ISSN: 0975-833X

Available online at http://www.journalcra.com

International Journal of Current Research
Vol. 15, Issue, 11, pp.26376-26382, November, 2023
DOI: https://doi.org/10.24941/ijcr.46210.11.2023

INTERNATIONAL JOURNAL OF CURRENT RESEARCH

RESEARCH ARTICLE

ASSESSMENT OF INDONESIA'S ECONOMIC RECOVERY POLICY IN A POST-PANDEMIC

***Hoang Thi Giang**

PhD, Researcher at the Institute for Southeast Asian Studies, Vietnam Academy of Social Sciences, Vietnam

ARTICLE INFO

Article History:
Received 15th August, 2023
Received in revised form
17th September, 2023
Accepted 25th October, 2023
Published online 17th November, 2023

Key words:

Indonesia, Recovery, COVID-19 Pandemic, Global Economic Downturn, Economic Growth.

***Corresponding author:**
Hoang Thi Giang

ABSTRACT

The article analyses and clarifies Indonesia's current recovery measures in the context of the fact that the country has just experienced the dual impact of the COVID-19 pandemic and the current global economic downturn. The article states that, compared to other countries in the region, Indonesia is a country heavily affected by the COVID-19 pandemic, both economically and socially. This has caused the Indonesian government to actively seek solutions to bring this island country out of the risk of recession.

Citation: ***Hoang Thi Giang.* 2023.** "Methodological involvement in teaching practice. Back to printed contents.*". International Journal of Current Research*, 15, (11), 26376-26382.

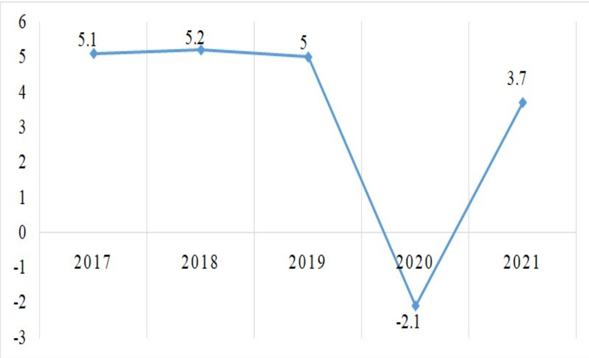
INTRODUCTION

Indonesia holds the chairmanship of ASEAN in 2023 with the theme "ASEAN Matters: Epicentrum of Growth". This theme represents the aspiration of the chairing country to increase the role of ASEAN in the region as well as on the international arena, and at the same time, ASEAN becomes a growth epicentre in a gloomy global picture when the world has just emerged from the COVID-19 pandemic and the impact of the Russia-Ukraine war, as well as the increasingly fierce competition between major countries today. To realise its ambitions for ASEAN, Indonesia is also actively seeking solutions to promote domestic recovery and increase its role in the region and the world. The purpose of this article is to evaluate the impacts of the pandemic as well as international conflicts on Indonesia's current socio-economic situation and the measures the country has taken to restore the country.

Impact of the pandemic on Indonesia's economy and society

Impacts on Indonesia's economy: Impacts on economic growth: Indonesia's economy in the second quarter of 2020 decreased by 5.32% compared to the same period in 2019, in the context of large-scale social restrictions (PSBB) measures applied to prevent the spread of COVID-19, thereby affecting household spending, investment, and government spending. In the second quarter of 2020, household spending, which accounts for more than 50% of Indonesia's Gross Domestic Product (GDP), decreased by 5.51% over the same period last year, while investment decreased by 8.61%.

(WFP, 2020) Indonesia's economy contracted by 2.1% in 2020 as a result of the COVID-19 pandemic. This is the first decline since 1998, but still lower than the decline in Malaysia (5.6%), Thailand (6.1%), the Philippines (9.5%), Singapore (5.4%), and India (8%). The budget report as of November 2021 shows that the government's revenue grew strongly by 19.4% (121.4 billion USD). Both tax and non-tax revenues grew strongly, with total revenues exceeding the 2021 target by 28% due to higher commodity prices, especially oil, coal, and palm oil. Coal prices are above 200 USD/tonne, more than double the previous year. Indonesian crude oil price (ICP) increased 55% to 85 USD/barrel, higher than the 45 USD used as an assumption in the 2021 budget. Budget spending in 2021 is roughly equivalent to that in 2020, where higher spending on infrastructure and procurement (mainly for health care needs) is offset by lower spending on aid society and transfer to regions. The government believes that as COVID-19 infection rates fall sharply due to higher vaccination levels and travel restrictions, some social assistance and fiscal stimulus programmes could be phased out. However, disbursement by regional authorities of funds transferred from the central government remains low due to inadequate institutional capacity. This will impede regional recovery because regional governments rely on the central government for approximately 75% of their funding. The budget deficit in November 2021 was 3.6% of GDP, owing to robust income growth and steady spending. A solid balance of payments also contributes to the recovery's pace. The current account surplus in the third quarter of 2021 was the greatest in history, mainly due to a large surplus in the goods balance of 15 billion USD, which was double the previous quarterly average. (Mof.gov, 2022a)



Source:(WB)

Figure 1. Indonesia's GDP growth from 2017 to 2021 (unit: %)

Source: Figure drawn from (ASEAN)

Figure 2. Foreign direct investment (FDI) flows into Indonesia before and during the COVID-19 pandemic (Million USD)

Foreign exchange reserves reached a total of 146 billion USD at the end of November 2021, including USD 6.3 billion from additional Special Drawing Rights (SDR) quotas from the International Monetary Fund. Along with a stable IDR exchange rate, the proportion of financial assets held by non-residents keeps decreasing. The banking sector remains strong after restructuring and is starting to lend again after negative growth until May 2021. Bank loans increased 4.7% to IDR 5.71 quadrillion in November 2021. Growth was broad-based, with working capital loans, investment loans, and consumer loans all growing positively. Significant increases were recorded in mortgages (9%) and the mining sector (16%), while manufacturing fell 0.8%. All these positive indicators show that the Indonesian economy is less vulnerable to market shocks and global market fluctuations (Mof.gov, 2022a). Impact on trade: Indonesia, Southeast Asia's largest economy, also experienced a sharp decline in trade. In 2020, Indonesia's export and import volumes decreased by 11.3% and 6.6% year-on-year, respectively. In value terms, Indonesia's total exports decreased by 2.6%, from 167.7 billion USD in 2019 to 163.3 billion USD in 2020. The value of total imports decreased more than exports, with an annual decrease of 17.3% from 171.3 billion USD to 141.6 billion USD. So, although Indonesia recorded a trade surplus of $21.7 billion in 2020, it was mainly because imports fell more than exports. (Lili Yan ING, Yessi VADILA (2021). An important note is that even before the pandemic (since early 2018), Indonesia's exports were falling at a higher rate than imports. The pandemic has made trade problems worse. In 2020, Indonesia's total export and import volume (combined) decreased by 10.4%, from 816 million tonnes in 2019 to 732 million tonnes in 2020. The total value of Indonesia's exports and imports decreased by 10.1%, from 339 billion USD to 305 billion USD over the same period.

Indonesia's exports fell more than usual in April 2020. In contrast to two years ago, when exports usually increased in May, exports got worse in May 2020. At the same time, imports also fell sharply, as shown in Figure 1. Indonesia's imports fell to US$8.4 billion in May 2020, mainly due to reduced imports of machinery and intermediate goods. Imports were dominated by intermediate goods (72.9%) in 2020, followed by capital goods (16.7%) and consumer goods (10.4%). The proportion of intermediate goods in 2020 was lower than in 2019, while the proportion of capital and consumer goods increased. All imported goods components experienced negative growth in 2020, with the import value of the intermediate goods group decreasing the most (18.3%). (Lili Yan ING, Yessi VADILA, 2021)
Impact on the investment sector: Faced with the impact of the COVID-19 pandemic, Indonesia actively promoted measures to attract foreign investment. As a result, this country also achieved many positive results. Indonesian President Widodo plans to increase the attraction of foreign investment to support the exhausted economy due to the COVID-19 pandemic, in the context that the progress of the disbursement of the government's stimulus package is still slow and household spending has weakened. At the cabinet meeting on August 24, 2020, President Jokowi asked Indonesian Coordinating Minister of Maritime Affairs and Investment Luhut Pandjaitan to increase investment attraction in the third quarter of 2020 and said that this will be a "key" to economic growth while boosting household spending. President Jokowi emphasised: "That may be the only key to supporting the economy amid very difficult exports and weak domestic consumption. There must be other things we can do, including promoting investment in the third quarter of 2020 to revive the economy." President Jokowi also said that Head of the Investment Coordination Board (BKPM) Bahlil Lahadalia planned to invest 213,000 billion rupiah (14.43 billion USD) in the third quarter of 2020. If investment growth cannot be achieved, the Indonesian government should at least try to keep investment from decreasing by more than 5% (Baotintuc, 2020). As figure 2 above shows, although the flow of foreign direct investment (FDI) to Indonesia is not too severely affected, it also shows a relative decline from more than 20 billion USD during the period. The period before the COVID-19 pandemic dropped to about 18.5 billion USD in 2020 and more than 20 billion USD in 2021. (Lili Yan ING, Yessi VADILA, 2021).

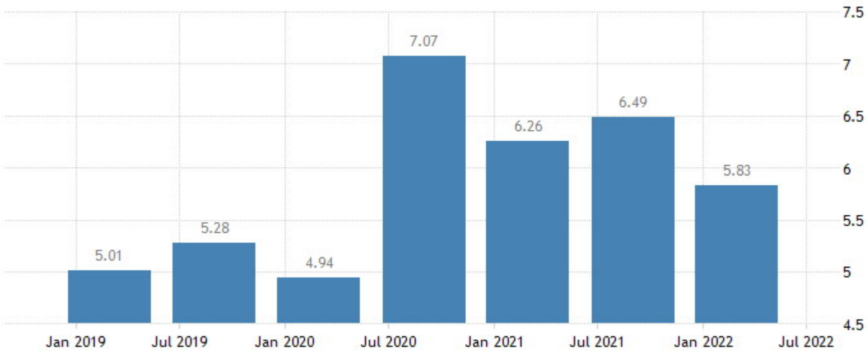
By 2022, FDI had increased strongly; Indonesia reached 163,200 billion rupiah (10.89 billion USD) in the second quarter of 2022, an increase of 39.7% over the same period last year and the highest increase in the past decade. Speaking at the press conference, Minister Bahlil said that FDI attraction in the second quarter (excluding investment in the banking and oil and gas sectors) increased faster than 31.8% in the first quarter. The record increase in FDI in the second quarter was mainly due to downstream mining and petrochemical projects that entered the construction phase. Singapore, China, and Japan were Indonesia's leading sources of FDI during this period. The 39.7% increase was the highest quarterly increase since 2011, according to data compiled by Eikon Refinitiv. Mr. Bahlil affirmed that the government will continue to focus on the metal processing and renewable energy industries and reiterated that Jakarta is planning to ban the export of bauxite and tin to promote investing in domestic processing facilities as part of efforts to "reform" foreign investment in Indonesia.

Previously, the Indonesian government's ban on nickel ore exports helped attract a large amount of investment, mainly from China, to produce metals and chemicals derived from nickel ore and used in electric car batteries (Bnews, 2022). Impact on the tourism sector: Many Indonesians have had to cancel travel plans or have no plans to travel in 2020 due to concerns about health issues and travel restrictions from other countries. According to the Indonesian Statistics Agency (BPS), the country's tourism industry faces many difficulties due to being affected by the COVID-19 acute respiratory infection pandemic. Although the number of foreign tourists in October 2020 increased slightly by 4.57% compared to September 2020 with 158,200 visitors, it still decreased by 88.25% compared to the same period in 2019. The COVID-19 pandemic has caused losses to the tourism industry of more than 100 trillion IDR (about 7 billion USD). Statistical data from the Indonesian Hotel and Restaurant Association (PHRI) shows that the food service and accommodation sector decreased by 11.86% compared to the same period in 2019. About 78.5% of workers in hotels in Indonesia lost their jobs due to no tourists staying. PHRI Vice President Maulana Yusran assessed that the recent increase in the rate of rented hotel rooms is mainly due to the fact that Indonesia had a number of holidays in October, and some holidays coincided with weekends, so people combine to take

Table 1. Indonesia's exports and imports, 2019–2020

Exports				Imports			
Indonesia's export volume (million tonnes)				Indonesia's import volume (million tonnes)			
	2019	2020	Change (%)		2019	2020	Change (%)
Total	654.48 5	580.47	−11.30	Total	162.63	151.88	−6.61
Value of Indonesia's exports (billion USD)				Value of Indonesia's imports (billion USD)			
	2019	2020	Change (%)		2019	2020	Change (%)
Total	167.68	163.31	−2.60	Total	171.27	141.57	−17.34

Source: (Statistics Indonesia, 2021)



Source: (Tradingeconomicsb, 2022)

Figure 3. Indonesian unemployment rate from 2019 to 2022

advantage of vacations. Hotels in Indonesia today mainly serve the needs of domestic tourists. One of Indonesia's top tourist destinations, Bali Island, recorded the lowest number of room rentals nationwide and a record low in October, reaching only 9.53% compared to the same period in 2019. BPS Deputy Director in Charge of Tourism and Services, Mr. Setianto, said the COVID-19 pandemic continues to put pressure on Indonesia's tourism industry. Many people have to cancel travel plans or have no plans to travel in 2020 due to concerns about health issues and travel restrictions from countries. Foreign tourists during this period are mainly from neighbouring countries such as Timor-Leste, Malaysia, and China. These countries have responded relatively well to the epidemic while being geographically closer to Indonesia than other countries in the world (Mof.gov., 2022b).

Before the COVID-19 pandemic broke out, the Indonesian government expected to welcome 18 million international tourists in 2020 after having 16.1 million international tourists in 2019. However, statistics from BPS show that the number of international tourists from January to October 2020 only reached 3.72 million, down 72.35% compared to the same period in 2019.(Mof.gov., 2022b)In 2020, the number of tourists coming to Indonesia was only 25% of the number of tourists in 2019. The COVID-19 pandemic has caused the "smokeless industry" in Indonesia to lose more than 10,000 billion Rupiah, leading to a decline in GDP in the second and third quarters of 2020. According to statistics, about 30 million Indonesians lost their jobs because of the pandemic. To overcome this, Indonesia launched a strategy to revive the tourism industry by the end of this year, when the country reaches its goal of vaccinating 70% of the population. Indonesian Minister of Tourism, Economy, and Innovation, Mr. Sandiaga Uno, said that at the end of 2022, Indonesia will host the G20 President, and Bali will be the main location to organise G20 activities. Thus, it is well done to revive the Bali tourism industry with strict health protocols. Prioritising the comfort and safety of tourists when coming to Indonesia will help Bali become a model to replicate in other localities, maintaining the recovery momentum of the tourism industry (Mof.gov., 2022b). Minister Sandiaga Uno expressed his hope that businessmen and people who used to live in Bali, including foreign tourists, will return when Bali Island opens. Especially "digital nomads"—those who both travel and work via the Internet—can take advantage of this opportunity to come to Bali to work when Indonesia has issued a 5-year visa policy and tax exemption for foreign income. In addition, Indonesia also promotes tourism cooperation in the ASEAN region.

In recent times, ASEAN countries have discussed recovery solutions such as travel bubbles, green routes, and vaccine passports. Recently, the trend of new opening models has been piloted in ASEAN. With the "travel bubble" mechanism, ASEAN countries can cooperate to restore intra-bloc tourism, minimise the impacts of the pandemic on tourism businesses and communities, and even expand out to other countries outside the region (Bvhttdl, 2021). In order to restore the tourism industry, the Indonesian government opened tourism testing in three areas on October 14, 2021, including Batam province, Bintan, and Bali Island, for foreign tourists. With achievements in controlling the COVID-19 epidemic, the country expects the key tourism industry to soon revive and promote cooperation within ASEAN. Indonesia's reopening to international tourists is carried out step by step and according to strict international procedures. Accordingly, the three pilot locations, Bali, Batam, and Bintan, will only welcome guests from 19 countries on the list announced by Indonesia, including major markets such as China, Japan, Saudi Arabia, etc. These are countries with a COVID-19 safety index according to the standards of the World Health Organisation (WHO).The number of tourists allowed into the country will also be limited each time. In September 2021, when the Indonesian Cabinet met on opening tourism for international visitors to Bali and the Riau Islands, these localities also made specific plans to welcome tourists. Hotels and restaurants in Bali are ready to welcome foreign visitors, both in terms of facilities and health protocols, to avoid the spread of COVID-19. All hotels and restaurants at tourist destinations must have a safety certificate to operate (Bvhttdl, 2021).

During the pandemic, Indonesia's tourism industry was in a "holding state" thanks to the government's relief packages, despite using many initiatives to attract tourists. In May 2020, the Indonesian government launched a stimulus package worth 25,000 billion rupiah (1.7 billion USD) in the form of direct reductions in airfare and hotel room prices, as well as providing discount tour vouchers on online applications. However, the above rescue effort did not bring the expected results due to being released too early, when both Indonesia and many countries around the world are having to impose travel restrictions and large-scale blockades to curb the spread of the disease.In 2020, Indonesia welcomed only 4 million international tourists, of which the majority were recorded in the first two months of the year. Continuing its efforts to revive the smokeless industry, right from the beginning of 2021, the Indonesian government has introduced a series of new solutions with the goal of attracting 7 million foreign visitors in 2021.

March 2021, Minister of Tourism and Creative Economy, Sandiaga Salahuddin Uno, announced a stimulus package of nearly 3,700 billion rupiah in the form of subsidies, interest rate support, credit restructuring, and micro-loans to support tourism businesses. This move is expected to help attract 736,000 international visitors and bring in 13,000 billion rupiah in foreign exchange revenue. In addition, Indonesia is also implementing a plan to send thousands of civil servants to Jakarta to participate in the “Working from Bali (WFB)” program. This initiative is expected to create a chain effect, encouraging workers to come to Bali to work remotely, thereby creating resources for about 140,000 local hotel rooms operating at 9% capacity (Baovanhoa, 2021). Recent moves by the Indonesian government to ease travel requirements have had a positive impact on the country's aviation and tourism industries. Indonesian Tourism Minister Sandiaga Uno announced on March 21, 2022, that the government has decided to lift the quarantine requirement for international visitors to Indonesia. Previously, this regulation only applied to tourism-dependent islands such as Bali, Batam, and Bintan.
Minister Uno said the no-quarantine policy for Bali, Batam, and Bintan—implemented since March 7, 2022—has been successful, adding that the policy did not lead to a spike in COVID-19 cases from immigrants or domestic transmission. Under current regulations, international travellers must still take a PCR test upon entry and wait at their hotel until they test negative for COVID-19. On March 7, 2022, Indonesia also decided to restore the visa-on-arrival policy for visitors from 23 countries to Bali. Previously, all foreigners had to apply for a visa before departure. (Bvhttdl, 2022). At the same time, Indonesian Coordinating Minister for Maritime Affairs and Investment Luhut Panjaitan said the visa policy has attracted more tourists to Bali. According to Indonesia's Central Statistics Agency, about 80% of Bali's economy depends directly or indirectly on tourism. On March 14, 2022, Mr. Panjaitan said: “The Indonesian government will expand the visa-on-arrival policy for countries with high potential for tourists as well as G20 countries. The government also plans to implement this programme for some airports in Jakarta and Surabaya.” (Bvhttdl, 2022)

Impact on the social sector: Impact on Indonesia's poverty problem: The COVID-19 pandemic in Indonesia has major socioeconomic impacts beyond the health sector. Its impact is multi-sectoral, and its effects can be seen over a long period of time, falling hardest on the poor and vulnerable. The scope of damage due to the impact of the pandemic is difficult to predict at this time. While the Indonesian government is working to cushion the impact, households, especially the poor and most vulnerable, will be severely affected by the pandemic. Households headed by women and their children will be more affected than other segments of the population. The impact of the COVID-19 pandemic increased poverty rates in Indonesia. In the best-case scenario, the poverty rate will increase from 9.2% in September 2019 to 9.7% by the end of 2020, pushing an additional 1.3 million people into poverty. In the worst-case scenario, the poverty rate will increase to 16.6%, close to the level in 2004, when the poverty rate was 16.7%. This means an additional 19.7 million people will become poor, significantly reversing Indonesia's progress in poverty reduction. The implication is that Indonesia will need to expand social protection programmes to support the new poor as well as the existing poor. (Asep Suryhadi, Ridho Al Izzati & Daniel Suryadarma, 2020). It can be said that the COVID-19 pandemic has not only increased the level of poverty in Indonesia but also caused the country's poverty reduction plan to fail to achieve its set goals and even take a step backward. Not only that, those who are at the poverty level have it even harder, and those who have just escaped poverty return to the poverty level.

Impact on Indonesia's unemployment problem: In addition, the COVID-19 pandemic also increased the unemployment rate in Indonesia. The number of employees being laid off and forced to take unpaid leave increases by the day as many companies grapple with the impact of the novel coronavirus outbreak. As of April 1, 2020 alone, the tourism industry, as one of the largest contributors to the Indonesian economy, has plummeted significantly. About 1,200 hotels in Indonesia have temporarily closed, causing some employees to take unpaid leave and quit their jobs. PT Honda Prospect Motor, one of Honda's automakers, saw its demand drop by 30%. Data compiled by the Jakarta Manpower, Migration, and Energy Agency shows that as of April 5, 2020, a total of 30,137 employees were laid off from 3,348 companies, while another 132,279 employees were laid off. sent home without pay. (ICLG.org, 2020)Besides, according to a survey study by the Indonesian Business Alliance on Women's Empowerment and Investment in Women in May 2020, the majority of employees said they had reduced working hours and were considering a salary reduction, salary cut, or job suspension until further notice. Nearly 45% of employees were able to report that COVID-19 did not affect their work. In total, 6 out of 10 families lost income. Overall, more than half of respondents felt pressured to do extra household chores and take care of children. Both women and men reported increased time spent on housework during COVID-19. Importantly, 36% of respondents reported that COVID-19 had a negative impact on their mental health, and nearly a quarter of respondents reported that COVID-19 had a negative impact on their physical health. About 40% of employees work from home. (Investinginwomen.asia, 2020). Implementing quarantine policies, working from home, and suspending business activities will certainly lead to reduced consumer and business spending, leading to a loss of business income. Faced with that situation, many companies have now taken action, reducing salaries or laying off employees. (ICLG.org, 2020). It can be seen that the COVID-19 pandemic has had a severe impact on livelihoods and labour rights in Indonesia. As of May 2020, about one million Indonesian workers have been laid off, and hundreds of thousands more have lost their jobs due to the pandemic. Unemployment rates are highest in urban areas, with 55% of men and 57% of women reporting that they have lost their jobs. Workers in Indonesia's informal sector have suffered particularly severe financial impacts. Women are especially disproportionately affected, as they make up two-thirds of the workers sent abroad who are currently affected by travel restrictions and quarantines. (Clingendael, 2020). The Indonesian government and national legislature (DPR) have attempted to pass unrelated laws during the COVID-19 pandemic, such as the controversial bill to relax permits for foreign workers in startups while increasing flexibility in hiring and firing people. The DPR also passed amendments to the 2009 Coal and Mineral Mining Law, which was widely criticised because it could protect corrupt individuals and criminalise communities. In addition, the government is also promoting the easing of blockade measures to boost the economy, thereby creating conditions for a continuous economic boost to the livelihoods and labour rights of workers.

On the other hand, the most obvious and tangible effects of the pandemic are on Sustainable Development Goal (SDG) 8: decent jobs and economic growth, caused by the suspension of economic activity, lower income, fewer work hours, and unemployment for certain occupations. In 2019, about 10% of Indonesia's population lived in extreme poverty, but now this number has increased to 13%. This increase can partly be attributed to the huge informal sector, as 60% of the Indonesian workforce is involved in this sector. Job losses also exacerbate child malnutrition, which was already a serious problem before the COVID-19 pandemic. Poor students and pupils are also significantly affected by school closures, which will ultimately put Indonesia's economic and social development at risk. Women in rural areas have also been significantly affected by the pandemic, and UN Women has partnered with the Wahid Foundation to provide immediate support in the form of living cash grants to women in peaceful villages. (UN Women, 2020). Impact on Indonesia's social protection policy: Faced with these social impacts, the Indonesian government has taken proactive measures to support vulnerable people in society to combat difficulties caused by the COVID-19 pandemic. Indonesia has continued to invest in strengthening social protection programmes to respond to the crisis. These have been expanded to protect today's poor from major shocks as more and more people on lower-middle incomes become vulnerable and at risk of becoming poor tomorrow. Small businesses are also receiving support as they continue to face a gig economy and public property restrictions. To assess the impact of COVID-19 on households in Indonesia and inform government policies, UNICEF, UNDP, Prospera, and SMERU

Research Institute collaborated on a groundbreaking survey at the end of 2020. The survey covered 12,216 nationally representative households across all 34 provinces in October and November 2020.This is the largest survey of the impact of COVID-19 to date and focuses on children and vulnerable groups. It is based on face-to-face interviews with households conducted by the Indonesian Bureau of Statistics (BPS) under the framework of the 2019 National Socio-Economic Survey (SUSENAS). The survey was conducted in close cooperation with the Indonesian government. (SMERU, PROSPERA, UNDP, UNICEF, 2021) The results show: (i) The impact of COVD-19 on household finances in Indonesia is very serious. Nearly three-quarters of households (74.3%) interviewed between October and November 2020 said they earned less than in January 2020. The proportion of households with lower income is slightly higher in the group with children (75.3%) and in urban areas (78.3%). Urban households also experienced a larger decrease in income than rural households. (ii) Children are missing out on opportunities for education and health care. (iii) Food security and vulnerable groups are concerns for the future. (SMERU, PROSPERA, UNDP, UNICEF, 2021). Impact on Indonesia's education: The pandemic also has a strong impact on Indonesia's education. According to a UNICEF assessment in May 2021, nearly three-quarters of parents are worried about academic decline due to interruptions in their children's education. Access to reliable internet is a major obstacle to children successfully learning at home, with 57.3% of households with children reporting this as a major concern. Rural and poorer households face more internet problems and device limitations than richer and urban households. Many parents said they do not have enough time (28.7%) and/or do not have enough capacity (25.3%) to support their children's learning at home. Households with children are accessing fewer health services; the main reason is a fear of contracting COVID-19. More than 1 in 10 households with children under 5 years old said they had not taken their children to a vaccination clinic since April 2020. School closures and social isolation, combined with economic uncertainties, also expose children to many other risks. This survey found that 45% of households reported their children had behavioural challenges. Of those, 20.5% said it was more difficult for children to concentrate; 12.9% are becoming angrier; and 6.5% found it difficult to sleep. (UNICEF, UNDP, Prospera, and SMERU, 2021).

It can be seen that the emergence of COVID-19 has created unprecedented challenges for Indonesia. This pandemic not only inhibits the economy and society but continues to have a strong impact on human development. Indonesian people. After years of progress, poverty is rising again. One in ten people in Indonesia today live below the poverty line by this national standard. Child poverty could increase significantly. The social impact would have been much worse without the support of the Indonesian government. (UNICEF, UNDP, Prospera, and SMERU, 2021). Faced with these social impacts, the Indonesian government has taken proactive measures to support vulnerable people in society to cope with difficulties caused by the COVID-19 pandemic. Indonesia has continued to invest in strengthening social protection programmes to respond to the crisis. These have been expanded to protect today's poor from major shocks as more and more people on lower-middle incomes become vulnerable and at risk of becoming poor tomorrow. Small businesses are also receiving support as they continue to face a gig economy and public property restrictions. In general, the Indonesian government's support activities for the people have not really achieved fairness. For example, the government supports people with cash. Accordingly, about 71% of households in the bottom 60% of the spending distribution said they need cash support from the government. Of those, 60.6% received cash, while the remaining 39.4% did not. The survey found that both groups had similar proportions of households losing benefits with a decline in income (75-76%) or spending (25-28%). ((UNICEF, UNDP, Prospera, and SMERU, 2021)). Clearly,
facing the increasingly strong outbreak of the pandemic, although the Indonesian government has many support measures for vulnerable people, this has not solved all the difficulties they face. Currently. The social impact of the COVID-19 pandemic on Indonesia will still be very severe in the near future, even when the epidemic has been controlled.

Indonesia's post-pandemic recovery policy

Indonesia's recovery measures: Indonesia has actively stepped up recovery measures after the pandemic, as well as the dual impact of the current world economic recession. In particular, the policy of ensuring energy security under the impact of the Russia-Ukraine conflict is very important for this country. Accordingly, Indonesia's support for fossil fuel use is reflected in the allocated capital, reaching about 8% of the total National Economic Recovery budget.The economic recovery programme contains 15 strategic measures to support the energy sector. Most of those measures are likely to benefit the fossil fuel industry rather than the new and renewable energy industry. The most significant funding allocated to the energy sector, Rp 95.3 trillion, or about $6.4 billion, was given to state-owned enterprises (SOEs) involved in fossil fuel energy, including oil and gas company Pertamina, energy company PLN, aviation company Garuda Indonesia, and training operator KAI, to support their businesses. (Denny Gunawan, 2022). In addition, 13.1 trillion Rp, or 886 million USD, was disbursed to subsidise electricity for poor households, mainly generated from burning coal. In 2020, the Indonesian government also continued to provide annual subsidies of 97.3 trillion Rp, or 6.5 billion USD, for various fossil energies, such as electricity, liquefied petroleum gas (LPG), and gasoline. In contrast, the national economic recovery programme only stipulates subsidies for one type of renewable energy, biodiesel. Meanwhile, support for other types of new and renewable energy is mentioned, but there are no details on fund allocation or programs. For example, the recovery programme says it supports incentives to install rooftop solar panels for private customers. However, the implementation of this support is unclear. Policies that support fossil fuels are an immediate way to boost the economy.(Denny Gunawan, 2022)

However, this could come back to affect the Indonesian economy and the sustainability of the Earth in the medium to long term. A recent example is the sudden increase in world oil prices, up to 100 USD per barrel, due to the impact of Russia's invasion of Ukraine. This increase has confused the Indonesian government about allocating gasoline and LPG subsidy funds. Therefore, high oil prices have increased the prices of other goods and services.(Denny Gunawan, 2022)

DISCUSSION

In the economic field, Indonesia's economy is on a strong recovery path and has achieved impressive developments at present, and the outlook is relatively bright for this country's economy. For example, despite the challenges facing the global economy, Indonesia's economy in the second quarter of 2022 recorded higher growth than the first quarter, thanks to the government's easing of anti-COVID-19 restrictions and rising commodity prices. Data released by the Central Statistics Agency of Indonesia on August 5 showed that Southeast Asia's largest economy grew by 5.44% in the period from April to June compared to the same period last year and increased slightly compared to the 5.01% recorded in the first quarter. The export sector, which contributes 25% of Indonesia's Gross Domestic Product (GDP), increased by 19.74% in the second quarter due to the impact of price storms related to the Russia-Ukraine conflict.(HKTDC, 2023)) Besides, the conflict between Russia and Ukraine continues to push up global commodity prices, but it has brought Indonesia more export revenue. In the first half of 2022, the country recorded GDP growth of 5.2%, the fastest growth since the second half of 2013. In early 2022, local authorities loosened epidemic prevention measures and also boosted consumption in the transportation, catering, and hotel sectors. Despite this, the domestic economic situation worsened in the second half of the year; rising inflation dragged down import and export activities, while high interest rates and an economic decline in many major markets (especially China) also caused commercial activities to be limited. However, domestic inflation has gradually decreased, with the inflation rate in November falling to 5.42%, the lowest in three months (HKTDC, 2023)).

Head of the Indonesian Central Statistics Agency, Mr. Margo Yuwono said that disruptions in the global supply chain have pushed up the prices of key Indonesian products, creating favourable conditions for the export sector. In addition, the government's relaxation of anti-COVID-19 measures and increased spending on the occasion of Eid al-Fitr are also factors that boost domestic consumption. The Indonesian government has made efforts to maintain social benefits for low-income households, contributing to a 5.51% increase in domestic consumption. However, Senior economist at Capital Economics, Gareth Leather, predicts Indonesia's economic growth will cool in the second half of the year as commodity prices fall and tourism gradually recovers after Indonesia opens its borders. In addition, foreign investment in Indonesia tends to increase in 2022. This is the result of a series of stimulus policies to attract foreign investment in the country. At the same time, Indonesia also implemented many fiscal measures to stimulate economic recovery in the coming time, especially preventing budget deficits. The Indonesian government has set the budget deficit limit at 2.85–3% of gross domestic product (GDP), equivalent to Rp 598.2 trillion (US$40.5 billion) for 2023. 2023 is the first year the budget deficit is returned to a maximum level of 3% of GDP, the country's President, Joko Widodo, said while presenting the draft state budget and financial notes for fiscal year 2023 at the National Assembly Complex on August 16, 2022. The deficit will be financed using safe and managed financial resources while maintaining fiscal sustainability, with the aim of keeping debt risks within safe limits. Previously, the Indonesian government decided to relax the deficit figure to respond to the COVID-19 pandemic. In 2020, the deficit was 6.09% of GDP, compared to the target of 6.34%. For 2022, the maximum deficit limit has been reduced to 5.7%. (MPI, 2022). Indonesia's economic growth in 2023 is forecast at 4.9–5.2%, while the inflation rate is 3.25–3.75%. Meanwhile, the Indonesian government forecasts national economic growth in 2023 to be 5.3%. This figure is much higher than the global economy's outlook of about 2.2% to 2.7% in the forecast. According to economic experts, the Indonesian economy will remain positive in 2023. However, there are some caveats, such as potential high inflation, a recession in advanced countries, and high oil prices. Based on signals from the market, overall 2022 will be better than 2021, but in 2023 it is likely that the economy will slow down compared to 2022 (BRIN, 2022). Regarding the tourism sector, Indonesia has many prospects for recovery and development in the near future. While increased tourist arrivals will help boost GDP in the third quarter and beyond, domestic consumption growth will slow. In addition, the recent decline in commodity prices along with decelerating global growth will also be factors that inhibit the export sector. At the same time, in March 2022, Indonesia eliminated mandatory PCR testing for all visitors to Indonesia. This country welcomed more than 740,000 visitors in the first half of the year, an increase of more than 900% over the same period last year. (Bnews, 2022)

In the social field, the problem of unemployment and poverty in Indonesia is tending to decrease. The unemployment rate has been decreasing since the beginning of 2022. The unemployment rate in Indonesia fell to 5.83% in the first quarter of 2022 from 6.26% in the same quarter a year earlier, amid an improvement in the local COVID-19 situation. The number of unemployed people decreased by 0.35 million to 8.4 million. At the same time, the number of employed workers increased by 4.55 million to 135.61 million, mainly in the agricultural sector, while other service sectors decreased the most (-0.51%). Meanwhile, the labour force participation rate rose to 69.06% from 68.08% a year earlier. See figure 3 below:

As of February 2022, data from the Central Statistics Office (BPS) shows, Indonesia's unemployment rate was recorded at 5.83% out of a total of 208.54 million people of working age. What is astonishing is that out of the 5.83 percent, nearly 14 percent are college graduates. It is ironic that people who have higher education levels to get good jobs are unemployed. (Unair.ac.id, 2022) Meanwhile, the number of employed people in Indonesia increased from 131,064,305 in 2021 to 13,561,895 in 2022. See the figure below:

The poverty rate in Indonesia also tends to decrease. Statistics Indonesia (BPS) recorded that the poverty rate in March 2022 was 9.54 percent, down 0.17 percentage points compared to September 2021 and down 0.60 percentage points compared to March 2021. The economic recovery occurring in the first quarter of 2022 has had an impact on poverty reduction and is consistent with an improving economy. The number of poor people in March 2022 decreased by 340,000 people compared to September 2021 and decreased by 1.3 million people compared to March 2021 to 26.16 million people in March 2021. Based on the National Socio-Economic Survey held annually in March and September, the number of poor people in March 2022 was recorded at 26.16 million. This number includes 9.54% of Indonesia's population. Meanwhile, the trend of poverty reduction in rural areas is faster than in urban areas, although there is a difference in that poverty in rural areas is still higher than in urban areas. (Indonesiawindow, 2022).
In March 2022, the poverty rate in urban areas decreased from 7.60% to 7.50%. Meanwhile, in rural areas, this rate decreased from 12.53% to 12.29%. Overall, in the period from September 2011 to March 2022, the poverty rate in Indonesia decreased in both quantity and percentage, except for September 2013, March 2015, March 2020, and March 2021 (Indonesiawindow, 2022).

CONCLUSION

The emergence of COVID-19 has created unprecedented challenges for the world in general and for Indonesia in particular. The COVID-19 pandemic has become a global health disaster; it has had a strong impact on most areas of human life. Indonesia has been the hardest hit in Southeast Asia by the COVID-19 crisis and is one of many countries undergoing major changes in its social and economic structure.People have been forced to drastically minimise social interactions in an effort to stop the spread of the virus. However, the lack of a focused and adequate government response has led to uncoordinated responses. The government's slow response not only led to higher infection numbers but also affected Indonesia's long-term political trajectory. Indonesia faces by far one of the most difficult prospects in Asia amid the COVID-19 economic pandemic.The policy of focusing too much on the vaccine factor without drastic and quick measures to prevent the spread of the disease has caused Indonesia, to this point, to have to trade off the number of infections and deaths to a standstill. top of the area. And more seriously, the pandemic's social impact is increasingly serious, especially for vulnerable groups. A series of social policies in this country are affected. The impact of the pandemic on society is not only visible right before our eyes, but even after controlling the pandemic, its consequences will be huge. However, currently, although the world context is having many influences on Indonesia's economic growth, such as the conflict in Ukraine, the blockade to prevent the COVID-19 epidemic in China, supply chain disruptions, etc., the Indonesian economy is having a strong recovery. Indonesia is a bright spot in the current socio-economic recovery.

REFERENCES

ASEAN, "ASEANstates data," https://data.aseanstats.org/ indicator/ FDI.AMS.TOT.INF

Asep Suryhadi, Ridho Al Izzati & Daniel Suryadarma (2020), Estimating the Impact of Covid-19 on Poverty in Indonesia, *Bulletin of Indonesian Economic Studies*, Volum 56, 2020 – Issue 2, 02 Aug 2020, https://www.dw.com/en/coronavirus-indonesias-small-and-medium-businesses-bear-the-brunt/a-54416886

Baotintuc (2020), "Indonesia increases attraction of foreign investment to restore the economy", 26/08/2020, https://baotintuc.vn/the-gioi/indonesia-tang-cuong-thu-hut-dau-tu-nuoc-ngoai-de-phuc-hoi-nen-kinh-te-20200826115632501.htm

Bnews (2022), "Indonesia's economy will grow strongly in the second quarter of 2022 thanks to exports," 05/08/2022, https://bnews.vn/ kinh-te-indonesia-tang-truong-manh-trong-quy-ii-2022-nho-xuatkhau/253761.html#:~:text=D%E1%BB%AF%20li%E1%BB%87u%20do%20C%C6%A1%20quan,ghi%20nh%E1%BA%ADn%20trong%20qu%C3%BD%20I

Bnews (2022), "Indonesia's FDI attraction is highest in the past decade", 21/07/2022, https://bnews.vn/thu-hut-fdi-cua-indonesia-cao-nhat-trong-thap-ky-qua/251919.html

BRIN (2022), "Indonesian Economy in 2023 Predicted Positive, Notes from BRIN Economic Study Team," December 31, 2022, https://brin.go.id/en/news/111239/indonesian-economy-in-2023-predicted-positive-notes-from-brin-economic-study-team

Bvhttdl (2021), "Indonesia hopes to restore tourism and promote ASEAN cooperation", 17/10/2021, https://bvhttdl.gov.vn/indonesia-ky-vong-phuc-hoi-du-lich-va-thuc-day-hop-tac-asean-20211016165606275.htm Baovanhoa (2021), "The challenge of reviving Indonesia's tourism", 05/07/2021, http://baovanhoa.vn/du-lich/artmid/416/articleid/42163/thach-thuc-hoi-sinh-du-lich-cua-indonesia

Bvhttdl (2022), "Indonesian tourism recovered strongly after a series of opening moves", 23/03/2022, https://bvhttdl.gov.vn/du-lich-indonesia-phuc-hoi-manh-sau-loat-dong-thai-mo-cua-20220323113831021.htm

Clingendael (2020), The impact of COVID-19 measures CRU Policy Brief on Indonesian value chains, JUNE 2020, https://www.clingendael.org/sites/default/files/2020-06/Policy_Brief_COVID-19_Impact_on_the_Value_Chain_Asia_June_2020.pdf

Denny Gunawan (2022), "Indonesia's COVID-19 recovery plan relies on dirty energy, making it harder to hit environmental targets", https://theconversation.com/indonesias-covid-19-recovery-plan-relies-on-dirty-energy-making-it-harder-to-hit-environmental-targets-188658

HKTDC (2023), "ASEAN Economic Annual Review: Strong recovery after the epidemic but challenges emerge," January 19, 2023https://research.hktdc.com/tc/article/MTI2MDY3OTI5MA

ICLG.org (2020), Impact of Covid-19 upon Employment Sector in Indonesia, 10 Jun 2020, https://iclg.com/briefing/13306-impact-of-covid-19-upon-employment-sector-in-indonesia

Indonesiawindow (2022), "Indonesia's poverty rate falls in March 2022 to 26.16 mln", 15 July 2022, https://indonesiawindow.com/en/indonesias-poverty-rate-falls-in-march-2022-to-26-16-mln/

Investinginwomen.asia. (2020), Impact of COVID-19 on employees in Indonesia, May 2020, https://investinginwomen.asia/wp-content/uploads/2020/06/IW-Indonesia-COVID19-Employee-Survey-24Jun2020.pdf

Lili Yan ING, Yessi VADILA (2021), COVID-19: Impacts on Indonesia's Trade, ERIA Discussion Paper Series, No. 415, https://www.eria.org/uploads/media/discussion-papers/FY21/Covid-19-Impacts-on-Indonesias-Trade.pdf

Mof.gov. (2022a), "Bright prospects for the Indonesian economy in 2022", 14/01/2022, https://mof.gov.vn/webcenter/portal/btcvn/pages_r/l/tin-bo-tai-chinh?dDocName=MOFUCM221762

Mof.gov. (2022b), "Indonesian tourism lost billions of dollars due to the impact of the COVID-19 pandemic", 07/12/2020, https://mof.gov.vn/webcenter/portal/vclvcstc/pages_r/l/chi-tiet-tin?dDocName=MOFUCM186902

MPI (2022), "Indonesia lowers budget deficit limit for 2023", 18/08/2022, https://www.mpi.gov.vn/en/Pages/tinbai.aspx?idTin=55106&idcm=148

SMERU, PROSPERA, UNDP, UNICEF (2021), The Social and Economic Impacts of COVID-19 on Households and Strategic Policy Recommendations for Indonesia. March, 2021. https://smeru.or.id/sites/default/files/publication/es_covundp_en.pdf

Statistics Indonesia (2021), 'Tabel Dinamis Subjek Ekspor Impor', https://www.bps.go.id/subject/8/ekspor-impor.html#subjekViewTab5

Tradingeconomicsa (2022), "Indonesia Unemployment Rate", https://tradingeconomics.com/indonesia/unemploymentrate#:~:text=Down%20to%205.83%25%20,The%20unemployment%20rate%20in%20Indonesia%20dropped%20to%205.83%20percent%20in,in%20local%20COVID%2D19%20situations

Tradingeconomicsb (2022), "Indonesia Employed Persons", https://tradingeconomics.com/indonesia/employed-persons

UN Women (2020), The first 100 days of COVID-19 in Asia and the pacific: a gender lens. https://www2.unwomen.org/-/media/field%20office%20eseasia/docs/publications/2020/04/ap_first_100%20days_covid-19-executive-summary.pdf?la=en&vs=5024

Unair.ac.id (2022), "14 percent unemployed Indonesians have diploma and bachelor's degree. Why?", June 20, 2022, https://www.unair.ac.id/en/2022/06/20/14-percent-unemployed-indonesians-have-diploma-and-bachelors-degree-why/

UNICEF, UNDP, Prospera, and SMERU (2021), Analysis of the Social and Economic Impacts of COVID-19 on Households and Strategic Policy Recommendations for Indonesia, Jakarta.

WB, "World Bank," https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2021&locations=ID&start=2017

WFP (2020), "Indonesia: COVID-19: Economic and Food Security Implications (3d Edition)," August 29, https://docs.wfp.org/api/documents/WFP-0000118525/download/?_ga=2.75925011.762892808.1695534926-1353879951.1695534925

****