



Policy Response to COVID-19 Pandemic in Indonesia

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ABSTRACT

The Coronavirus Disease (COVID-19) has been declared as a global pandemic with high number of cases and deaths in numerous countries. Indonesia has recorded as high case fatality rate of 8.03% which needs to be prevented through appropriate policy response, particularly the Presidential Regulation Number 21/2020 on Large-scale Social Restrictions. This policy is implemented since the COVID-19 has an impact on human life socially and economically including the agricultural sector. The government of Indonesia has issued some control measure policy responses including economic stimulus packages towards preventing the spread of the COVID-19 virus. However, the effectiveness of policy depends upon the length of its implementation which should remain in place and the sustainability and consistency commitments of all stakeholders in the country. In the long-term, a strategy to develop a much more resilient economic and agricultural sector is called for.

Keywords: COVID-19, policy response, social restrictions, economic prevention, agriculture

INTRODUCTION

Background

The world is currently facing the Coronavirus Disease 2019 (COVID-19) pandemic that adversely threatens public health, including Indonesia. The spread of COVID-19 which is extraordinary by marking the number of cases and deaths has increased and spread across countries and has a direct or indirect consequences to political, economic, social, cultural, defense and security aspects, as well as the community's welfare in Indonesia.

COVID-19 has also significantly disrupted economic activities and major implications for the economies of most countries around the world. The impact of this pandemic disease has resulted in certain circumstances which need to be prevented. In the case of Indonesia, the government has issued some regulations namely Government Regulation Number 1/2020 (GoI, 2020a), Presidential Decree Number 11/2020 (GoI, 2020b), and Government Regulation Number 21/2020 (GoI, 2020c). Up to present, one of the noticeable policies of the Government of Indonesia (GoI) is the large-scale social restrictions on certain activities of residents in an area suspected or being infected in such a way as to prevent the possibility of much broader spreading of COVID-19. This policy is implemented based on epidemiological considerations, the extent of threats, effectiveness, resource support, technical operation, political, economic, social, cultural, defense, and security considerations.

This article discusses major policy responses to the COVID-19 pandemic in Indonesia. It focuses on the socioeconomic policy aspects namely large-scale social restrictions as well as strengthening social protection and economic prevention toward the pandemic. In the last part, the article analyzes more specifically the impact of the disease on the agricultural sector in the country.

LITERATURE REVIEW

The World Health Organization (WHO) has declared that COVID-19 as “Public Health Emergency of International Concern” (OCHA-RCO, (2020). It was stated that: “COVID-19 pandemic is much more than a health crisis; it is a human crisis in every country in the world claiming many lives and threatening the health, social and economic spheres of society. Invariably, the pandemic will diminish social services, economic activities, financial resources and infrastructure and exacerbate people’s existing vulnerabilities including those of low income households with limited or no access to critical healthcare services and lack of safe and nutritious as well as affordable food, those of immunosuppressed people, women who have been at the frontline of the response, children, the elderly, people with disabilities, refugees without access to cash assistance and with limited livelihoods opportunities to support themselves, and migrant and informal sector workers. Those who will be hit hardest by the COVID-19 crisis are those already at risk of being left furthest behind”.

In the case of Indonesia¹, COVID-19 incidences have been reported at different stages in different provinces. Initially, the country carried out a risk assessment, considering the following vulnerabilities, risks and capacities in line with percentage of the population older than 65 years, percentage of the population with hypertension, number of flight and ship arrivals, the incidence of pneumonia and influenza-like illness, as well as hospital capacity and that of other health care facilities. As a result, eight provinces (Riau, Banten, Jakarta, West Java, Central Java, East Java, Bali, and West Nusa Tenggara) are being considered at high or very high risk, and seven provinces (North Sumatra, West Sumatra, South Sumatra, Bangka-Belitung Islands, South Kalimantan, North Kalimantan, and West Papua) at moderate risk (Figure 1).

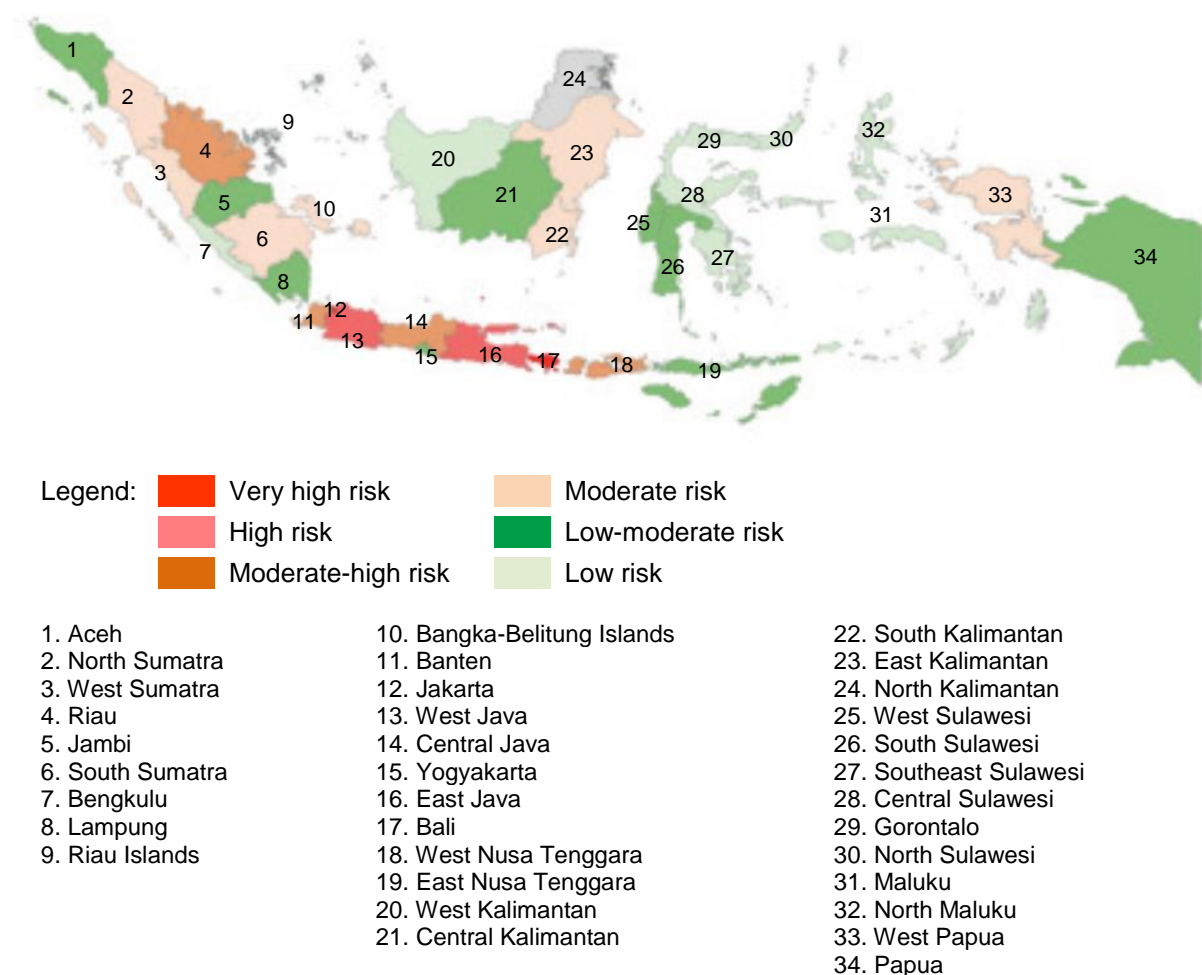


Figure 1. Level of COVID-19 risk among regions in Indonesia

Source: OCHA-RCO, 2020

As a matter of fact, given that COVID-19 is a pandemic, the entire country is considered to be at high risk, as are all other countries. Nevertheless, due to the size and geographical conditions of Indonesia, a risk-ranking

¹ Indonesia is an archipelagic country with a huge land area of about 1,916,906.77 square kilometers comprising 16,056 islands. Administratively, the country consists of 34 provinces, 416 districts, 98 cities, 7,252 sub-districts, and 83,820 villages with a population of 255.5 million people (BPS, 2021).

of provinces will enable the government to focus where risk and vulnerabilities are the highest. The updated data show that some areas are at a declining or increasing risk for COVID-19 infections. As many as 53 regencies/cities are now deemed high-risk for COVID-19 infection, while 177 are medium-risk areas. 185 are low-risk areas, while 99 areas have either seen no additional cases or were never impacted in the first place (EKONID, 2021). The detailed categories are: (1) high-to-medium risk (19 regencies/cities); (2) medium-high risk (14 regencies/cities); (3) medium-low risk (31 regencies/cities); (4) low-high risk (1 regency/city); (5) low-medium risk (37 regencies/cities); and (6) low-zero new cases (7 regencies/cities).

The Government of Indonesia (GoI), through the Task Force for the Acceleration of the Response to COVID-19, has developed the National Response and Mitigation Plan for COVID-19. The implementation of the plan is organized in accordance with the disaster management phases (Table 1).

Table 1. The response status, operational definition and focus, and leading agency of COVID-19 in Indonesia

Response status	Operational		Leading agency
	Definition	Focus	
Preparedness	No case in Indonesia	Strengthening surveillance – early detection and prevention	Ministry of Health (national) Heads of Region (regional)
Disaster readiness/alert	Initial and sporadic cases	Case detection, tracing, and isolation	Ministry of Health (national) Heads of Region (regional)
Disaster response	Minimum of two escalating clusters	Case detection, tracing, pandemic mitigation, physical distancing, business continuity plan	Ministry of Health (national) Heads of Region (regional)
Rehabilitation	No new case after two incubation periods from the last case	Strict surveillance, de-escalation response, and rehabilitation of component and functions	Regional Leadership

Note: to ensure the collaboration of all resources from multi-stakeholders, the plan utilizes the National Cluster approach that has been regulated by the National Disaster Mitigation Agency (BNPB)

Source: OCHA-RCO, 2020

Countries are taking unprecedented measures to combat the spread of COVID-19, while ameliorating its pernicious effect on the economy and labor market (ILO, 2020). In Indonesia, the social distancing policy was selected by the GoI as an effort to tackle COVID-19 transmission applied nationally. As compared to lockdown policy, the social distancing was the right policy to be implemented since the country has specific characteristics in terms of cultural discipline of communities and national nature (Alika, 2020 in Herdiana, 2020).

At least, the implementation of the social distancing policy is specifically based on two reasons. **First**, it is recognized that not all Indonesian people have good legal compliance. Some governmental rules are practically violated by the community. This indicates that legal awareness from the community is still low (Usman, 2014 in Herdiana, 2020). It is consequently considered that if the lockdown policy were implemented, there is no guarantee that the policy would be obeyed by the public, while social distancing policy demands the obedience of all people to be effective. **Second**, concerning the culture in Indonesia, one of which is based on the characters of Indonesians who often do social interactions, people are accustomed to interacting both in their residential environment and in other places such as in the markets. Most of the markets in the country are categorized as traditional where the interaction between sellers and buyers as well as among fellow buyers is quite high. It is different from modern markets such as supermarkets where social interaction between sellers and buyers is quite minimal, such conditions lead to high social interaction among people. Another illustration is the majority of Indonesian people are Moslems, in which social interaction in places of worship carried out five times a day has opened up opportunities for people to interact with frequent intensity. Hence, the social distancing is the right policy taken by the government. It still directly provides access to the community to continue carrying out social interaction, despite the existence of limitations to be continually retained the physical distance among fellow communities (Herdiana, 2020).

The GoI has taken numerous measures in terms of regulation towards the COVID-19 pandemic in the country. Table 2 shows that certain regulations contain a consolidated list of the measures that has or would come into effect in 2020 and in the very near future.

Table 2. Regulation of COVID-19 in Indonesia

Regulation	Issue
Bank Indonesia Regulation Number 22/2020	Statutory Reserves Requirements for Banks in Rupiah and Foreign Currencies
Government Regulation Number 29/2020	Income Tax Facilities in the Effort to Mitigate COVID-19
Government Regulation Number 33/2020	Executorial Authority of Guarantor Institutions in Implementing Measures to Solve Problems Related to the Stability of the Financial System.
Government Regulation Number 43/2020	Execution of the National Economic Recovery Program in the Event of Supporting State Financial Policies in Mitigating COVID-19 Pandemic and/or Other Threats to the National Economy and/or the Stability of the Financial System as Well as in Saving the National Economy
Government Regulation Number 48/2020	Import and/or Submission of Taxable Strategic Goods that are Exempted from Added Value Taxes
Government Regulation Number 49/2020	Adjustment to the Social Security Program for Manpower Premiums for throughout the Non-natural Disaster COVID-19 Pandemic Period
Government Regulation Number 72/2020	Development of Work Competence through the Pre-work Card Program.
Indonesian COVID-19 Task Force Circular Letter Number 7/2020	Travel of Persons in the Period of Adaptation towards a Productive and COVID-19 Safe Society
Indonesian COVID-19 Task Force Circular Letter Number 8/2020	Work Hours During the Adaptation to a New Habit Period Towards Creating a COVID-19 Safe and Productive Society for the Greater Jakarta Area (Jabodetabek).
Indonesian COVID-19 Task Force Circular Letter Number 9/2020	Provisions of the Travel of Persons in the period of Adaptation towards a Productive and COVID-19 Safe Society
Indonesian Investment Coordinating Board Announcement Number 8/2020	Protocol for Foreign Company Representatives and/or Foreign Expert Visits during the COVID-19 pandemic.
Ministry of Education and Culture and the Ministry of Tourism and Creative Economy Joint Ministerial Decrees Number 2/2020	Technical Guidelines for Preventing and Controlling COVID-19 in the Culture and Creative Economy Sectors
Ministry of Finance Regulation Number 110/2020	Tax Incentive for Taxpayers Affected by COVID-19 Pandemic
Ministry of Finance Regulation Number 118/2020	Government Investment in the National Economic Recovery program.
Ministry of Finance Regulation Number 125/2020	Import Value Added Tax for Newsprint Paper and/or Magazine Paper, Borne by the 2020 State Budget.
Ministry of Finance Regulation Number 134//2020	Government Borne Duties for Goods and Materials Imported for the Provision of Goods or Services by Certain Industrial Sectors Affected by COVID-19 Pandemic.
Ministry of Finance Regulation Number 136/2020	Guidelines for the Provision, Payment, and Accountability of Electrical Subsidies from the State Power Company to Customers in the Industry, Business, and Social Sector in the Implementation of the National Economic Recovery Program
Ministry of Finance Regulation Number 137/2020	Determination of a Zero-rupiah Tariff for the Issuance of Letter of Origin Services Applicable to the Ministry of Trade in Lieu of the COVID-19 Pandemic
Ministry of Finance Regulation Number 138/2020	Guidelines for the Provision of Interest Subsidies in the effort to Implement the National Economic Recovery Program
Ministry of Finance Regulation Number 143/2020	Extension of Income Tax Facilities
Ministry of Finance Regulation Number 70/2020	Placement of State Funds in Public Banks towards National Economic Recovery.
Ministry of Finance Regulation Number 71/2020	Provisions of Government Guarantee Via Appointed Guarantor Companies within the National Economic Recovery Program.
Ministry of Finance Regulation Number 83/2020	Facilitation of Customs and/or Excise and Tax on the Import of Goods for the Purpose of Mitigating the COVID-19 Pandemic.
Ministry of Finance Regulation Number 85/2020	Guidelines for the Granting of Interest Subsidies/Credit Margin Subsidies/Financing for Micro, Small, and Medium Enterprises in Implementing the National Economic Recovery Program
Ministry of Finance Regulation Number 87/2020	Management of Additional Regional Incentive Fund for the 2020 Budget Year.

Ministry of Finance Regulation Number 88/2020	Requirements and Procedures for Government Loans to the Savings Guarantee Institution in Responding to Threats to the National Economy and/or the Financial System.
Ministry of Finance Regulation Number 96/2020	Income Tax Facilitation for Investment in Certain Business Fields and/or Certain Regions.
Ministry of Finance Regulation Number 98/2020	Procedures to Obtain Government Guarantee for Corporate Business through the Appointed Guaranteeing Institutions in Carrying out the National Economic Recovery Program
Ministry of Health Circular Letter Number 382/2020	Monitoring Protocols of Domestic Travelers at Airports and Seaports in Implementing a Productive and COVID-19 Safe Society.
Ministry of Health Decree Number 382/2020	Health Protocol for Citizens in Public Areas and Facilities in Mitigating COVID-19
Ministry of Health Decree Number 413/2020	Guideline to Prevent and Mitigate COVID-19.
Ministry of Manpower Circular Letter Number 7/2020	Ensuring the Sustainability of Business while Facing the COVID-19 Pandemic and Protocols to Prevent COVID-19 Infection in Companies
Ministry of Religious Affairs Circular Letter Number 15/2020	Guidelines for Organizing Religious Activities in Houses of Worship in Realizing a Productive but COVID-19 Safe Society During a Pandemic
Ministry of Religious Affairs Circular Letter Number 18/2020	Eid prayer as well as the Religious Animal Slaughtering under New Normal Protocols
Ministry of Religious Affairs Decree Number 515/2020	Tuition Subsidy for State Religious Universities in Response to the COVID-19 Pandemic
Ministry of Trade Circular Letter Number 12/2020	Restoring Trade Activities During the COVID-19 Pandemic and the New Normal
Ministry of Transportation Regulation Number 41/2020	Management of Transportation in the Effort to Mitigate the Spread of COVID-19
Ministry of Villages, Disadvantaged Regions, and Transmigration Decree Number 63/2020	New Normal Protocols for Villages
Presidential Instruction Number 6/2020	Intensification of Discipline and Enforcement of Health Protocol Laws in the Prevention and Mitigation of COVID-19.
Presidential Regulation Number 72/2020	Further Increase in State Spending to Fund the Government's Effort to Mitigate the Economic Impact from COVID-19
Presidential Regulation Number 82/2020	Creation of a Committee for the Handling of COVID-19 and National Economic Recovery

Source: EKONID, 2021

With regard to agriculture, the strategies offered to manage the stagnant economic growth in this sector were ensuring the availability of the staple food products, strengthening the village economic survival, and improving the community purchasing power through the development of the marketing scenarios and enhancement of the marketing technology policies. Those strategies aim at enhancing market processes, providing social aid for the households, offering intensive-labor capital (cash form), and improving the number and quality of the agricultural resources – especially on the millennial generation (Rusdiana and Talib, 2020). It is required to manage the stagnant economic growth in the agricultural aspect during the outbreak through synchronizing between the long-term policies and the dynamic of COVID-19 spread. The strategy would strengthen food and agricultural security, support the development of the advanced data use system (accurate and most recent data is updated immediately), encourage sustainable agricultural modernization, and ensure the sustainable economic growth during the COVID-19 outbreak at the present and in the future.

METHODOLOGY

Data and information are derived from secondary sources supported by literature references and other relevant materials. The secondary sources were both government and non-government organizations in line with COVID-19 aspects in Indonesia. Those were collected, analyzed, and reviewed employing descriptive method towards Policy Response to the COVID-19 Pandemic in the country.

RESULTS AND DISCUSSION

COVID-19 pandemic incidences

COVID-19 is an infectious disease caused by a newly discovered coronavirus and straining health systems worldwide (WHO, 2020). The outbreak is first and foremost a human tragedy, affecting hundreds of thousands of people, and having a growing impact on the global economy. In January 2020, the World Health Organization (WHO, 2020) first declared COVID-19 as a world health emergency. As of 14 April 2020, the pandemic disease has affected 213 countries around the world, covers 3,090,445 cases and 217,769 deaths or with the Case Fatality Rate (CFR) of 6.27% (Worldometers, 2020). The cases consist of active cases or currently infected patients (mid condition and serious/critical) and closed cases or cases which had an outcome (recovered/discharged and deaths).

The first case of COVID-19 in Indonesia was identified in early February 2020 in Depok City, a border close to Jakarta, and since then, has spread over to Jakarta and other provinces. Based on official data on 30 April 2020, total cases in Indonesia are 10,118 persons, with 792 (7.83%) persons died and 1,552 persons recovered. The pandemic has been spread over in 32 out of 34 provinces. Two provinces, namely East Nusa Tenggara and Gorontalo have not confirmed any cases yet. Jakarta, the capital city of Indonesia, is the most adversely affected which is accounted for 41.88% and 47.19% of the national cases and deaths, respectively. Regionally, above 70% of COVID-19 cases and deaths are in Java as recorded (Table 1) in line with level of COVID-19 risk among regions in Indonesia previously presented in Figure 1. Those cases were aggregately figured out at provincial level based on numerous district/city(s) data and information.

Table 1. Case of COVID-19 in Indonesia, 2020

Province	Case	Death	CFR	Recovered
Jakarta	4,175	371	8.89	486
West Java	1,012	83	8.20	143
East Java	958	96	10.02	157
Central Java	724	59	8.15	102
South Sulawesi	491	37	7.54	122
Banten	404	41	10.15	34
West Nusa Tenggara	230	4	1.74	31
Bali	222	4	1.80	113
Papua	205	6	2.93	47
South Kalimantan	170	9	5.29	20
Others	1,527	82	5.37	297
Indonesia	10,118	792	7.83	1,552

Source: Kompas.com, 2020

From the policy view point, it is important to recognize when the pandemic is likely to end. The most recent prediction from Driven Innovation Lab at the Singapore University of Technology and Design (SUTD) has carried out simulations using artificial intelligence (AI) to predict when the COVID-19 pandemic will end in a number of countries in the world. In the case of Indonesia, COVID-19 will be in three points of time, namely 97% cases will end in 3 June 2020, 99% in 29 June 2020, and 100% in 7 September 2020. Figure 1 shows the simulated results of the COVID-19 pandemic curve in Indonesia (Media Indonesia, 2020). Therefore, the GoI is expected to be kept alert about this pandemic, at least until September 2020. What is worrying many people is that approaching the festival (*Eid-al-Fitr*) in late May 2020 will encourage people traveling to their hometowns which bear the risk of spreading the virus from the infected city to rural regions, particularly in Java. The government has already imposed the regulation to ban people from traveling to their hometowns with quite strict enforcement, but there are always ways to break this rule.

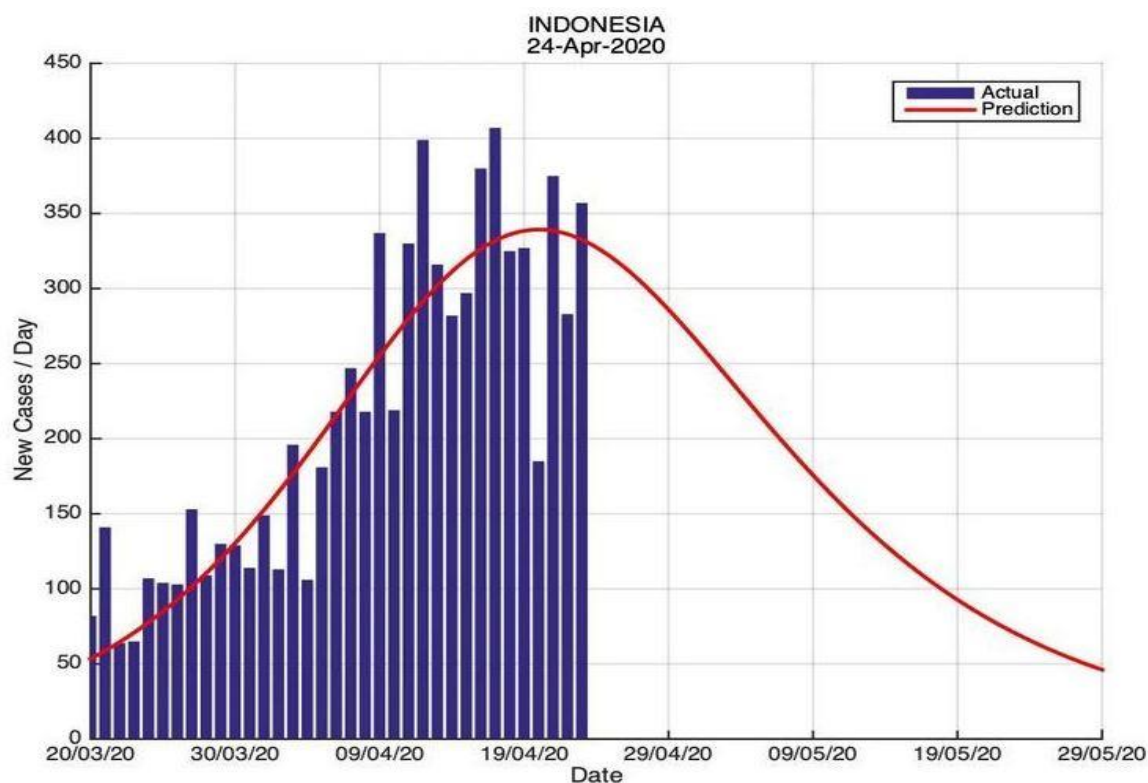


Figure 1. Simulated results of the COVID-19 pandemic curve in Indonesia

Source: ddi.sutd.edu.sg in Media Indonesia, 2020

Policy responses

Large-scale social restrictions

The implementation of large-scale social restrictions under the Government Regulation Number 21/2020 is based on the Law Number 6/2018 on Health Quarantine as a protection of public health from diseases and/or public health risk factors potentially cause public health emergencies. It is carried out through disease observation activities and public health risk factors for transportation, people, goods, and/or the environment, as well as responses to public health emergencies in the form of health quarantine actions.

There are some reasons in the implementation of the regulation on large-scale social restriction. First, COVID-19 has been declared by the World Health Organization (WHO) as a pandemic disease. Second, Indonesia has also affirmed that COVID-19 is a non-natural disaster in the form of disease outbreaks which must be undertaken as an effort to prevent it from much broader spread. Third, the spread of COVID-19 is currently increasing and expanding in line with the number of cases and deaths in the country.

The large-scale social restrictions include the movement of people and/or goods for one particular province or regency/city to prevent the spread of COVID-19. It is implemented within the following criteria, namely: (1) Number of cases and deaths caused by significant rapid spreads of COVID-19 to several areas; and (2) Epidemiological links with similar events in other countries. Moreover, at least it includes: (1) Closing school and work place (study and work from home); (2) Restricting religious activities; and (3) Hampering activities in public place/facility(s). Restrictions on activities must consider the educational needs, work productivity, and mode of worship of the population of which it is carried out by taking into account the fulfillment of the basic needs of the population including health care requirements, food needs, and other daily necessities of life.

Social protection and economic prevention

The case of COVID-19 is not only related to health problems but is also associated with economic crises. This thought since the pandemic disease primarily has an effect on human activities. Therefore, handling and preventing the spread of COVID-19 becomes the highest priority. This is no longer a regional issue but an international problem calling for a global response.

The increasing spread of COVID-19 across countries has prompted many governments to introduce unprecedented measures to contain the pandemic. These are priority measures imposed by sanitary situations which leave little room for other options as health should remain the primary concern. Consequently, these

measures have led to many businesses being shut down temporarily, widespread restrictions on travel and mobility, financial market turmoil, an erosion of confidence, and heightened uncertainty (OECD, 2020).

In the case of Indonesia, the GoI has implemented various extreme and unprecedented steps such as social and physical distancing, work and study from home, restriction of public activities, testing, tracing, etc. The main issue that needs to be concerned is the handling of public health towards the provisions of medical equipment, patient care, vaccine and medicine research, and the prevention of future outbreaks. Institutionally, the GoI establishes the COVID-19 Task Force. Nevertheless, the COVID-19 and its control measures have a consequence to the weakening of household spending, small and medium enterprises (SMEs) activities, corporate investments, and financial concerns.

COVID-19 pandemic has put pressure on the economy of the entire country with an impact reaching 3-16% of the gross domestic product (GDP) growth, or about US\$31.87 billion to US\$169.67 billion². Based on outlook of the Indonesian Ministry of Finance (MoF, 2020), the impact of COVID-19 on Indonesia's macroeconomic would be very critical if there were no immediate mitigation measures implemented. The economic growth becomes at risk with going down to 2.3% in critical scenario and continues to -0.4% in very critical scenario (Table 2).

Table 2. Impact of COVID-19 to Indonesia's macroeconomics, 2020

Indicator	Before COVID-19	After COVID-19 scenario	
		Critical	Very critical
Economic growth (%)	5.3	2.3	-0.4
ICP price (US\$/barrel)	63	38	31
Exchange rate (Rp/US\$)	14,400	17,500	20,000
Inflation (%)	3.1	3.9	5.1
Nominal GDP (Rp trillion)	17,464.7	16,829.8	16,574.9

Source: MoF, 2020

In line with the above scenarios, the Indonesian Ministry of Finance (MoF) has set policy response measures which includes stimulus package-1, stimulus package-2, refocusing programs and budget reallocation, additional expenditure and financing for state budget, and optimizing mixed monetary policy and financial sector (MoF, 2020). The policy includes the following points:

1. Stimulus package-1 to strengthen the domestic economy. It is implemented through: (a) Accelerating the expenditure to *Padat Karya* (cash for work) through capital disbursement, social assistance, regional transfer, and village funds; and (b) Consumer's purchasing stimulus includes expansion of basic food cards, increase housing interest subsidies, incentives for tourism sector, and provision of pre-employment cards.
2. Stimulus package-2 focuses on maintaining consumer's purchasing power and facilitating export-import through allocating the budget for:
 - a. Income taxes exemption in the form of salaries, wages, honoraria, allowances, and other payments for workers in processing industry sector;
 - b. Income tax exemption to business entities both government and private companies that carry out export, import, and re-import trade activities in specific sectors;
 - c. Taxes paid in installments of 25% to specific sectors;
 - d. Value added tax refunds acceleration to maintain business liquidity; and
 - e. Non-fiscal measures: (i) Restricting export on 749 Harmonized System (HS) codes³; (ii) Simplifying or reduction on number of import restrictions on certain commodities including manufacturing, food, and health/medical support; and (iii) Improving and accelerating export-import services through the National Logistic Ecosystem (NLE)
3. Refocusing programs and budget reallocation to handle COVID-19 through:
 - a. Funding sources: (i) Stimulus package-1; (ii) Stimulus package-2; (iii) State budget/APBN (refocusing activities, budget reallocation, and reserve funds); (iv) Regional/local budget/APBD (locally generated income/*PAD* and budget revision, unexpected expenditure, as well as utilization of regional/local cash funds – central and intergovernmental transfer funds); and (v) other legal and non-binding sources.
 - b. Implementation mechanisms: (i) Prioritizing the use of existing budget allocations for activities that accelerate the handling of COVID-19; (ii) Accelerating the refocusing of activities and reallocation of

² The Indonesia GDP at Current Market Prices in 2020 was IDR15,434,152 billion or about US\$1,062 billion. The average exchange rate in 2020 was IDR14,529 per US\$1 (BPS, 2021)

³ It includes: (1) health certificate of 443 HS code for fish and fish products based on Indonesian Customs Tariff Book (BTKI) 2017; and (2) legal verification of 306 HS code of forestry industrial products. Health certificate and legal verification document are required by exporters to fulfill the requirements in the export destination countries (MUC Consulting, 2020)

- budgets through immediate and budget revision mechanisms; (iii) Speeding up the implementation of procurement of goods and services for handling COVID-19; (iv) Involving the Government Goods and Services Procurement Policy Agency as well as the Financial and Development Supervisory Agency; and (v) Procuring goods and services for medical devices to handle COVID-19 in accordance with standards set by the Ministry of Health.
4. Additional expenditure and financing to prevent the economic and financial crises related to COVID-19: (a) Health control measure interventions (incentives for medical personnel and health care spending); (b) Expansion/additional social safety net; (c) Industry support (taxes and import duties borne by government and People's Business Credit/*KUR* stimulus); (d) Support budget financing for handling COVID-19 (financial support to the National Economic Recovery Program).
 5. Optimizing mixed monetary policy and financial sector to support the economy and maintain stability through monetary stimulus for banking sector and finance company industry.

Impact on agriculture

Based on the point of view of the Organization for Economic Co-operation and Development (OECD, 2020), countries with relatively sizeable agricultural activities may experience smaller initial effects from containment measures of COVID-19, although output will be subsequently hit by reduced global commodity demand. Nevertheless, both lives and livelihoods are at risk from this pandemic. Restrictions of movements, as well as basic aversion behavior by workers, may impede farmers from farming and food processors – who handle most agricultural products – from processing. Shortage of fertilizers, veterinary medicines, and other input could also affect agricultural production. Developing countries are particularly at risk as COVID-19 can lead to a reduction in labor force, and affect incomes and livelihoods as well as labor intensive forms of production (FAO, 2020).

In the case of Indonesia, the economic impact of the spread of COVID-19 to agricultural sector was analyzed through three-scenario, namely: (1) Labor productivity shock; (2) Total factor productivity shock; and (3) Trade shock (Hermanto, 2020). The analysis results of these scenarios are presented in Table 3.

Table 3. The scenario analysis results of impact of COVID-19 on agriculture in Indonesia

Impacts	Remarks
The economic growth will experience a slowdown in the scenario of declining in labor productivity (0.6%), decreasing in total productivity factors (3.4%), and increasing in trade costs (4.9%). Consequently, the extent of poor people and food insecurity is estimated to increase in line with the scenarios of labor productivity shock (1.8%), total factor productivity shock (6.9%), and trade shock (9.9%).	In connection with the COVID-19 pandemic, the extent of poverty is strongly influenced by income and poverty line. In March 2020, the poverty line was IDR 454,652 (US\$29.81) per capita per month and an increase of 3.20% compared to September 2019. The COVID-19 pandemic has caused an increase in the percentage of poor people in most provinces in Indonesia. In June 2020, 22 of 34 provinces had been affected. The fastest and greatest impact was in urban areas (7.49%), while in rural areas was only about 6.56% ¹ .
The downturn of global economy due to the spread of COVID-19 will decrease agricultural production including food industry and other related economic sectors in different magnitude of each scenario. This condition consequently led to price increases both in agricultural and non-agricultural commodities. Food commodity prices will increase (0.39%) in the scenario of decreasing in labor productivity. This is lower compared to the scenario of decreasing total factor productivity (4.94%) and the scenario of increasing in trade costs (7.82%).	Prices of food commodities during the COVID-19 pandemic became unstable and there was an increasing price gap between farmer and consumer levels. Food commodity prices at the consumer level mostly tend to increase due to supply constraints in the market as a result of distribution disruptions which are the impact of the Large-scale Social Restrictions (PSBB) policy. The price of medium rice in March 2020 – at the beginning of the Covid-19 pandemic occurrence in Indonesia – reached IDR12,996 (US\$0.85) per kilogram. There was an increasing price of about 6.50% comparing with the same period in the previous year ^{2&3} .
The economic impact of the spread of COVID-19 will cause a little bit increase in the value of agricultural exports (0.04-0.74%) in the scenario of declining labor productivity. In the scenario of decreasing total productivity factors, only horticultural export will be increased (0.5%). Meanwhile, all agricultural exports will be declined (1.2-7.1%).	At the beginning of the COVID-19 pandemic period (January-May 2020), the growth of Indonesia's main export commodities (palm oil, rubber, cocoa, and coffee) declined from 3.67% (January-July 2019) to 1.32% ⁴ .
The impact of decrease in labor productivity will increase the agricultural imports in the scenario of decreasing labor productivity. In the scenario of	In the same period of export, the growth of main import commodities increased, particularly soybean and sugar due to inelastic demand. For soybeans, a

decreasing total factor productivity, the value of agricultural imports will increase (3.99-5.35%). Moreover, in the scenario of increasing trade costs, the value of agricultural imports will increase (3.26-6.07%). It is noted that the increase in imports is due to escalation of public consumption demand and decline in domestic production as a result of the widespread of COVID-19. In addition, some materials for food and manufacturing industries in Indonesia are still supplied from imports.	seasonal trend occurred with a downward pattern from the beginning of the year to March, increased up to May, and decreased in June 2020. On average, the growth of soybean import decreased from 4.37% in January-July 2019 to 2.73% in January-July 2020. In the case of sugar, the average growth of import significantly increased about 531.75%. This was particularly because of a surge import from Thailand in February 2020 ⁴ .
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Source: ¹Tarigan *et al.*, 2020; ²Saliem *et al.*, 2020 ; ³Agustian *et al.*, 2020; ⁴Yofa *et al.*, 2020

The slowdown of economy caused by the decrease in labor productivity has a smaller impact compared to the decline in total factor productivity and the increase in trade costs. In addition, if the impact of the spread of COVID-19 causes a decrease in total factor of productivity and an increase in trade costs, the impact will be greater toward the decline in economic growth and trade balance deficit. Above all, the disruption of international trade activities due to the spread of COVID-19 will directly affect the commodity prices globally. Hence, it is required to reorient agricultural policies and programs particularly in relation to COVID-19 prevention.

The Ministry of Agriculture confirms that the availability of strategic staple food is quite high during the implementation of the large-scale social restrictions towards COVID-19 in Indonesia (Table 3). Farmers are able to produce but the supply chain would be disrupted due to restriction (not prohibition) access in transportation. However, based on past experiences, agriculture can be survived in the case of turmoil and crises in which this sector contributed to support the national economy of the country.

Table 3. The availability of strategic food in the period of March to August 2020 (000 tons)

Commodity	Availability				Needs	Surplus/deficit
	Stock	Production	Import	Total		
Rice	3,513.7	19,756.6	0	23,270.3	15,854.9	7,415.4
Corn	661.1	13,708.3	0	14,369.4	11,063.5	3,305.9
Shallot	154.6	711.0	0	865.6	736.5	129.1
Garlic	30.0	52.5	360.0	442.5	311.9	130.6
Chili	0	1,072.4	0	1,072.4	1,027.6	44.8
Beef	14.3	236.4	275.5	526.2	393.8	132.4
Poultry meat	98.6	1,880.9	0	1,979.5	1,822.6	156.9
Eggs	27.6	2,422.1	0	2,449.7	2,611.5	-161.8
Sugar	386.1	1,955.7	638.9	2,980.7	1,469.6	1,511.1
Cooking oil	8,244.1	14,391.0	0	22,635.1	4,640.1	17,995.0

Source: BKP, 2020 in Hadiutomo, 2020

CONCLUSION AND RECOMMENDATIONS

The coronavirus disease 2019 (COVID-19) has turned into a global crisis. The quick evolving nature of the pandemic creates a number of issues that make it difficult to estimate the widening bounds of its scope. The uncertainty of economic conditions as a result of the increasingly widespread of COVID-19 is predicted to cause worsening global economic problems.

The increasing spread of COVID-19 across countries has prompted many governments to introduce unprecedented measures to contain the pandemic. Indonesia has implemented control measure policy namely the large-scale restrictions on certain activities of residents to prevent the possibility of spreading COVID-19. It covers technical and socioeconomic aspects such as health care, social safety net, as well as monetary and financial policies.

The effectiveness of control measure depends upon the length of its implementation that should remain in place and the sustainability and consistency commitments of all stakeholders. In the long-term, a strategy to develop a much more resilient economic and agricultural sector is called for.

While every country faces its own challenges, collaboration between governments and the full range of sectors and stakeholders is vital. COVID-19 pandemic is worldwide problem that requires a global response. COVID-19 forcefully reminds everyone about the value of solidarity. It is not charity but common sense, it is not politics but policy, and it is not government but governance.

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