrepreneur welfare is weak and insignificant, and the regression analysis shows no significant influence of coffee business factors on job creation. This indicates that the coffee sector in Mimika has not yet reached an economy of scale sufficient to function as a labor-intensive sector. Therefore, to promote greater labor absorption, strategic efforts are needed to expand coffee enterprises from micro to small or medium scale, for example, through the facilitation of greater capital access, business management training, and the creation of a conducive investment climate.

4.2.3. In-depth Discussion of Structural Barriers

The development of the coffee sector in Mimika faces several, interrelated, structural barriers. The root of the problem lies in their limited access to modern technology and business capital. Interviews with various stakeholders confirmed that farmers still rely heavily on traditional methods and face difficulties in obtaining financing for production tools or land expansion. These limitations hinder productivity and coffee quality improvements. Other significant barriers include poor distribution infrastructure, particularly road access to mountainous coffee-producing regions. This condition negatively affects high logistics costs, which, in turn, suppress farm-level selling prices and hinder market expansion efforts. Marketing challenges are exacerbated by insufficient coffee branding, low digital literacy among entrepreneurs for online marketing, and tight competition with more established coffee brands from other regions. Furthermore, the effectiveness of supporting institutions, such as cooperatives and local governments, in overcoming these barriers is considered limited and not optimal.

4.2.4. Coffee Potential as a Driver of Economic Diversification and Sustainable Development

Despite the various challenges, the coffee sector has strategic potential as a driver of economic diversification in the Mimika Regency. This aligns with the concept of Local Economic Development (LED), which emphasizes the utilization of local resource potential to foster inclusive economic growth.

Coffee sector development offers a promising economic alternative to reduce the region's high dependence on the mining sector, thereby enhancing local economic resilience against commodity price fluctuations and related risks. This potential can be optimized by adding value to coffee products. Product innovations, such as processing into specialty coffee with unique Mimika flavors, development of derivative products (premium ground coffee, ready-to-drink beverages), and coffee-based agritourism, can open new market opportunities and significantly increase income for farmers.

However, realizing this potential heavily depends on supportive policies, adequate infrastructure investment, and strong collaboration among the government, private sector, cooperatives, and farmers. Furthermore, sustainable coffee sector development must align with Sustainable Development Goals (SDGs), particularly Goal 8 (Decent Work and Economic Growth) and Goal 12 (Responsible Consumption and Production), ensuring that economic growth proceeds alongside environmental preservation and social welfare. The findings indicate that independent coffee enterprises significantly impact household income and job creation in Mimika Regency. However, to maximize their contribution to local economic diversification, stronger policy interventions are needed, particularly in terms of capital access, digital marketing, and distribution infrastructure. This study emphasizes that coffee is not merely a local commodity but also a key pillar of sustainable economic transformation in post-mining Central Papua.

5. Conclusion

5.1. Conclusions

1. Independent coffee enterprises have proven to make a positive and significant economic contribution to increasing household income in the study area.
2. Although contributing to income, independent coffee enterprises in Mimika Regency have not yet significantly created new jobs outside the farmers' households. This is due to the predominance of micro-scale enterprises traditionally managed by households.
3. Independent coffee enterprises face several complex structural barriers.
4. Despite these challenges, the coffee sector has substantial strategic potential as an instrument of economic diversification in Mimika Regency. Developing coffee enterprises can serve as an important alternative to reduce dependence on the dominant mining sector, thereby enhancing local economic resilience in the region.

5.2. Recommendations

Based on the research results and field findings, several strategic recommendations can be proposed to further develop this thesis while optimizing the role of coffee enterprises in the regional economy.

1. **Business Scale Expansion through Inclusive Capital Access**
Local governments, banks, and cooperatives should develop adaptive microfinance schemes for coffee entrepreneurs, such as commodity-based People's Business Credit (KUR), with low interest rates and simple administrative requirements.
2. **Digitalization and Technology Training**
The digital literacy of coffee entrepreneurs should be improved through continuous training programs related to digital marketing, e-commerce, and modern agricultural tools.
3. **Development of Distribution and Logistics Infrastructure**
Central and local governments must prioritize building roads connecting production areas to distribution centers and establishing post-harvest facilities and coffee warehouses in strategic locations.
4. **Improving Market Access and Product Certification**
Coffee entrepreneurs should be facilitated to obtain quality certifications (Organic, Geographical Indication, Fair Trade) to enhance their competitiveness in national and global markets.
5. **Strengthening Local Institutions and Cooperatives**
Cooperatives, such as KSU Amungme Gold Coffee, should be strengthened through supportive regulations to enhance their role as aggregators, training providers, and aid distributors.

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