



Trusting The Evidence: The Best Survival-Kit Under Uncertainties

IAPA – DPPM International Webinar
How Governments are Adapting to an Era of Uncertainty
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Talking Points



1. Covid-19 Pandemic and the Uncertainties.
2. Conflicting grand strategy: Social-Distancing (Hensley, 2020) vs. Herd Immunity (Gordis, 2013).
3. The government wobbling response: the need for evidence-based policy.
4. Thinking beyond the pandemic: issues of agility and responsive public services.



Wish for the best, prepare for the worst...



Complacency and leniency are the lurking evil.

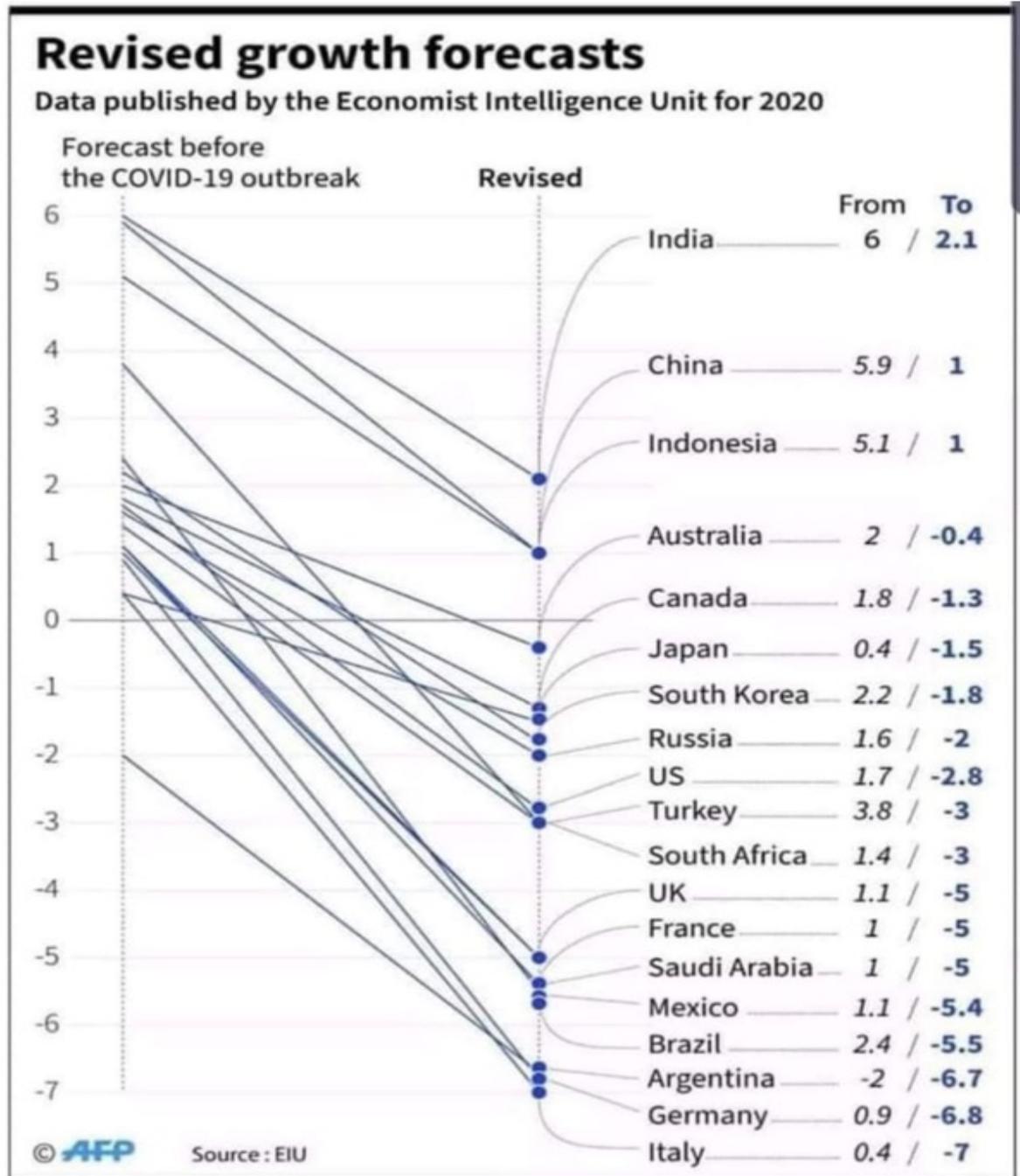
Knowledge and Policy



Policy for Science: 1945-1970	Science in Policy: 1970-1980s	Research for Competitiveness & Innovation: 1980s-1990s	Rationales for the new millennium?
<ul style="list-style-type: none"> • “Science, the Endless Frontier”(Bush, 1945) • S&T funded because unquestionably worthwhile, required for national security; many decisions taken by industrial-military complex elites; • Linear model of innovation – science as the motor of progress • Big science and technology programmes, e.g. nuclear, aerospace • Policy concerned with managing growth of science as determined by scientists in their disciplines 	<ul style="list-style-type: none"> • An age of questioning – need for reform – energy crisis, “Limits to growth” • Brooks report (OECD 1971) Science, Growth and Society • Recognition that science should support policy objectives of modern state, policy not merely concerned with science itself • Social goal rationales move into the ascendancy – national well-being • Science as a problem-solver • More demand than supply-led 	<ul style="list-style-type: none"> • Slow economic growth – need to relate science to national economic performance • Strategic science, “critical technologies”, focus on technology strengthening • Rise of large cooperative technological programmes leading to market failure • Evaluation and foresight • Integrate demand and supply – more systemic and network views abound – about greater co-ordination 	<ul style="list-style-type: none"> • Re-emergence of rationales for funding basic research (eg Japan) • Dominance of systems views founded in evolutionary economics • Understanding new challenges and anticipating new crises • Support of networks (eg ERA, regional science policy) • Recognition of changes in institutions and global context of research • Foresight <p style="text-align: right;"><i>Source: Barker, 2004</i></p>

Indonesian economy
is shrunk by – 2.17%

Of the 136.2 mil workforce
out total 272.8 mil
population, 4,025,000 are
losing jobs.



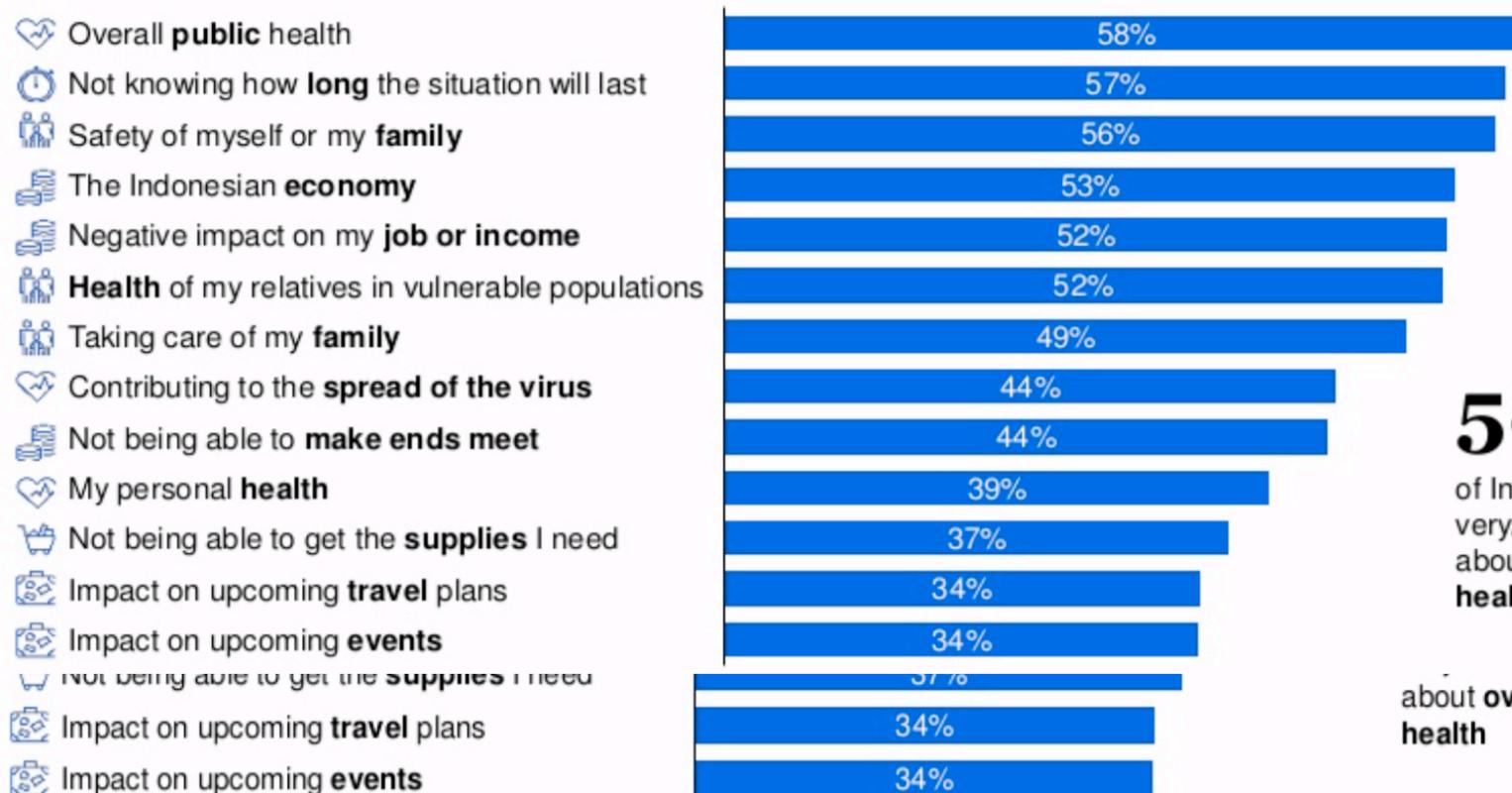


Public health, uncertainty about the duration of the situation, and family safety are still the top concerns for Indonesians

Largest concerns of the Indonesian population related to COVID-19¹

% of respondents who are very concerned or extremely concerned

Very concerned / extremely concerned



58%

of Indonesians are very/extremely concerned about **overall public health**

about **overall public health**

Source: McKinsey, May 2020.

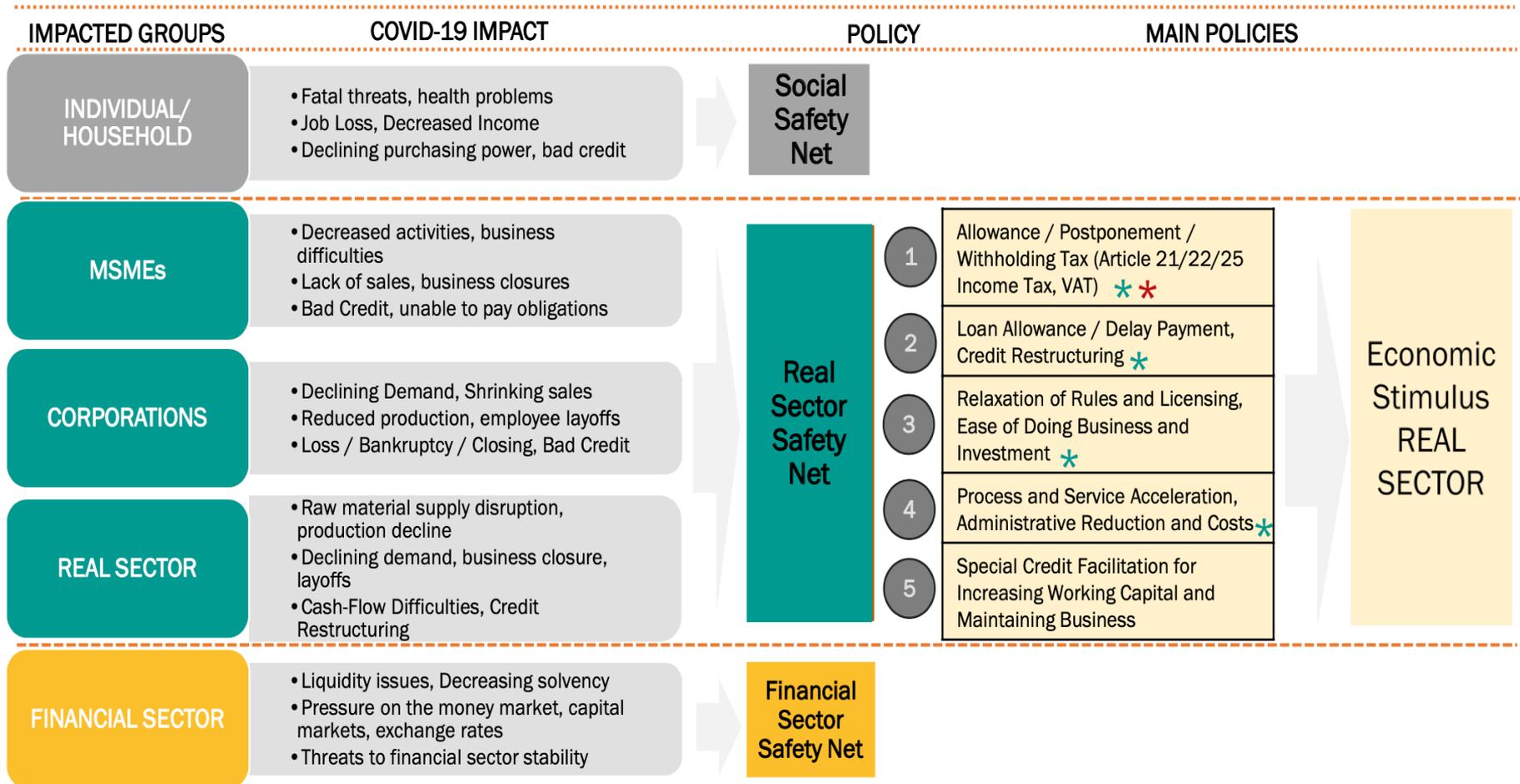


Whether or not we would survive Second or Third Wave, it depends on the government-polity understanding...





The Pandemic Has Changed Everything...





Economic Rescue During the Pandemic

- Government's policy related to COVID-19 pandemic comprises of four safety nets.
- **Latest Update 22/4:** Expansion of business classification coverage for Fiscal Incentives.
- The economic safety net and national economic recovery measures, along with other economic stimulus that focus on maintaining purchasing power and ensuring business continuity (minimizing layoffs), will minimize the spill-over effect of the COVID-19 pandemic hence limiting the impact to the banking system.



Health Safety Net

Budget Support: Rp75 T

- BPJS contribution subsidies
- Medical Personnel Incentives
- Death Compensation for Health Workers
- Purchase of Medical Equipment (PPE, ventilators, masks, etc.)
- Referral Hospitals



Social Safety Net

Budget Support: Rp110 T

- *Program Keluarga Harapan*
- Staple Products
- Pre-employment Card
- Labor Intensive Program
- Electricity tariff discount for 450 VA and 900 VA
- Housing Incentives for MBR
- Religious Holiday Bonus
- Price Stabilization/Market Operations
- Ministry/Agency Budget Adjustment



Economic Safety Net

Budget Support: Rp70,1 T

- Fiscal Incentives (Elimination of Income Taxes & Imported Goods Taxes, Corporate Tax Reduction and the Acceleration of VAT Restitution)
- Non-Fiscal Incentives (Simplification and Acceleration of the Exim Process)
- Relaxation of Community Credit (KUR)
- Bank Indonesia Policy
- OJK and Capital Market Policies



National Economic Recovery Measures

Budget Support: Rp150 T

- Government Regulation in Lieu of Law No. 1 Tahun 2020
- *Local Currency Settlement (LCS)*
- *Recovery Bond*

Rp405,1 trillion
(USD24.6 billion)
Total Budget Allocation

Source: Coordinating Ministry for Economic Affairs



Dealing With The Covid-19 Pandemic

FISCAL POLICY

Line ministries and regional
govt: budget priorities to
tackle COVID-19

Rp190 T Spending cut/saving
Rp55 T Spending Reallocation

Budget
Refocusing &
Reallocation

STIMULUS I
Rp8,5 T

STIMULUS II
Rp22,5 T

STIMULUS III
Rp405,1

Maintaining people's purchasing
power and ease of export and
import:

- Fiscal stimulus
- Non-Fiscal Stimulus
- Policy in the Financial Sector

Strengthening the domestic
economy through:

- Accelerating spending &
encouraging labor-
intensive policies
- Spending stimulus

Rescueing national health and economy, as well
as maintaining the stability of the financial
sector (through **Perppu No.1 Tahun 2020**)

- State Financial Policy (health, social safety
net, business support & economic recovery
financing support)
- Policy in the Financial Sector

MONETARY AND FINANCIAL POLICY

MONETARY*

- Reducing BI 7DRR
- Increasing *triple intervention* intensity
- Lowering Currency Statutory Reserves
(GWM) in Rupiah & foreign currency
- Extend SBN tenure

BANKING

- Relaxation of credit/financing/fund
provision requirements for MSMEs
- MSMEs credit/financing
restructuring

Fiscal Stimuli

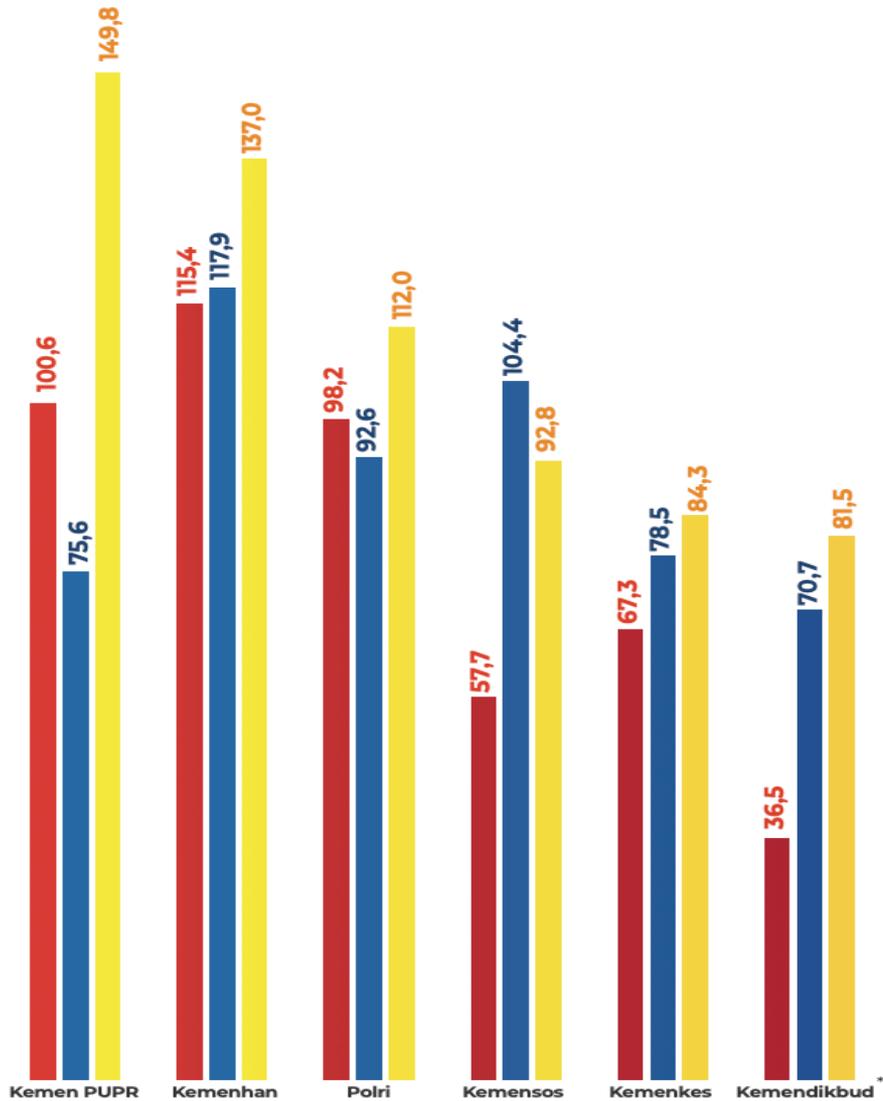


No	Stimuli Policy	Update
STIMULI 1		
1	Front-loading of Government Spending	Accelerating the process of disbursing Capital Expenditure, accelerating the appointment of treasury officials, accelerating the implementation of tenders, etc. Accelerating disbursement of social assistance spending. Transfer to Regional and Village Funds.
2	Expansion of Staple Food Cards to increase the benefits (IDR 150 thousand / month → IDR 200 thousand / month)	Has been carried out by the Ministry of Social Affairs as of March 2020.
3	Expansion of the target for housing interest subsidies with an additional house volume of around 175 thousand housing units	<ul style="list-style-type: none"> ▪ Currently in the process of drafting the implementing regulations The revision of DIPA is still in the process based on the proposal of the Ministry of Public Works and Public Works ▪ The contract with the Implementing Bank is planned for April 2020
STIMULI 2		
1	Relaxation of Income Tax	Article 21 Income Tax Borne by the Government (DTP), exemption of Article 22 Income Tax Import, Reduction of Income Tax Article 25, VAT refunds are accelerated
2	Simplification and Acceleration of the Exim Process	Simplification and reduction of export and import restrictions (manufacturing, food and medical support), acceleration of the export-import process for reputable traders, and export-import services through the National Logistic Ecosystem.



The 6 Highest Ministerial Expenditures

- 2019 realization
- 2020 report
- 2021 plan



Is the government serious with this devastating pandemic?



The hard-hat leader...

The president's focus on infrastructure is not driven by an ideological commitment to free-market economics. Rather, he is a developmentalist who believes economic growth is necessary to maintain political legitimacy. But without a lucid vision of how he wants to remake the economy, Jokowi has struggled with a fundamental contradiction that has held back Indonesia since independence: The country needs foreign investment and know-how to develop, but economic liberalism is seen as a tool of colonial oppression.

Local Budget Adjustment: Cutting across the board (!)



No.	Agencies	Previous Allotments	Revised Allotment (A cut of 55%)
1	Education	821,541,062,837	448,147,443,454
2	Health	163,902,390,266	87,998,081,398
3	Public Works	422,247,358,796	250,055,357,763
4	Natural Resource Mgmt	131,885,224,747	70,772,950,782
5	Housing	7,978,464,900	4,085,801,322
6	Local Policing (Satpol PP)	5,345,399,400	2,843,719,670
7	Politics and National Unity	6,179,179,782	3,272,048,836
8	Disaster Management	13,541,366,090	7,667,751,350
9	Social	90,141,688,392	47,802,643,890
10	Manpower and transmigration	11,719,482,436	5,807,715,340
11	Women and child-care	4,193,360,391	2,196,312,286
12	Food	19,914,608,902	10,382,304,846
13	Environment	11,553,464,600	6,010,449,280
14	Population and family-planning	5,177,324,000	2,501,588,155
15	Rural empowerment	23,478,846,642	12,701,832,188
16	Transportation	16,539,551,600	8,937,212,438
17	Telecommunication and information	11,720,849,700	6,116,493,790
18	Coops and SMEs	17,216,949,180	8,480,842,744
19	Licencing and permits	7,906,331,291	4,107,150,944
20	Youth and sport	12,072,053,136	6,448,470,235

Source: West Sumatra budget, 2020

Initial response: denial and under-estimation...



The initial response has been worryingly blasé, with controversial health minister Terawan Agus Putranto suggesting that prayers would help keep Indonesians safe from the virus and generally failing to get on top of the problem. As of Monday, Indonesia had only tested just over 1200 people for Covid-19, a worryingly small number, and reported 134 cases. No wonder that many scientists (and ordinary citizens) fear that the spread in Indonesia, with a population of more than 260 million people, is much more widespread. And no wonder that wealthy Indonesians had been decamping to Singapore, before it put restrictions on their entry (and others') on Monday.

Across the world, this pandemic is shining the most unflattering of lights on the weaknesses of our political systems, societies, and economies. But the problem is particularly acute for Indonesia.

The lack of testing also points to a broader lack of transparency. Last week, Jokowi himself said that the government was holding back information about the spread of the disease from the public because it “did not want to stir panic”. An economy-first president, he is clearly worried about the impact of response measures on jobs and business. He has, rightly, tried to reassure people and to encourage them to take the appropriate basic precautions, such as vigorous hand-washing and minimising non-essential social contact. But the government needs to be far more open when managing a public health crisis of this scale in a sprawling democracy.

The Interpreter, 17 Mar 2020

Incoherent Policy

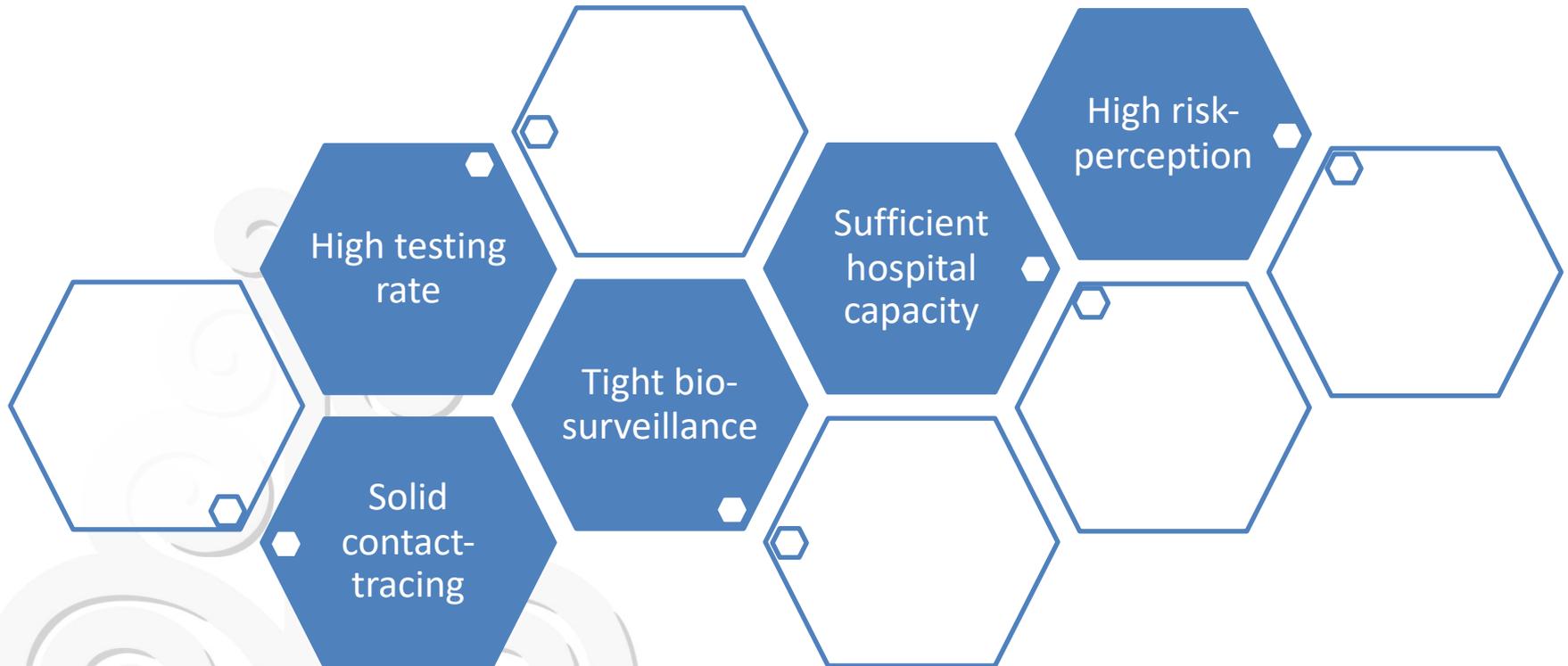


1. No travel restriction
2. Large scale social-distancing (*Pembatasan Sosial Berskala Besar, PSBB*)
3. New normalcy: emphasize on health protocol (*Adaptasi Kebiasaan Baru, AKB*)
4. Allow partial lockdown in red-zones: Regional PSBB
5. Micro-scale restriction (*Pemberlakuan Pembatasan Kegiatan Masyarakat, PPKM*).

"If it is deemed necessary, the restriction of community activities can be carried out on a micro-scale, in a small scope, be it on a village scale, or neighborhood only. Do not carry out a total lockdown of the entire city if there's only one person from one neighborhood who is exposed to coronavirus", said Jokowi when opening an event broadcast online on the Presidential Secretariat YouTube channel, Thursday, 11 February.

"If only one person from one neighborhood is exposed to the virus but keep implementing a total lockdown, what's the use?", he added.

New-Normal Basic Imperatives



Evidence on Covid is really the problem



1. The testing rate for Covid-positive cases remains very low. Less than 1 per one million (Compare Denmark: 80 per one million) of population.
2. Bio-surveillance is not systematically carried out. (i.e. contact-tracing with new cases, self quarantine monitoring, health protocol in public facilities).
3. There is a big concern about under-reporting for two reasons: a) Lack of data accuracy due to weak bio-surveillance, b) Negative stigma on people with Covid-positive cases.

(Hadisoemarto, P., *Tempo*, 1-7 June 2020)



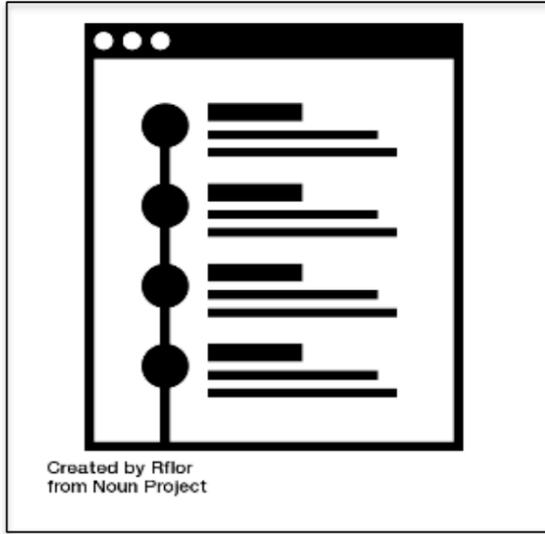
Why EBP is Crucial for Indonesia?

ABSENCE OF COORDINATION AND SILO-ED APPROACH



To help coordination and break the silos. The aim is to have **higher capacity and capability of regulator and policymaker.**

LACK OF DISCIPLINE IN IMPLEMENTATION



To make sure implementation is as planned. The aim is for the **government to have better decision making processes**

POLITICAL BARGAIN IN THE ABSENCE OF DATA



To push for the use of data and research for policy. The aim is to have **better and more accurate, targetted, public service delivery**

Source: Nugroho, 2020

Agile Governance: Thinking Beyond the Pandemic



1. Flexible and adaptive structure; focus on the mission.
2. ICT, IoT, AI; get the maximum benefit from the available technology.
3. Focus on citizens' demand, reinvent the business process whenever possible.
4. Work with any types of organizations (penta-helix), give priority to any form of co-creations.
5. Get the smartest innovation, implement swiftly and accordingly.

Technology for Governance



“Artificial intelligence could have more profound implications for humanity than electricity or fire.”

- *Sundar Pichai, CEO, Alphabet*

AI (LAWGEEEX) BEATS HUMAN LAWYERS IN CONTRACT READING COMPETITION

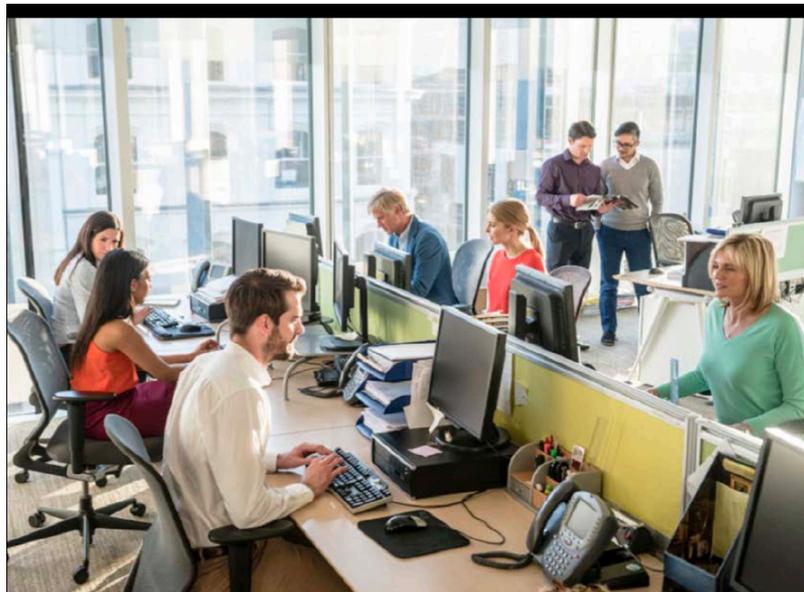


Humans vs. AI in reading a contract:

- Humans: 92 min, 85% accuracy
- AI: **26 seconds, 94% accuracy**



The business process: It's all about blended mode of public services.



THEN...



NOW...



Get the smartest innovation,
implement swiftly and accordingly...

THE NEW INDIAN EXPRESS

STOCK MARKET BSE 38426.24 ▲ 385.67(1.01%) NSE 11334.95

Home > Business

COVID-19: Apollo Hospitals launches 'Project Stay I' with 500 isolation rooms in hotels across country

This effort is aimed at creating isolation and quarantine facilities and reducing the burden on hospitals providing acute care.



(Sangita Reddy) Turning empty hotel rooms into hospital rooms with remote monitoring and a doctor/nurse living on the first hotel.

Concluding Remarks



1. Incoherent policy and conflicting grand strategy have made Indonesia a laggard in surviving the Covid pandemic.
2. Most of the critical problems during the pandemic has been related to populist, anti-scientism, and lack of evidence-based policy.
3. Isomorphic mimicry is different from ventriloquism (Krause, 2013). Countries learning from one another and imitating success is alright, with 2 parallel effort: a) adaptation instead of ventriloquism, and b) allow governments to experiment, e.g. turning something that worked well elsewhere into genuinely local innovation.
4. The crisis has taught an important lesson about the need for agile governance.



THANK YOU

