



THE AUDIT BOARD
OF THE REPUBLIC OF INDONESIA

STRATEGIC FORESIGHT

INDONESIA REMADE BY COVID-19

**SCENARIOS, OPPORTUNITIES,
AND CHALLENGES
FOR A RESILIENT GOVERNMENT**



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Strategic Foresight Indonesia Remade by COVID-19: Scenarios, Opportunities, and Challenges for a Resilient Government

BPK Foresight Team:

Chairman: Dr. Agung Firman Sampurna, CSFA., CFrA., CGCAE., QGIA.;

Vice Chairman: Dr. Agus Joko Pramono, M.Acc., Ak., CA., CSFA., CPA., CFrA., QGIA.;

Members: Dr. Hendra Susanto, ST., M.Eng., M.H., CFrA., CSFA.; Dr. Pius Lustrilanang, S.IP., M.Si., CFrA., CSFA.; Dr. Achsanul Qosasi, CSFA., CFrA.; Dr. Isma Yatun, CSFA., CFrA.; Prof. Dr. Bahrullah Akbar, M.B.A., CIPM., CSFA., CPA., CFrA.; Prof. Harry Azhar Azis, M.A., Ph.D., CSFA., CFrA.; Ir. Daniel Lumban Tobing, CSFA., CFrA.

ISBN 978-623-97718-4-3

x + 46 pages

20,7 x 26 cm

Content Provider:

Secretariat General, Directorate General of Planning, Evaluation and Development, Directorate General of Legal Affairs, Inspectorate General, Training Agency, Directorate General of Audit I – VII, Directorate General of Investigative Audit, Expert Staffs

Editor:

Directorate General of Planning, Evaluation and Development

Writer

BPK Foresight Team

Layout:

BPK Foresight Team

Cover Designer:

BPK Foresight Team

Cover:

Shutterstock

Published by:

The Audit Board of the Republic of Indonesia

Jalan Gatot Subroto Kav. 31

Jakarta Pusat 10210

Telephone (6221) 25549000,

Facsimile (6221) 57950288

Website: <http://www.bpk.go.id>

Email: eppid@bpk.go.id

First paperback edition published in 2021

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“Foresight facilitates policy-making in situations of high uncertainty through the identification of trends, opportunities and challenges in multiple sectors, the exploration of developments to craft strategies for the future, as well as the identification of long-term impacts of the measures taken.”



Dr. Agung Firman Sampurna, CSFA., CFrA., CGCAE., QGIA.
Chairman of BPK RI



FOREWORD



Dr. Agung Firman Sampurna, CSFA., CFrA., CGCAE., QGIA.
Chairman of the Audit Board of the Republic of Indonesia

The COVID-19 pandemic has brought the world into an era of VUCA (volatility, uncertainty, complexity and ambiguity) which has prompted countries around the world to consider various scenarios in formulating future strategies.

As a Supreme Audit Institution (SAI), BPK's role is to provide assurance, recommendations for improvement, viewpoints, considerations, and strategies regarding the handling of COVID-19 and Indonesia's future direction. BPK, with its functions to perform oversight, increase insight, and now facilitate foresight for the Government of Indonesia, has set strategic direction in the implementation of the 2020-2024 Strategic Plan (Renstra).

The publication of the first strategic foresight entitled "**Indonesia Remade by COVID-19: Scenarios, Opportunities, and Challenges of a Resilient Government,**" fulfills one of the Renstra's key objectives.

In line with BPK's Renstra 2020-2024, BPK Foresight is expected to provide a future view by highlighting the long-term implications of current government's decisions or policies,

identifying key trends and challenges endured by the country and society before they emerge into crises, and utilizing the results of BPK audits and viewpoints that are able to respond to strategic issues of concern to stakeholders, synergizing cross-sectoral and regional development.

BPK Foresight will facilitate citizens and decision makers to choose policy alternatives in the future. This publication uses references from BPK audit reports and viewpoints; domestic, regional, and global trends; and inputs from experts in the fields of economics, finance, health, sociology, politics, education, environment, and technology to create scenario stories which describe possible and foreseeable conditions in the future.

BPK Foresight is the actualization of the principles contained in INTOSAI Principle 12 on the Value and Benefits of SAI, including "demonstrating ongoing relevance to citizens, Parliament and other stakeholders", and "being a credible source of independent and objective insight and guidance to support beneficial change in the public sector."



We hope that this initiative will inspire decision makers, ministries and institutions at the national and regional level to develop foresight capabilities in order to improve the quality and effectiveness of policy-making with regards to COVID-19 pandemic recovery, enable a more resilient government in dealing with various crises, and provide oversight to achieve the 2030 Agenda for Sustainable Development Goals (SDGs).

The four scenarios demonstrate how different the future could be:

In the **Conquering the Ocean** scenario, the success of Indonesia in weathering the pandemic becomes a reference for other countries in developing a center of excellence for crisis management. With effective policies, Indonesia manages to reach pre-pandemic economic growth levels, with improved competitiveness and demand for primary commodities in international markets, as well as monetary stability and fiscal sustainability.

Struggling in the Midst of a Storm describes a scenario where the government manages to carry out massive reforms to the healthcare system amidst a worsening pandemic. People are now adapting to the new social life marked by social restrictions.

The scenario **Scattered by the Waves** describes a future filled with risk and danger. The lack of financial support and basic services covered by the National Health Insurance (JKN) scheme contributes to the collapse of the national healthcare system. The Government is under pressure to provide pandemic-relief that leads to the increasing debt and budget deficits as well as socio-economic vulnerability.

In **Stranded by the Receding Beach**, the pandemic has subsided. However, healthcare sector is still under pressure to provide adequate health services for public due to financial

burdens and waves of neglected patients in hospitals. The Government's plan for economic recovery and its short-term employment strategy have not been effective; thus, economic growth is falling behind target from pre-pandemic levels.

Based on those four scenarios, there are five recurring themes which according to BPK viewpoint needs to be anticipated by the government, i.e. (1) health system reform; (2) tax reform and fiscal sustainability; (3) the government's vision and leadership; (4) digital transformation and data governance; and (5) quality of human resources.

Before we travel to these four different future worlds, we will discuss the critical uncertainties which cover Indonesia and the world, and identify factors that might influence our future. The future state of Indonesia post the COVID-19 pandemic will be characterized by a number of challenges. Nevertheless, there are also opportunities and optimistic choices that Indonesia can leverage and capitalize on to become a resilient government.

Let's cruise to these four different future worlds in 2026 and see what they would mean for us.

For a better Indonesia, for a prosperous Indonesia!

Jakarta, October 2021

**The Audit Board
Republic of Indonesia
Chairman,**

**Dr. Agung Firman Sampurna, CSFA., CFrA.,
CGCAE., QGIA.**



TABLE OF CONTENTS

Foreword	viii
Table of Contents	x
1. Critical Uncertainties	2
2. Four Possible Scenarios & Implications	6
3. Indicators and Signposts	24
4. Opportunities, Challenges & Risks	28
5. BPK Viewpoints: Themes to Anticipate	34
6. Closing Remarks	38
References	41
Glossary	42
Appendix	44





1. **CRITICAL UNCERTAINTIES**

This section explains that the future post-COVID-19 pandemic is full of uncertainty, and foresight is important to face the era of VUCA and TUNA.





1.

CRITICAL UNCERTAINTIES

Uncertainties that will shape the future of Indonesia post COVID-19 pandemic

The COVID-19 pandemic is driving the world to uncertain directions, often referred to as VUCA (Volatility, Uncertainty, Complexity, Ambiguity) and TUNA (Turbulent, Uncertain, Novel, Ambiguous).

Although many experts have made predictions and studies about the future, one cannot be certain how the pandemic will progress and how it will affect the people around the world, including Indonesia.

In this situation, BPK's foresight capability will support citizens and the government in facing uncertainties. The way is through producing a long-term perspective study that lays out conditions that may happen during and post-pandemic.

Development of this scenario framework involves 20 experts from various sectors who are participating in a series of workshop and intensive focus group discussion. The objective of the said framework is to produce a shrewd identification of the complexity of the driving forces to determine and shape Indonesia's post-COVID-19 condition in 2026. The scenario framework is developed by delving into BPK audit reports, especially reports on handling of the COVID-19 Pandemic and the 2020 National Economic Recovery.

The most impactful and uncertain driving forces were identified and grouped into a series of 'critical uncertainties.' Among them, the experts identify five fundamental uncertainties. Two of these five fundamental uncertainties were chosen to be the axis pairs for the scenario

framework, forming four scenarios of Indonesia post COVID-19 pandemic in 2026. Therefore, there are four plausible answers to the focal questions, i.e.: **What will Indonesia look like five years after COVID-19 (2021 - 2026)?**

The first fundamental uncertainty selected as an axis is "the government's response in handling the COVID-19 pandemic crisis". This axis represents policy making and level of collaboration in managing the crisis. The government's response can either be: (1) more effective or (2) less effective. The five major drivers in government response are as follows: (1) disaster and crisis management, (2) resilient healthcare program including ensuring the provision, distribution, and accessibility to vaccine; (3) national economic recovery program; (4) cooperation between governments (among central governments, central-local government, local-local government); and (5) public-private collaboration.

The second axis is "the severity of the pandemic". The severity of the pandemic can either (1) worsen or (2) subside. The four major drivers that shape the severity of the pandemic are (1) new virus variants; (2) transmission rate; (3) mortality rate; and (4) population immunity.

The scenarios are not predictions about the future. Instead, they are depictions of the possibilities that may happen in the future.

Each scenario provides an overview of Indonesia's future in 2026 in eight sectors consisting of four main sectors: (1) health; (2)





economy; (3) finance; and (4) social; and four additional sectors: (1) politics; (2) education; (3) environment; and (4) technology.

Following that, each scenario is attached with its implications on four main sectors. Based on the scenarios and implications that have been presented, the result of opportunities, challenges, and risks identification is served for the government to consider in formulating the strategies and policies. Furthermore, based on the scenario and implications that have been

compiled, recurring themes appear in all four scenarios. According to BPK, these themes need to be anticipated by the government in order to be resilient to face various future scenarios.

The development of this strategic foresight uses a scenario planning methodology by analysing data and information which was taken until July 25, 2021. A more complete description of the scenario planning methodology is presented in Appendices 1 and 2.

Drivers of the two fundamental critical uncertainties ¹	
 Government's response in handling crisis	
Less Effective	More Effective
<ul style="list-style-type: none">a. Disaster management and crisis communication are less effectively implemented at all levels;b. Health care programs are less effective in terms of vaccination, 3T-testing, tracing, treatment, incentives and compensation for health workers, health equipment facilities and infrastructure, are less effective;c. National economic recovery policies: Social safety net programs, support for businesses, job protection and creation are less effective;d. Collaboration and cooperation between central-local governments and local-local governments are less effective;e. Collaboration between the private sector and the government is less effective.	<ul style="list-style-type: none">a. Disaster management and crisis communication are implemented effectively at all levels;b. Health care programs such as vaccination, 3T-testing, tracing, treatment, incentives and compensation for health workers, health equipment facilities and infrastructure, are in place and functioning properly;c. National economic recovery policies such as social safety net programs, support for businesses, job protection and creation are effective;d. Collaboration and cooperation between central and local governments, as well as between local and local governments, are more effective;e. Collaboration between the government and the private sector is more effective.
 Severity of the pandemic	
Worsen	Subsides
<ul style="list-style-type: none">a. The emergence of new virus variants that are more easily transmitted, have dangerously complex symptoms, and are increasingly difficult to detect;b. An increase in the number of new cases reported each day;c. Rising virus related mortality rates;d. No population immunity is achieved in the next five years.²	<ul style="list-style-type: none">a. Virus mutations are no longer followed by the emergence of variants of concern;b. A decrease in the number of new cases reported each day;c. Decreasing virus-related mortality rates;d. Population immunity is achieved in the next five years.²

Notes: (1) Indicators are developed using endpoint analysis within the scenario planning methodology. It aims to describe a plausible reality. Two endpoints or poles are mobility from one end to the other from the driving forces that form the axis. This variation is a range between two poles, which can be nominal data (effective or ineffective) or ordinal data (more effective or less effective). The variety and complexity of this variance come from two poles that are crossing each other. Hence, the mid-point concept does not apply in the scenario planning methodology.

(2) Five years (2021-2026) after the publication of BPK Foresight.

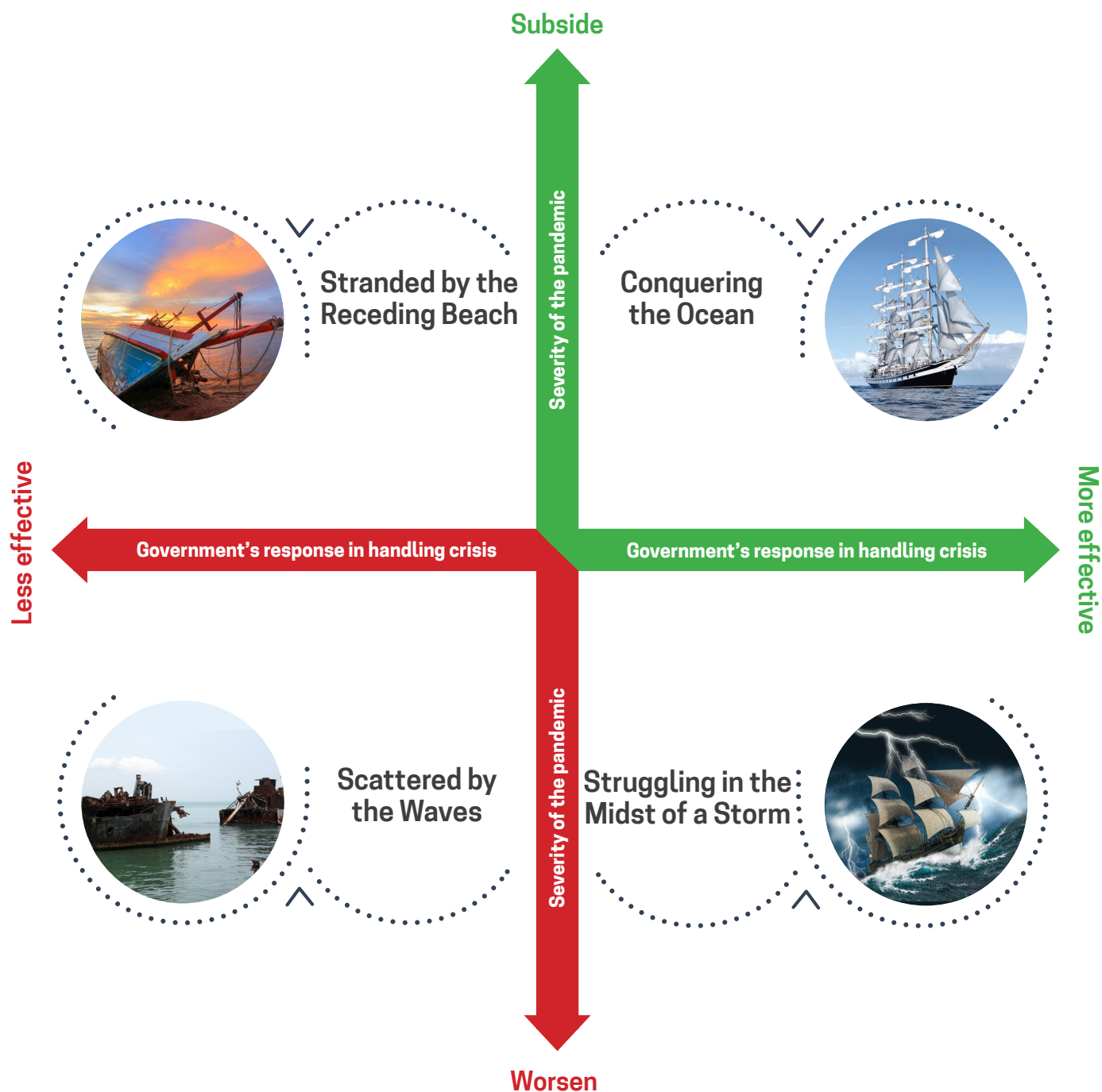
2. **FOUR POSSIBLE SCENARIOS & IMPLICATIONS**

This section narrates Indonesia's possible future scenarios after the COVID-19 pandemic in four main sectors i.e. health, economy, financial, and social, as well as in other additional sectors, which are politics, education, environment, and technology.





Map of Scenario Framework with Four Condition that May Happen in the Future





2.

FOUR POSSIBLE SCENARIOS & IMPLICATIONS

Scenario 1: Conquering the Ocean More effective government response and pandemic subsiding

Joint research and innovation initiated together by the government, private sector, academics, and international institutions have succeeded in developing new vaccines and more effective methods of treating COVID-19 patients. The increasing demand for mass vaccinations can be met adequately by the government, as a precaution for future pandemics.

Indonesia's success in handling the pandemic becomes an example for other developing countries. Cooperation between local governments in the Jabodetabek area to finance integrated serviced hospitals and crisis centers becomes a model for many other local governments. This is to lessen the dependency on the central government.

The increase in Indonesia's economic growth beyond pre-pandemic conditions is in line with the improved prices and demand for primary commodities in the international market. The increase in people's purchasing power, generates a boost in domestic consumption to a level close to pre-pandemic figures. The government also continues to invest in large scale infrastructure developments and projects. Businesses which have previously absorbed 19 million workers in

hotels, restaurants, cafes, tourist attractions and the art industry have rehired their employees.

As state revenues exceed debt receipts, fiscal sustainability is maintained in 2026. The quality of government expenditure is improving, and debt is allocated for more productive activities.

The government has a greater ability to maintain long-term fiscal sustainability. In the financial sector, the government has successfully deployed structure reforms, fiscal reforms, and the Medium-Term Revenue Strategy, which support the government in meeting its obligations to repay debts and interest as they mature. A new tax scheme is introduced to collect income tax from digital-based investments¹ and value added tax on the sale of digital products by trading businesses through electronic systems, resulting in an overall increase of revenue. The government debt to GDP ratio is maintained at a safe level. The government also succeeds in mitigating risks during the pandemic, allowing the state budget deficit to GDP ratio to be kept at a pre-pandemic levels.

The target for population immunity is reached. Society is resuming activities they enjoyed prior to the pandemic but entering this new phase with

¹ Includes crypto assets and digital gold investments. Definition of crypto assets can be found in the glossarium



Indonesia's Future after the COVID-19 Pandemic:

The Description of Indonesia's future in various sectors i.e. health, economy, finance, social, politics, education, environment, and technology.

Scenario 1: Conquering the Ocean More effective government response and pandemic subsiding	
Health	<ul style="list-style-type: none">▪ The number of health workers and health facilities in rural and suburban areas has increased due to the intensive collaboration between the National Research and Innovation Agency (BRIN), the Ministry of Health, universities, and nursing schools.▪ The number of Indonesian people who travel abroad to receive medical treatment has decreased due to the better health services and facilities in the country.
Economy	<ul style="list-style-type: none">▪ Affordable basic necessities, which sustain people's purchasing power.▪ The economy strengthens as infrastructure is developed, conducive arrangements are strengthened, and trust from investors is built.
Finance	<ul style="list-style-type: none">▪ Higher state revenues through the new tax scheme and optimalization of non-tax revenue from oil and gas (PNBP MIGAS) have kept the APBN deficit low.▪ Tax revenue has increased due to reduced compliance costs, a more conducive investment climate, and an increase in taxpayer compliance.
Social	<ul style="list-style-type: none">▪ Society tends to be more tolerant of others, cooperation among different type of societies increases, social situation improves, crime rates significantly reduces.▪ Public awareness about a healthy lifestyle is increasing, which can be seen from the rise of community-based sport activities.
Politics	<ul style="list-style-type: none">▪ The new government from the 2024 election's visions has been successfully implemented to policies and regulations that are in line with the needs of the people in both urban and regional areas.▪ Indonesia's prestige and reputation in various international fora are rising as a result of active diplomacy of national leaders in the midst of global uncertainties.
Education	<ul style="list-style-type: none">▪ Maintaining a healthy lifestyle is introduced in the new curriculum for primary to secondary school.▪ Prior Learning Assessment and Recognition (PLAR) is implemented by many academic institutions, training centers, and talent pool to evaluate skills and knowledge obtained through non-formal education outside of class in order to identify competencies based on a set of standard and certain learning results.
Environment	<ul style="list-style-type: none">▪ Hazardous waste treatment companies are becoming popular, and many start-ups are working on medical waste.▪ The target to reach 23% renewable energy mix (EBT) has been achieved due to the widespread use of solar energy in the industrial sector and biofuels for transportation.
Technology	<ul style="list-style-type: none">▪ One Data Indonesia Program and an integrated and comprehensive Electronic Based Government System (SPBE) are established which successfully improve the quality of public services. Cyber-crime regulations related to personal data protection to protect the public from cyber-crime are available and implemented properly, which reduce cases of cyber-crime drastically.▪ Internet community activists are empowered and supported by the government to accelerate the installation of internet infrastructure in rural and underdeveloped, frontier, and outermost areas, supporting the increase in digital literacy and digital economic activities that have a direct impact on increasing people's incomes.



a different perspective. Visits between families and friends, celebrations, and art performances are carried out in ways that are more accommodating to health restrictions. The academic, religious, and work activities have also been readjusted.

Domestic socio-political conditions have improved as trust in the government increases. Support for the government's effort to normalize sectors receives ample support from the public as well as opposition parties.

Implications in the four main sectors

The need for periodic vaccinations at all age levels carries a number of important consequences. The consequences include the provision of vaccines in large quantities for all ages, funding and its sources, production, distribution, and adequate storage of vaccines, and the availability of human resources to administer their roll out. The government continues to encourage domestic vaccine production to reduce dependencies on imports that will reduce foreign exchange. Industries in the healthcare and pharmaceutical sectors are growing rapidly. The government carries out major reforms in both sectors by facilitating the cooperation between foreign and domestic investors to build new hospitals and launch new research in the pharmaceutical sector. Schemes are developed to enable the construction of hospitals financed through the regional budget (APBD) and the private sector.

As the national economy recovers and the ability of government to carry out fiscal reforms (on taxation, budgeting, and financing), the government needs to reprioritize several policy initiatives to welcome the "normal" post-pandemic era. Development in more productive sectors is enhanced. The increase in government debt is proportional to the government's ability to pay its debt interest and principal installments each year. With the support of the relevant regulations, the government introduces a

scheme that encourages wide-scale investment and re-industrialization to improve the economy.

Lessons learned from the experience of managing crisis have become valuable input for improving governance. Through best practices in crisis management, several new mindsets are adopted. BPK issues several important recommendations to increase the transparency and accountability of government bureaucracies as well as optimize the value-for-money of national budget (APBN) and regional budget (APBD).

The government continues to improve policies that support export-oriented industries, as well as encourage the growth of capital goods industries and enhance downstream industries to increase the added value of goods and services.

Government bureaucratic reforms adopts a more progressive approach by prioritizing the principles of right-sizing and in-organic growth, increasing professionalism along with the remuneration of civil servants.

As digitization of services in various sectors including banking, finance, and education increases, the number of bricks-and-mortar banks is declining. Online retail businesses managed by MSMEs are flourishing, along with the increased of internet access in remote areas of the country. The logistics sector, along with new jobs created in the digital economy sector, is also growing rapidly.



The digital divide between rural and urban areas is beginning to narrow after the government succeeded in increasing access to, use of, and benefits of Information and Communication Technology (ICT) to boost economic activity in village areas.

Educational institutions, curriculum, and learning methods are moving towards new ways of operation. Online and blended teaching and learning programs become the new norm which prompts many education administrators to reconsider their resource allocation and the need for lecture buildings. Joint lectures and research projects between higher education

institutions are prevalent. Many companies are shifting to variations of work-from-home policy arrangements that alter the patterns of mobility.

Along with the improving socio-political conditions, patterns of participation, utilization of public spaces, and political leadership have shifted. The level of public participation increases along with the improvement of functions in people's representative institutions. On social media, various forms of community forums that perform mediation functions and moderate political aspirations, burgeon. New political leaders from across the country arise, offering new hope for the future.



Scenario 2: Struggling in the Midst of a Storm More effective government response and pandemic worsening

Massive reforms have been carried out by the government to improve the national healthcare system, which affects the coverage of health services, healthcare contributions, and the criteria for exemption on these contributions. Social safety net programs are revamped to increase the effectiveness in helping those who need them the most. The pressure to overcome the worsening pandemic prompts the government to implement extraordinary policies, including implementing social restrictions for all areas in the islands of Java, Bali, and Madura, as well as some regions outside of Java. The President has also declared a state of civil emergency in several big cities which is supported by the House of Representatives (DPR).

Although COVID-19 infection rates are high, death rates are declining thanks to an improved capacity in the national health system.

Fiscal sustainability can be maintained in 2026. Despite an increase in the level of government debt, long-term fiscal sustainability is maintained. The government made new breakthroughs, among them, by implementing zero-based budgeting and tax reforms. The government is also able to implement fiscal policy prudently in handling the pandemic and economic recovery.

The government continuously encourages private sectors to be involved in the development

of digital infrastructure and innovation. The APBN deficit and GDP growth are in a level close to pre-pandemic conditions.

The government creates initiatives and platforms to work together with citizens to overcome the pandemic and its widespread social impact. Central and local governments have successfully garnered support from businesses, Non-Governmental Organizations (NGO), and community organizations. The new taskforce formed by the President to deal with the pandemic is supported by TNI and POLRI as well as by volunteers who work 24 hours a day in various hospitals and emergency health care facilities. The government is tightening regulations on the entry of international visitors to prevent the spread of new virus strains. Large gatherings are disbanded. The public supports a tougher approach and stricter sanction in the fight against COVID-19.

Several groups organize soup kitchens to support efforts to overcome the impact of social restrictions and the spread of the pandemic. As the crisis continues to loom, social solidarity is strengthened, providing the basis for the development of altruism and voluntarism in the community. COVID-19 survivors are willing to donate their convalescent plasma as an alternative to the limitations of vaccines.





Indonesia's Future after the COVID-19 Pandemic:

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Scenario 2: Struggling in the Midst of a Storm More effective government response and pandemic worsening

Health	<ul style="list-style-type: none">▪ Reforms to improve the national health system, including its financing, succeed in increasing the availability and access to health facilities, health workers, medical equipments and medicines, enable patients exposed to the virus variant to use JKN to obtain treatment and basic health services.▪ People who are dissatisfied with modern medicine and hospitals turn to traditional medicine due to the confusion and abundance of misleading information about the health effects of vaccines.
Economy	<ul style="list-style-type: none">▪ Affordable basic needs, assured supply and distribution of goods and services▪ New investment in sectors such as pharmacy, hospitals, and medical equipment are increasing
Finance	<ul style="list-style-type: none">▪ The government implements schemes and incentives to encourage financial institutions and banks to improve financial literacy, and digitize micro, small and medium-sized enterprises (MSME) services in the regions to boost tax revenue.▪ The Financial Services Authority (OJK) has adequate regulations and supervision schemes for investment instruments in the digital economy.
Social	<ul style="list-style-type: none">▪ Communities and families living in urban areas face a greater challenge in dealing with the implementation of civil emergency than those living in rural areas.▪ Social solidarity efforts from volunteers and the support of valid and updated integrated social welfare data (DTKS) make the distribution of social assistance precisely and timely received by targeted people.
Politics	<ul style="list-style-type: none">▪ Political parties that managed to bond with the public receive an overwhelming amount of support in regional areas after the 2024 elections. In some regions, a number of once dominant political parties loose supports from the public.▪ The government formed as a result of the 2024 elections is working hard to convince the public that Indonesia is moving in a promising direction and the pandemic will be brought under control in the not too distant future.
Education	<ul style="list-style-type: none">▪ Distance learning (PJJ) remains a prevalent government policy.▪ PJJ adaptation leads to new creativities and initiatives in the community and academic institutions.
Environment	<ul style="list-style-type: none">▪ Environmental activists advocate to continue environmentally conscious behavior by collaborating with influencers on social media and television, due to the increasing number of medical waste and pollutants as a result of the worsening pandemic.▪ The trend of hydroponics to grow crops on limited land is increasing in urban areas, as mobility remains limited during the implementation of civil emergency.
Technology	<ul style="list-style-type: none">▪ One Data Indonesia Program and an integrated and comprehensive Electronic Based Government System (SPBE) are established, supporting smooth implementation of public services. Regulations on personal data protection succeed in mitigating cyber-crimes.▪ Society's success in adapting to digital technology has resulted in an accelerated transformation in the e-government, e-banking, e-commerce, telemedicine, and distance learning sectors.



Implications in the four main sectors

Public order is restored following a successful implementation of social restriction measures. Residents are more aware and compliant when it comes to following health protocols. Death rates begin to decline along with the increase in recovery rates due to the government's success in implementing social restrictions.

Nonetheless, economic activities are still limited because social restriction orders have limited the mobility of citizens. Consequently, national revenue targets are not met, and the government is forced to restructure and reschedule payments for some of its maturing debt. Taken together, this could hamper long-term fiscal sustainability. The national economy undergoes liberalization to unlock opportunities for investment and boost economic growth after a period of sluggish growth. Shifts in the direction of national economic development spark debates among foreign economists working for national financial institutions, Indonesian economists and politicians.

In other aspects, the implementation of the regional social restriction orders followed by the government's obligation to provide wide-scale social assistance have serious implications for the APBN. The process to control the spread of the pandemic has been slow and difficult. Although reforms have been carried out in various sectors, the largest portion of the government's budget is still being spent on efforts to control the pandemic and its aftermath. This decreases the country's fiscal capacity, compelling the government to consider postponing some of the national strategic

projects that have been planned.

The opportunity to fundamentally transform the economy introduces new perspectives among policy makers.

A strong relationship between the central, provincial, and district governments creates more opportunities for regions to develop initiatives that promote economic development within. The prolonged pandemic prompts a new sense of awareness among political elites regarding the importance of global collaboration and cooperation.

Social solidarity between community members improves, leading to various new initiatives where the government and the private sector collaborate to overcome the crisis. Many people who were once politically at odds with the government are now involved in national reconciliation efforts to support the government in combating COVID-19. Indonesia is moving in a promising direction, dispelling discouraging perceptions about Indonesia's post-pandemic future.





Scenario 3: Scattered by the Waves Less effective government response and pandemic worsening

Vaccination programs organized by the government and the private sector are unable to keep up with the ferocity and severity in the spread of the virus. The COVID-19 death rates in all age demographics have risen sharply to unprecedented levels. Hospitals in small and medium sized cities are closed due to inadequate supply of medicines and healthcare workers to treat the influx of patients. Doctors and health workers have died while performing their duties fighting the COVID-19 pandemic. Despite the addition of new cemeteries, these are still insufficient to accommodate the alarmingly high death rates. The development of the Merah Putih vaccine is constrained by access to adequate human resources, funding, and laboratory equipment.

The lack of financial support and basic services covered by the National Health Insurance (JKN) scheme propagates the collapse of the national healthcare system. Patients who need heart surgery or dialysis are not treated, increasing the number of deaths that are not directly caused by COVID-19. Families with young children have difficulties obtaining access to basic immunization services for diseases such as polio and diphtheria. As the wave of infections continues to suffocate the national health

system, the shortage of oxygen cylinder supplies triggers mass hysteria and panic amongst the public. A tense atmosphere spreads into many parts of Indonesia.

People's purchasing power declines, and poverty increases sharply. Vulnerable citizens do not benefit from social assistance programs due to inefficient bureaucracy, data and funding issues. GDP growth is suppressed.

Fiscal sustainability is not maintained in 2026. Government debt and the debt to GDP approach the limit regulated by law. Debt service ratio also increases, and state revenues fall. Increased spending elevates the risks of mandatory spending, including moral hazard and the quality of spending is not managed properly, so that it narrows the fiscal space.

The national budget deficit to GDP exceeds the limit regulated by law. Non-performing loan (NPL) rate reflects the level of default risk rising in all segments, from corporate to micro business. The level of NPL among medium and small businesses in the state-owned banking environment is above the internationally accepted standard. The new government, formed after the 2024 election, is under great pressure to recover from the national economic crisis.



Indonesia's Future after the COVID-19 Pandemic:

The Description of Indonesia's future in various sectors, i.e. health, economy, finance, social, politics, education, environment, and technology.

Scenario 3:

Scattered by the Waves

Less effective government response and pandemic worsening

Health	<ul style="list-style-type: none">▪ Available vaccines are ineffective against new variants; health facilities, health workers, medical equipment, and medicines are limited and unevenly distributed.▪ Many COVID-19 patients cannot have medical treatment at hospitals and died at home due to national health system falls. In addition to the emergence of new variants, diseases that had previously been prevented such as polio and diphtheria, have re-emerged.
Economy	<ul style="list-style-type: none">▪ A sharp increase in the prices of basic necessities to an uncontrolled level that has become unaffordable by the lower-income class due to the disruption of production and distribution.▪ Domestic consumption is stagnant as the lower middle class does not receive the government's economic stimulus.
Finance	<ul style="list-style-type: none">▪ The APBN deficit is above the level permitted by law; suboptimal tax revenues; poor government spending; and people are requesting delays or unable to pay taxes due to severe economic difficulties.▪ Many small banks have collapsed due to high levels of non-performing loans (NPLs).
Social	<ul style="list-style-type: none">▪ Increased poverty and social disparities increased crime rates increases; increased consumption of liquor and drugs; widespread looting accompanied with uncontrolled demonstrations and marches.▪ The distribution of social assistance is inaccurate, untimely, and not well-targeted, because the process is not supported by a valid and updated integrated social welfare data (DTKS).
Politics	<ul style="list-style-type: none">▪ Confidence in the new government elected in the 2024 election decreases because it is considered to be failing in overcoming the pandemic and in economic, financial, and social recovery.▪ Political polarization among the public is widespread.
Education	<ul style="list-style-type: none">▪ In many areas, distance learning (PJJ) has stalled or is not working effectively; the sustainability of educational institutions at the primary level in a number of areas is threatened due to the high mortality rate of teachers.▪ Education subsidies from the government are not well absorbed to the extent that middle and high school students have to dropout permanently due to the family's economy.
Environment	<ul style="list-style-type: none">▪ A significant increase in the volume of medical waste; poor handling of waste from hazardous materials and toxic waste, which increases the threat to environmental health▪ Hazardous waste pollutes water and develops into a new threat to communities that draw their drinking water, bathing, and washing from their own wells
Technology	<ul style="list-style-type: none">▪ An integrated and comprehensive Electronic-Based Government System (SPBE) and One Data Indonesia Program are not yet established. As such, public services are not optimal and regulations related to personal data protection to protect the public from cyber-crime are not implemented causing a surge in cases of cyber-crime.▪ Communities in rural and remote areas find it difficult to benefit from the digital economy due to a lack of access to digital infrastructure, thereby widening the digital divide.



Gloom casts a shadow over Indonesia's national politics. Cabinet does not function properly. Policies are set up, but fail to address the worsening conditions. Many social assistance schemes have stalled or corrupted. Social restriction policies imposed in major cities are ineffective and people are displeased with the government. The spread of the virus

has reached all parts of the country and cannot be controlled due to growing vulnerability and social problems resulting in increasing inequality and poverty. Some groups believe that the government should leverage the military groups to help restore public order and accelerate recovery from the political and economic crisis caused by the pandemic.

Implications in the four main sectors

The outbreak of the pandemic that reached unprecedented levels, accompanied by the collapse of the national health system provokes many people to take extreme measures to protect themselves. Many residents build tall fences resembling fortresses that are guarded 24 hours at a time.

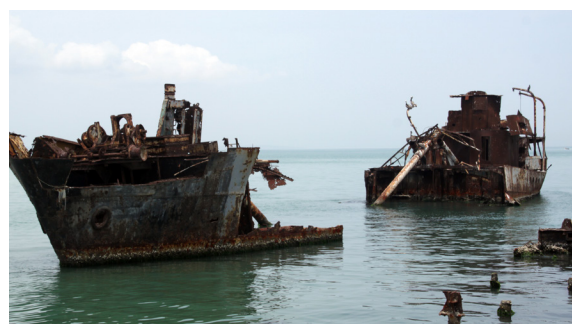
A majority of those exposed to COVID-19 have died due to the viciousness of the virus and inadequate health services. Health services are at a standstill with only a small number of hospitals managed by the Indonesian Military (TNI) and Indonesian Police (POLRI) operating with limited services. As a result, deaths from COVID-19 and other illnesses have multiplied. Many people are being left to die on the streets after failing to receive proper medical aid. Many corpses are improperly cremated because land and burial services are no longer sufficient to process the deluge of death cases.

The standstill in economic activity has paralyzed many sectors. The Indonesian government is unable to fulfill its commitments on obligated spending. Many public-private partnership projects face serious financial problems. Production and distribution of basic commodities are stalled or completely discontinued, resulting in a shortage of basic materials. Crime rates increase not only in stores and business districts but also in wealthy neighborhoods.

Debt financing through state bonds purchased by the Bank of Indonesia increases wildly. Confidence in the rupiah falls sharply. Hyperinflation is inevitable. Indonesia is in the shadow of becoming a country that has the potential to experience disintegration in various regions.

A mass exodus is occurring, triggered by fear of the virus and the lack of safety assurance. Several major airports are under the direct supervision of international forces to allow the evacuation of diplomats and expatriates.

Despite martial law being declared, the government remains powerless in dealing with the chaos that has unfolded and has been requesting help from its international counterparts. Several non-democratic forces have attempted to seize power from the government body that was formed in the 2024 election. Hence, the security forces also experienced much dissent due to the chaos that has occurred within the government.





Scenario 4: Stranded by the Receding Beach Less effective government response and pandemic subsiding

Although the pandemic has subsided, the prolonged impact has made it difficult for the government to provide adequate public services. As a result of continued delays in the disbursement of funding from the APBN, the National Health Insurance (is struggling to fulfill its mandate due to systemic financial constraints. Consequently, private hospitals are reluctant to accept patients who are guaranteed by JKN.

The national economic recovery has been slow and even tends to stagnate. Economic growth is lower than its pre-pandemic growth levels. Absorption of short-term labour is hampered. State revenues have decreased, meanwhile financing through debt increased significantly. This limited fiscal space has resulted in many social assistance programs being cut or halted altogether.

The ratio of state budget debt to GDP is closing in to the limit permitted. In order to maintain fiscal sustainability, new government resulting from the

2024 elections continues with its countercyclical instruments. A more progressive policy followed by tax reforms in the digital economy, creative industries, digital-based investment instruments² and digital foreign companies in Indonesia, are less fruitful in increasing state revenues. Many national strategic programs set by the previous government are discontinued. Investors who were once involved in a public-private partnership agreements cancel their commitments due to high political uncertainty.

Social activities have gradually returned to normal. While the public welcomes this new era, many are still struggling, trying to recover and regain their footing after experiencing the adversity of during the pandemic. As a result, public demands are increasing towards the government under the president regarding the handling of the COVID-19 Pandemic and the National Economic Recovery.

Implications in the four main sectors

The government is under enormous pressure to restore confidence in the APBN. The International Monetary Fund (IMF) and the World Bank request the government to reprioritize personnel expenditures and provide a guarantee of commitment to carry out prudent financial

management. The new debt, generated with the support of multilateral institutions, is mostly used to restore basic services in the health sector. National strategic projects, including developments in the infrastructure sector are facing delays or has been reduced in the scale of development.

² Includes crypto assets and digital gold investments. Definition of crypto assets can be found in the glossarium



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Scenario 4: Stranded by the Receding Beach Less effective government response and pandemic subsiding

Health	<ul style="list-style-type: none"> Health reforms that include the provision and distribution of health facilities, health workers, medical equipment, and medicines have not been implemented effectively; the health condition of poor and vulnerable communities is worsening due to the decrease in health service coverage and quality. Many hospitals are inoperable and need to merge with other hospitals to remain afloat over unpaid hospital bills by the JKN.
Economy	<ul style="list-style-type: none"> The government loses its ability to control the prices of basic necessities due to poor planning and coordination among ministries and agencies dealing with food; the prices of ordinary and medium quality rice often fluctuate due to supply issues. Lack of confidence from investors, huge obligations to pay principal and interest debts, and dependent on imports to provide vaccines, drugs, and medical equipment have increased the risk of exchange rate volatility.
Finance	<ul style="list-style-type: none"> Unmet tax revenue target; postponed financing of strategic programs; and state budget cuts. The Fiscal Consolidation Plan is not achieved; the government needs to continue its Reopening, Recovery, and Reform Policy.
Social	<ul style="list-style-type: none"> Unemployment in rural areas is spreading, and the number of middle and high school dropouts is increasing rapidly. This eventually led to a surge in criminal cases and delinquency among teenagers. Social and cultural activities are slowly recovering; returning to school and working increase mobility.
Politics	<ul style="list-style-type: none"> Public disappointment with the government increases due to the slow recovery of the national economy. There is an emergence of reform movement within political parties to encourage internal democratic practices and strengthen party identity.
Education	<ul style="list-style-type: none"> Schools in big cities are undertaking hybrid methods of learning, combining face-to-face learning (PTM) with distance learning (PJJ). Schools in the countryside, especially in disadvantaged, frontier, and outermost areas, are unable to carry out the hybrid model, as they are constrained by an inadequate digital infrastructure. Strong urge on local and central governments to reform their curriculum and post-pandemic learning methods.
Environment	<ul style="list-style-type: none"> There is increasing pressure from the public towards the government to have a more sufficient grand master plan in hazardous and toxic waste management. The sale and auction of carbon credits as an effort to suppress the increase in global temperature does not run effectively due to bargaining, bribery, and fraud.
Technology	<ul style="list-style-type: none"> Data privacy regulations to protect citizens from cyber-crime are yet to be established; there is an increase in cyber-crime cases. Data leaks, electronic eavesdropping, and data falsification are rampant, limiting the growth of digital transactions which prevents the government from achieving their targets for digital transformation.





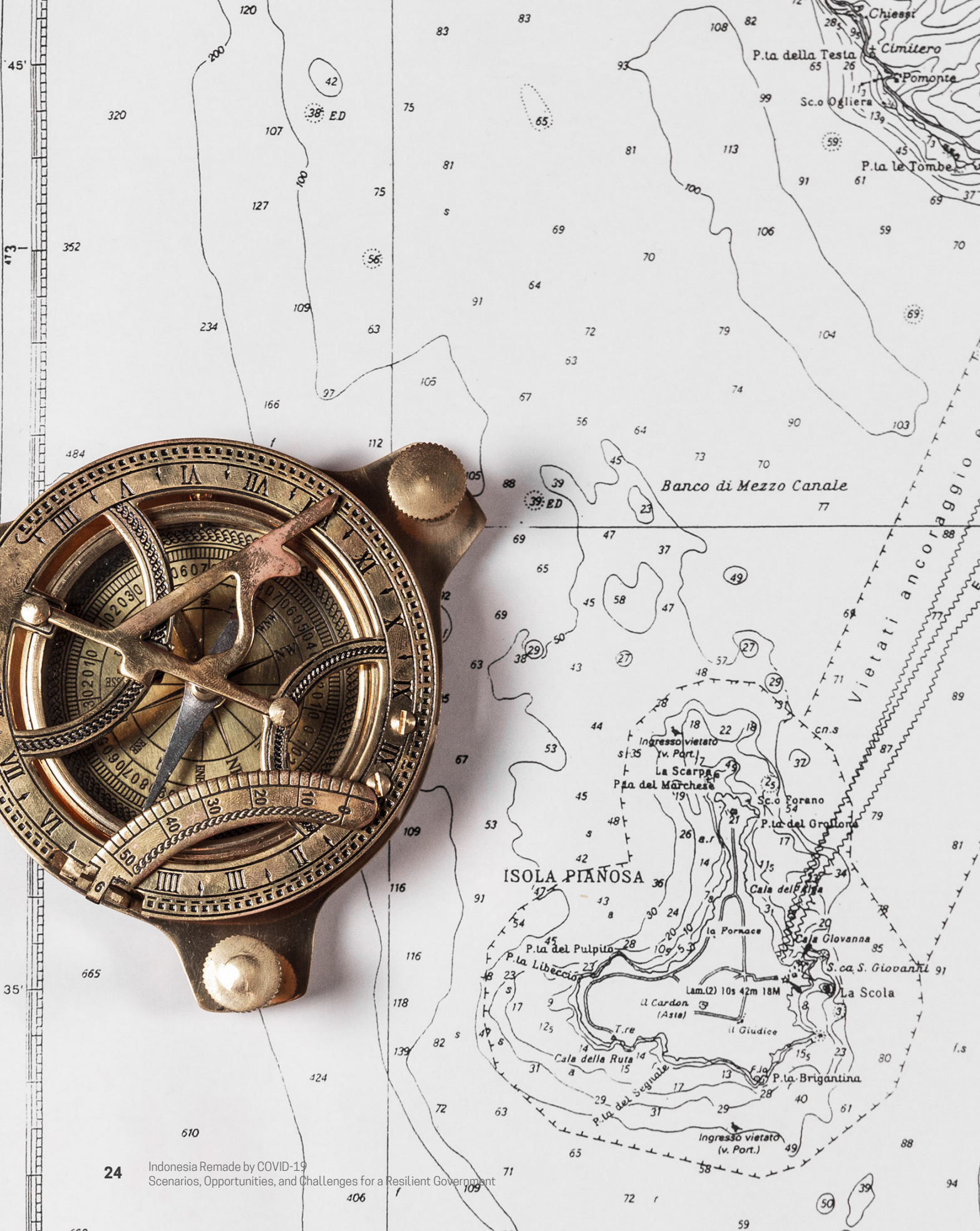
The slow and stagnant state of the economic recovery has triggered a wave of employment layoffs. Poverty increases and the social inequality gap widens. In rural areas, the number of girls getting married under the age of 18 increases, along with an increasing number of school dropouts.

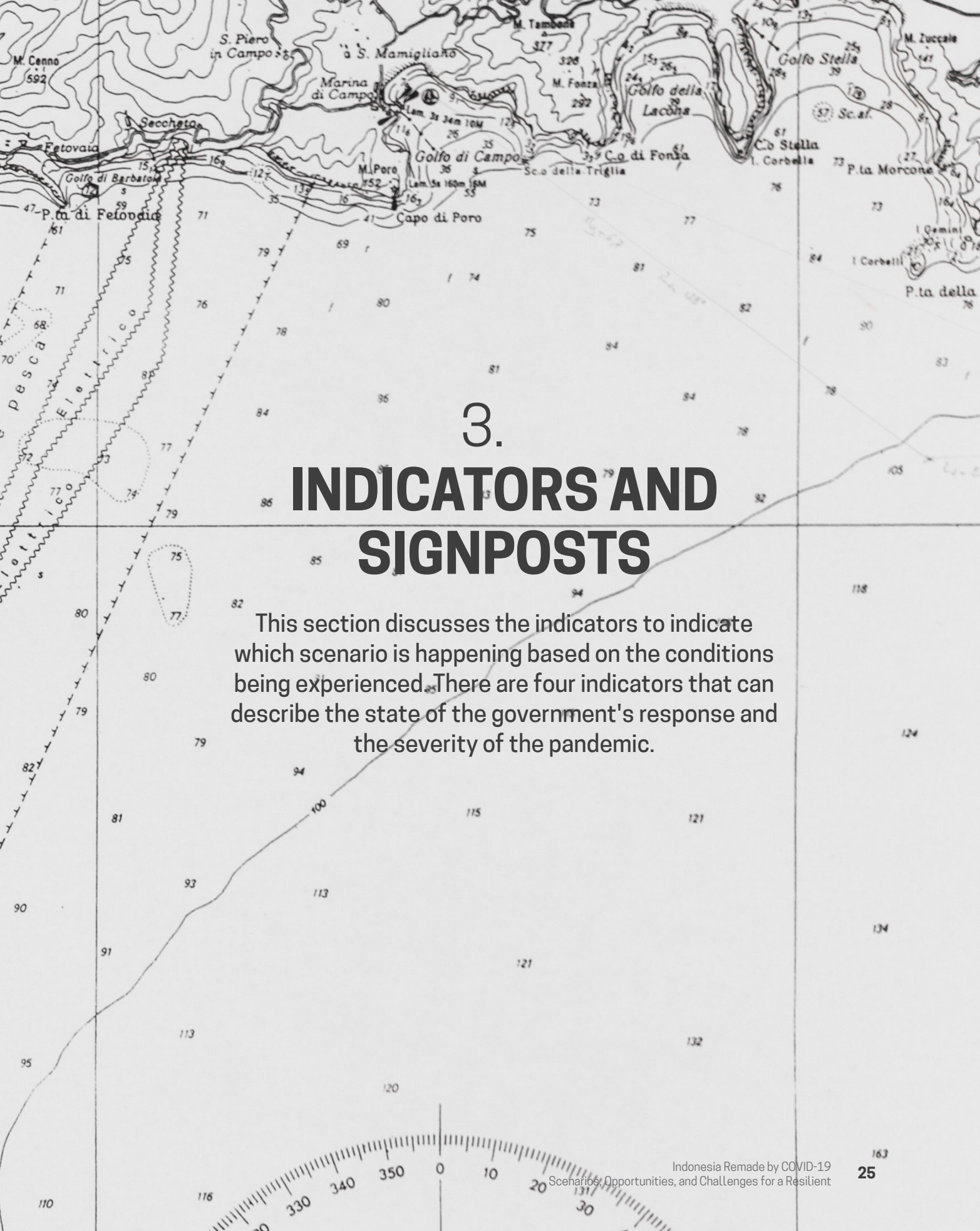
Illicit drug trafficking continues to increase, some involving teenagers and children as couriers. Street crime becomes a new threat that spreads rampantly in big cities. The informal sector in large-and medium-sized cities is expanding rapidly including in the growing city slums. The homeless population continues to proliferate on every street corner, from traffic light intersections to housing and overhangs of shops.

The relatively low growth of the national economy has resulted in the failure to achieve state revenue targets and has brought the government under the threat of default, which in turn has also reduced the confidence of investors and creditors. The discrepancy between the growth of debt and interest payments with the growth of GDP and tax revenues raises concerns about the government's ability to fulfill its debt payments. As a result, the government is forced to offer higher interest rates to entice the market to purchase government securities. The Composite Stock Price Index also falls sharply as many foreign investors are selling their shares.

Although the pandemic has subsided, there is no significant economic growth due to the lack of relevance of the government's economic vision to the post-pandemic situation. Disputes among members of coalition parties supporting the government worsens the cabinet's performance and is followed by a decline in public trust in the government. Soaring public demand to government related to handling of COVID-19 Pandemic and National Economic Recovery escalates Indonesia's political uncertainty. The widespread perception that the government is not responsive to the post-pandemic situation and the chronic problem of corruption discourages investors from investing in Indonesian markets, and removes any hope for Indonesia to fully recover from the crisis.







3. INDICATORS AND SIGNPOSTS

This section discusses the indicators to indicate which scenario is happening based on the conditions being experienced. There are four indicators that can describe the state of the government's response and the severity of the pandemic.



3.

INDICATORS AND SIGNPOSTS

The development of indicators and signposts is used to identify which scenario is unfolding as reality.

Indicators and signposts are guides for the reader to know which scenario is unfolding based on the conditions being experienced. Indicators can be signposts or signs that show the direction of the movement of reality towards certain scenario quadrants.

BPK Foresight uses four indicators to identify government's response in handling crisis conditions and the severity of the pandemic to anticipate future challenges:

1

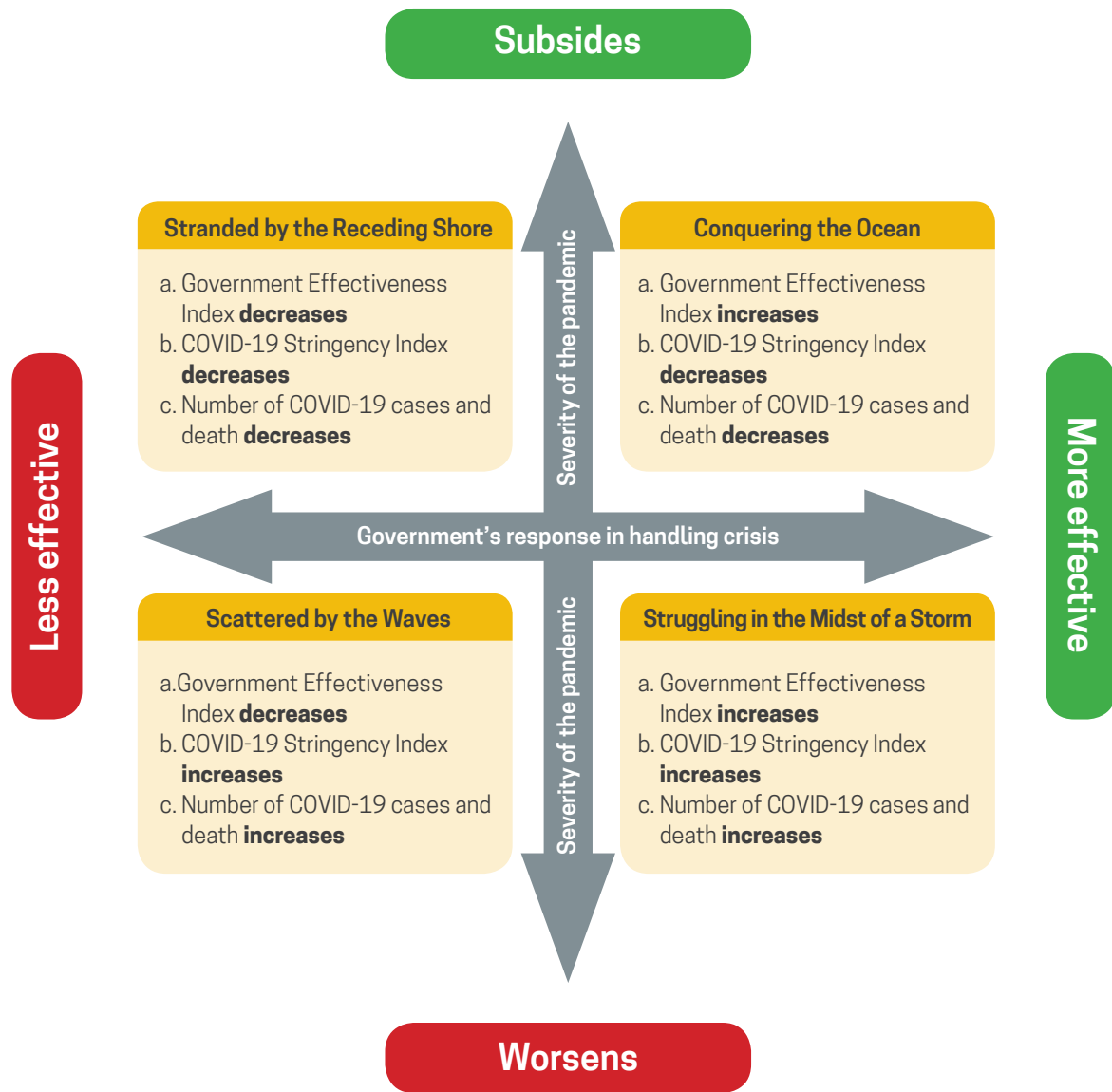
Government Responses indicator: (1.1) Government Effectiveness Index¹ and (1.2) COVID-19 Stringency Index²

- a. Government Effectiveness Index includes: Quality of bureaucracy & Institutions, Quality of infrastructure & Education, Satisfaction with infrastructure & education, Coverage of basic facilities (schools, clean water, electricity), and Risk of policy, infrastructure and governance disruption.
- b. COVID-19 Stringency Index includes: Vaccination policies, Closing of public facilities, 3T Policies, International & domestic movement restrictions, and Activity restrictions.

2

2)Severity of pandemic indicator: (2.1) COVID-19 Daily Cases³ dan (2.2) COVID-19 Death Rates³

Sources: **1)** World Bank Data: GovData-360 on Worldwide Governance Indicators; **2)** COVID-19 Government Response Tracker (Oxford University); **3)** Our World in Data Coronavirus Tracker (Johns Hopkins University)



Understanding the COVID-19 Stringency Indicator

This indicator measures how stringent government policies are, especially policies related to school and office closures and travel bans. It is assumed that the government will respond to the pandemic with various levels of policy implementation. When government policies related to the COVID-19 stringency index are effectively implemented, the pandemic will subside, and vice versa.

4.

OPPORTUNITIES, CHALLENGES & RISKS

This section describes the opportunities, challenges, and risks that can occur if the four scenarios become realities.





4. OPPORTUNITIES, CHALLENGES & RISKS

The implications and choices of each scenario can provide insight into the opportunities, challenges, and risks of building Indonesia into a resilient nation

The four scenarios illustrate distinct plausible futures for Indonesia.

Each scenario produces a series of implications, whereby, during times of uncertainty, the government can implement strategic steps and policies based on the unique conditions of each scenario.

The government needs to identify opportunities, anticipate challenges, and mitigate risks to carry

out appropriate actions based on each of the scenarios, regardless of the conditions that may arise in the future.

Identifying these opportunities, challenges, and risks also enables the government to map out collaboration patterns with various stakeholders (House of Representatives, the community, and the private sector).

1

Opportunities - The government can leverage the opportunities that arise in each scenario to become a robust government and be prepared to face the next crisis.

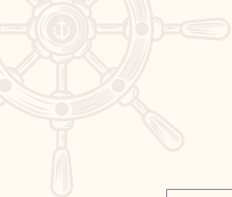
2

Challenges - Each scenario is comprised of challenges that can develop into problems if not handled accordingly. By identifying these challenges, the government can successfully create strategies that are targeted and tailored to overcome each of these challenges.

3

3. Risk - The uncertainty of future conditions creates the possibility of adverse consequences in each scenario. The government is presented with an opportunity to develop and implement the National Risk Management Framework as well as strengthen Governance, Risk, and Compliance (GRC) as soon as possible to prepare for the worst possibility of the COVID-19 pandemic, disasters, and global crises that may happen in the future.





Opportunities, Challenges & Risks

Scenario	Opportunities	Challenges	Risks
Conquering the Ocean	<p>Health, structural and fiscal reforms to enable the government recover from the crisis and become a resilient government;</p> <p>Non Tax State Revenue (PNBP) from oil and gas can reduce APBN deficit;</p> <p>Revenue collected by the government from digital economy taxes and digital-based investments taxes;</p> <p>Many millennials have sophisticated digital skills;</p> <p>Development of infrastructure and connectivity;</p> <p>A new approach that integrates research and innovation;</p> <p>A National Data Center (NDC) based on a single national identity number (NIK) and drives for digitalization of public services;</p> <p>Implementation of laws and regulations regarding improvement of the national economy.</p>	<p>Ensuring an adequate supply of vaccines, medicine and healthcare to meet the increasing demand;</p> <p>Coordinating between the Ministry of Finance and Local governments to supervise the provision of tax incentives and facilities;</p> <p>Regulating, supervising, and implementing optimal taxation schemes for the digital economy sector and digital-based investment instruments;</p> <p>Preserving inflation to ensure the purchasing power of the poor and vulnerable;</p> <p>Supervising creative financing in the context of quality spending management evaluation;</p> <p>Ensuring that the government is able to finance infrastructure projects;</p> <p>Issuing regulations regarding improvement of the national economy.</p>	<p>The health system is unprepared to accommodate periodic and large-scale vaccinations;</p> <p>At the macro and micro levels, there is no definition of quality spending and its indicators;</p> <p>The mechanism for calculating the oil and gas PNBP budget is not yet aligned with the target lifting;</p> <p>Inadequate regulation and supervision for digital-based investment instruments may create opportunities for criminal activities;</p> <p>A national integrated data base is vulnerable to cyberattacks;</p> <p>Public Private Partnership (KPBU) projects and State-owned Enterprises (BUMN) assignments may produce consequences related to the inclusion of guarantees by the government;</p> <p>Resistance to laws and regulations regarding the improvement of the national economy.</p>
Struggling in the Midst of a Storm	<p>Social restrictions create opportunities for restoration of public order;</p> <p>A faster and thorough process of recovering from the pandemic from the pandemic;</p> <p>Many international institutions' support in economic recovery;</p> <p>There is increased knowledge and skills of government bureaucracy regarding large-scale disaster management;</p> <p>Disaster management knowledge and skills can be documented, kept, and disseminated through a knowledge center;</p> <p>The reorientation of autonomy encourages the emergence of breakthroughs, innovations, and creative actions in local governance;</p> <p>The pandemic has increased community's "social capital"—trust, networking, cooperation.</p>	<p>Securing a large budget required for social restrictions;</p> <p>Performing testing, tracing, treatment (3T) effectively;</p> <p>Ensuring the availability of vaccines that have a high level of efficacy;</p> <p>Ensuring transfer of knowledge and technology from international institutions;</p> <p>Ensuring that disaster management policies are effective and consistent;</p> <p>Maintaining trust from credit institutions to channel financing;</p> <p>Establishing more progressive local government laws;</p> <p>Ensuring reconciliation among political elites and social cohesion among citizens.</p>	<p>Social restrictions induces resistance from the community;</p> <p>International institutional support reduces the independence of the central government in making strategic decisions;</p> <p>Debt restructuring reduces the confidence of creditors and the international community towards Indonesia;</p> <p>Greater autonomy for local governments reduces the authority and influence of the central government.</p>



Scenario	Opportunities	Challenges	Risks
Scattered by the Waves	Through current regulations during a pandemic, the government can refocus the budget and implement extraordinary policies;	Managing long-term debts as a result of pandemic management policy;	Economic and health outcomes did not improve despite high levels of government debt;
	Establish effective performance indicators for the government;	Ensuring the availability of funds, personnel, equipment, and various other facilities to develop vaccines that meet WHO standards;	Contagious and deadly diseases such as tuberculosis, polio, diphtheria, and hepatitis are prevalent;
	The availability of humanitarian aids from international organizations;	Simplifying regulations for duties on imports and international aid;	Some of those involved in solidarity actions do not have sufficient knowledge, skills, and or experience in disaster management;
	Various social solidarity actions are initiated by the general public and the business community;	Improving the governance of medical waste management;	Capital outflows of foreign investors are high;
	The main tasks of the Indonesian National Armed Forces (TNI) include “military operations other than war”: disaster management, evacuation, and the provision of humanitarian assistance;	Enhancing the National Data Center based on NIK to improve data collection, verification, and validation of Integrated Social Welfare Data (DTKS);	Vaccines produced domestically do not meet WHO standards;
	Domestic organizations Initiative in developing vaccines;	Simplifying the process of distributing aid funds for economic and health recovery;	TNI, Tagana, and volunteer personnel are exposed to the virus;
	The existence of Disaster Preparedness Cadets (Tagana) for disaster management.	Coordinating the mobilization of TNI, Tagana, volunteer personnel, logistics, and equipment.	Disaster budget is misused, unused, and not optimally absorbed.
Stranded by the Receding Shore	Transactions in the digital economy are rising;	Performing health system reforms with the aim of providing basic healthcare more affordable;	Resistance to foreign investment in the healthcare industry;
	The domestic private sector and international institutions are collaborating in developing health technology;	Reducing dependence to imports of raw materials for medical drugs, medical equipment, and health technologies;	Protectionism policies in the management of the national economy;
	Foreign investment inflows due to regulations for national economic recovery;	Preventing cartel practices in the infrastructure and health sectors;	Inadequate regulation and supervision for digital-based investment may create opportunity to use digital instruments for criminal activities;
	Revenue generated by digital economy taxes and digital-based investments taxes;	Regulating, supervising, and implementing optimal taxation schemes for the digital economy and digital-based investments;	The weakening of political party support for the government;
	An increase in urbanization creates the opportunity for integration of the metropolitan area and surrounding areas into one megapolitan authority.	Issuing regulations concerning national economic recovery;	Traditional merchants are resistant in embracing digital transformation;
		Managing and facilitating MSMEs and the informal sector to become digitally ready and literate;	Gender inequality is prevalent in regions with high rates of school dropouts.
		Improving regulations relating to the governance of international cross-border cooperation;	
		Forming a legal basis for the establishment of a megapolitan authoritative body.	

5.

BPK VIEWPOINTS: THEMES TO ANTICIPATE

This section describes five important themes that often arise in each scenario and implication. The government of Indonesia has an important role to pay attention to these themes in order to become resilient.





5.

BPK VIEWPOINTS: THEMES TO ANTICIPATE

Based on the scenarios and implications illustrated, several recurring themes that are prevalent. BPK believes that the government must be prepared to anticipate and face these themes.

Each scenario requires a different strategy to seize opportunities, face challenges, and mitigate risks. The following depicts **five important themes** that need to be anticipated by the government to build a resilient Indonesia.

First, health reform. Indonesia's national health system has been inadequate in dealing with the crisis due to various problems related to funding, facilities, health workers and the availability of medicines. Health reform must prioritize increasing the availability of health facilities, medical equipment, and health workers that satisfy international standards and are proportionately distributed amongst regions. The budget structure for healthcare must be re-evaluated to ensure an adequate supply of hospitals and crisis centers. Health services must also strive to become promotive and prevented-oriented, and continuously innovate health technologies.

Second, tax reform and fiscal sustainability. The crisis has forced the government to take

actions that require high costs. Fiscal and tax structural reforms are required to increase state revenues, maintain a healthy budget posture, and a credible debt position in order to improve the state's financial capacity in dealing with current and future crises.

Third, the government's vision and leadership. The government must adopt a vision and leadership capable of seizing the best opportunities presented by change. The government also needs to develop plans to respond to a rapidly changing environment by integrating all stakeholders' best potential information into the government's strategic decision-making system. In addition, policies across government institutions must be coherent and have transparent accountability to garner public trust and support.

Fourth, digital transformation and data governance. Leveraging the effective use of technology and data is the key to Indonesia's success in welcoming the industrial era 4.0. By



improving and optimizing the systems of the Electronic-Based Government System (SPBE), the governance of the integrated *Satu Data Indonesia* portal, and the Integrated Data on Social Welfare (DTKS), the government can generate policies and programs that are more targeted, efficient and accountable. This digital transformation should be supported by the development of digital infrastructure that is equally distributed between regions to ensure proper implementation of distance learning, financial inclusion, and digitalization of MSMEs.

Lastly, the quality of human resources.

The nation's workforce must be digitally ready and digitally literate. A workforce that keeps up with technological advancements will be more prepared to tackle the future challenges that are full of uncertainties in the 21st century.

6. **CLOSING REMARKS**

This section presents questions and elements for consideration in order to prepare oneself to survive and win in each scenario







6.

CLOSING REMARKS

The four scenarios paint different future possibilities that Indonesia may experience in the next five years (2021 - 2026).

As you reflect on these scenarios, consider:

1

Which scenario best describes that Indonesia appears to be prepared for, given our current resources and capacity?

2

Is there a scenario that we have never thought of before?

3

What strategies would Indonesia need to become a resilient nation in each scenario?

4

What are the capabilities, partnerships, and sectors that Indonesia needs to strengthen?

Indeed, it is too soon to know which scenario will likely unfold in the next five years. However, that doesn't mean we don't need to prepare ourselves as best as we can to survive, even win, in each of these scenarios.

In the future, BPK will use augmented intelligence, machine learning, and artificial intelligence as well as cognitive computing,

including building big data analytics systems, to map uncertainties and strengthen the role of BPK's foresight.

We hope that this document can be useful for readers and for the government of Indonesia to make the right decisions to win against the COVID-19 pandemic and become a resilient government.



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GLOSSARY

TERM	DEFINITION
<i>3T-testing, tracing, treatment</i>	The three-step process employed by the Government of Indonesia to contain the spread of COVID-19
<i>Blended Learning</i>	Learning method that uses a combination of online and traditional classroom materials
<i>Compliance Cost</i>	All costs incurred by a company to comply with industry regulations
<i>Countercyclical</i>	A form of fiscal policy to counter economic recession by increasing government spending, lowering tax rates and/or increasing tax stimulant.
<i>Creative Financing</i>	Non-traditional financing; per this publication's context, it means financing done outside of the national budget
<i>Crisis Centre</i>	Central facility of information, coordination, and control during crisis or disaster
<i>Critical Uncertainties</i>	Driving forces that are both uncertain and can shape the future
<i>Crypto Assets</i>	A decentralized digital currency that can be used as an investment instrument or to conduct virtual transactions
<i>Cyberattack</i>	Cyber assault on an information system
<i>Debt Service Ratio</i>	Ratio of debt to revenue
<i>Digital Divide</i>	Inequality as a result of unequal digital literacy and access to digital means
<i>Digitally Ready & Digitally Literate</i>	The readiness and capability to use digital devices
<i>Driving Forces</i>	Factors that shape the course of events, from environmental, industrial, to organizational context
<i>Expert Group Analysis</i>	Analysis and discussion sessions involving experts on a particular subject
<i>Extraordinary Policy</i>	Extraordinary fiscal policies and measures implemented during the COVID-19 pandemic. This policy is under the umbrella Law 2/2020 to manage finances and maintain the stability of the economy
<i>Fiscal Consolidation</i>	Fiscal policy to reduce government deficit and debt accumulation
<i>Focal Question</i>	The question that sets the scope of the scenarios and anchors conversations that wander away from relevance while still providing a platform for future discovery and exploration
<i>Fundamental Uncertainties</i>	Critical uncertainties that are likely to have a significant impact on future, chosen as axes for the scenario framework
<i>Funneling Process</i>	Process to parse out between trends and uncertainties from the list of driving forces
<i>Global Driving Forces Database</i>	List of global driving forces
<i>Global Trends</i>	Trends that are happening worldwide
<i>Group Discussion & Panel of Sectoral Expert Rating</i>	Group discussions with experts to make assessments on a particular subject



TERM	DEFINITION
<i>Hybrid (classes)</i>	Combining face-to-face learning (PTM) with distance learning (PJJ).
<i>Local Trends</i>	Trends that are happening domestically
<i>Mandatory Spending</i>	Mandatory government expenditures that are regulated by law
<i>Medium Term Revenue Strategy</i>	Strategy from the IMF to raise tax to GDP ratio by 5 percentage points
<i>Merger</i>	Combination of two or more companies to create one company
<i>Moral Hazard</i>	A risk that emerges because a party is incentivized to perform actions that will pose risks to another party
<i>Nonperforming Loan (NPL)</i>	Loan that the payment is overdue for certain period, unlikely to be repaid, or uncollected
<i>Population Immunity</i>	A condition in which the population has developed an immunity to a virus
<i>Plasma Convalescent Donor</i>	Passive immunization method, done by giving COVID-19 patients the plasma of people who have recovered from COVID-19
<i>Recognition Of Prior Learning (RPL)</i>	The process used to develop skills and knowledge gained from the classroom to identify competencies against a particular set of standards, proficiencies, or learning outcomes
<i>Reopening, Recovery, & Reform Policy</i>	Policies that focus on overcoming the pandemic, rolling out vaccination programs, accelerating recovery through the sustainability of economic programs and carrying out transformation through reforms
<i>Reshuffle</i>	Government cabinet reorganization through appointing new ministers
<i>Scenario Framework</i>	Combined critical uncertainties to map out divergent futures that are all plausible
<i>Scenario Planning Experts Discussion</i>	Internal discussions with Scenario Planning experts
<i>Scenario Stories</i>	Narrations or stories of future possible scenarios given two fundamental uncertainties
<i>Signposts</i>	Indicators to track scenarios that are becoming realities
<i>Start-up</i>	Business venture in its first stage of operations, usually supported by digital services
<i>Strain</i>	New variant of a virus
<i>Target Lifting</i>	Target production, usually used in the oil and gas industry
<i>Variant of Concern</i>	Term used when a variant is more transmissible, causes more severe illness or reduces the effectiveness of vaccines or treatments
<i>Zero-based Budgeting</i>	Method of budgeting that starts from "zero budget" that allocate funds based on future targets and activities



APPENDIX I

SERIES OF DETAIL PROCESSES

The scenarios in this publication are derived from a series of driving forces obtained from the results of the BPK's audit reports as well as domestic, regional, and global trends. The following is the series of detailed processes carried out to develop the four scenario narratives:

Driving Forces	Compiling a long list of Driving Forces (1350 entries)		<ul style="list-style-type: none"> BPK audit reports: IHPS I & II 2019 and 2020, BPK Viewpoint on JKN Program 2021, Audit Report LKPP 2020 Global Driving Forces Database
	Shortlisting Driving Force (1350 to 139)		Webinars with experts and material enrichment
Critical Uncertainties	Selecting Critical Uncertainties (139 to 26)		<ol style="list-style-type: none"> Funneling process (trends vs uncertainties) Scenario Planning Experts Discussion
	Developing Fundamental Uncertainties (26 to 5)		Group discussion and panel of sectoral expert ratings
Scenario Framework	Crafting Scenario Framework (5 to 2)		Expert Group Analysis
Scenario Stories	Composing Scenario Stories (4 scenario quadrants)		BPK audit reports: IHPS I & II 2019 and 2020, BPK Viewpoint on JKN Program 2021, Audit Report LKPP 2020
			Webinar with Ministries and representatives from Local Governments, Central Bank of Indonesia (BI), The Financial Services Authority (OJK)
			Benchmarking parallel examples as scenario proxy ¹

Notes: ¹IHPS - Ikhtisar Hasil Pemeriksaan Semester; JKN - Jaminan Kesehatan Nasional; LKPP - Laporan Keuangan Pemerintah Pusat



APPENDIX II: INTRODUCTION TO SCENARIO PLANNING METHODOLOGY

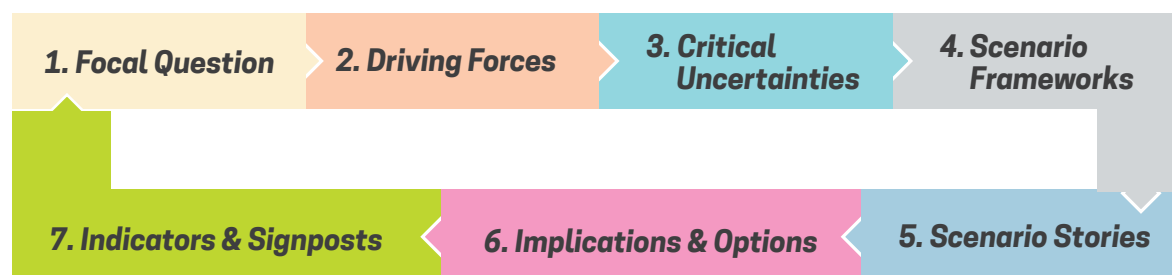
BPK foresight uses a seven-step scenario planning methodology. **The study process begins with the formulation of a focal question** in order to determine the study's scope and strategic direction. The focal question for this study was: **What will Indonesia look like five years after COVID-19 (2021- 2026)?**

As a follow-on step, BPK then looks at the implications of that question: what are the opportunities, challenges, and risks that need to be anticipated by the government of Indonesia in order to build a resilient nation?

As scenarios are a way of understanding the dynamics that shape the future, **the second step of the scenario planning methodology is the identification of Driving forces.** Driving forces are those factors that have the potential to significantly impact the focal questions at hand. In order to determine this study's long list of driving forces, BPK compiled relevant audit reports, especially reports on the handling of

the COVID-19 Pandemic and the 2020 National Economic Recovery; developed a global driving forces database; and conducted webinars with subject matter experts from various sectors. This allows BPK to gain a holistic understanding of complex issues and interrelationships, as well as to identify regional and global trends. This long list of driving forces is then consolidated into a shortlist. This shortlist contained 139 driving forces from the identified 1,350 driving forces.

In the third step, identified drivers are clustered into 'critical uncertainties'. This is necessary, as not all driving forces are uncertain. Some may be predetermined and unlikely to develop in different ways across different scenarios. Thus, critical uncertainties must fulfill two criteria: firstly, they must have a high impact on the outcome of the focal question. Secondly, they must be highly uncertain or volatile. These critical uncertainties then serve as the building blocks for the scenario framework.





The scenario framework is developed in the fourth step of the scenario planning methodology. Following a correlation test, two critical uncertainties are selected by the expert group as the scenario matrix axes. The axes thereby form four highly divergent but plausible scenario worlds. In this foresight study, these two critical uncertainties are ‘the government response in handling the COVID-19 pandemic crisis’ and ‘the severity of the pandemic’.

Having established the scenario matrix, the fifth step is to develop the four scenario narratives. Scenario narratives define the framework conditions and atmosphere of each scenario within the context of a story. Using the

previously identified drivers to reverse-engineer the milestones that would lead to each future, we can determine the key elements for each scenario.

Then, **in the sixth step, these scenario narratives are used to consider the resulting implications** for the relevant stakeholders, such as the government and the public in general.

In the seventh and final step, key indicators for each of the four scenarios are identified to enable the monitoring of trends developments.

The aim of this step is to observe relevant developments in order to establish which scenario the world is moving towards reality and to identify shifts from one scenario to another.

THE AUDIT BOARD OF THE REPUBLIC OF INDONESIA

Jakarta Pusat 10210

Telephone: (6221) 25549000

Facsimile : (6221) 57950288

Website : <http://www.bpk.go.id>

Email : eppid@bpk.go.id

ISBN 978-623-97718-4-3

