



The Impact of The Covid-19 Pandemic on Provincial Economic Performance In Indonesia

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Abstract

The Covid-19 pandemic is a global pandemic that has a big impact to conditions of a country. However, in a country, sometimes there is a difference in the influence of the Covid-19 pandemic on one region to another. This study aims to analyze the impact of the Covid-19 pandemic on the economic performance of provinces in Indonesia. The method used in this research is the descriptive statistical method using secondary data from the Central Bureau of Statistics, related ministries, previous research, and other internet sources. The types of data taken are data related to economic growth, unemployment rates, poverty levels, and inequalities in each province in Indonesia. The analysis found 1) the Covid-19 pandemic had a negative impact on the variables of economic growth, unemployment, poverty, and inequality; 2) The Covid-19 pandemic affected economic conditions through the implementation of large-scale social restrictions (PSBB) with the consequence of limiting the space/activities of the community so that the economic process was hampered. 3) The Covid 19 pandemic has a greater impact on provinces with high mobility and a high population, where these characteristics are mostly owned by provinces on the island of Java.

INTRODUCTION

The Covid-19 pandemic first appeared at the end of December 2019 in Wuhan, China, caused by a new type of coronavirus (He et al., 2020). This virus can infect humans and animals that attack the respiratory tract with the initial symptoms of flu so that it can cause severe acute respiratory syndrome (SARS) with spread through respiratory droplets from coughs or sneezes (Ren et al., 2020). On March 11, 2020, WHO declared the Covid 19 pandemic a Global Pandemic (Dong et al., 2020). As a global pandemic, Covid 19 is developing very fast, so that it has not only caused a health crisis but has developed into a deep economic crisis affecting the whole world (Djurovic et al., 2020).

On March 2, 2020, Covid-19 entered Indonesia. To anticipate and limit the wider spread, the Government of Indonesia took action

by issuing various policies such as working from home, maintaining distance, and Large-Scale Social Restrictions (PSBB) (Muliati, 2020).

In the National Medium Term Development Plan (RPJMN) 2020-2024, several macro variables become development targets. Some of these variables include an increase in economic growth, a decrease in the open unemployment rate, a decrease in the poverty rate, and a decrease in inequality. President Jokowi, with Nawa Cita, better known as the Four Track Strategy (FTS), is a policy strategy of the Indonesian government in the economic sector aimed at encouraging economic growth to reduce unemployment, poverty, and inequality in income distribution (Prasetyo., 2020).

Many experts have conducted research on the impact of Covid-19. First, a study conducted by Liu et al. (2020) entitled The impact of operating flexibility on firms' performance during

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the COVID-19 outbreak: Evidence from China. This study aims to investigate the effect of firm-level operating flexibility on stock performance during the COVID-19 outbreak in China. We find that firm-level operating flexibility is significantly positively correlated with the cumulative abnormal stock returns that occur during the event window, and this positive relationship is more pronounced in firms in the provinces most affected by the epidemic. This positive relationship is also more visible in companies that have relatively few fixed assets. Our results therefore provide direct empirical evidence that tangible options embedded in operating flexibility played an important role during the COVID-19 outbreak

Second, research conducted by Mofijur, et al. (2020) entitled Impact of COVID-19 on the social, economic, environmental and energy domains: Lessons learned from a global pandemic. This study aims to provide a comprehensive analysis of the impact of the COVID-19 outbreak on the ecological, energy sector, community and economic domains and to investigate global preventive measures being taken to reduce transmission of COVID-19. The study demonstrated that a 72 hour delay in collection and disposal of waste from infected households and quarantine facilities is critical to controlling the spread of the virus. Sector-by-sector plans for strong socio-economic growth as well as a strong entrepreneurial-friendly economy are needed for business to be sustainable at the height of the pandemic. The socio-economic crisis has transformed investment in the energy sector and affected the energy sector significantly with most investment activities facing disruption due to mobility restrictions. Delays in energy projects are expected to create uncertainty in the coming years

Third, research conducted by Zheng and Zhang (2020). This study investigates the effect of the decline in economic activity caused by COVID-19 on the financial and social efficiency of microfinance institutions (MFIs). This study finds that the impact triggered by the pandemic reduces the financial efficiency of MFIs; however, the MFI's social efficiency has improved under the influence of COVID-19. To explore the potential channels through which efficiency is affected by the COVID-19 outbreak, we examined the supply and demand sides of MFI funding. We find that lending rates mediate the relationship between the impact of COVID-19 and MFI efficiency, whereas the mediating role of funding interest rates is negligible.

Previous research has explained the impact of covid 19 on several environments such as the corporate environment (Liu et al., 2020), the ecological environment, the energy sector, society and economy, and on the environment of financial and social efficiency of microfinance institutions (MFIs) (Zheng & Zhang, 2020). Unlike previous studies, this study will focus on the impact of the Covid-19 pandemic on the performance of provinces in Indonesia as seen from 4 macro variables, namely Economic Growth, Unemployment Rate, Poverty, and Inequality. So that with a focus on each province, it is hoped that the results will be more specific regarding the characteristics and impacts of the Covid-19 pandemic that occurred in each province.

METHOD

The method used in this research is descriptive statistics. Descriptive statistics provide a simple summary of the sample and observed results. The summary can be quantitative, i.e. summary statistics, or it can be an intuitive graph. This summary can be used as part of a broader statistical analysis (Kaushik & Mathur, 2014). Meanwhile, according to Sholikhah (2016), Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is.

The data used in this research is secondary data. Secondary data is data that is collected by other people for other primary purposes (Johnston, 2017). Secondary data obtained came from the Central Bureau of Statistics, related ministries, previous research, and other internet sources.

This study analyzes the impact of the Covid-19 pandemic on the performance of the provincial economy in Indonesia as seen from the 4 macro variables above, namely Economic Growth, Unemployment Rate, Poverty, and Inequality. As well as comparing it with the national level.

RESULT AND DISCUSSION

Table 1 show that in Q-II and Q-III 2020, national economic growth experienced negative growth. Negative economic growth is also experienced by almost all provinces in Indonesia at different levels. Even though in Q-III the economic growth of several provinces still showed negative figures it has shown better growth than the previous period (Q-II). The following is a table of Indonesia's economic growth by province.

Table 1. Indonesia's economic growth by province in Q-II and Q-III 2020 (%)

No	Province	Economic Growth (y-on-y)	
		Q-II 2020	Q-III 2020
1	Aceh	-3.61	-0.79
2	Sumatra Barat	-4.91	-2.87
3	Sumatra Utara	-2.37	-2.60
4	Kepulauan Riau	-6.66	-5.81
5	Riau	-3.22	-1.67
6	Jambi	-1.72	-0.79
7	Sumatra Selatan	-1.37	-1.40
8	Bangka Belitung	-4.98	-4.38
9	Bengkulu	-0.48	-0.09
10	Lampung	-3.57	-2.41
11	DKI Jakarta	-8.22	-3.82
12	Jawa Barat	-5.98	-4.08
13	Jawa Tengah	-5.94	-3.93
14	Jawa Timur	-5.90	-3.75
15	Banten	-7.40	-5.77
16	DI Yogyakarta	-6.74	-2.84
17	Bali	-10.98	-12.28
18	Nusa Tenggara Timur	-1.96	-1.68
19	Nusa Tenggara Barat	-1.41	-1.11
20	Kalimantan Barat	-3.40	-4.46
21	Kalimantan Utara	-3.35	-1.46
22	Kalimantan Selatan	-2.61	-4.68
23	Kalimantan Tengah	-3.15	-3.12
24	Kalimantan Timur	-5.46	-4.61
25	Sulawesi Barat	-0.78	-5.26
26	Sulawesi Tengah	-0.06	2.82
27	Sulawesi Utara	-3.89	-1.83
28	Sulawesi Tenggara	-2.39	-1.82
29	Gorontalo	-0.27	-0.07
30	Sulawesi Selatan	-3.87	-1.08
31	Maluku	-0.92	-2.38
32	Maluku Utara	-0.16	6.66
33	Papua Barat	-1.82	-3.35
34	Papua	4.52	-2.61
	Indonesia	-5.32	-3.49

The table above shows the economic growth in each province in Indonesia during the Covid 19 pandemic, namely in the second quarter and the third quarter of 2020. In the second quarter, national economic growth contracted with a growth of -5.32%, while in the third quarter national economic growth improved from the previous quarter, but still shows a minus figure in its growth of -3.49% (y-on-y).

When viewed from the data on economic growth in each province. In the second quarter,

several provinces experienced a more severe contraction than the national ones. However, some provinces have a smaller contraction value when compared to the national level. There are even some provinces that do not show contraction but instead show positive economic growth. To make it easier to distinguish between provinces experiencing high contraction and provinces experiencing smaller contraction than the national ones, the following table is presented.

Table 2. Economic Growth of Provinces in Indonesia above National Growth and below National Growth in Q2 2020

Economic Growth Q-II 2020					
Below National Growth			Above National Growth		
No	Province	Growth (%)	No	Province	Growth (%)
1	Bali	-10.98	1	Aceh	-3.61
2	DKI Jakarta	-8.22	2	Sumatra Barat	-4.91
3	Banten	-7.40	3	Sumatra Utara	-2.37
4	DI Yogyakarta	-6.74	4	Riau	-3.22
5	Kepulauan Riau	-6.66	5	Jambi	-1.72
6	Jawa Barat	-5.98	6	Sumatra Selatan	-1.37
7	Jawa Tengah	-5.94	7	Bangka Belitung	-4.98
8	Jawa Timur	-5.90	8	Bengkulu	-0.48
9	Kalimantan Timur	-5.46	9	Lampung	-3.57
			10	Nusa Tenggara Timur	-1.96
			11	Nusa Tenggara Barat	-1.41
			12	Kalimantan Barat	-3.40
			13	Kalimantan Utara	-3.35
			14	Kalimantan Selatan	-2.61
			15	Kalimantan Tengah	-3.15
			16	Sulawesi Barat	-0.78
			17	Sulawesi Tengah	-0.06
			18	Sulawesi Utara	-3.89
			19	Sulawesi Tenggara	-2.39
			20	Gorontalo	-0.27
			21	Sulawesi Selatan	-3.87
			22	Maluku	-0.92
			23	Maluku Utara	-0.16
			24	Papua Barat	-1.82
			25	Papua	4.52

The table above shows that there are 9 provinces with lower growth rates compared to national economic growth. Of these 9 provinces, 6 of them are provinces on the island of Java. So it can be seen that all provinces on the island of Java experienced a higher contraction than the national contraction. The Covid 19 pandemic and large-scale social restrictions (PSBB) limit the space for human movement/activities so that this causes people's purchasing power to be low. Besides, investment has also decreased due to the uncertainty caused by the COVID-19 pandemic. Java Island as the center of the Indonesian economy, with a structure forming the GRDP which is dominated by the industrial sector and the trade sector, with low purchasing power and investment this has a significant impact on reducing the GDP of existing provinces on the island of Java.

Of the 9 provinces above, there are 3 provinces with the lowest economic growth rates, including Bali, DKI Jakarta, and Banten which respectively amounted to -10.98%, -8.22%, and -7.40%. The province with the first lowest economic growth is Bali. About 58 percent of Bali's economy depends on tourism. The transportation sector and the provision of food and drink accommodation sector experienced a high contraction of -39.48% and -33.10%. These two sectors are closely related to tourism, which forms the backbone of Bali's economy. DKI Jakarta is the province with the second-lowest economic growth in the second quarter of 2020 at -8.22%. Investment contributed significantly to driving Jakarta's economic growth with a market share of 34 percent of the GRDP, however, the presence of Covid 19 and PSBB caused a decrease in investment and household consumption which caused the DKI Jakarta province to experience a deep contraction. The province with the third-lowest economic growth is Banten. Banten's economic decline almost occurred in most business sectors. The sectors that contracted quite deeply were the transportation and warehousing sectors, which recorded a decline of 47 percent. This is due to restrictions on community activities so that economic movement is hampered.

From table 2 it is also known that there are 25 provinces that still have economic growth above the national economic growth. Of the 25 provinces, there are 3 provinces that have quite high economic growth, including Papua, Sulawesi Tengah, and Maluku Utara. Papua is the only province that shows positive economic growth in the second quarter of 2020. This is because Papua Province in the second quarter of 2019 grew

-23.91% (y-on-y). So that in the second quarter of 2020, Papua province can grow positively by 4.52% (y-on-y), which is also supported by an increase in copper and gold ore production. The second position was Sulawesi Utara province which only contracted by 0.06%. This is because several sectors in Central Sulawesi are still showing positive growth. From the production side, the highest growth was achieved by the Processing Industry business field at 21.11%. From the expenditure side, the highest growth was achieved by the Export component at 40.97%. The third position with the highest growth was Maluku Utara province which only contracted by 0.16%. In terms of business fields, which led to a contraction because most categories of business fields experienced negative growth. Meanwhile, from the expenditure side, what drove the contraction was the component of household consumption expenditure (PKRT) which grew negatively by 6.58%.

As in the second quarter, in the third quarter, there were also several provinces experiencing a more severe contraction than the national ones. And several provinces have a smaller contraction value than the national one. In the third quarter, several provinces have shown improvement and some have even shown positive economic growth.

In the third quarter, as shown in table 3 there were 12 provinces with lower growth rates compared to national economic growth. Of the 12 provinces, it is still dominated by provinces on the island of Java except for DI Yogyakarta province. The first position for the lowest growth (y-on-y) was still in the province of Bali, followed by the provinces of Kep. Riau and Banten provinces.

The economic growth of Bali province in the third quarter contracted or grew negatively at 12.28% (y-on-y). Although on a y-on-y basis, Bali Province has experienced negative growth. However, when viewed on a q-to-q basis or compared to the second quarter, the economic growth of Bali province experienced positive growth of 1.66%. The application of the new normal era life order results in recreational and entertainment activities at tourist objects in each regency/city in Bali which gradually begins to open after obtaining certification from the local tourism office.

The economic growth of the Kep. Riau province in the third quarter of 2020 grew by -5.81%. Even though growth was still in a negative number, growth in the third quarter has shown improvement compared to the previous quarter (second quarter) which grew by -6.62%. The highest growth in the third quarter of 2020 was achieved by the information and communication

Table 3. Provincial economic growth in Indonesia above National Growth and below National Growth in Q-III 2020

Economic Growth Q-III 2020					
Below National Growth			Above National Growth		
No	Province	Growth (%)	No	Province	Growth (%)
1	Bali	-12.28	1	Aceh	-0.79
2	Kepulauan Riau	-5.81	2	Sumatra Barat	-2.87
3	Banten	-5.77	3	Sumatra Utara	-2.60
4	Sulawesi Barat	-5.26	4	Riau	-1.67
5	Kalimantan Selatan	-4.68	5	Jambi	-0.79
6	Kalimantan Timur	-4.61	6	Sumatra Selatan	-1.40
7	Kalimantan Barat	-4.46	7	Bengkulu	-0.09
8	Bangka Belitung	-4.38	8	Lampung	-2.41
9	Jawa Barat	-4.08	9	DI Yogyakarta	-2.84
10	Jawa Tengah	-3.93	10	Nusa Tenggara Timur	-1.68
11	DKI Jakarta	-3.82	11	Nusa Tenggara Barat	-1.11
12	Jawa Timur	-3.75	12	Kalimantan Utara	1.46
			13	Kalimantan Tengah	-3.12
			14	Sulawesi Tengah	2.82
			15	Sulawesi Utara	-1.83
			16	Sulawesi Tenggara	-1.82
			17	Gorontalo	-0.07
			18	Sulawesi Selatan	-1.08
			19	Maluku	-2.38
			20	Maluku Utara	6.66
			21	Papua Barat	-3.35
			22	Papua	-2.61

sector at 19.56%; followed by the government administration, defense, and compulsory social security sectors at 11.03%; and the health services and social activities sector by 4.06%.

Banten province's economic growth in the third quarter of 2020 grew by -5.77%. It is the same as the others, although growth is still showing negative figures, growth in the third quarter has improved compared to the previous quarter which grew by -77.40. In terms of production, the transportation and warehousing business sector experienced the highest growth contraction of 35.82%. From the expenditure side, the deepest growth contraction occurred in the Expenditure Component of Total Net Exports which contracted by 39.05%.

In the third quarter of 2020, there were 22 provinces with growth rates above the national growth. There are 3 provinces that have shown positive growth, namely Maluku Utara, Sulawesi

Tengah, dan Kalimantan Utara. The economy of Maluku Utara in the third quarter of 2020 grew by 6.66% (y-on-y). In terms of business fields, growth was driven by most categories, with the highest growth being achieved by the Manufacturing Industry Category which grew 106.98 percent. From the expenditure side, the highest growth was achieved by the Overseas Export Component of 88.51%. Second, the economy of Central Sulawesi province in the third quarter of 2020 grew by 2.82% (y-on-y). From the production side, the highest growth was achieved by the Manufacturing Industry business field at 27.79%. From the expenditure side, the highest growth was achieved by the Export component at 37.18%. Third, the economy of Kalimantan Utara province in the third quarter of 2020 grew by 1.46% (y-on-y). From the production side, growth was driven by several business fields, where the highest was achieved by the Electricity and Gas

Supply business field at 1974%. From the expenditure side, the highest growth was achieved by the Gross Fixed Capital Formation component of 0.49%.

From the table 4 and figure 1, it is known that the majority of provinces in Indonesia expe-

rienced an increase in the unemployment rate in 2020 or during the COVID-19 pandemic. The increase in unemployment is influenced by unstable economic conditions and the policies of many companies that have terminated their employees (PHK) amid pandemic conditions. The highest

Table 4. Unemployment rate by province in 2020 (%)

No	Province	Unemployment Rate by Province (%)	
		February 2020	Augustus 2020
1	Aceh	5.40	6.59
2	Sumatera Utara	4.71	6.91
3	Sumatera Barat	5.25	6.88
4	Riau	4.92	6.32
5	Jambi	4.26	5.13
6	Sumatera Selatan	3.90	5.51
7	Bengkulu	3.08	4.07
8	Lampung	4.26	4.67
9	Bangka Belitung	3.35	5.25
10	Kep. Riau	5.98	10.34
11	Dki Jakarta	5.15	10.95
12	Jawa Barat	7.71	1.46
13	Jawa Tengah	4.20	6.48
14	Di Yogyakarta	3.38	4.57
15	Jawa Timur	3.60	5.84
16	Banten	7.99	1.64
17	Bali	1.25	5.63
18	Nusa Tenggara Barat	3.04	4.22
19	Nusa Tenggara Timur	2.64	4.28
20	Kalimantan Barat	4.47	5.81
21	Kalimantan Tengah	3.33	4.58
22	Kalimantan Selatan	3.67	4.74
23	Kalimantan Timur	6.72	6.87
24	Kalimantan Utara	5.71	4.97
25	Sulawesi Utara	5.34	7.37
26	Sulawesi Tengah	2.93	3.77
27	Sulawesi Selatan	5.70	6.31
28	Sulawesi Tenggara	3.10	4.58
29	Gorontalo	3.29	4.28
30	Sulawesi Barat	2.39	3.32
31	Maluku	6.71	7.57
32	Maluku Utara	4.09	5.15
33	Papua Barat	6.78	6.80
34	Papua	3.42	4.28
	Indonesia	4.94	7.07

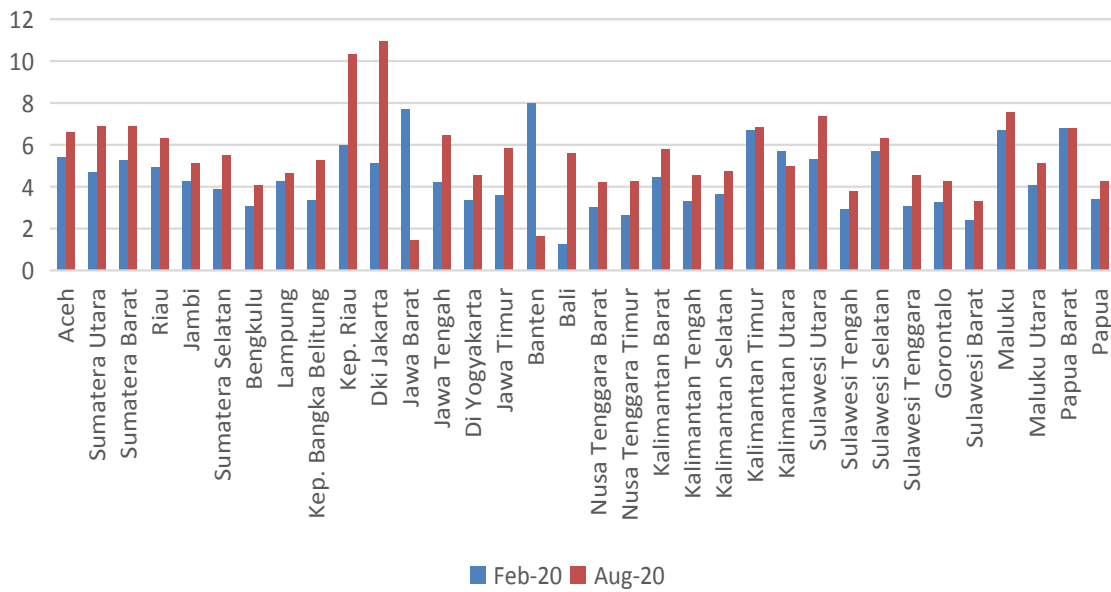


Figure 1. Unemployment Rate in 2020 by Province (%)

increase occurred in the province of DKI Jakarta, which experienced an increase of 5.80% compared to the previous period. In the second position, Bali province experienced an increase of 4.38% compared to the previous period. The third position is the province of Kep. Riau experienced an increase of 4.36% compared to the previous period. On the other hand, it turns out that from 34 provinces, several provinces show a decrease in the unemployment

rate, namely Jawa Barat and Banten provinces.

From figure 2, it can be seen that there are 12 provinces with unemployment rates exceeding the national unemployment rate including Aceh, Sumatera Barat, Kep. Riau, DKI Jakarta, Jawa Barat, Banten, Kalimantan Timur, Kalimantan Utara, Sulawesi Utara, Sulawesi Selatan, Maluku, dan Papua Barat. While provinces with unemployment rates below the national unemplo-

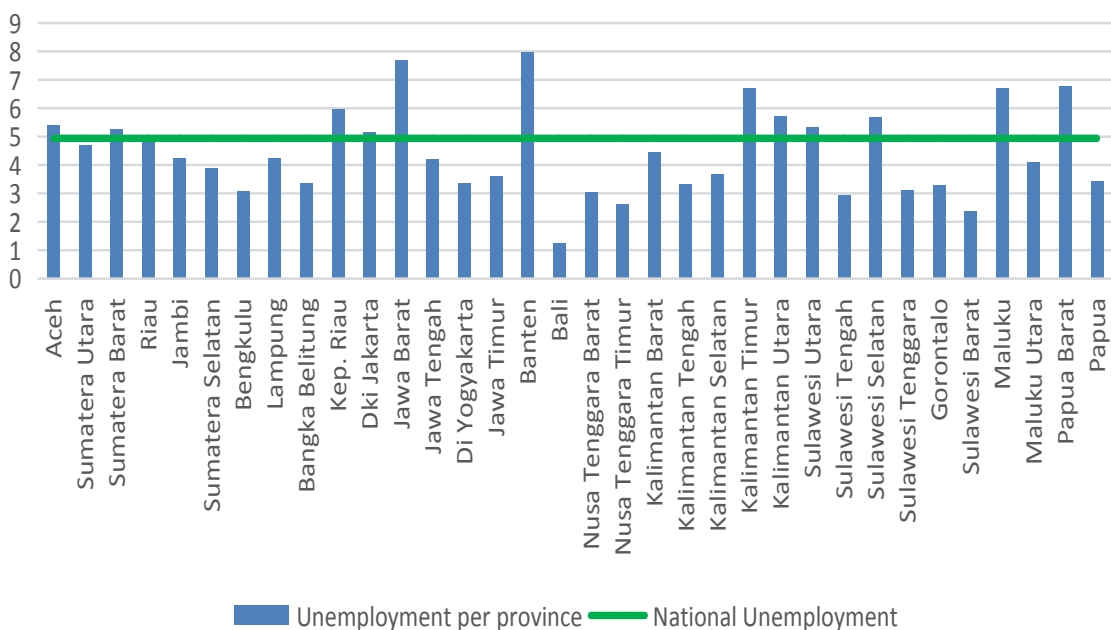


Figure 2. Provincial and National Unemployment Rates for The Period Februari 2020

yment rate include Sumatera Utara, Riau, Jambi, Sumatera Selatan, Bengkulu, Lampung, Bangka Belitung, Jawa Tengah, Jawa Timur, DI Yogyakarta, Bali, NTT, NTB, Kalimantan Barat, Kalimantan Tengah, Kalimantan Selatan, Sulawesi Tengah, Sulawesi Tenggara, Gorontalo, Sulawesi Barat, Maluku Utara, dan Papua. The highest unemployment rate occurred in Banten province with an unemployment rate of 7.99%. The second position occurred in Jawa Barat province at 7.71% and the third position occurred in Maluku province with an unemployment rate of 7.7%.

vince with the highest rural poverty rate is Papua province at 35.50% and followed by West Papua and Maluku provinces, which respectively have poverty rates of 32.70% and 26.21%. while the lowest rural poverty rate was in the province of Bali at 4.87%.

At the urban poverty rate, NTB province has the highest urban poverty rate at 14.90%. in the second position, there is Bengkulu province with an urban poverty rate of 14.77% and the third position is in the Sumatera Utara province with an urban poverty rate of 12.16%. Meanwhile,

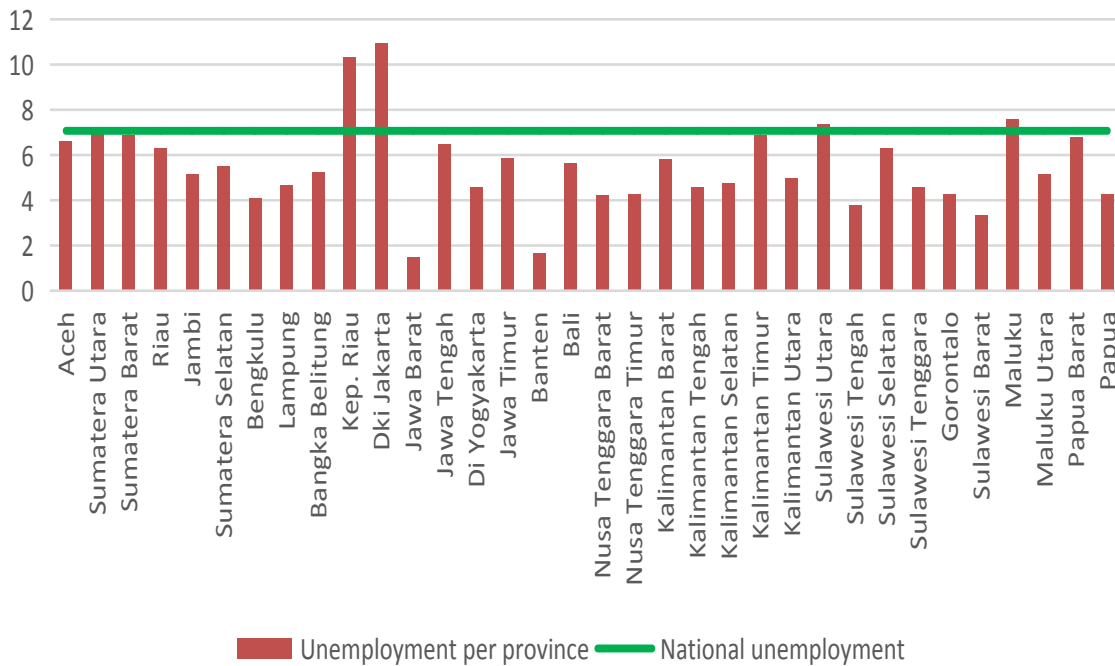


Figure 3. Unemployment Rate in 2020 by Province (%)

From the figure 3, it can be seen that there are 4 provinces with unemployment rates exceeding the national unemployment rate including the province of Kep. Riau, DKI Jakarta, Sulawesi Utara, and Maluku. The highest unemployment rate occurred in the province of DKI Jakarta with an unemployment rate of 10.95%. The second position occurred in the province of Kep. Riau is 10.34% and the third position occurs in Papua Barat province with an unemployment rate of 7.57%. Meanwhile, the province with the lowest unemployment rate occurred in Jawa Barat at 1.46%, while the other province was Banten with an unemployment rate of 1.64%.

From the table 5, it is known that poverty in Indonesia in 2020 is dominated by rural communities. The rural poverty rate nationally is 12.82% whereas if viewed per province, the pro-

the lowest urban poverty rate is in the province of Bangka Belitung with a poverty rate of 3.06%.

It is known from the figure 4 that there are 13 provinces with a higher urban poverty rate than the national urban poverty rate. The 13 provinces include: Aceh, Sumatera Utara, Jambi, Sumatera Selatan, Bengkulu, Lampung, Jawa Tengah, DI Yogyakarta, Jawa Timur, NTB, NTT, Sulawesi Tengah, Sulawesi Barat. On the other hand, there are 21 provinces with urban poverty rates below the national urban poverty level. The provinces are Sumatera Barat, Riau, Bangka Belitung, Kep. Riau, DKI Jakarta, Jawa Barat, Banten, Bali, Kalimantan Barat, Kalimantan Tengah, Kalimantan Selatan, Kalimantan Timur, Kalimantan Utara, Sulawesi Utara, Sulawesi Selatan, Sulawesi Tenggara, Gorontalo, Maluku, Maluku Utara, Papua Barat, dan Papua.

Table 5. Urban and rural poverty rates by province in 2020 (%)

No	Province	Poverty Rate by province, March 2020 (%)	
		Urban	Rural
1	Aceh	9.84	17.46
2	Sumatera Utara	8.73	8.77
3	Sumatera Barat	4.97	7.43
4	Riau	6.12	7.29
5	Jambi	10.41	6.23
6	Sumatera Selatan	12.16	12.96
7	Bengkulu	14.77	15.16
8	Lampung	9.02	13.83
9	Bangka Belitung	3.06	6.33
10	Kep. Riau	5.42	10.43
11	Dki Jakarta	4.53	-
12	Jawa Barat	7.14	10.27
13	Jawa Tengah	10.09	12.80
14	Di Yogyakarta	11.53	14.31
15	Jawa Timur	7.89	14.77
16	Banten	5.03	8.18
17	Bali	3.33	4.78
18	Nusa Tenggara Barat	14.90	13.09
19	Nusa Tenggara Timur	8.64	24.73
20	Kalimantan Barat	4.69	8.50
21	Kalimantan Tengah	4.62	4.96
22	Kalimantan Selatan	3.61	5.08
23	Kalimantan Timur	4.45	9.51
24	Kalimantan Utara	5.06	9.46
25	Sulawesi Utara	5.22	10.25
26	Sulawesi Tengah	8.76	14.69
27	Sulawesi Selatan	4.49	11.97
28	Sulawesi Tenggara	7.14	13.50
29	Gorontalo	3.97	23.45
30	Sulawesi Barat	9.59	11.26
31	Maluku	6.23	26.21
32	Maluku Utara	4.53	7.70
33	Papua Barat	5.85	32.70
34	Papua	4.47	35.50
	Indonesia	7.38	12.82

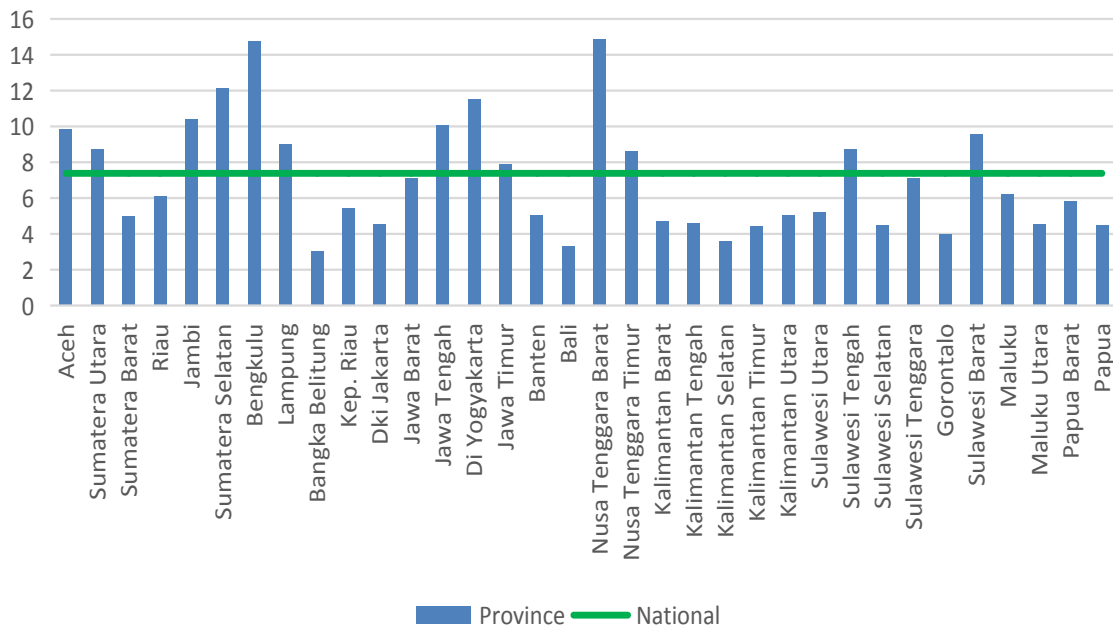


Figure 4. Urban Rate by Province in 2020 (%)

Figure 5 shows that there are 14 provinces with higher rural poverty rates than the national rural poverty rates. The 14 provinces are Aceh, Sumatera Utara, Sumatera Barat, Riau, Jambi, Bangka Belitung, Kepulauan Riau, Dki Jakarta, Jawa Barat, Jawa Tengah, Di Yogyakarta, Jawa Timur, Nusa Tenggara Barat, Nusa Tenggara Timur, Sulawesi Tengah, Sulawesi Tenggara, Gorontalo, Maluku, Papua Barat, Papua. Furthermore, there are 20 provinces with

lower rural poverty levels than the national rural poverty levels. The provinces are Sumatera Utara, Sumatera Barat, Riau, Jambi, Bangka Belitung, Kepulauan Riau, Dki Jakarta, Jawa Barat, Jawa Tengah, Banten, Bali, Kalimantan Barat, Kalimantan Tengah, Kalimantan Selatan, Kalimantan Timur, Kalimantan Utara, Sulawesi Tengah, Sulawesi Selatan, Sulawesi Tenggara, Sulawesi Barat dan Maluku Utara.

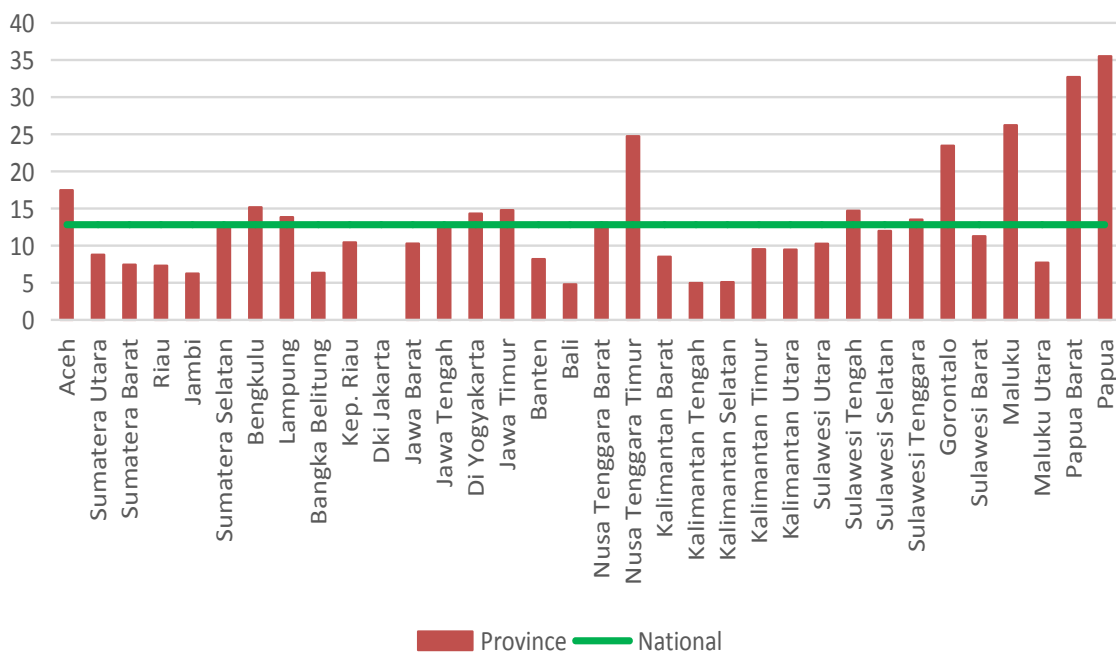


Figure 5. Rural Poverty Rate by Province in 2020 (%)

Table 6. Indonesian Inequality Level by Province, March 2020

No	Province	Gini Ratio
1	Aceh	0.323
2	Sumatera Utara	0.316
3	Sumatera Barat	0.305
4	Riau	0.329
5	Jambi	0.320
6	Sumatera Selatan	0.339
7	Bengkulu	0.334
8	Lampung	0.327
9	Bangka Belitung	0.262
10	Kep. Riau	0.339
11	DKI Jakarta	0.399
12	Jawa Barat	0.403
13	Jawa Tengah	0.362
14	DI Yogyakarta	0.434
15	Jawa Timur	0.366
16	Banten	0.363
17	Bali	0.369
18	Nusa Tenggara Barat	0.376
19	Nusa Tenggara Timur	0.354
20	Kalimantan Barat	0.317
21	Kalimantan Tengah	0.329
22	Kalimantan Selatan	0.332
23	Kalimantan Timur	0.328
24	Kalimantan Utara	0.292
25	Sulawesi Utara	0.370
26	Sulawesi Tengah	0.326
27	Sulawesi Selatan	0.389
28	Sulawesi Tenggara	0.389
29	Gorontalo	0.408
30	Sulawesi Barat	0.364
31	Maluku	0.318
32	Maluku Utara	0.308
33	Papua Barat	0.382
34	Papua	0.392
	Indonesia	0.381

From figure 6, there are 8 provinces with higher levels of inequality than the national (0.381). The 8 provinces are DKI Jakarta, West Java, DI Yogyakarta, South Sulawesi, Southeast Sulawesi, Gorontalo, West Papua, and Papua. while the other 26 provinces have lower inequality when compared to national inequality. The province with the highest level of inequality was DI Yogyakarta with a Gini ratio of 0.434.

This is because expenditures in the lower layer group fell faster than the upper group. This is not only the case in the DI Yogyakarta province but also in several provinces that have experienced an increase in inequality. Meanwhile, the province with the lowest inequality occurred in the province of Bangka Belitung with a Gini ratio of 0.262. efforts that have been made by the provincial government of the Bangka Belitung Islands for

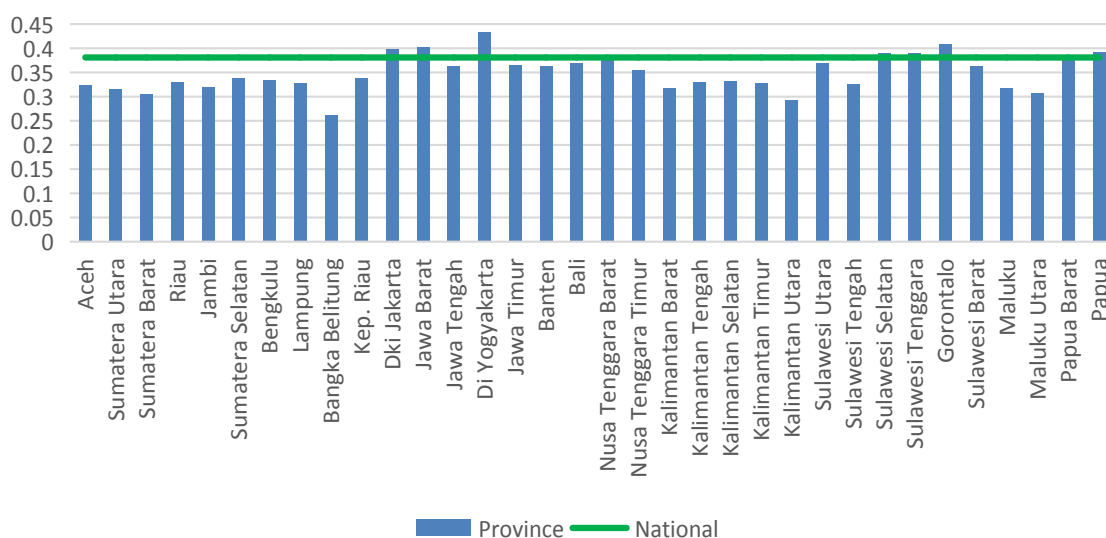


Figure 6. Level of Inequality (Gini Ratio) by Province in 2020

economic equality, namely by empowering the local economic capacity of the community, such as promoting small shops compared to franchise networks. Besides, the acculturation of the community’s culture in Bangka Belitung between Malay and Chinese ethnicities is also running well, thereby reducing the potential for inequality.

The Covid-19 pandemic does not necessarily directly affect existing conditions, but through several factors, one of which is the implementation of large-scale social restrictions (PSBB). This limits the space for human movement/activity, causing economic conditions to decline. On the other hand, the dilemma that must be faced if the Covid-19 pandemic is not resolved immediately, the impact will be even greater.

From the analysis of the four variables above, several phenomena can be found. The Covid 19 pandemic has a greater impact on provinces with high mobility and a high population, wherewith a high population, economic activity is also high. The provincial characteristics above are majority-owned by the provinces in Java. Based on data from the Central Statistics Agency in 2020, the population of the island of Java is 158 million people. While the total population of Indonesia is 284 million people, so it can be seen that 50% more of Indonesia’s population is on the island of Java.

CONCLUSION AND RECOMMENDATION

The Covid-19 pandemic that has occurred in Indonesia since March 2020 has had various impacts and significant changes in various sec-

tors. One of the sectors significantly affected by the Covid-19 pandemic is the economic sector.

First seen from economic growth, in the second quarter and third quarter of 2020, the national economic growth experienced negative growth. It can be said that Indonesia has experienced a recession because the real economic growth was negative for two consecutive quarters. Negative economic growth is also experienced by almost all provinces in Indonesia at different levels. In the second quarter, there were 9 provinces with lower growth rates compared to the national economic growth and 25 provinces that still had economic growth above the national economic growth. Meanwhile, in the third quarter, there were 12 provinces with lower growth rates compared to the national economic growth in 22 provinces with growth rates above the national growth.

Second, seen from the Unemployment Rate, it is known that during the Covid-19 pandemic the majority of provinces in Indonesia experienced an increase in the unemployment rate. This is due to unstable economic conditions and the policies of many companies to terminate their employees during a pandemic. The unemployment rate for February 2020, there are 12 provinces with an unemployment rate exceeding the national unemployment rate and 22 provinces with an unemployment rate below the National unemployment rate. In the August 2020 period, there were 4 provinces with unemployment rates exceeding the national unemployment rate and 30 provinces with unemployment rates below the National unemployment rate. The reduction

in the number of provinces where the unemployment rate exceeds the national unemployment rate is due to the fact that the national unemployment rate has also increased from the previous period which was originally 4.94% to 7.07%

Third, in terms of the poverty level, there are 13 provinces with higher urban poverty rates than the national urban poverty rates and 21 provinces with urban poverty rates below the national urban poverty levels. On the other hand, there are 14 provinces with rural poverty levels higher than the national rural poverty levels and 20 provinces with rural poverty rates below the national rural poverty levels.

Fourth, in terms of inequality, there are 8 provinces with a higher level of inequality than the national ones (DKI Jakarta, West Java, DI Yogyakarta, South Sulawesi, Southeast Sulawesi, Gorontalo, West Papua, and Papua). On the other hand, there are 26 provinces with lower levels of inequality when compared to national inequality.

When viewed as a whole, it can be seen that the Covid-19 pandemic has an impact on the performance of the provincial economy in Indonesia as seen from economic growth, unemployment, poverty, and inequality levels.

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