



LPEM FEB UI
UNIVERSITAS INDONESIA

NEWSLETTER

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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



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Inclusive Wealth as a New GDP Measurement

On June 13, 2022, LPEM FEB UI as the host institution together with IISD 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).

Task Force 9 Associated Event:
Global Cooperation for SDGs Financing

Moving Beyond GDP:

The Case for Wealth as a Core Measure of National Progress

Monday, June 13 2022
8am.New York/7 p.m.Jakarta

bit.ly/movebeyondGDP

Moderator

Pedro Conceição
HDRO, UNDP & T20 Indonesia

Speakers

Diane Coyle
University of Cambridge

Bambang P. S. Brodjonegoro
University of Indonesia, T20 Indonesia

Pushpam Kumar
UN Environment Programme

Erin Tansey
IDRC



More details:

<https://bit.ly/3HM9tpk>

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 Risdasdas 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 excise 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.

OPINION COLUMN

LPEM FEB UI
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Mendorong Simplifikasi Struktur Tarif Cukai Hasil Tembakau

Selengkapnya:
<https://bit.ly/KontanEpaper>

Kontributor:
Vid Adrison
LPEM FEB UI

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More details:

<https://bit.ly/KontanEpaper>

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.

More details:
<https://bit.ly/KontanEpaper>

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 Aziz (Cornell University), Montek Ahluwalia (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>

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).

More details:

<https://link.springer.com/article/10.1007/s10101-022-00272-3>

Overview of LPEM FEB UI Publications and Activities

Economic Brief

Macroeconomic Analysis Series: Inflation Analysis, May 2022

Inflation (YoY) in April 2022 was recorded at 3.47% or strengthened by 0.83% compared to annual inflation in April 2021. On a YoY basis, inflation was generally triggered by a significant increase in the Food, Beverage and Tobacco Expenditure Group which experienced an increase of 5.2%, household equipment and routine maintenance with 4.23%, transportation with 4.84%, provision of food and beverages/restaurants with 3.47%, and personal care and other services with 4.91%.

More details: <https://www.lpem.org/seri-analisis-makroekonomi-inflasi-bulanan-mei-2022/>

Macroeconomic Analysis Series: BI Board of Governors Meeting, May 2022

The higher consumption due to the fasting month of Ramadhan and ahead of Eid-al-Fitr celebration coupled with the soaring commodity prices during the inflationary pressures have contributed to high headline inflation in April, with the highest contribution coming from volatile and food ingredients components. In contrast, energy prices were still manageable as the Gol continued to implement the energy subsidy and compensation as well as social protection, thus, people's purchasing power maintained and core inflation remained relatively low.

More details: <https://www.lpem.org/macroeconomic-analysis-series-bi-board-of-governor-meeting-may-2022/>

Economic Analysis Series: Trade and Industry Brief, May 2022

Indonesia's trade balance in April 2022 recorded a surplus of USD 7.56 billion. This surplus value is the largest in history, as well as the surplus for the 24th month in a row. This May Trade and Industry Brief discusses how the record trade performance on the one hand is a positive factor for the post-pandemic national economic recovery, but on the other hand is a challenge to the agenda of industrial downstreaming and increasing domestic value added.

More details: <https://www.lpem.org/seri-analisis-ekonomi-trade-and-industry-brief-mei-2022/>

Labor Market Brief, May 2022

Labor conditions in Indonesia in February 2022 showed good development with a decrease in TPT and an increase in LFPR. However, there is an increase in the proportion of informal workers, while the percentage of informal workers who are women is higher than that of men. With this increase, the government needs to pay more attention to the rights of women workers, especially social protection as part of realizing gender equality in the world of work and realizing the welfare of women workers.

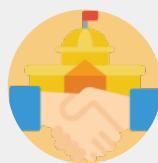
More details: <https://www.lpem.org/labor-market-brief-volume-3-nomor-5-mei-2022/>



LPEM FEB UI Education and Training: May–July 2022



Econometrics
(4—8 July 2022)



Public Policy Analysis
(11—15 July 2022)



**Regulatory Impact
Assessment/RIA**
(18—22 July 2022)



Planning and Budgeting
(25—29 July 2022)



Policy Report Writing
(2—4 August 2022)



**Computable General
Equilibrium/CGE**
(24—26 August 2022)



Macroeconomics
(9—11 August 2022)



**Economic Model : Input-Output
and SAM**
(19—23 August 2022)



Monitoring and Evaluation
(6—8 September 2022)



**Economic and Financial Data
Exploration Analysis**
(19—23 September 2022)



**Regional Potential Analysis :
Regional Tax and Regional Potential**
(12—16 September 2022)

More information about the education and training:

Website: www.diklat.lpem.org
Registration: <https://linktr.ee/DiklatLPEMFEBUI>
Email: diklat@lpem-feui.org / diklatlpem2021@gmail.com
Whatsapp: <https://wa.me/6281196103130>

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