

Webinar Report

The COVID-19 Pandemic and a Socio-Economic Analysis of North Sulawesi

Under the Subnational Competitiveness Webinar Series, “The Inaugural Provincial Dialogue on the Economy and Development 2020 for North Sulawesi” was held on September 25, 2020 by the Asia Competitiveness Institute (ACI). The webinar was attended by senior officeholders from various government agencies from the North Sulawesi province, members of the Indonesian Employers’ Association (APINDO) of North Sulawesi and academics from Sam Ratulangi University.

Webinar 1: The Inaugural Provincial Dialogue on the Economy and Development 2020 for North Sulawesi 2020

Friday, 25 September 2020

14.00 – 16.00 (GMT+8)

80 attendees

Dialog Perdana tentang Ekonomi dan Pembangunan Provinsi Sulawesi Utara 2020

25 September 2020
1400 - 1600 (WITA)

Sesi 1: Analisis Daya Saing Provinsi-Provinsi di Indonesia

Pembicara:

1. Hilda Kurniawati
Asia Competitiveness Institute
Lee Kuan Yew School of Public Policy
National University of Singapore

Sesi 2: Pandemi COVID-19 dan Kondisi Sosio-Ekonomi Provinsi Sulawesi Utara

Pembicara:

1. Ir. Jenny Karouw, M.Si
Kepala
Badan Perencanaan Pembangunan Daerah
Provinsi Sulawesi Utara
2. Heinrich Rudolf Warouw
Ketua Bidang Hubungan Luar Negeri dan Kerjasama Internasional
DPP APINDO Sulawesi Utara
3. Dr. Tri Oldy Rotinsulu
Sekretaris Jurusan Ekonomi Pembangunan
Fakultas Ekonomi dan Bisnis
Universitas Sam Ratulangi

Zoom Webinar ACI

Agenda

1400 - 1405:	Pembukaan dan Perkenalan Pembicara
1405 - 1425:	Analisis Daya Saing Provinsi-Provinsi di Indonesia (Sesi 1)
1425 - 1510:	Pandemi Covid-19 dan Kondisi Sosio-Ekonomi Provinsi Sulawesi Utara (Sesi 2)
1510 - 1540:	Sesi Dialog
1540 - 1600:	Q&A

Opening Remarks

Professor Cheung, Director of Asia Competitiveness Institute, began the webinar by highlighting the impacts of the COVID-19 pandemic. He spoke about the instrumental changes in the way that we now work and socialize, underlining widescale shifts to remote working models and increased consumption of social media. Professor Cheung also pointed out that the existence of the COVID-19 pandemic presents challenges for those who are less prepared

for change, but also provide opportunities for those who can adapt. Although this year's dialogue was conducted online, Professor Cheung hopes that this online webinar can be the platform that brings together stakeholders from the government, business and academic sectors in North Sulawesi, to formulate development strategies in the future.

Session 1

2020 Annual Update of ACI's Competitiveness Rankings and Simulation Studies of North Sulawesi

Speaker: Hilda Kurniawati
Research Assistant
Asia Competitiveness Institute, Lee Kuan Yew School of Public Policy
National University of Singapore

ACI research provides a quantitative framework to track the competitiveness level of all the 34 provinces in Indonesia. Key findings are as follows:

- In 2020, North Sulawesi's overall ranking has increased from 13th to 10th position, out of 34 provinces.
- Out of 6 provinces in the Sulawesi region, North Sulawesi is ranked 1st in Overall Competitiveness.
- Compared to 2019, North Sulawesi's rankings in 2020 for the four environments have undergone the following changes:
 1. Macroeconomic Stability: Dropped from 13th to 14th rank
 2. Government and Institutional Setting: Increased from 8th to 5th rank
 3. Financial, Business and Manpower Condition: Increased from 27th to 22nd rank
 4. Quality of Life and Infrastructure Development: Increased from 9th to 8th rank
- Top three strongest indicators:
 1. Government Inclusiveness
 2. Government Progress and Expectation
 3. Coordination of Local Governments
- Top three weakest indicators:
 1. Firms' Performance
 2. Crime Rate
 3. Minimum Wage per Month

Based on the 2020 results, ACI identifies key areas of improvement for North Sulawesi, including development of the labour market information system that can effectively increase labour participation rate and labour market flexibility; improvement of business climate to enhance business' performance, especially for the export-based industries; and enhancement of the trade and services' openness to maximize capacity and productivity of the factors of production. The research findings have been used by both provincial and national government in setting policy directions and formulating economic and business policies.

Session 2: Covid-19 Pandemic and the Analysis of Socio-Economic of North Sulawesi

Speaker: Ir. Jenny Karouw, M.Si
Head
Regional Development Planning Agency of North Sulawesi

Heinrich Rudolf Warouw
Head of Foreign Affairs and International Cooperation
DPP APINDO North Sulawesi

Dr. Tri Oldy Rotinsulu
Secretary of Economics Department
Faculty of Economy and Business
Sam Ratulangi University

Overview of COVID-19 Situation in North Sulawesi

The provincial government of North Sulawesi announced the first COVID-19 case on March 14, 2020. Two days later, the implementation of the COVID-19 emergency period began from March 16 to May 29, 2020. As per September 24, 2020, the total active COVID-19 cases in the province was 722 cases, in which majority of the cases were detected in Manado, the province's capital and largest city. Compared to the national level, North Sulawesi is the 13th province with the highest number of active cases, making up about 1.8% of total cases in Indonesia.

The Impact of COVID-19 on North Sulawesi's Economy

According to Ms. Jenny, the government representative, sectors that are most economically impacted by the COVID-19 pandemic are trade, transportation, and food and beverages. The pandemic has caused economic growth to decline from 4.27% in Q1 2020 to 3.89% in Q2 2020. It has also increased the poverty rate from 7.51% in September 2019 to 7.62% in March 2020. Despite showing a decline in macroeconomic performance, the communication and information, and insurance and financial services sectors have grown positively in Q2 2020, accounting for 15.77% and 12.50% respectively. From a business point of view, Mr. Heinrich states that the pandemic has caused consumers' purchasing power to shrink and has created increased uncertainty towards the international market. He also argues that if the pandemic lasts longer than expected, more companies might not survive, and more workers might be laid-off. This is in line with statements from Mr. Oldy, the academic representative, who mentioned that the pandemic has escalated the unemployment rate in 2020 by as much as 6.41% compared to the 2019 figure.

Government Policy Response

In response to the challenges caused by the pandemic, Ms. Jenny explains that the government has refocused and reallocated the provincial development budget (APBD). Several social safety net packages such as Family Hope Program (PKH) card, pre-employment card, and staples packages have been distributed to the impacted households. Ms Jenny also

emphasizes that the social assistance prioritizes poor and vulnerable groups. Furthermore, Mr. Oldy also appreciates the measures taken by the provincial government to promptly trace suspected cases. This has increased the official tally of COVID-19 cases, which could better reflect the local situation.

Moving Forward

In the final session of the Webinar, Mr. Oldy concluded that the pandemic has created a new normal situation characterized by a contact-free economy. This further reinstates that it is important for North Sulawesi to enhance its adaptability by advancing new skills, new knowledge, and new business approaches. Following that, Ms. Jenny explained that the government has planned for economic recovery through the Integration of Provincial, District and City Programs. This is expected to be done by enhancing the sustainability of agricultural development, as the agricultural sector has long been the key driver of North Sulawesi's economy. Voicing the business point of view, Mr. Heinrich also hopes that the provincial government can stimulate the economy by creating a sustainable and less volatile business environment in the long term. To make it happen, North Sulawesi requires strong government leadership to ensure that the post-pandemic measures will be taken in the right direction.