

Policy Adaptation as Impact of Coronavirus Diseases 2019 in Indonesia: Economic and Social Perspectives in 2020

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ABSTRACT

There are two purposes of this paper. First, to describe the selected strategy as an impact of coronavirus diseases 2019 (COVID-19) in Indonesia. Second, how is the government's response through policies in the economic sector and social life as well as look at the challenges in reducing risks in future. This paper used a viewpoint design for countermeasures of COVID-19 in Indonesia. The policy adaptation made by the government is aimed at economic and social strategies. Build Back Better policy will be the principle in adapting policies in the economic and social fields for Indonesia. There are three strategy for Build Back Better-based policies in the response to Covid-19 in Indonesia. They are building back stronger, building banck faster and building back more inclusiveness. This paper explain information about impact of COVID-19 in Indonesia, how is the government's strategy and policy adaptation carried out in dealing with it, and policy challenges in the economic and social fields in future.

INTRODUCTION

The number of coronavirus diseases 2019 (COVID-19) positive cases worldwide at the end of July 2020 has reached around 18,009,209 cases with a mortality rate of 688,009 people. This number continues to grow until now and reaches 215 countries in the world. In the same period, the number of positive cases in Indonesia reached 109,936 cases with a mortality rate of 5,193 (<https://www.worldometer.info/coronavirus/>)

The COVID-19 pandemic not only caused health problems but also impacted the global economic crisis. The economic impact of the COVID-19 pandemic starts with shocks to the supply of goods and services available in the market. Shocks to supply are also driven by restrictions on physical activity (physical distancing) or large-scale social restrictions (PSBB) as part of efforts to control the spread of a pandemic. These two policies resulted in many factories, offices, and business centers being temporarily closed. Shocks to supply will ultimately be followed by shocks to consumer demand. During the pandemic, consumption levels tended to fall due to various policies to prevent the spread of the pandemic, such as the closure of most shopping centers and restrictions on public transportation. The level of public consumption has also decreased due to falling income levels or loss of livelihoods.

Indonesia's economy is expected to decline. Comparing with the basic projections of 5 percent economic growth in 2020, various studies estimate that COVID-19 will reduce Indonesia's economic growth rate to between 1 and 4 percent. The economic crisis will have an impact on poverty. Suryahadi et al., (2020) predicts the poverty rate will increase to 9.7 percent by the end of 2020. This implies that 1.3 million more people will be pushed into poverty. The implication is that Indonesia needs to implement a social protection program to help the new poor in addition to the existing poor. Economic problems do not stand alone, and have relations with social problems. For this reason, strategic efforts are needed to ensure the effectiveness of this social protection program.

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Policy Adaptation

Adaptation to public policy is considered as the production of deliberate decisions involving public actors and intensity in resolving what is considered as one or several collective problems (Dupuis and Knoepfel, 2013). Public policy is characterized by the nature of the problems associated with it, must be adapted by the government as a policy actor in formulating appropriate policies, and policies must be able to make rules of the game to answer needs (Irawan, 2016). The context of the application of health protocols, and programs or economic stimulus in handling the COVID-19 pandemic should be able to go hand in hand. Because if one of them is ignored it will also have an impact on not achieving both targets.

As a planned process, policy adaptation must incorporate the impact of changes in defining the problem. This is because adaptation is not a static problem, but dynamic. Adaptation is best carried out through a process of transition, ongoing, flexible, and long-term involving learning and adjustment (Hallegatte et al., 2011; IPCC, 2012). Adaptation is usually carried out by many public and private actors who face a number of obstacles in decision making that are able to adjust to existing challenges.

Build Back Better

Build Back Better is used to recovery, rehabilitation and reconstruction phases after a disaster to increase the resilience of nations and communities through integrating disaster risk reduction measures into the restoration of physical infrastructure and societal systems, and into the revitalization of livelihoods, economies, and the environment (United Nations General Assembly, 2016). As a global disaster, the COVID-19 pandemic requires a strategic choice to be able to synergize post-pandemic credit recovery with future risk mitigation negotiations.

Under these pandemic conditions, Build Back Better is more focused on welfare and inclusiveness (OECD, 2020). Pandemic recovery can be complex involving communities, local authorities, businesses, the central government and sometimes international organizations and partners. The government must be able to develop their capacity to carry out long-term planning and implementation of disaster recovery through policies made, especially for people affected by the pandemic, are expected to receive appropriate and sustainable benefits. The expected impact is that the community will face significantly reduced COVID-19 exposure, and better economic growth, and the social conditions of the community will experience better resilience than before. For this reason, the involvement of the government, the community, disaster recovery experts, and the private sector will help realize the expected policy implementation.

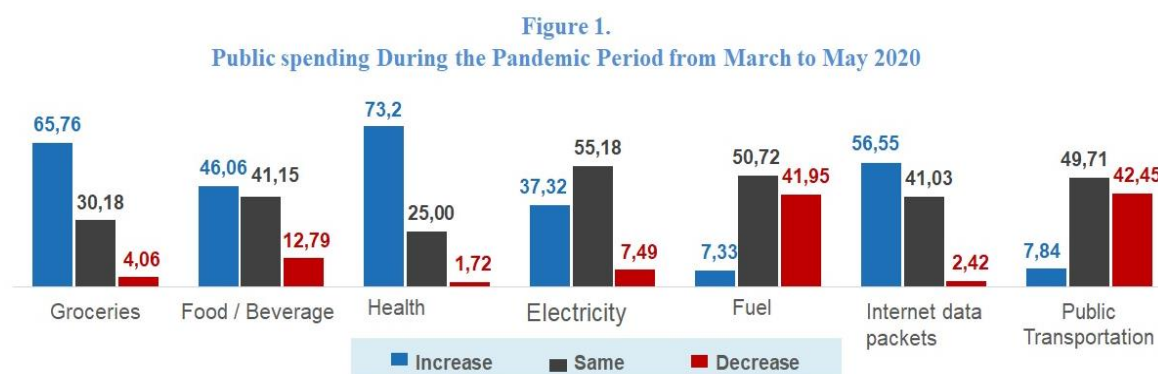
To assess the importance of responsive Build Back Better principles, the policy adaptation implemented will explore policies that support better recovery and reconstruction after disasters can reduce the impact of current and future disasters on human well-being. There are several strategies related to comparing current conditions with the risks and targets to be achieved in the policy scenario, which are *Building Back Stronger*, *Building Back Faster*, and *Building Back More Inclusive* (Hallegatte et al., 2018)

Adaptation of Build Back Better-based policies in the response to Covid-19 in Indonesia

Building Back Stronger

Hallegatte et al. (2018) explained that building back stronger focuses on reducing well-being losses by ensuring that reconstructed infrastructure can resist more intense events in the future. On the other side, reducing the likelihood of mortality and morbidity in future events is a goal of any recovery and reconstruction in the aftermath of a pandemic. It is likely to always be one of the more important goals guiding government policy because unsafe pandemic reconstruction affects people in the disaster zone for a very long time. So, it is possible to build safer communities by other policies that do not involve "strong" hard defenses (Noy et al., 2019).

According to Socio-Demographic Survey on Covid-19 Impact 2020 in Indonesia (BPS, 2020), there were five types of public spending that increased during the pandemic period from March to May 2020. They were groceries, food drinks, health, electricity, and internet data packages. In addition, there are two types of expenditure that have decreased, namely fuel and public transportation. The following is a graph regarding the increase or decrease in public expenditure during the pandemic in figure 1.



Source: Socio-Demographic Survey on Covid-19 Impact 2020 (BPS, 2020)

Based on the survey results above, policy adaptation can focus on food security, health security, and incentives related to internet data packages. Food security during a pandemic can be strengthened by increasing agricultural productivity, diversifying food, and applying appropriate and agricultural technology. Health resilience in the face of a pandemic can be done by strengthening Promotive-prevention and meeting the supply side of needs such as masks, hand sanitizers, food supplements, and others. Incentives for internet data and electricity can be made through subsidizing the cost of the internet and electricity during the pandemic and recovery period.

Building Back Faster

Building Back Faster focuses on reducing the impact of disasters by accelerating reconstruction through actions such as contingency reconstruction plans, and financial arrangements (Hallegatte et al., 2018). Rebuilding faster is another fairly obvious and uncontroversial goal for public policy. The problem, of course, is that the quest for speed is often in conflict with some of the other aims Build Back Better. This speed forces government made a concerted effort to speed up the recovery process (Noy et al., 2019).

The acceleration of reconstruction and the arrangement of financial allocations above have been regulated through Presidential Regulation Number 72 of 2020 to accommodate the increasing need for state spending related to the handling of the Covid-19 pandemic and the National Economic Recovery Program and the Regulation of the Minister of Finance as the operational executor. Indonesian government through the ministry of finance has allocated a total of 695.2 trillion rupiahs for the budget for handling COVID-19. The budget consists of 87.55 trillion rupiahs for daily use, 203.90 trillion rupiahs for social protection, 120.61 trillion rupiahs for business sector incentives, 123.46 trillion rupiahs for Micro, Small and Medium Enterprises (MSMEs), 53.57 trillion rupiahs for corporate financing, and 106.11 trillion rupiahs for sectoral ministries or institutions and regional governments (<https://kemenkeu.go.id/covid19>).

Building Back More Inclusiveness

Building Back More Inclusiveness ensures that post-disaster support reaches all affected population groups. This emphasizes the importance of providing reconstruction support to low-income households, who are usually more exposed, more vulnerable, and less comprehensively supported (Hallegatte et al., 2018).

An inclusive recovery that can provide justice to all segments of the affected population is one of the objectives of a policy adaptation process. Disaster recovery often excludes the most vulnerable, disadvantaged and poorest segments of the population (Karim and Noy, 2016). Therefore, an adapted policy should be a conscious and sustainable effort so that it reaches the most disadvantaged and vulnerable. Without a precise focus, the reconstruction process will often become chaotic and tend to leave its inclusiveness.

Based on the National Socio-Economic Survey report (2019) the conditions for the Open Unemployment Rate are 4.8-5.0%, the Poverty Rate is 9.2-9.7%, and the Extreme Poverty is 3-3.5%. This number is predicted to increase in 2020 due to the COVID-19 pandemic. There are several strategies implemented by the Government of Indonesia through social services, social assistance, and social security. Social services in the form of an Integrated Child Social Welfare Program, Services for

the Elderly and Persons with Disabilities, Disaster Victims, Drugs, and People Living with HIV/AIDS. Social assistance in the form of subsidies for electricity and gas for low-income families, scholarships for students, assistance for poor families, the elderly, and people with disabilities. Social Security in the form of Health (and Occupational Accidents), Old Age, Retirement, Death, Unemployment, Long-Term Care (Aging), Public Housing Savings, and Health Contributions Recipients.

CONCLUSION

Indonesia is one of the countries most affected by COVID-19 pandemic. The impacts that occur in the economic and social fields require the government and other parties to be able to strategically adjust existing and future policies. Adaptation policies that are made by using Build Back Better-based policies to better respond to Covid-19 in Indonesia. Building Back Stronger, faster, and more inclusive is the keys for policies to adapt more responsive.

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