

# NEWSLETTER



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Welcome to the LPEM Newsletter April 2022 Edition. The LPEM Newsletter is the fruit of thoughts and a summary of the activities of the LPEM FEB UI team. This edition is the eighth edition and will continue to be published every month. Since 1953, LPEM FEB UI has been actively conducting research, consulting, and training activities aimed at solving development problems in Indonesia. The activities carried out focused on various issues related to institutions, regional economy, international trade, finance and banking, fiscal and monetary economy, agriculture, industry, tourism, rural development, environment, demography, employment, poverty, and MSMEs.

In this edition, the LPEM Newsletter will summarize the implementation of study dissemination activities related to **Digital Payments for Decent Work in Indonesia**. In addition, this edition will describe the involvement of LPEM FEB UI representatives in the **Global Solutions Summit 2022 in Germany, Focus Group Discussion (FGD) organized by Bank Indonesia South Sulawesi**, and **the Good to Great Podcast with Idol 92.6 FM**. This edition will also discuss two trainings organized by LPEM FEB UI, discussing **Green Budgeting** and **Climate Budget Tagging**.

Enjoy reading,

**Alin Halimatussadiah**

Head of Environmental Economics Study Group  
LPEM FEB UI



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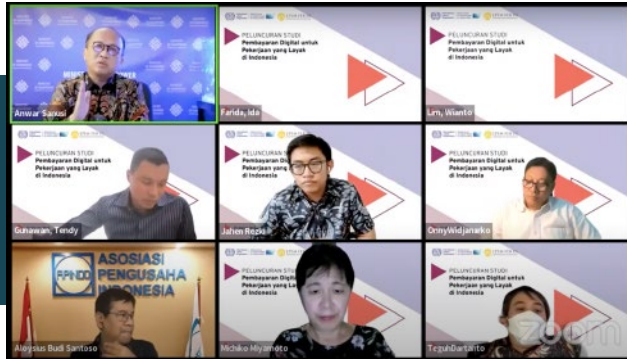


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# Digital Payments for Decent Work in Indonesia



On Thursday, 31 March 2022, the International Labor Organization (ILO) and LPEM FEB UI held a Webinar entitled **'Digital Payments for Decent Work in Indonesia'**. The study was presented by **Jahen F. Rezki** as Researcher of LPEM FEB UI and opened by **Michiko Miyamoto** as ILO Director for Indonesia and Timor-Leste, **Teguh Dartanto** as Dean of FEB UI, and **Valerie Breda** as Global Center on Digital Wages for Decent Work. This webinar aims to present and respond to a study entitled **"Rapid assessment on digital wages."**

Teguh opened this webinar by stating that Indonesia has a great opportunity to increase financial inclusion through digital innovation. "Indonesia has a great opportunity to increase financial inclusion as Indonesia's digital economy emerges and digital innovation develops, and the government pushes to promote digital payments," he said. He also added that the COVID-19 pandemic had encouraged the public and service providers to accelerate the utilization and facilitation of contactless payments, including small or medium-sized businesses. There is no exception in paying wages, which can be done digitally," he added.

The session continued with the presentation of the main study by Jahen. He explained that although the benefits of digital payment of wages have been felt, there are still challenges in transitioning from non-digital to digital payment of wages. "The first is digital infrastructure, where (those who live) outside Jabodetabek and Java have ICT (Information and Communication Technology) infrastructure conditions that are unequal to Java and Jabodetabek areas. Second, is the ecosystem, where amid the emergence of digital payment of wages, when people transact, they are still required to use cash. Lastly, although our internet penetration rate has increased, the issue is that their ability (the community) to maximize internet usage is still limited," said Jahen.

More details can be accessed at: <https://bit.ly/WebinarLPEMILO2022>

# Global Solutions Summit 2022: The World Policy Forum

The Global Solutions Summit is a global forum with the primary objective of providing policy recommendations for the G7/G20 from research-based insights. The theme of the Global Solutions Summit 2022 is **"Listen to the world: Promoting social well-being within planetary boundaries"**, with the main objective of being a milestone to the G/T20 and G/T7 summits, a place where the Think20 and Think7 Task Forces can discuss summaries. Policies as well as a collective approach to G20 and G7 issues. This forum brings together senior government officials with renowned academics, NGO leaders, and international CEOs. This year's conference is held in Berlin, March 28-29 in a hybrid format. **M. Dian Revindo, Head of the LPEM FEB UI Business Climate and Global Value Chain Study Team**, was present as a representative of FEB UI at the event.

Revindo was present as a speaker at a "Circular economy and global value chains" session. In his presentation, Revindo said that the Global Supply Chain (RPG) does have a positive value for the global economy. However, there are some inclusivity issues that this creates. "The first is the unequal distribution of margins. The second is that companies rarely use locally sourced goods. The third is the low job opportunities for local workers with low education. Lastly, companies that participate in RPGs are rarely located in less developed areas, creating more imbalance between developed and developing regions," he explained.



More details can be accessed at: <https://bit.ly/GSS-2022>

# Tourism as One of the Keys to Accelerating National Economic Recovery



On March 16, 2022, **M. Dian Revindo, Head of the LPEM FEB UI Business Climate and Global Value Chain Study Team**, attended the Focus Group Discussion (FGD) activity organized by Bank Indonesia South Sulawesi. This FGD generally aims to discuss the acceleration of economic recovery and foreign exchange earnings in the midst of the COVID-19 pandemic. In his presentation session, Revindo presented several research results on tourism that LPEM FEB UI had carried out.

In relation to the acceleration of economic recovery, Revindo explained that one of the LPEM FEB UI researches in 2020 found that tourism had an impact on improving the poverty index and income inequality. Furthermore, regarding village

tourism, Revindo explained the challenges of variations in attractions, access, and accommodation, the concept of developing tourist areas with surrounding villages, joint marketing, the potential for educational tourism and nature tourism, as well as institutional management where BUMDes is the owner and manager of the area. Related to the social and economic impact of sporting events, Revindo described the results of LPEM FEB UI's research on the 2018 Asian Games, which found that Indonesia was ready to host other international sporting events. "There is a positive economic impact from the expenditure of athletes, officials, journalists, committees, and national and international spectators," added Revindo.

Furthermore, Revindo also elaborated on the impact of the COVID-19 pandemic on tourism. "The decline in tourism activity due to the pandemic will harm macroeconomic indicators such as national GDP and household income. By sector, trade, hotels, and restaurants experienced the highest decline in GDP compared to other sectors," explained Revindo. In closing, Revindo explained several agendas for the recovery and development of Indonesian tourism after the COVID-19 pandemic, which included strengthening Indonesia's image, increasing tourist stay time, increasing tourist spending, maximizing socio-economic impacts for the community, environmental considerations, utilizing sport and MICE events, improving access, as well as the transformation of the tourism business.

## Encouraging Awareness of Environmental Issues Through Green Budgeting and Climate Change Training



LPEM FEB UI has held two series of education and training related to environmental economics. The first training was conducted in collaboration with the **Center for the Study of State Financial Accountability Expertise Board (AKN BK) DPR RI** on March 1, 2022. This training is a collaboration between the DPR RI AKN BK with WFD and LPE FEB UI by raising the topic of discussion around **Climate Budget**

**Tagging (CBT)**. As one of the countries with the largest greenhouse gas emitters in the world, Indonesia is committed to reducing greenhouse gas emissions through the CBT mechanism. The mechanism has been tested in 11 provinces and districts/cities. The focus of the training also discusses the challenges and problems related to funding the climate change budget in Indonesia. **Alin Halimatussadiah**, Head of the LPEM FEB UI Environmental Economic Study Team, and **Khairunnisa Rangkuti**, LPEM FEB UI Researcher were presenters in the training. Some of the key insights conveyed by the two speakers were regarding the standard practice of budget tagging and the challenges of implementing the mechanism in Indonesia.

The second training and education was held in Bogor on 29-30 March 2022 in collaboration with the **Center for Budget Studies (PKA) DPR RI**. The topic discussed is **Green Budgeting**. The focus of this training is on the practice of simulating climate change budget marking in several ministries/agencies. This training is expected to increase the insight and competence of APBN analysts in PKA and support the role of PKA in carrying out the budget functions of the DPR RI.

# Indonesia's Impartial Position on Russia's Role in the G-20, What are The Challenges?



On March 28, 2022, the Head of the LPEM FEB UI Business Climate and Global Value Chain Study Team, M. Dian Revindo, was invited by Radio Idola 92.6 FM as a guest speaker in the "Good To Great" podcast entitled "Indonesia's Impartial Attitude to Russia's Position in the G-20". Russia's invasion of Ukraine made some parties question Russia's role in the G-20. This time, Indonesia's position as the G-20 presidency is certainly a challenge, especially when Indonesia claims to be impartial.

Revindo said, in terms of the financial sector, it is important for Indonesia to maintain relations with the G7 countries (the United States, Japan, and European countries) that play an important role in the IMF, World Bank, and other UN

agencies. However, in the real sector, the roles of ASEAN countries and China have a bigger role for Indonesia. Indonesia's Exports, Imports, Investments, and Tourism are dominated by contributions from India, China, and ASEAN countries, so it is also important for Indonesia to maintain relations with these countries.

Revindo emphasized that the G20 is an economic forum that should not discuss hot political issues. He continued, four scenario options will occur for Indonesia's impartiality in the G20. (1) The first scenario is the best-case scenario, the war will end before October; (2) In The second scenario, both G7 countries and Russia will attend, but the G7 will use it to condemn politics in the G20 economic forum; (3) Third scenario, Russia will come but the G7 doesn't; and (4) the last scenario, Russia will come, the G7 does not come and invites several other countries not to come.

Revindo also said that Indonesia must anticipate the economic impact caused by the Russian invasion of Ukraine. If the war continues, transportation routes will be disrupted, and cause oil prices to rise. "Indonesia as a crude oil exporter and fuel importer must anticipate this because energy subsidies will increase and affect the state budget," Revindo explained.

More details can be accessed at:  
<https://bit.ly/PodcastGoodToGreat2803022>

## Overview of LPEM FEB UI Publications and Activities

### Seri Analisis Makro Ekonomi: Analisa Inflasi, Maret 2022

Inflation (YoY) in February 2022 was recorded at 2.06% or strengthened by 0.68% compared to annual inflation in February 2021. However, the inflation rate appears to have decreased compared to inflation in January, where inflation in the volatile goods category decreased which was quite massive from 3.35% in January to 1.81% in February. Thus, this is the first time that volatile group inflation has touched below 2% since July 2021.

More on:  
<https://www.lpem.org/id/seri-analisis-makroekonomi-inflasi-bulanan-maret-2022/>

## Economic Brief

### Seri Analisis Makro Ekonomi: BI Board of Governors Meeting, March 2022

The global economy has not been particularly in good condition recently. The uneven domestic demand recovery, continuation of supply chain disruption, and energy shortage in various parts of the world have created an inflation problem that serves as a hiccup to Covid-19 economic recovery. The outbreak of war served as fuel to the flame of current global economic issues, especially inflation, as it triggered the rapid rise in energy and food commodity prices. On a global level, the current economy is facing a health and war crisis at the same time. On domestic prospects, fortunately, the impact of recent global development is relatively benign at the moment.

More on:  
<https://www.lpem.org/id/macroeconomic-analysis-series-bi-board-of-governor-meeting-march-2022/>

**Seri Analisa Ekonomi:  
Trade and Industry Brief, Maret 2022**

The Russo–Ukrainian war has entered its sixth week and shows no signs of ending any time soon. A comprehensive study is needed to see the impact on the Indonesian economy. This month's Trade and Industry Brief briefly discusses the relationship between the conflict and the Indonesian economy from several economic indicators such as trade, investment, tourism and transportation. This March Trade and Industry Brief also looked at the development of Indonesia's trade balance as of February 2022, which again recorded a surplus of USD3.83 billion, which was the 22nd consecutive month of surplus. The information used in this policy brief was obtained from the BPS Statistics Official Gazette, Bank Indonesia Economic and Financial Statistics, ITC Trademap, and various other sources.

**More on:**

<https://www.lpem.org/id/seri-analisis-ekonomi-trade-and-industry-brief-maret-2022/>

**Labor Market Brief,  
Maret 2021**

Indonesia's G20 presidency in 2022 is marked by various interesting issues to be discussed among developed and developing countries who are the retainers of the world economy. One of the issues that need special attention is the issue of inclusiveness in the field of employment, not only inclusive of disability groups but also paying attention to gender equality. With various achievements achieved by Indonesia through various policies that seek to reduce gender inequality, Indonesia can be a good example that shows progress in achieving better gender equality, which of course still needs encouragement from the policy side to accelerate these achievements so that they are more optimal.

**More on:**

<https://www.lpem.org/id/labor-market-brief-volume-3-nomor-3-maret-2022/>

**Working Paper: No. 69, March 2022**

# Who works from home during the COVID-19 pandemic? Case of Indonesia

During the COVID period, a form of remote working, work from home, is adopted in the workplace and/or is opted by the workers. Based on SAKERNAS August 2020 survey, 10.39% of salaried workers worked from home during this early period of the COVID-19 pandemic. Exploring some factors affecting the choice of remote working, we find vulnerable populations, as in the case of women and disabled workers, have a higher probability of working remotely from home. However, married workers correlated with a lower probability of working from home.

Across sectors, manufacturing, transport, hotel and restaurant sectors are positively correlated with a higher probability of working remotely, and the reverse for the case of health and social and the government sector in general. In this early pandemic period, salaried workers who work from home mostly experienced a lower or the same level of hours work compared to the period before the COVID-19 pandemic. There seems to be divergence on the benefits of working from home, as from descriptive, an increase in earnings is dominated by workers with a relatively high wage rate.

**More on:**

<https://www.lpem.org/who-works-from-home-during-the-covid-19-pandemic-case-of-indonesia/>



## LPEM FEB UI Education and Training: Mei—June 2022



**Regulatory Impact Assessment**  
(17—19 May 2022)



**Macroeconomics**  
(23—25 May 2022)



**Policy Brief Writing**  
(7—9 June 2022)



**Economic and Financial Data**  
(25—24 June 2022)



**Regional Potential Analysis**  
(20—24 June 2022)



**Monitoring and Evaluation**  
(14—16 June 2022)

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