

Webinar Report: The Resiliency of MSMEs during the COVID-19 Pandemic

“The Inaugural Provincial Dialogue on the Economy and Development 2020 for East Nusa Tenggara” was held on September 16, 2020. The webinar was attended by senior officeholders from various government agencies from East Nusa Tenggara province, members of Indonesian Employers’ Association (APINDO) of East Nusa Tenggara and academics from University of Katolik Widya Mandira.

Webinar 1: The Inaugural Provincial Dialogue on the Economy and Development 2020 for East Nusa Tenggara 2020

Wednesday, 16th September 2020
10.00 – 12.00 (GMT+8)

Dialog Perdana tentang Ekonomi dan Pembangunan Provinsi Nusa Tenggara Timur 2020
16 September 2020
1000 - 1200 (WITA)

Sesi 1: Analisis Daya Saing Provinsi-Provinsi di Indonesia
Pembicara: 1. David Gunawan
Asia Competitiveness Institute
Lee Kuan Yew School of Public Policy
National University of Singapore

Sesi 2: Daya Tahan UMKM dimasa Pandemi COVID-19
Pembicara: 1. Dr. Ir. Alfonsus Theodorus, MT
Kepala Bidang Ekonomi, Infrastruktur, dan Pengembangan Wilayah
Badan Perencanaan Pembangunan, Penelitian, dan Pengembangan Daerah
Provinsi Nusa Tenggara Timur
2. Freddy Ongkosaputra
Ketua
DPP APINDO Nusa Tenggara Timur
3. Dr. Henny Manafe, SE, MM
Sekretaris Program Studi Magister Manajemen
Departemen Ekonomi dan Bisnis
Universitas Katolik Widya Mandira

Zoom Webinar ACI
Agenda
1000 - 1005: Pembukaan dan Perkenalan Pembicara
1005 - 1025: Analisis Daya Saing Provinsi-Provinsi di Indonesia
(Sesi 1)
1025 - 1120: Daya Tahan UMKM dimasa Pandemi COVID-19
(Sesi 2)
1120 - 1140: Sesi Dialog
1140 - 1200: Q&A

Logos: ACI, Lee Kuan Yew School of Public Policy, APINDO, and others.

Opening Remarks

The Webinar began with Opening Remarks from Professor Paul Cheung, the Director of Asia Competitiveness Institute. In his Opening Remarks, Professor Cheung has highlighted the importance of economic resilience and availability of social and economic protections against current and future shocks. Given the rapid transformation in economic structure and work dynamic in Indonesia and globally, Professor Cheung hopes that the Webinar will provide an insightful platform for key policymakers and stakeholders in the province to engage in a meaningful discussion on the economic condition and strategic direction for the province moving forward.

Session 1

2020 Annual Update of ACI’s Competitiveness Rankings and Simulation Studies of East Nusa Tenggara

Speaker: David Gunawan
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 provinces across Indonesia. Key notable findings are as follows

- In 2020, East Nusa Tenggara's overall ranking has decreased from 32nd to 34th placing, out of 34 provinces.
- Out of 3 provinces in the Bali-Nusa Tenggara region, East Nusa Tenggara is ranked 3rd in Overall Competitiveness.
- Compared to 2019, East Nusa Tenggara's rankings in 2020 for the four environments have undergone the following changes:
 1. Macroeconomic Stability: Increased from 32nd to 28th rank
 2. Government and Institutional Setting: Decreased from 25th to 30th rank
 3. Financial, Business and Manpower Condition: Increased from 34th to 31st rank
 4. Quality of Life and Infrastructure Development: Remained at 32nd rank
- Top three strongest indicators:
 1. Minimum wage per month
 2. Unemployment rate
 3. Inflation (from 2015 onwards, 2012=100)
- Top three weakest indicators:
 1. Firms' human resource capacity
 2. Households with state electricity services
 3. Vibrancy of competition and collaboration

Based on the 2020 results, ACI identifies key areas of improvement for East Nusa Tenggara, including evaluating openness to trade to create a business climate that is supportive for labour, develop technological infrastructures to increase investment, and improve quality of education to improve human resources.

Session 2: The Resiliency of MSMEs during the COVID-19 Pandemic

Speaker: Dr. Alfonsus Theodorus, MT
Head
Department of Economics, Infrastructure, and Regional Development
Regional Planning, Research and Development Board
Province of East Nusa Tenggara

Freddy Ongkosaputra
Head
DPP APINDO East Nusa Tenggara

Dr. Henny Manafe, SE, MM

COVID-19 Situation in East Nusa Tenggara

As of 10 September 2020, Indonesia had a cumulative COVID-19 case count of 200,342. East Nusa Tenggara, with 177 cumulative case counts, was the province with the lowest case count in Indonesia. Despite this, East Nusa Tenggara suffered a spike in cases in November, with 29 recorded positive cases in the week of 3rd to 10th November.

COVID-19 has impacted Indonesia's economy as a nation, causing GDP growth to perform at -5.32% in the second quarter of 2020. While East Nusa Tenggara's GDRP growth was still positive, at 1.55% in the same quarter, this figure was considerably lower than its 2019 GDRP growth rates of over 3%.

Strategies for Economic Recovery

In response to the economic impact of COVID-19, the East Nusa Tenggara's government has implemented several short and long term strategies. In the short run, Dr Alfonsus Theodorus of Regional Planning, Research and Development Board of East Nusa Tenggara iterates the government's intention to direct its recovery strategy towards MSMEs and the tourism sector. The policy action under this strategy includes credit relaxation and the reopening of tourist hotspots. These measures are also postulated to create more jobs. In the long run, Dr Alfonsus's department is devising plans to invest in technological entrepreneurship and e-commerce to enhance East Nusa Tenggara's economy.

Importance of MSMEs in East Nusa Tenggara

MSMEs contribute to a significant share of Indonesia's GDP, including that of East Nusa Tenggara. In 2019, MSMEs contributed close to 107 million jobs in Indonesia. As MSMEs consist of a large share of the economy, Dr Alfonsus emphasized the importance of COVID-19 financial assistance to keep businesses afloat. Further measures to alleviate the effect of COVID-19 are also devised, which include financial rescheduling for payables in the private sector. Mr Freddy, representing the businesses in the province, are supportive of the measures. Mr Freddy substantiated that further financial assistance to businesses is pivotal to save firms.

Financial technology and agricultural sectors as key drivers of growth

During the dialogue, Dr Henny Manafe of University of Katolik Widya Mandira discussed the potential to develop financial technology to support peer-to-peer lending, as an alternative channel for capital investment in MSMEs. Dr Alfonsus and Mr Freddy have also examined recovery strategies involving the agricultural and husbandry sector. On top of being the largest GRDP contributor, this sector has proved to be more resilient to COVID-19 impact, as compared to other sectors. This resiliency is advantageous for East Nusa Tenggara's economic growth and recovery.