

Thursday, Apr. 9th, 2020

GENERAL NEWS AND HEADLINES

Govt to expand PCR testing for coronavirus

The Jakarta Post, headline

The Health Ministry issued a circular on Tuesday allowing public hospital laboratories, public and private clinical laboratories, as well as state-owned virology laboratories and university research laboratories to conduct PCR testing as long as they meet level-two biosafety (BSL-2) standards for testing SARS-CoV-2, the coronavirus that causes COVID-19, and have the necessary equipment and facilities.

The decision came after President Joko "Jokowi" Widodo on Monday called on the Health Ministry and the COVID-19 task force to improve and accelerate PCR testing, which scientists say is crucial in the battle against the deadly pandemic.

Additionally, the government has imported two automatic RNA extractors and 18 PCR detectors from Swiss multinational healthcare company Roche, which will be distributed to 12 provinces; Jakarta, Banten, West and East Java, Bali, Lampung, South and North Sumatra, East Kalimantan, South Sulawesi and Papua.

State-Owned Enterprises (SOEs) Ministry expert staffer Arya Sinulingga told the *Post* that the machines could boost the country's testing capacity to between 5,000 and 10,000 tests per day, reaching as many as 300,000 tests within a month.

The machines will be installed in Jakarta next week and those in other regions in the next two weeks, he said, adding that the SOEs Ministry would ensure the supply of necessary kits for PCR testing, even though the Health Ministry said the country currently had only 200,000 reagents for the labs.

KPK encourages regional leaders to use COVID-19 budget

Republika, p. 2; Media Indonesia, p. 3; Kompas, p. 2

The Corruption Eradication Commission (KPK) has urged regional administrations not to hesitate in using the allocated budget for the COVID-19 response as long as it is carried out transparently.

The KPK will continue to oversee budget expenditure and the procurement of goods and services through a special team working alongside the COVID-19 rapid response task force at the central and regional levels as well as with other stakeholders.

"As long as there is no corruption in the process, procuring goods and services can still be carried out without hesitation," said KPK chairman Firli Bahuri in a coordination meeting via teleconference with regional secretaries, regents and mayors across the country.

Firli said budget users were directly responsible for obtaining goods and providing services needed to handle the outbreak and that any hesitation in using the budget could hamper the mitigation of COVID-19. Firli further reassured that the KPK was fully aware about the increasing prices of particular goods and produces amid the outbreak due to increased demands and limited producers.

Released prisoners will be supervised, ministry says

Koran Tempo

The Law and Human Rights Ministry reaffirmed that it would continue to supervise the 35,676 inmates granted an early release as part of the government's efforts to avoid COVID-19 infections in overcrowded prisons. Penitentiaries and prosecutors' offices are charged with routine monitoring of the released adult and juvenile prisoners as to prevent them from committing crimes again.

Ministry spokesman Bambang Wiyono claimed that penitentiaries were ready to conduct surveillance in cooperation with the prosecutors' offices. "We have asked [the released prisoners] to remain at home and not to wander around," Bambang told *Tempo* yesterday.

Data from the Corrections Directorate General stated that at least 35,676 incarcerated adults and juveniles had been released over the past week. The liberation was carried out through assimilation or social integration (33,861 prisoners) and parole (1,815 prisoners).

House of Representatives' motives questioned

Kompas, p. 2

The House of Representatives' motives for its alleged plan to revise the Constitutional Court Law have been questioned. Besides the fact that its discussion has been brought up at an inappropriate time amid the COVID-19 outbreak, the circulating draft of this revision has not been in the public interest.

Contentious articles in the draft revision of the Constitutional Court Law include the stipulation that constitutional judges will hold office until the age of 70 without a periodic term of office (Article 87, Letter C), and that the term of office of the Constitutional Court chairman and deputy chairman can be extended by 5 years from the previous 2.5 years (Article 4).

The director of the Constitution Study Center (PUSaKO) at Andalas University in West Sumatra, Feri Amsari, said the House had drawn suspicion for trying to discuss a number of bills amid a global health crisis. Especially with the Constitutional Court law revision, Feri said, the revisions being made have had no relevance to public interests.

Satellite cities to follow Jakarta's lead on large-scale social restrictions

The Jakarta Post, p. 1; Koran Tempo, headline

The leaders of Greater Jakarta have agreed to impose large-scale social restrictions (PSBB) in their respective regions after the capital, the epicenter of the COVID-19 outbreak in Indonesia, got the nod from the Health Ministry to implement further restrictions.

West Java Governor Ridwan Kamil said on Tuesday that the five municipalities and regencies that are part of Greater Jakarta — Bekasi municipality, Bekasi regency, Bogor municipality, Bogor regency and Depok municipality — would submit a PSBB request to the Health Ministry.

"Policy decisions related to the handling of COVID-19 can't be made using a sectoral approach, it should instead take a cluster approach. The Jakarta administration, West Java and Banten must be united in implementing the policies," Ridwan said on his official Facebook account.

Banten Governor Wahidin Halim also said that Tangerang regency, Tangerang municipality and South Tangerang municipality — three satellite cities under the Banten provincial administration — would request PSBB status from Health Minister Terawan Agus Putranto.

He urged the relevant mayors and regents to coordinate with Jakarta on their policies, having agreed that Greater Jakarta as a whole should implement such measures in lockstep.

BUSINESS AND ECONOMICS NEWS AND HEADLINES

PSBB to be expanded to cover Greater Jakarta

Bisnis Indonesia, headline

Five regions in West Java province – Bogor municipality, Bogor regency, Depok municipality, Bekasi municipality and Bekasi regency – have all applied for permission to implement the large-scale social restrictions (PSBB). West Java Governor Ridwan Kamil said that these regions must be managed as a single cluster with Jakarta, since they collectively contributed 70 percent of all COVID-19 cases in the nation.

Governor Wahidin Halim of Banten province also urged the central government to consider Greater Tangerang as part of Jakarta's PSBB, since the movement of people in those areas were linked to Jakarta.

Center of Reform for Economics (CORE) economist Yusuf Rendy Manilet said that solidarity between the heads of those administrations at the epicenter of the epidemic was necessary to ensure the PSBB's success in the region. He added that alternative funding for the endeavor could be sourced from the Jakarta budget, as the capital had set aside Rp 3.02 trillion for social assistance until May 2020.

Meanwhile, Home Minister Tito Karnavian stated that local administrations must reallocate their budgets to increase the capability of local health facilities and to provide safety nets for people whose livelihoods had been affected by the epidemic, such as informal workers.

Extra Rp 24 trillion set aside for social assistance

Investor Daily, headline

The government has reallocated Rp 24 trillion from the village funds program as social assistance to support an additional 5.8 million poor families in rural areas who had not received any social assistance.

The Finance Ministry's fiscal balance director general, Astera Primanto Bhakti, said each rural household would receive Rp 600,000 per month for the next three months starting in April.

"Some of the disbursement of the village funds, which has been allocated for empowerment and cash-for-work programs, will be used as cash assistance for poor families in [rural areas]," said Astera.

Astera added that the Villages, Disadvantaged Regions and Transmigration Ministry would send volunteers to the regions to collect data on rural households. The collected data would then be cross-checked with data at the Social Affairs Ministry and local administrations.

President Joko "Jokowi" Widodo announced that the government would expand the 2020 state budget by an additional Rp 405.1 trillion to fight Indonesia's COVID-19 outbreak. The figure breaks down into Rp 150 trillion for economic stimulus packages, Rp 110 for a safety net program, Rp 75 trillion for health and Rp 70.1 trillion for tax incentives and stimulus loans.

Infrastructure projects may stall

Kontan, headline

Infrastructure development projects are in danger of stalling, as the government has reallocated funds from the infrastructure budget to finance its COVID-19 prevention and control efforts.

The government, for example, has cut Rp 62.2 trillion from the capital expenditure budget of ministries and state institutions, or 30 percent of the original budget of Rp 209.5 trillion, for reallocating to the health emergency program.

In addition, it has cut 24 percent of the Public Works and Housing Ministry's budget, from Rp 120.22 trillion to Rp 95.68 trillion, and 14 percent of the Transportation Ministry's budget, from Rp 43.11 trillion to Rp 36.98 trillion.

The Finance Ministry's budget director general, Askolani, explained that cutting the infrastructure budget was necessary because progress on the projects had declined as a result of the government's work from home (WFH) policy, as well as the new large-scale social restrictions (PSBB) policy.

Askolani added that the ministry had suggested that non-urgent projects be delayed to the next fiscal year.

Public Works and Housing Minister Basuki Hadimuljono said that the ministry would select only those projects that would directly impact on buffering the economy through a multiplier effect, and postpone all other projects.

Among the infrastructure projects to be postponed to 2021 is the capital city development project in East Kalimantan.

Layoffs continue to increase

Kompas, p 9 (Economy & Business page)

The coronavirus epidemic has affected almost all domestic industries, many of which have been forced to lay off workers to survive. As the number of laid-off workers continues to increase, so has the burden on the government to support them under the pre-employment card social security program.

Manpower Ministry data shows that 1.2 million workers had been laid off at 74,430 companies as of Wednesday, April 8. The majority of newly unemployed are in the formal sector, with just 189,452 informal workers among the newly unemployed.

Many companies did not follow the established layoff procedures. A department store in Depok, West Java, for example, laid off 127 of its employees in a single day without prior notice. Indonesian Workers Union Association (Aspek) president Mirah Sumirat commented that the Depok department store did not care about its employees.

Mirah noted, however, that many companies affected by the COVID-19 epidemic continued to treat their workers well, including those that had sent their workers home on half pay. She called on business owners to cut costs in other areas and avoid proceeding directly to layoffs.

BI to dominate 'pandemic bond' as debt burden grows

The Jakarta Post, p. 5 (Business page)

Bank Indonesia (BI) will dominate financing of the nation's "pandemic bonds" as the government seeks to protect the economy from the risk of increasing debt burdens, economists say, including from its 50-year bond, the bond with the longest tenor.

Bank Permata chief economist Josua Pardede said that foreign investors would be reluctant to buy risk assets, including sovereign debt papers, during the ongoing market routs.

"Financing the 'pandemic bonds' may be dominated by the central bank as foreign investors tend to avoid risk assets," Josua told *The Jakarta Post* during a phone interview. "We expect that this will speed up the recovery of economic sectors affected by the COVID-19 epidemic."

The government plans to issue nearly Rp 450 trillion (US\$27.21 billion) in the so-called pandemic bonds to finance the country's response to the health crisis and economic turmoil caused by the outbreak, according to a Finance Ministry document.

Apart from the pandemic bonds, the government also plans to increase its bond sales target by Rp 160.2 trillion to Rp 549.6 trillion to address the widening budget deficit, which could reach 5.07 percent of GDP.

Indonesia raised \$4.3 billion from global bonds on Monday, including the longest-dated US-dollar bond ever issued by an Asian nation, Reuters reported, with the deal finalized in the US. The bonds, worth \$1.65 billion each, carry tenors of 10.5 years and 30.5 years, with a 50-year tranche worth \$1 billion. The deal was Indonesia's largest-ever bond sales.

"The debt burden will rise, but it will not surpass the debt-to-GDP ratio of 60 percent," Center of Reform on Economics (CORE) Indonesia research director Piter Abdullah told the *Post*.

The government's decision to issue the 50-year global bond would create unnecessary risk, as it must pay a high interest rate over a long period, Piter added.

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