

Press
Release

Minister Suharso Discusses Social Security, Stunting and State Capital Project During Indonesia's Covid-19-Related Economic Contraction

JAKARTA – The Ministry of National Development Planning/Bappenas is optimistic that this year's economic growth contraction due to the Covid-19 pandemic can be handled optimally.

The government not only protects the public from exposure to the virus, but also maintains economic stability so that the negative impacts can be controlled. The Minister of National Development Planning/Head of Bappenas Suharso Monoarfa said that the Covid-19 pandemic has forced the government to issue policies that have never been thought of before, without compromising both the aspect of public health and economic growth.

"Handling the Covid-19 pandemic requires unprecedented policies, namely policies that combines efforts to limit the spread of the virus and at the same time encourage the economy to keep running," Minister Suharso said on Sunday (10/5).

The Ministry of National Development Planning/Bappenas predicts that the economic growth contraction will be begun to be felt in the second quarter of 2020. Data from Statistics Indonesia (BPS) shows a possible economic growth of 2.97% in the first quarter. "During the second quarter of 2020, the numbers will fall and contract, but will later increase in the third quarter," the Minister added.

The Ministry of National Development Planning/Bappenas itself projects an average economic growth of 0.3% to 0.5%. This will result in the state revenue declining as well. The decline in state revenue is also expected to lead to a larger state spending deficit.

As one of the strategic steps, the government has prepared a Social Safety Net to help cope with the decline in productivity due to Covid-19. This strategy is also done to help keep the gap between social groups to expand because of the large number of vulnerable poor or informal sector workers who are having difficulties due to their reduced daily income during the pandemic.

"Data from the BPS suggests that the number of poor people in Indonesia is at 9.22% in 2018. The Ministry of National Development Planning/Bappenas predicts that in 2020, the number of poor will be at 8.9%. But with the Covid-19 pandemic, our predictions have changed, with the current figure closer to around 10%," Minister Suharso said. This would mean that the number of poor in 2020 will likely increase to 2 million people.

Mass firings at various sectors are one of the reasons why the number of poor and unemployment rate will increase. It is predicted that the unemployment rate will rise to 7.8% or 3.7 million people, whereas previously there were only 2 million recorded. During the pandemic, the government has prepared social assistance programs for affected communities.

"There are two kinds of social assistance. First, the permanent scheme, which existed before the pandemic. The second is the temporary scheme, which was only budgeted after the Covid-19 outbreak," said Minister

Suharso.

The previously prepared assistance includes the Family Hope Program (PKH), which targets 10 million beneficiary families (KPM) and the Basic Food Card program, which previously targeted 15.2 million KPMs, but has now been extended to 20 million. Meanwhile, temporary assistance includes food packages and direct cash assistance of Rp 600,000 for 3 months for 9 million families outside of Jakarta, and 1.3 million families in Jakarta and its surrounding areas. Not only that, the government has also provided subsidized payments for users.

"However, if the Covid-19 pandemic doesn't ease up by July, this assistance will be added. If this epidemic shows no signs of slowing down, we must increase aid in July-September," said Minister Suharso.

The shape of the Covid-19 curve itself varies in each region. Minister Suharso said several areas were starting to show signs of a sloping curve, such as Jakarta, Banten and Central Java. On the other hand, the number of Covid-19 cases in West Java and East Java has increased. For this reason, discipline and consistency of physical distancing and keeping a distance is very necessary, both in areas where the number of positive cases of Covid-19 are still increasing and in areas where the number of cases are beginning to decline, especially in areas that apply large-scale social restrictions (PSBB).

Although the current focus for the health sector is on resolving the Covid-19 pandemic, Minister Suharso said that other health issues will not be ruled out or forgotten and will remain on the agenda to be resolved in 2020, considering that there are still other diseases that have hit many regions in Indonesia. One of the priority programs is the handling of stunting, which will continue to be implemented and budgeted for during the pandemic. Apart from stunting, tuberculosis and leprosy remain concerns of the government. Indonesia is the third-largest sufferer of tuberculosis and leprosy in the world. Currently, there are 843,000 Indonesians who are diagnosed with tuberculosis.

Health issues that must also be resolved are malaria, complete basic immunization for all children under five years old, and the high maternal mortality rate. For this reason, Minister Suharso used the Covid-19 pandemic as a lesson to call for further improvements to Indonesia's health services by not only increasing the quantity and improving the quality of medical equipment, but also facilitating the production of generic drugs and increase domestic vaccine production.

Several other policy programs were still running during the pandemic, including the Sustainable Development Goals (SDG) and the development of the new State Capital (IKN), which is currently still in its pre-Masterplan stage. The Ministry of National Development Planning/Bappenas continues to prepare the needs for the IKN's development, although the implementation of the development has not yet been determined. The IKN's development is expected to be one of the driving forces of the economy after the pandemic. It is hoped that this program can attract investors, create new jobs and businesses after the Covid-19 pandemic is over.

"We are only preparing the 'vehicle' of which these factors can take place. Only from pre-Masterplan to Masterplan. When we will start the laying of the IKN's first stone has yet to be confirmed," concluded Minister Suharso.



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