Welcome to the LPEM Newsletter June 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 third edition and will continue to be published every month. Since 1953, LPEM FEB UI has been actively conducting research, consulting, and training activities to solve development problems in Indonesia.

In this edition, the LPEM Newsletter will discuss webinar activities organized by LPEM FEB UI as Host Institution Task Force 9 Think20, namely “Moving Beyond GDP: The Case for Wealth as a Core Measure of National Progress”. In addition, this edition also shares two opinion articles by LPEM FEB UI researchers that have been published in Kontan Daily, titled “Simplification of Tobacco Excise Tariffs” and “Acceleration of MSMEs Upgrading Efforts”. Additionally, included also the summary of webinar activities organized by LPEM FEB UI as Host Institution Task Force 7 Think20 entitled “Managing Elevated Risks of Climate Transition”.

This newsletter is widely distributed among the government, academics, advocates and environmental activists, NGOs, the media, and the general public. We encourage your involvement in sharing this publication widely and making it a reference when needed.

Enjoy reading,

Alin Halimatussadiah
Head of Environmental Economics Study Group
LPEM FEB UI
Inclusive Wealth as a New GDP Measurement

On June 13, 2022, LPEM FEB UI as the host institution together with IIID and IDRC held a Webinar entitled "Moving Beyond GDP: The Case for Wealth as a Core Measure of National Progress". This webinar discusses how indicators of inclusive wealth can play a role as a measure of the progress of a country's economic growth. Inclusive wealth is defined as assets that support human life, such as natural, human, social, production and financial capital. To date, no government around the world has tried to measure it with inclusive wealth indicators.

This webinar was moderated by Pedro Conceição (Director of Human Development Report Office, UNDP) and invited several speakers such as Diane Coyle (Bennett Professor of Public Policy, University of Cambridge), Bambang Brodjonegoro (Lead Co-Chair, T20 Indonesia), Pushpam Kumar (Chief Environmental Economist and Senior Economic Advisor, UN Environment Programme), and Erin Tansey (Director of Sustainable Inclusive Economies, IDRC).

Encouraging Simplification of Tobacco Excise Tariffs

On Friday, June 3, 2022, an opinion article written by Vid Adrison, Researcher at LPEM FEB UI, was published, entitled "Encouraging Simplification of Excise Tariff Structures on Tobacco Products" in Kontan Daily. This article generally discusses the dilemma of tobacco consumption control policies faced by the government. On one hand, tobacco consumption in Indonesia shows an alarming condition, where Riskesdas data shows an increase in the prevalence of smoking among young people (10-18 years old) from 7.2% in 2013 to 9.1% in 2018. On the other hand, tobacco excise revenue accounted for IDR 188 trillion in 2021, or nearly 9.5% of total state revenue in 2021.

The important question that arises is, is there tobacco product excise policy that provides a triple win solution? In other words, an excuse policy that on the one hand can reduce cigarette consumption and on the other hand has a positive impact on state revenue and employment? If it is impossible to achieve three targets at once, can one policy give positive results for two aspects, such as health and state revenue? Find the answer in Kontan Daily, June 3, 2022.
Acceleration of MSMEs Upgrading with the Right Assistance

On Friday, June 17, 2022, an opinion article written by Dewi Meisari, Chief Editor, UKMIndonesia.id - LPEM FEB UI, entitled “Acceleration of UMKM Up Class with Mentoring” was published in Kontan Daily. The article describes the study of UKMIndonesia.id - LPEM FEB UI supported by BRI (2019-2020) to formulate the "Upgrade Indicators" of MSME parameters, the mentoring curriculum, and produce the MSME Grade Up Index with a value range of 0-10. The index score is divided into nine class categories from Traditional to Modern Exemplary.

The results of a survey of more than 3,700 MSMEs show that most of them belong to the Developing class (index value range 3.21 - 4.26) and Traditional Model (2.17 - 3.21). This study also finds a pattern that the opportunity to upgrade from Micro to Small Enterprises can increase significantly when a business reaches the Main Developing class (score 4.26 - 5.30), while for Small to Medium Enterprises in the Main Modern class (score 7.39 - 8.43).

This study estimates that in order to advance from the Traditional to the Developed class category, business actors need to improve their entrepreneurial competencies related to at least 27 practical training/workshop themes covering 12 aspects of entrepreneurship. Meanwhile, to move up from Evolving to Modern class, 31 themes are needed.

This finding confirms that short training events, webinars, field visits, or other ceremonies are not worthy of being called mentoring programs. Mentoring at least includes practical workshops with questions and answers and consultations for participants who are confused when practicing their new knowledge, and are equipped with continuous monitoring and evaluation.

Managing Climate Transition Risk

LPEM FEB UI as the host institution for Task Force 7 Think20 has held a webinar entitled “Managing Elevated Risks of Climate Transition” on June 2, 2022. This webinar aims to answer the challenges of the current climate transition in aspects of financial stability, socio-economic development, and global coordination to achieve an inclusive, equitable and affordable climate.

This webinar was attended by well-known speakers such as Bambang Brodjonegoro as Keynote Speech, Mari Elka Pangestu and Chatib Basri as speakers in the “Conversation with Mari Elka Pangestu” session, and also attended by Kevin Gallagher (Boston University), Jeffrey Frankel (Harvard University), Iwan Jaya Azis (Cornell University), Montek Ahluwalla (World Bank), Reza Siregar (IFG), Agus Sari (Landscape Indonesia), Fiona Stewart (World Bank), Nurdiana Darus (B20) and Rajiv Batra (JP Morgan) as panelists.

More details: https://youtu.be/9ngdEjBeRW8
Overview of LPEM FEB UI Publications and Activities

经济简报

宏观经济分析系列：通货膨胀分析，2022年5月
2022年4月的通货膨胀（YoY）为3.47%，比前一年4月的通货膨胀率提高了0.83%。从YoY的角度看，通货膨胀主要是由于食品、饮料和烟草消费项目的显著增加，该消费项目的通货膨胀率为5.2%，房屋设备及日常维护为4.23%，交通为4.84%，提供食品和饮料/餐厅为3.47%，以及个人护理和其他服务为4.91%。

宏观经济分析系列：BI董事会会议，2022年5月
由于斋月和开斋节的高消费，以及食品价格的上涨，导致4月通货膨胀率较高，其中对通货膨胀率贡献最大的是食品和价格波动较大的商品。相反，能源价格仍可控，因为政府继续实施能源补贴和补偿以及社会保护，因此，人们的购买力保持稳定，核心通货膨胀率仍然相对较低。

贸易与行业简报，2022年5月
印度尼西亚4月的贸易盈余为75.6亿美元，这是历史上最大的盈余，也是连续第24个月的盈余。这些贸易表现一方面对后疫情时期国家经济复苏是积极因素，但另一方面是工业下游化和提高国内附加值的挑战。

劳动力市场简报，2022年5月
2022年2月的印度尼西亚劳动市场条件显示了良好的发展，失业率下降，劳动力参与率上升。然而，有更多非正式工人，非正式工人的女性比例高于男性。鉴于此，政府需要更加关注女性工人的权利，尤其是社会保护，以实现性别平等和实现女性工人的福利。
更多详情：https://www.lpem.org/labor-market-brief-volume-3-nomor-5-mei-2022/

Our Scholar’s Publication:
Political Competition and Economic Performance: Evidence from Indonesia
by Jahen F. Rezki

This paper analyzes the impact of political competition on economic performance in Indonesia. This study uses a database covering 427 districts in Indonesia, from 2000 to 2013. Political competition is measured using the Herfindahl Hirschman Concentration Index for the district parliament election. This variable is potentially endogenous, because political competition is likely to be non-random and correlated with unobservable variables. To solve this problem, I use the lag of the average political competition within the same province as the instrumental variable for political competition. The degree of political competition boosts real Regional Gross Domestic Product (RGDP) per capita and RGDP growth by 0.7 and 0.6%, respectively. This study also finds that stiffer political competition is associated with lower own source revenue, higher non agricultural RGDP share, and higher Human Development Index (HDI).


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LPEM FEB UI Education and Training:
May–July 2022

More information about the education and training:
Website: www.diklat.lmek.org
Registration: https://linktr.ee/DiklatLPEMFEBUI
Email: diklat@lmeu-feui.org / diklatlpefm2021@gmail.com
Whatsapp: https://wa.me/6281196103130

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