



# THE IMPACT OF COVID-19 ON LIVELIHOODS IN BALI: RAPID ASSESSMENT RESULTS

5 June 2020

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This research was produced with support from The David and Lucile Packard Foundation. The report was researched and written by Stevan Suryono, Stevanus Chandra, Toshi Nakamura, and Tungga Putri.



Photo Credit: Rio Helmi

# TABLE OF CONTENTS

- ▶ 1. **Executive summary**
- 2. Interviews with Households and Businesses
  - Methodology & key questions
  - Livelihood conditions before COVID-19
  - Impact of COVID-19 on livelihoods in Bali & support provided
  - Gaps and required support
  - Implications for future livelihood support in Bali
- 3. Annex

# EXECUTIVE SUMMARY

## BACKGROUND

- In May 2020, Kopernik conducted a **rapid assessment** of the impact of COVID-19 on livelihoods in Bali, in order to better understand the economic impact of COVID-19 across different segments of the Balinese society, support provided to date, as well as potential gaps. Kopernik interviewed **77 households** and **10 business owners**, using a snowballing sampling method.

## IMPACT ON LIVELIHOODS

- **81%** of the 77 respondents reported that **COVID-19 has had a negative impact on their income, of whom 44%** have either **permanently or temporarily lost their jobs**.
- Overall, respondents have experienced a **61% decrease in their income**. The rapid assessment found that COVID-19 is **unevenly impacting women, informal sector workers and non-Balinese** residents of Bali.
- As a result, respondents have had to **cut their expenses by 34%**, especially on **food**. **30% of respondents have started to sell food** or other items, or are engaging in farming/agricultural activities to cope with the situation.
- **90%** of the **10 business owners** interviewed, are **experiencing a 90% decrease in revenue**. **33%** of whom said that **they have permanently or temporarily closed their business**. 67% of business owners said they can continue to sustain their business with the current situation, but for **no longer than 6 months**.



# EXECUTIVE SUMMARY

## SUPPORT PROVIDED TO DATE

- **Support** by the Government, and non-governmental initiatives (including companies and individuals), has been wide-ranging. Support has included the provision of food, financial aid (cash and subsidies), hygiene products, promotion of hygiene practices, and psychosocial support. **46%** of respondents **have received some form of support**, and **92%** found the support **useful**. However, the support provided has been uneven, leaving some people behind, including informal sector workers, non-Balinese Indonesians, as well as some locations where the support has not yet reached.

## GAPS & REQUIRED SUPPORT

- Respondents expressed a **continued need** for **food and financial aid** in the short term. If the current situation continues, **62%** of the respondents felt that their **livelihood needs will not be met**, and cited the need for different types of support such as **new jobs** and **skills training** to ease the worsening impact on livelihoods in the longer term.

## IMPLICATIONS FOR FUTURE LIVELIHOODS SUPPORT

- Going forward, **continued livelihood support**, especially to those that are severely impacted, will be **needed**.
- Given the expected **prolonged impact on the tourism sector**, as well as meeting food security needs, a targeted focus on the **agricultural sector** could be a logical way forward.
- If appropriate and targeted support is provided in **re-skilling, agricultural value chain improvement** and **access to markets**, the livelihoods of people in Bali are likely to become more resilient.





Photo Credit: #AmanDariCOVID19

# TABLE OF CONTENTS

1. Executive summary

▶ 2. Interviews with Households and Businesses

- Methodology & key questions
- Livelihood conditions before COVID-19
- Impact of COVID-19 on livelihoods in Bali & support provided
- Gaps and required support
- Implications for future livelihood support in Bali

3. Annex

## METHODOLOGY

77 households and 10 business owners were interviewed during the rapid assessment.

|                         |  |
|-------------------------|--|
| Sampling method         | Snowball sampling method   |
| Survey Samples          | Phone Interviews (N=87) <ul style="list-style-type: none"><li>• Households (N=77)</li><li>• Business owners (N=10)</li></ul>   |
| Additional data sources | <ul style="list-style-type: none"><li>• Interview with Deputy Director of <i>Gugus Tugas</i> in Bali</li><li>• Literature review / Desktop research</li></ul>  |
| Interview period        | (6 – 14 May 2020)  |
| Research Limitations    | <ul style="list-style-type: none"><li>• Variability and bias might appear due to sampling method</li><li>• Sampling size might not be representative of the population in Bali</li><li>• Data collected applies only to a specific period in time, given the probability of socio-economic changes due to the rapidly evolving situation</li></ul> |



# KEY QUESTIONS

The rapid assessment aimed to answer four questions.

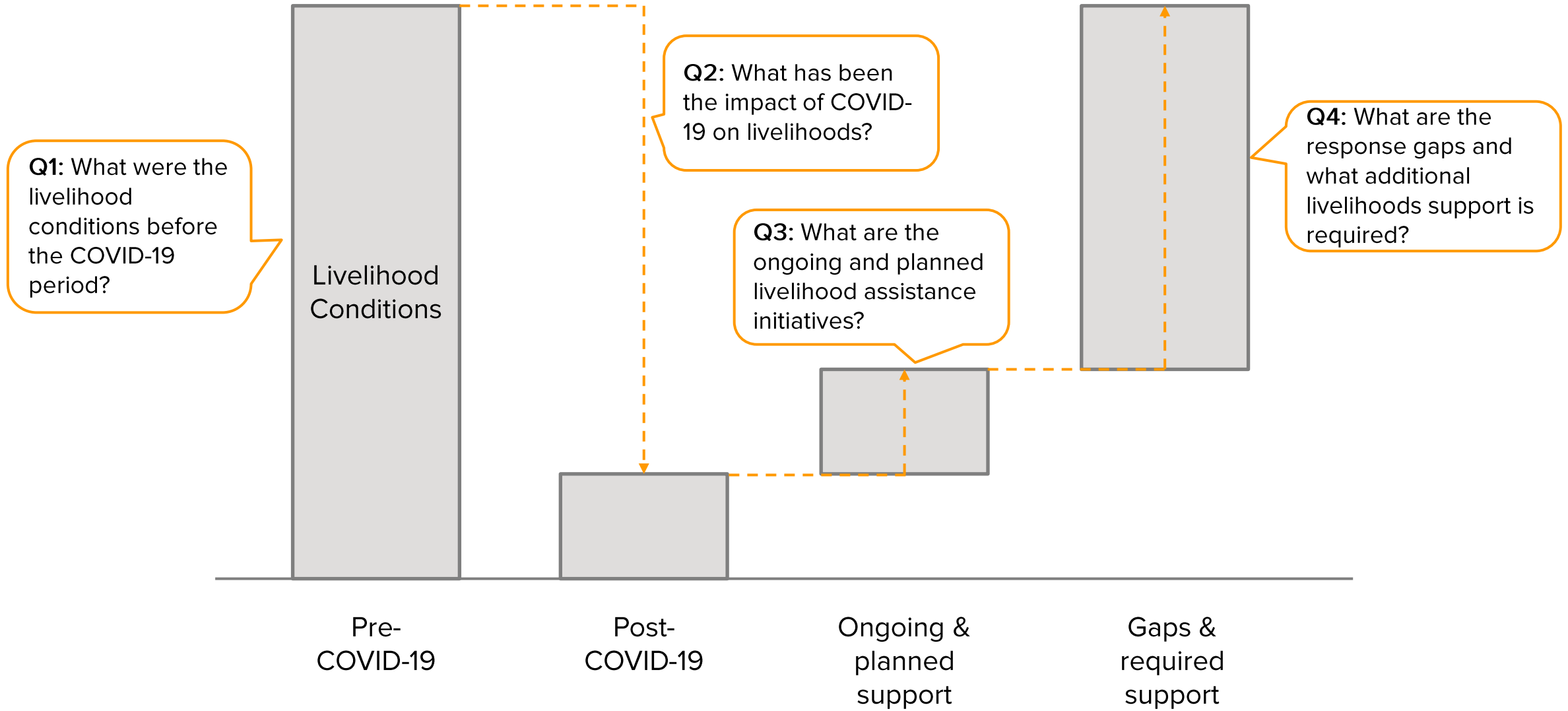




Photo Credit: Rio Helmi

# TABLE OF CONTENTS

1. Executive summary

2. Interviews with Households and Businesses



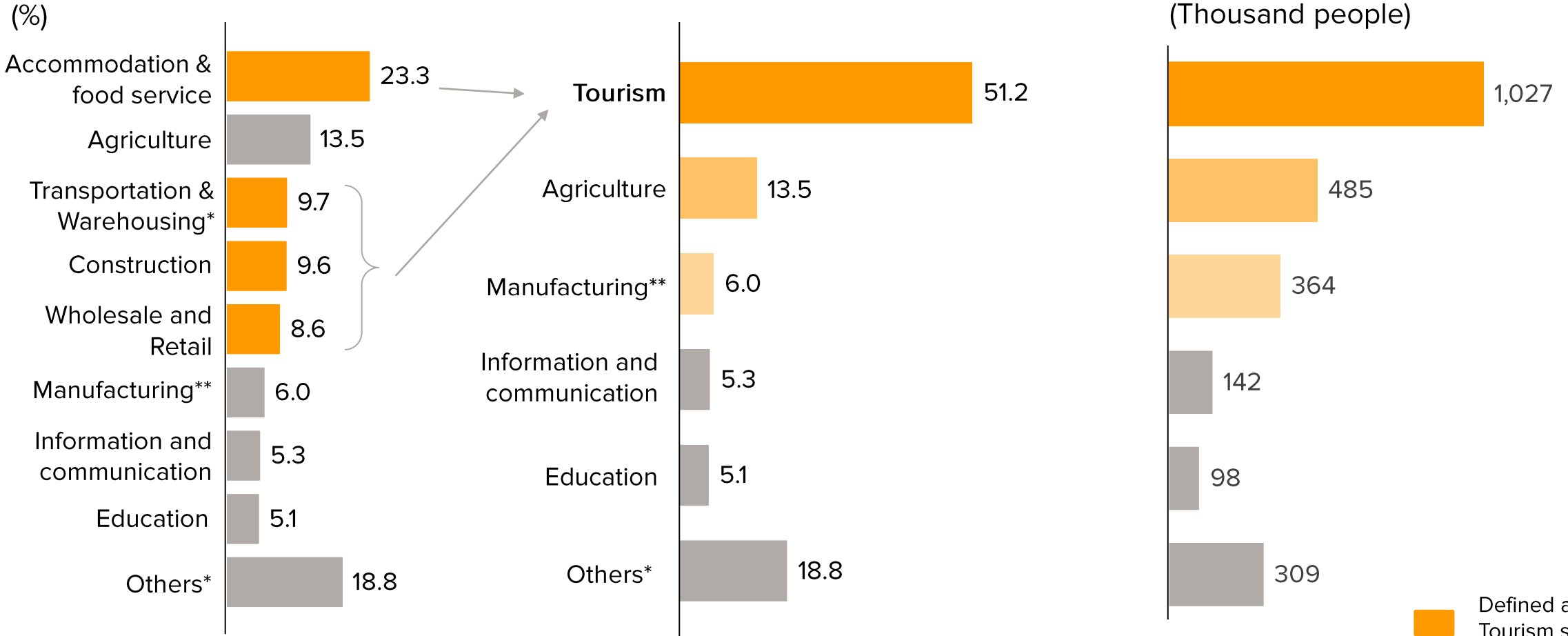
- Methodology & key questions
- **Livelihood conditions before COVID-19**
- Impact of COVID-19 on livelihoods in Bali & support provided
- Gaps and required support
- Implications for future livelihood support in Bali

3. Annex

# PRIOR TO COVID-19

Government data shows that Bali's economy is highly dependent on the Tourism, Agriculture and Manufacturing sectors.

## Bali's economy breakdown by industry



\*Transportation & warehousing includes taxi drivers (such as Bluebird) and shipping companies such as JNE / TIKI.

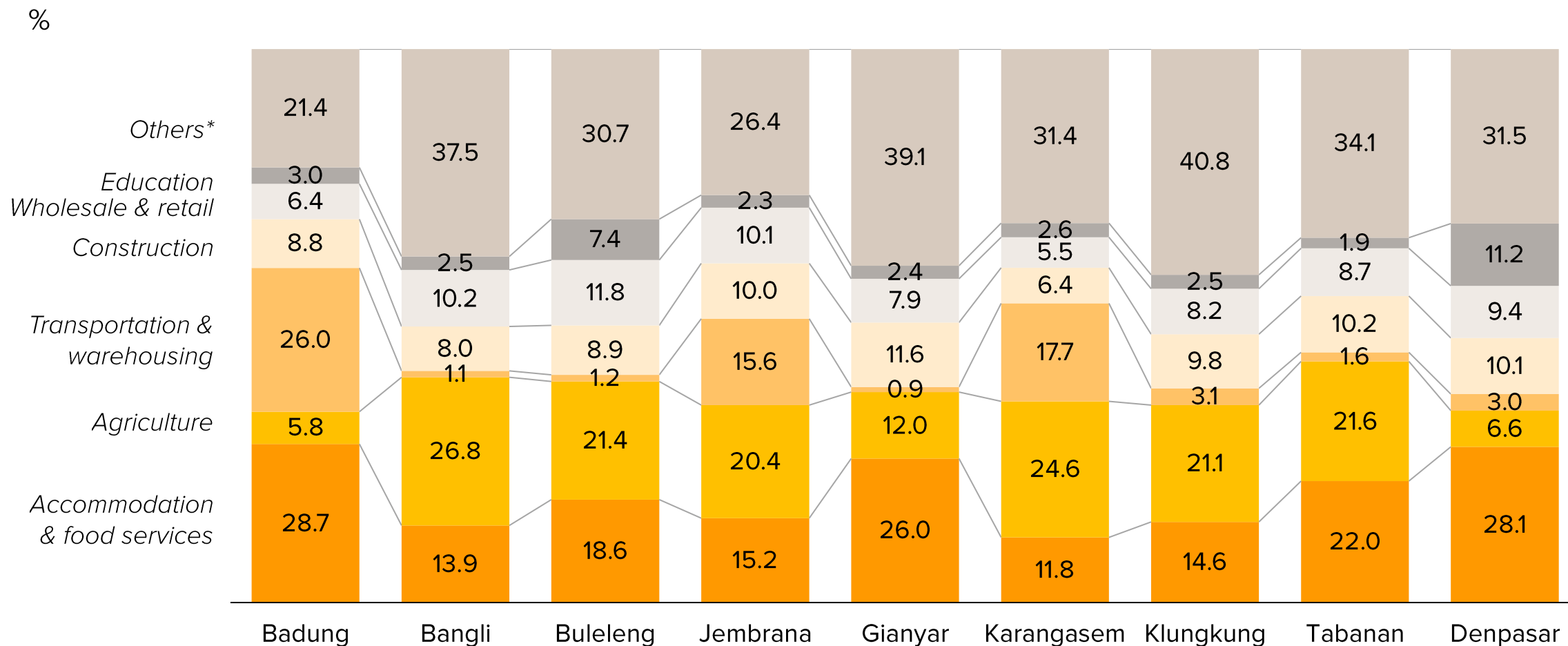
\*\*Manufacturing related to factory and processing companies e.g. Sardine canning factory, Garment factory.

Source: BPS 2019

# PRIOR TO COVID-19

There are differences in the economic importance of sectors when disaggregating by region.

## Bali's economic sector breakdown by region (2019)



\*Others includes manufacturing, IT, mining and quarrying, water supply, electricity and gas, health, business activities, real estate, finance, other service activities, administration.

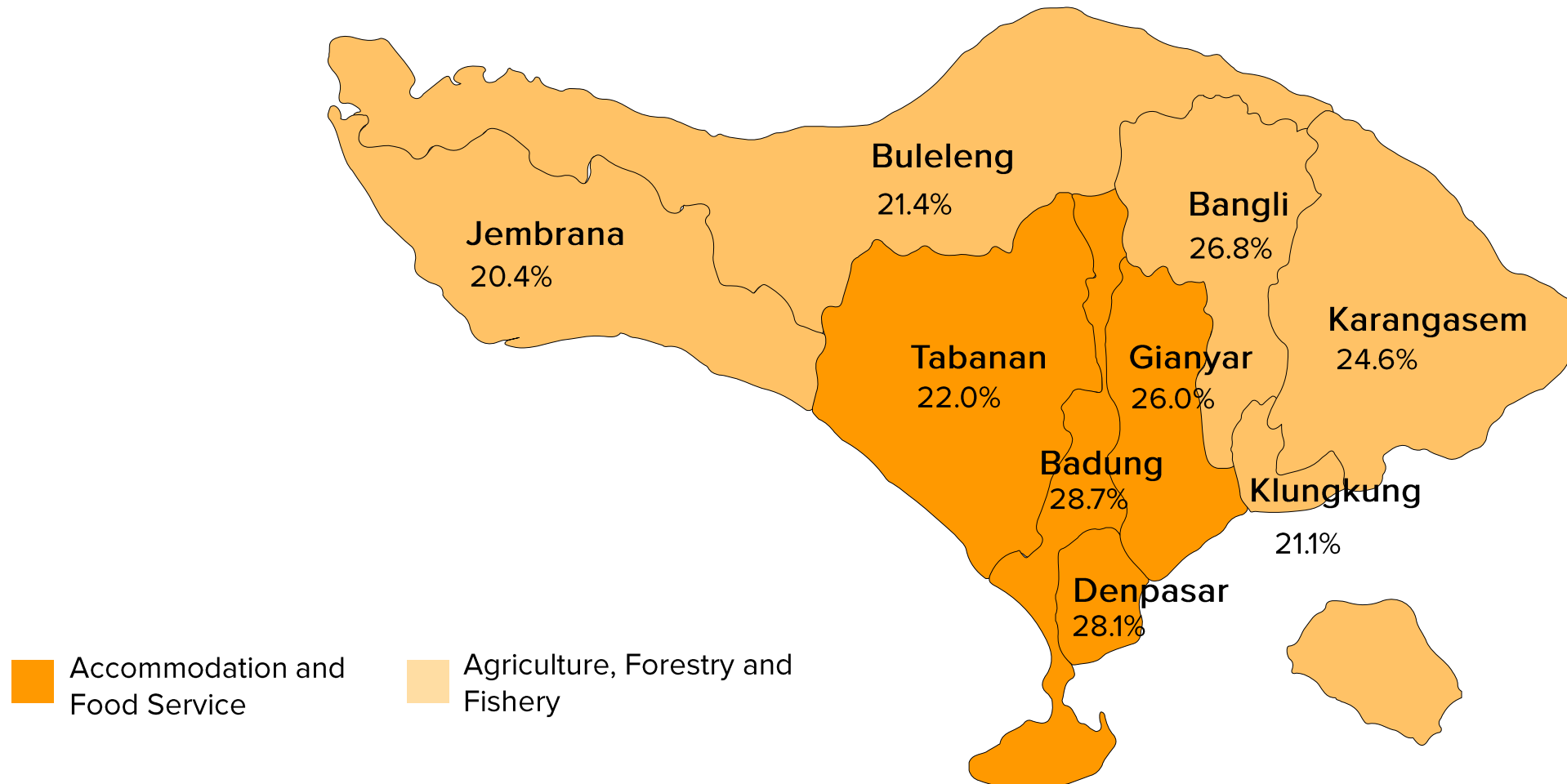
Source: BPS 2019

## PRIOR TO COVID-19

Accommodation and food services are the largest contributor to the economy in the south and central areas of Bali, while the same is true for agriculture in other parts of the island.

### Most dominant sector\* by region (2019)

%



\*Most dominant sector refers to GDRP contribution for each Region.

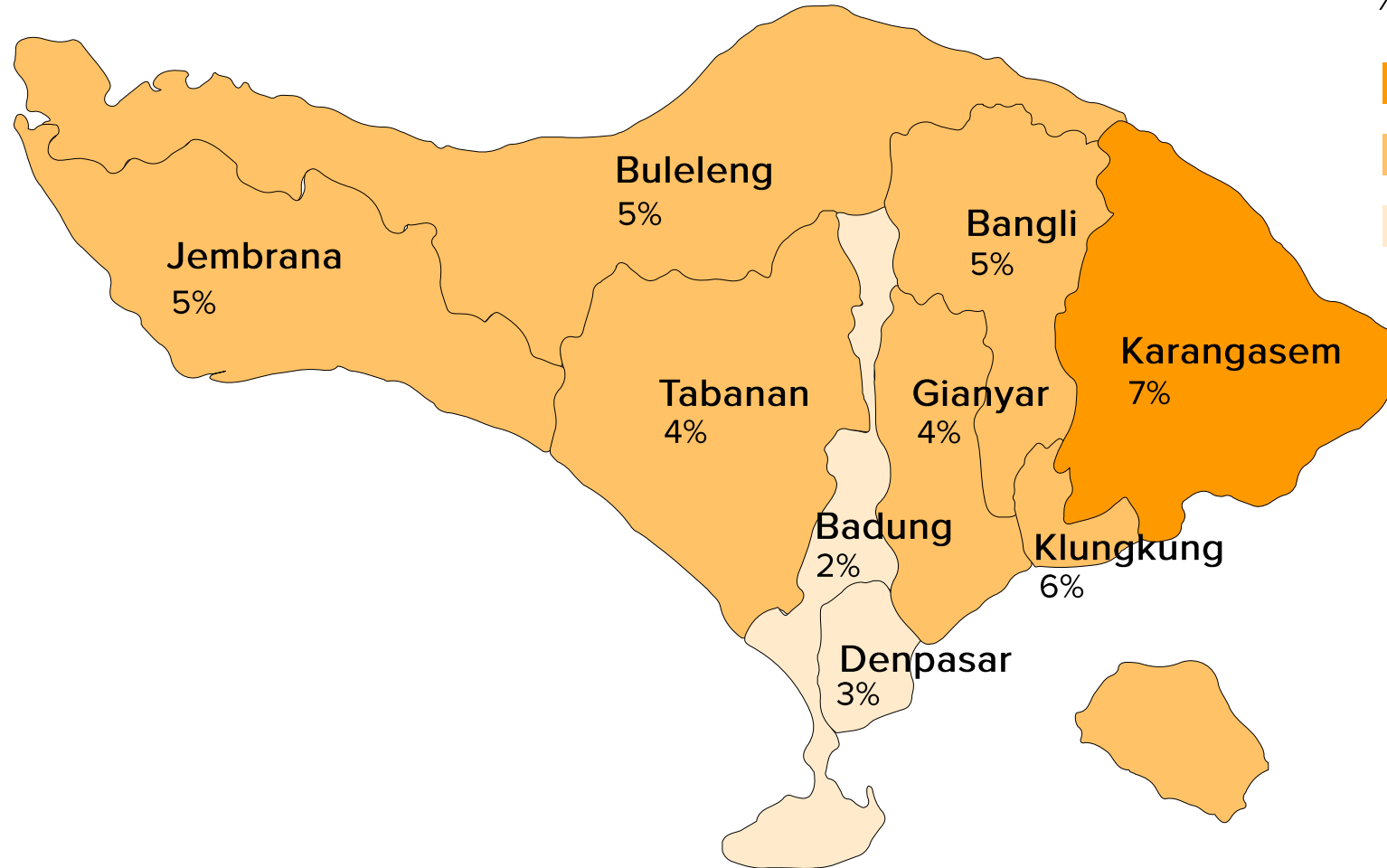
Source: BPS 2019

## PRIOR TO COVID-19

Karangasem has the highest proportion of poor people, followed by Klungkung.

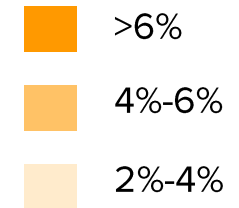
### Proportion of poor people by region

%



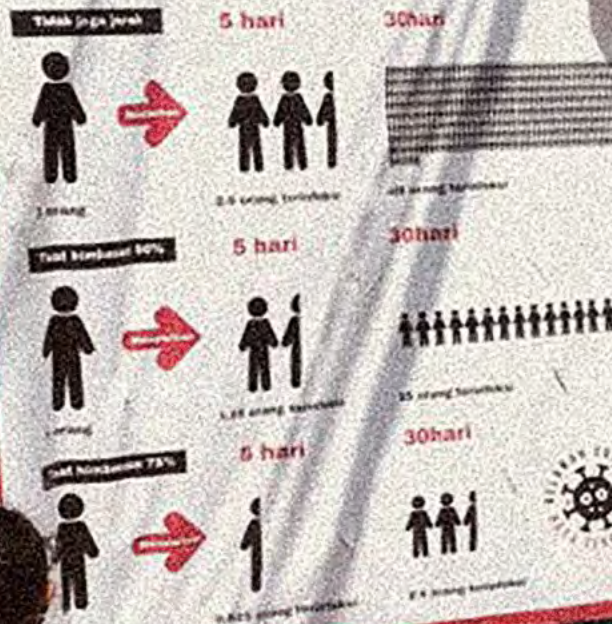
### Scale

% of population



## KENAPA JAGA JARAK PENTING? KAMU DAN COVID-19

Menjaga jarak 2 meter mengurangi kemungkinan tertular virus COVID-19



ISLAND PR...  
PLEASE PUT YOUR RUBBISH  
NOT IN THE STREETS  
TOLONG BUANG SAMPAH  
TIDAK DI JALAN  
The facility has been located with the goal of...  
1. To provide...  
2. To ensure...  
3. To...  
4. To...  
5. To...

Photo Credit: #AmanDariCOVID19



# TABLE OF CONTENTS

1. Executive summary

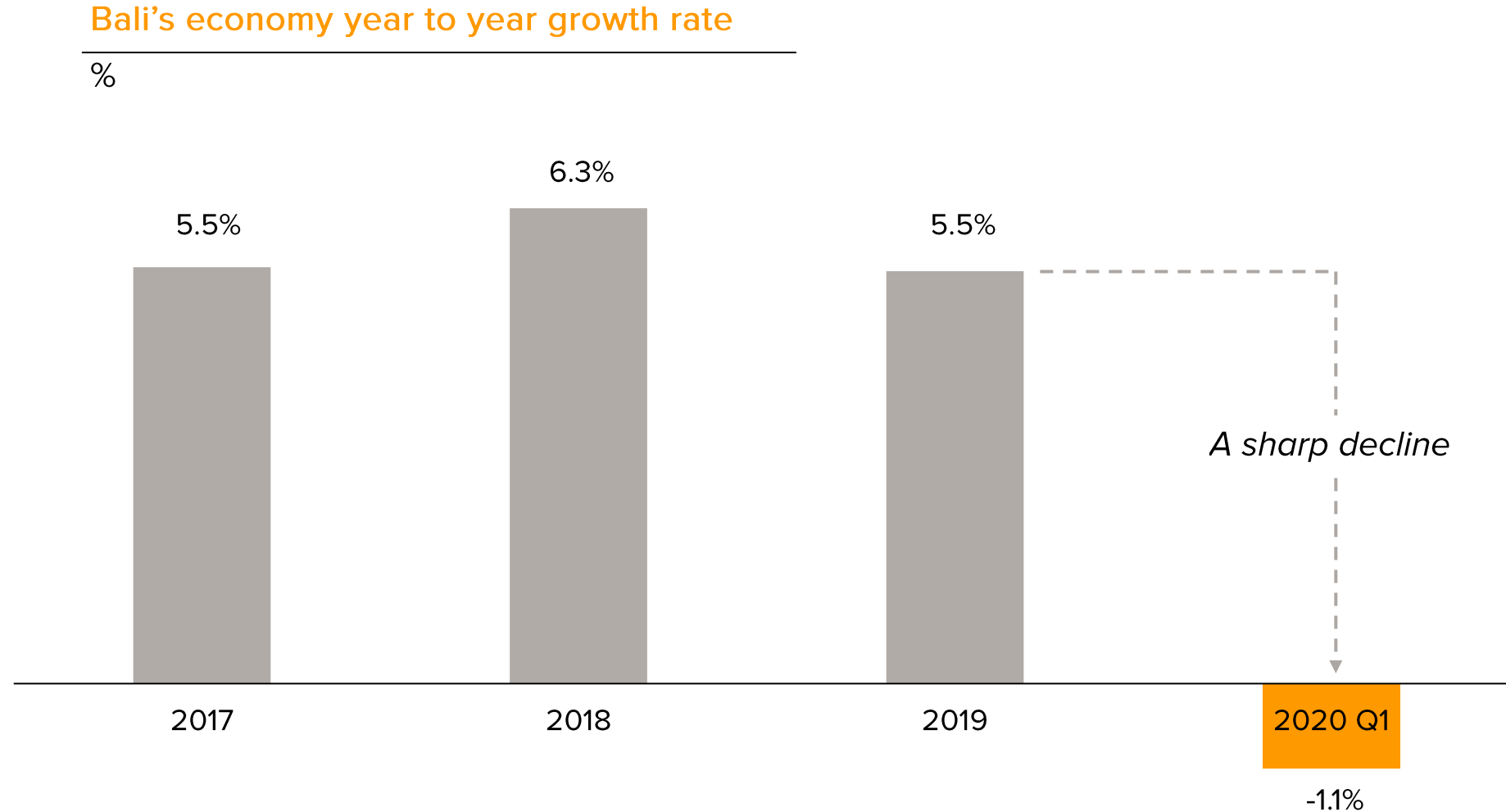
2. Interviews with Households and Businesses

- Methodology & key questions
- Livelihood conditions before COVID-19
- ▶ • **Impact of COVID-19 on livelihoods in Bali & support provided**
- Gaps and required support
- Implications for future livelihood support in Bali

3. Annex

## COVID-19 IMPACT

Bali has been significantly economically impacted by COVID-19, with a negative growth rate in Q1 2020.

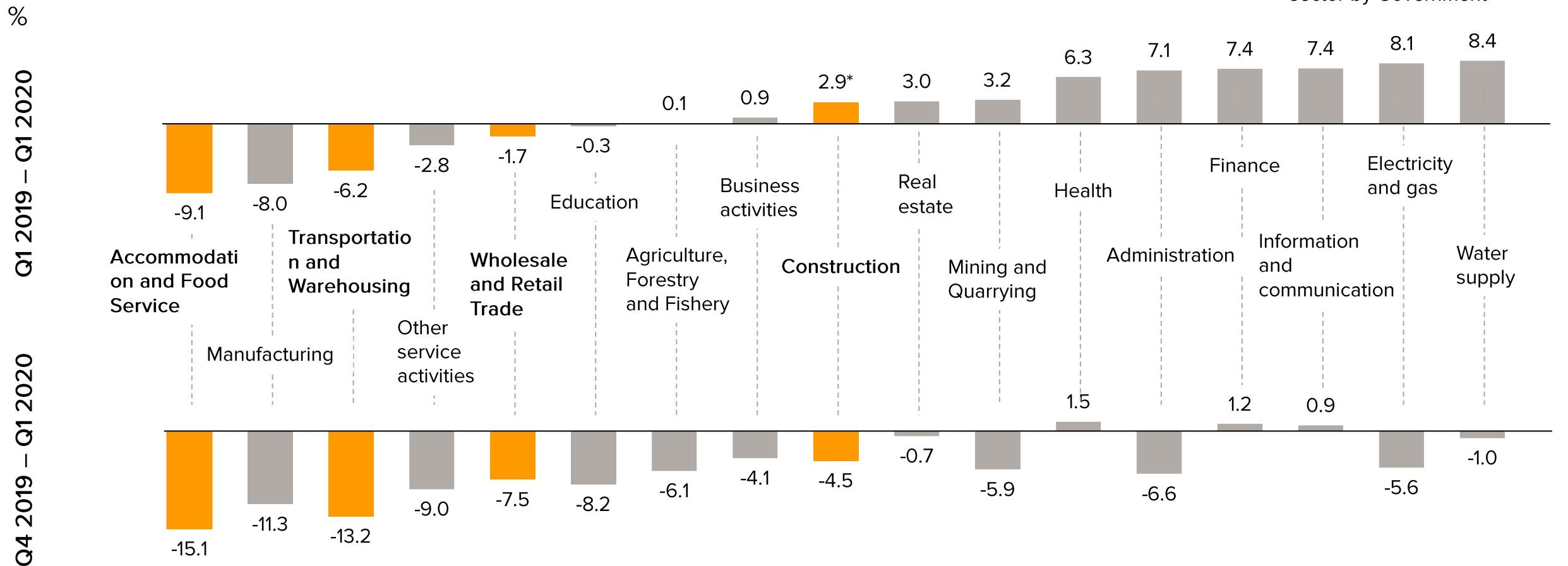


Source: BPS 2020

# COVID-19 IMPACT

Macro economic data shows that the tourism sector has been the most severely impacted.

## Bali's economy growth



\*This increase may be due to major infrastructure projects such as: Port in Benoa, highway shortcut Singaraja-Mangwitani, hotels in Nusa Dua, GWK, Taman Budaya, and reservoir construction delayed until Q12020.

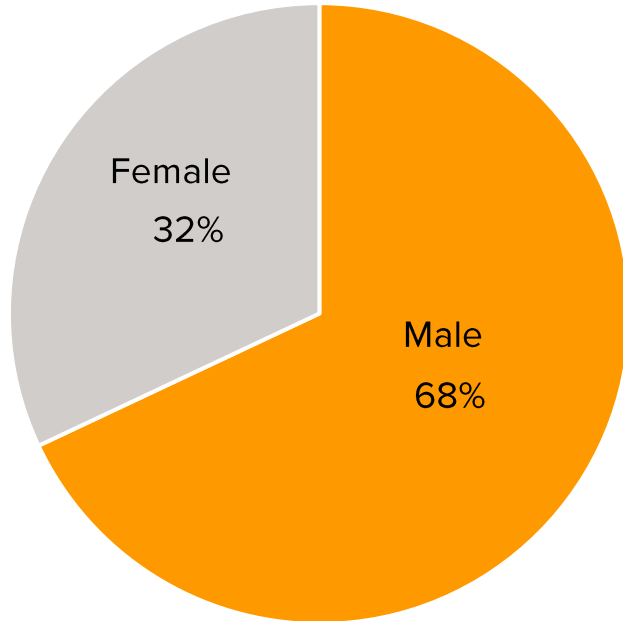
Source: BPS 2020

# COVID-19 IMPACT

In order to understand the impact of COVID-19 on people's livelihoods in Bali, 77 Households (HHs) were interviewed as part of the rapid assessment.

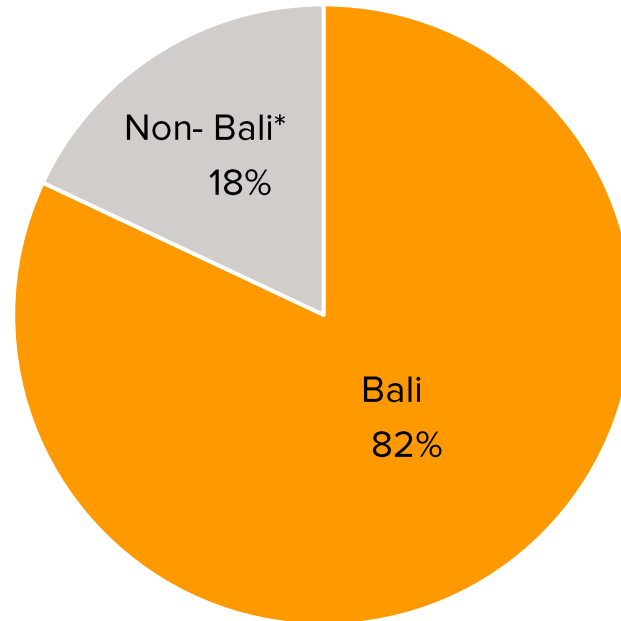
## Respondents' gender

(%, N=77 HHs)



## Respondents' origin

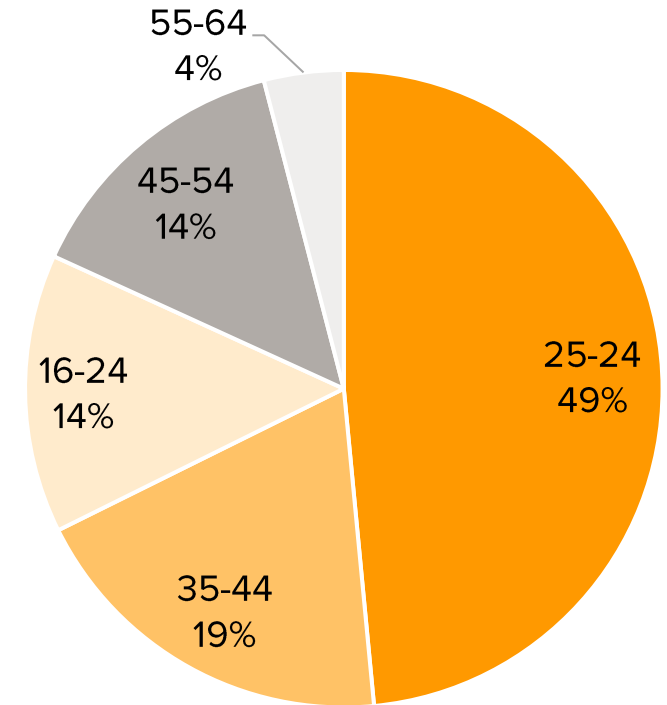
(%, N=77 HHs)



\*Non-Bali includes Java 13%, NTT 3%, Sumatera Utara 1%, NTB 1%

## Respondents' age group

(Years old, %, N=77 HHs)



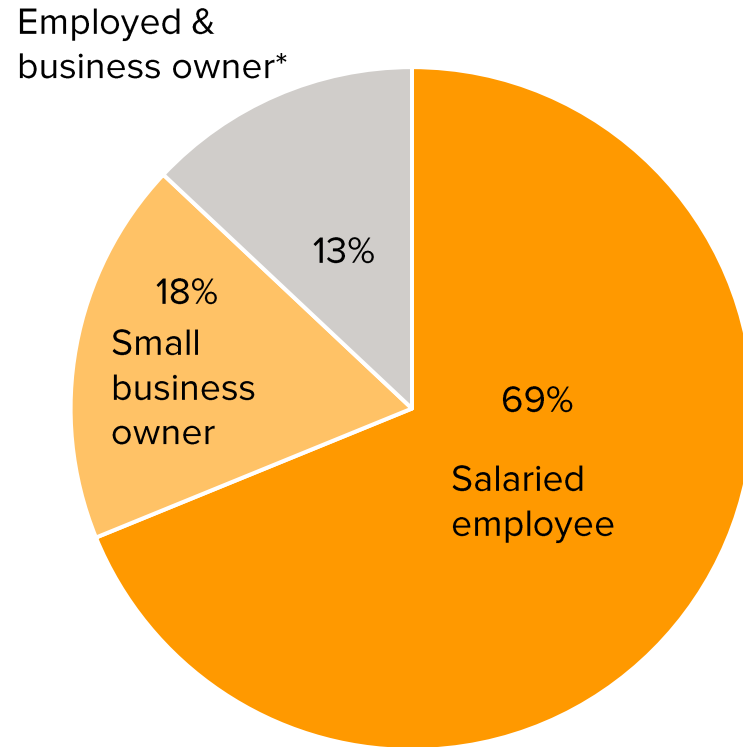
Mean age: 34.4  
Median age: 32

# COVID-19 IMPACT

Prior to COVID-19 respondents mainly worked in the tourism sector.

## HH source of income

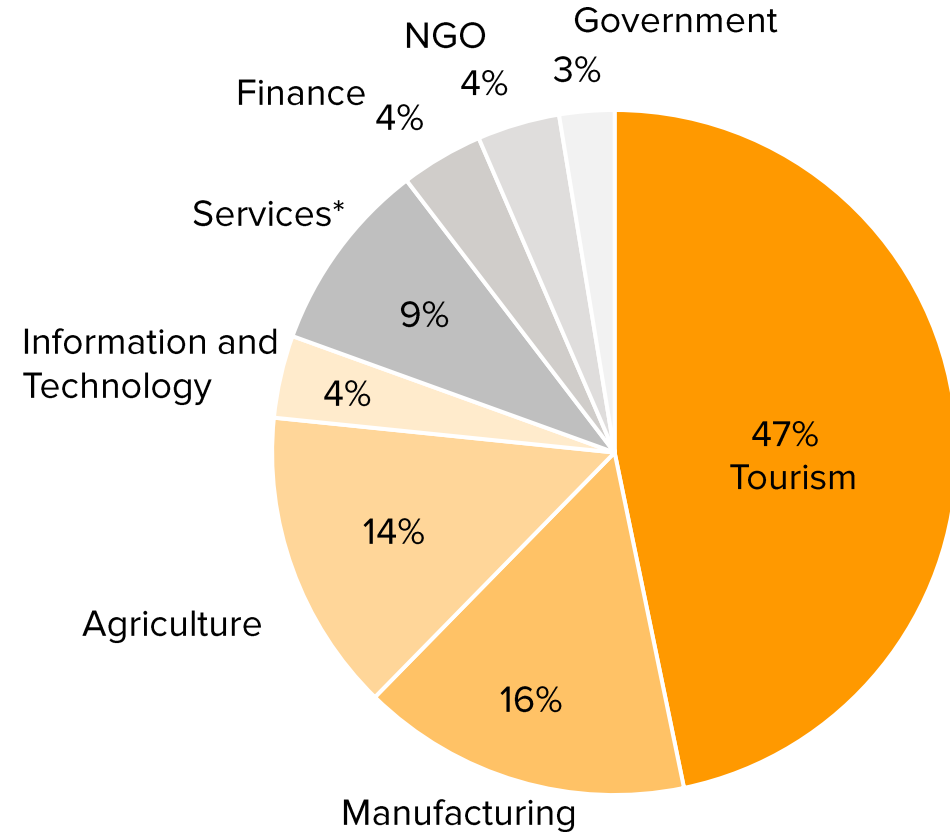
%, (N= 77 HHs)



\*Respondents who were both, employees, and owned their own small-business

## HHs employment sector

%, (N= 77 HHs)



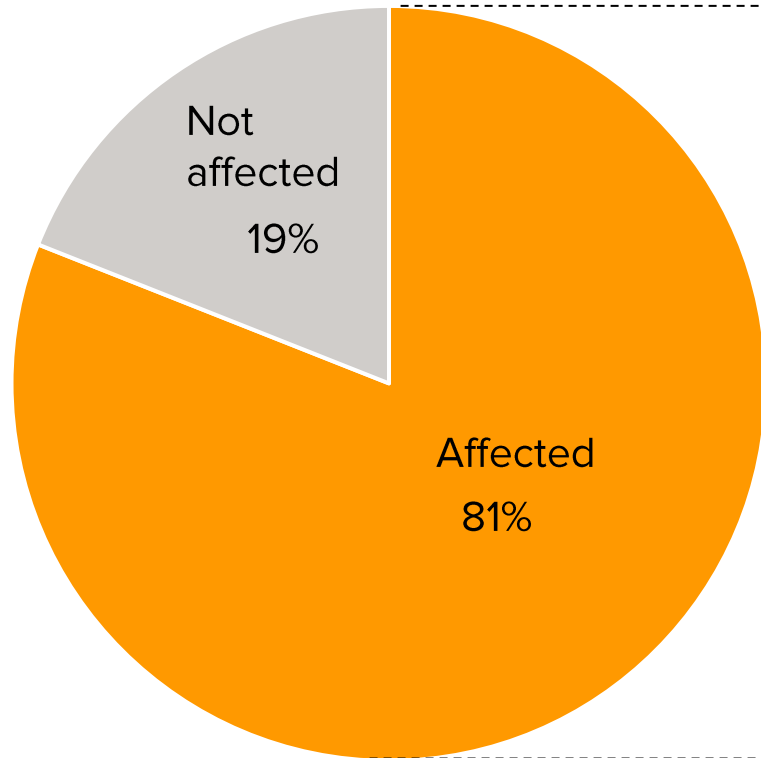
\*Services include lower income workers such as: cleaners, security guards, personal drivers etc., as well as higher income workers such as: operational consultant, technical services/certification consultant services

# COVID-19 IMPACT

81% of respondents in Bali have experienced a reduction in income as a result of COVID-19. Of whom, 44% have been permanently or temporarily laid off.

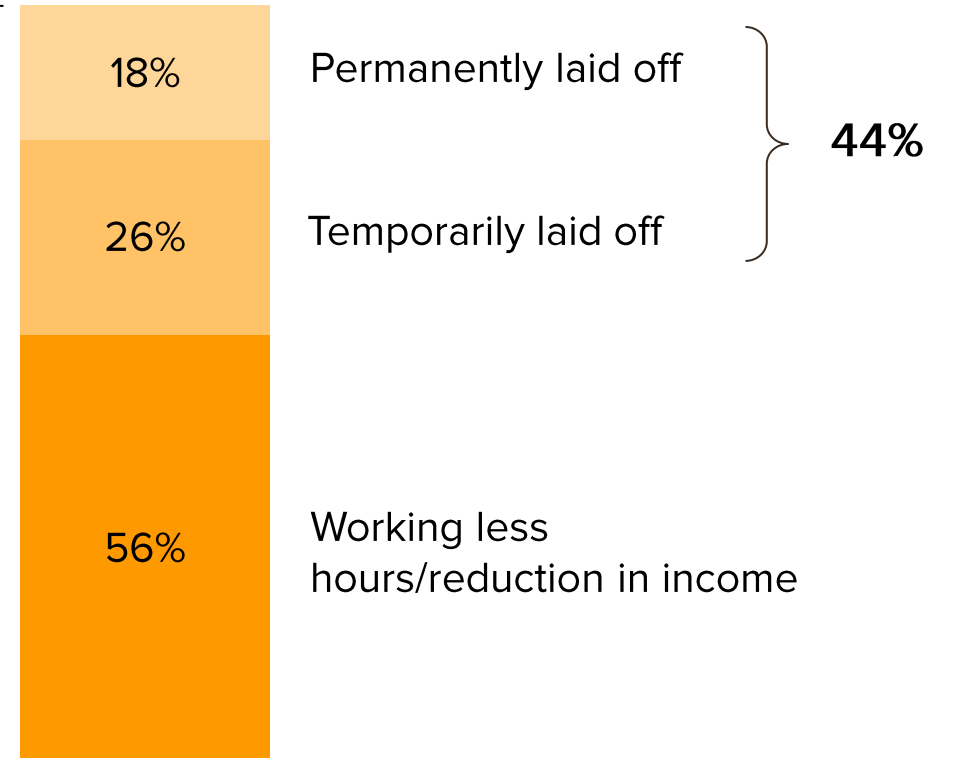
## Impact of COVID-19 on income

(%, N= 77 HHs)



## How COVID-19 has impacted HHs source of income

(%, N= 62 HHs)

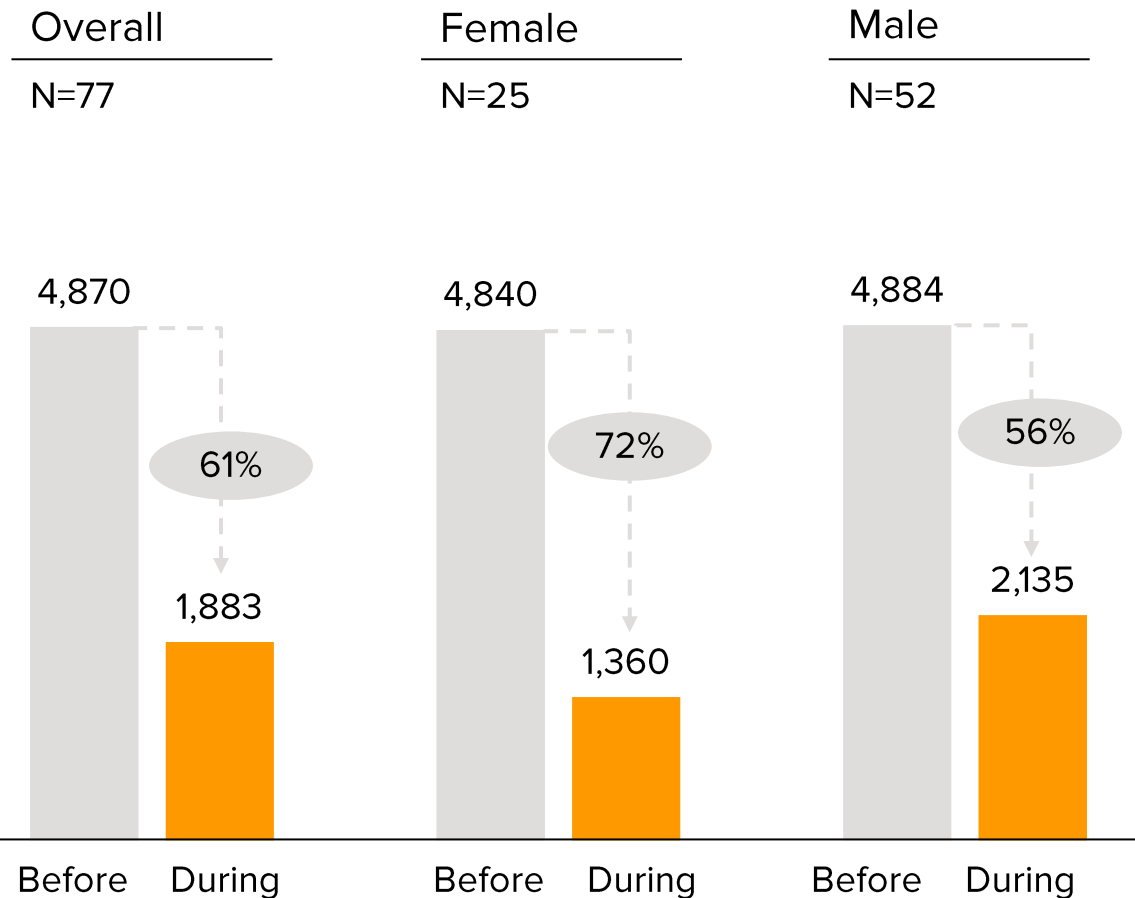


# COVID-19 IMPACT

Female respondents have been more impacted by COVID-19, while support provided to both male and female respondents has been relatively even.

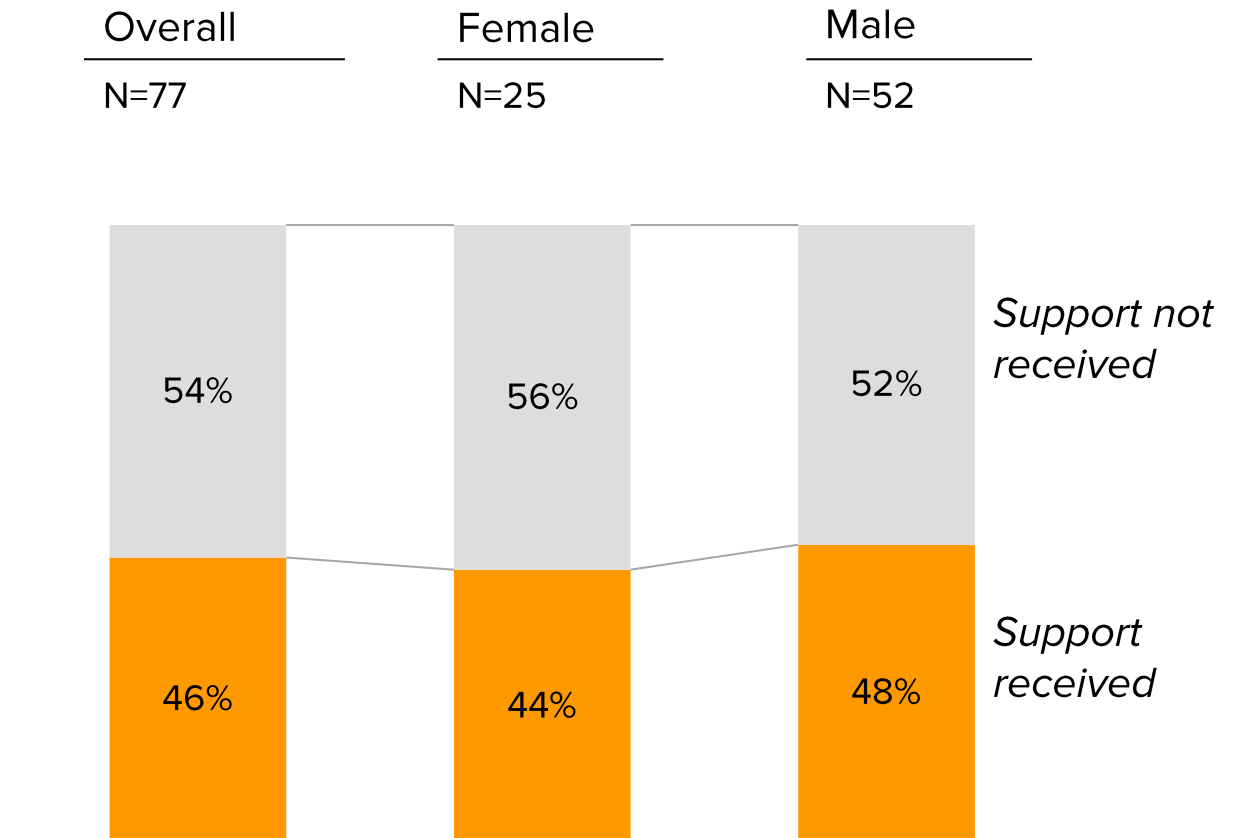
## Average income before and during COVID-19 by gender

(Thousand Rp, N=77)



## COVID-19 related support received by gender

(%, N=77)

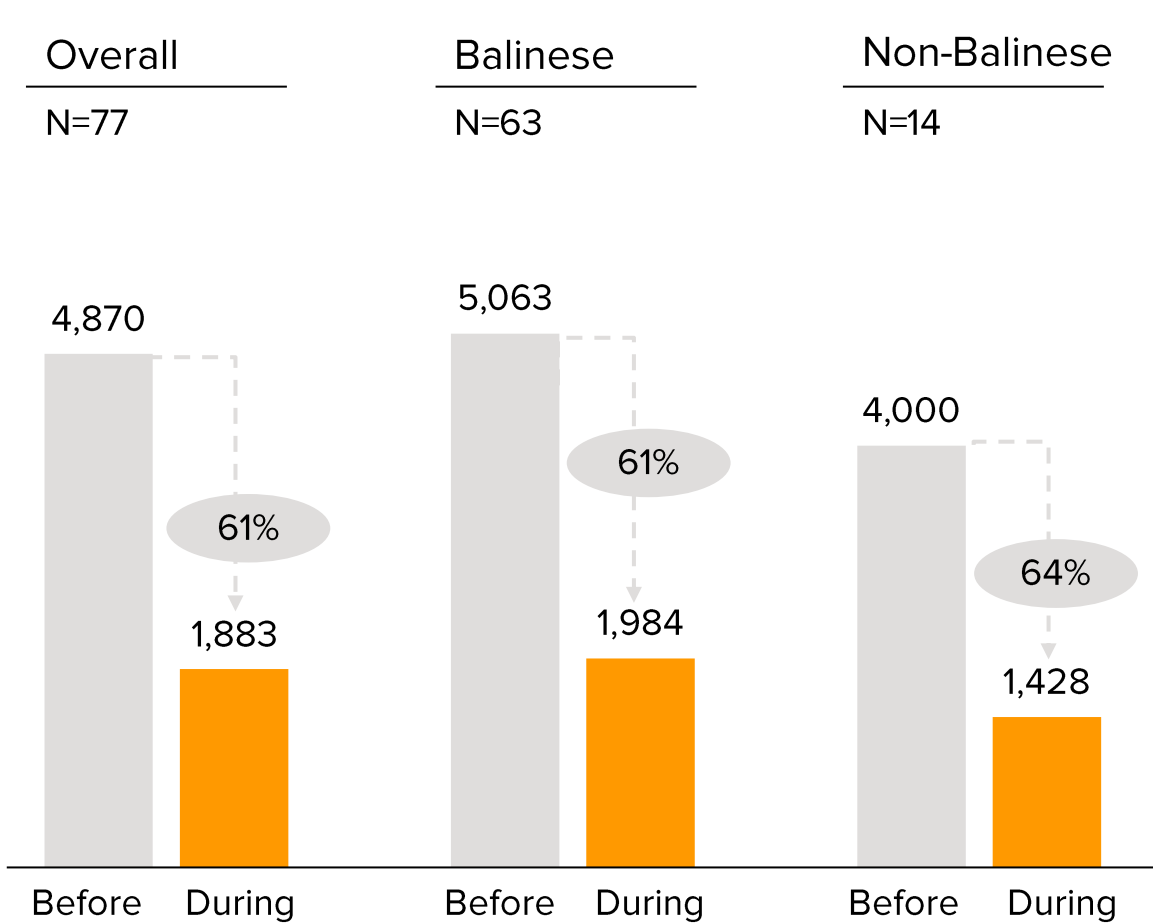


# COVID-19 IMPACT

Non-Balinese Indonesian respondents are experiencing a more severe reduction in income, while less support is reaching them.

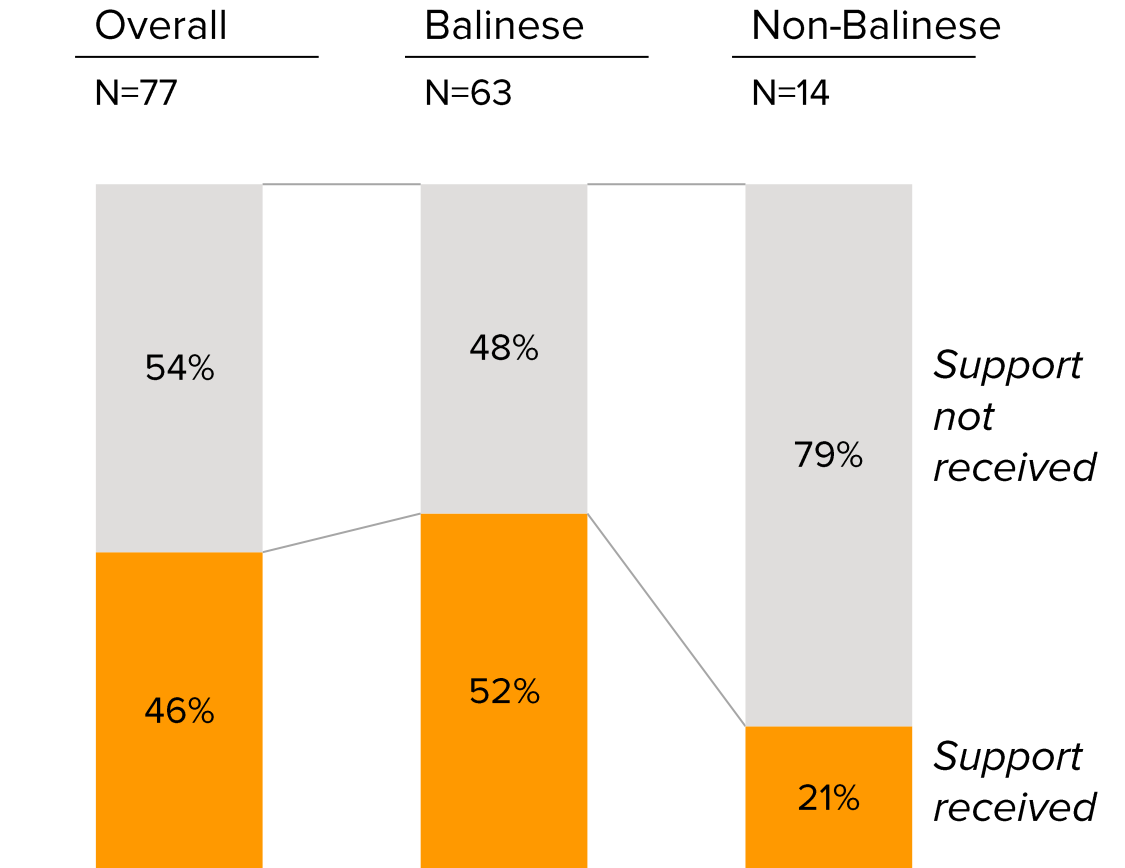
## Average income before and during COVID-19 by origin

(Thousand Rp, N=77)



## COVID-19 related support received by origin

(%, N=77)



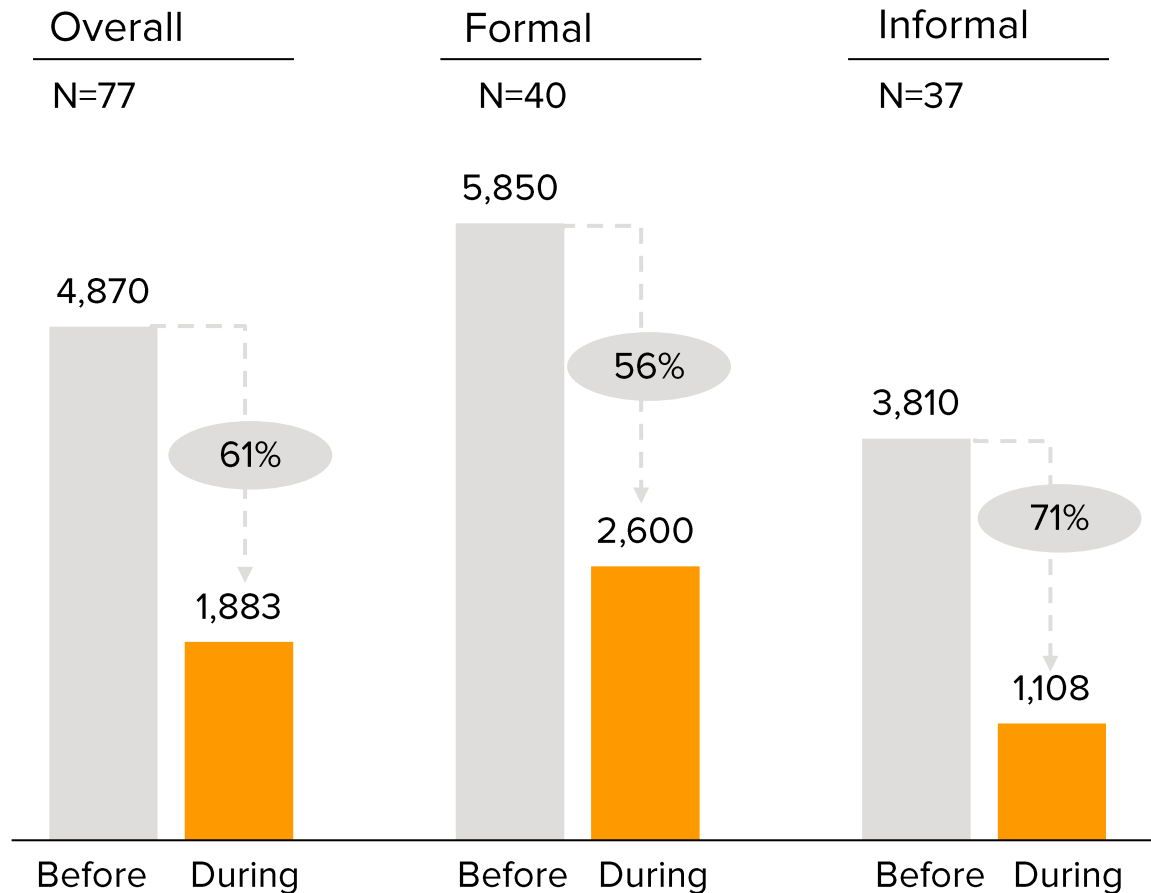


# COVID-19 IMPACT

Respondents in the informal sector have been more severely impacted, with a 71% decrease in income, compared to a 56% income reduction for those in the formal sector. Those in the informal sector have received slightly more support.

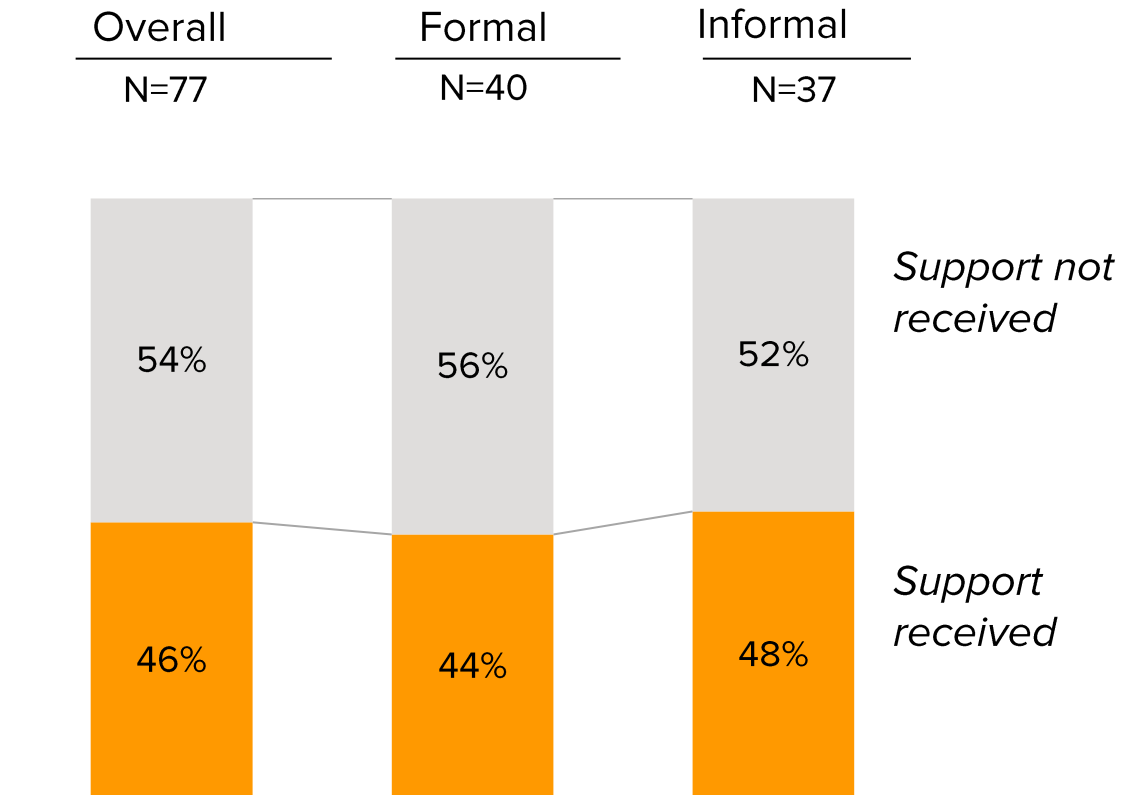
## Income reduction due to COVID-19

(Thousand Rp, N=77)



## Status of support received by sector type

(%, N=77)

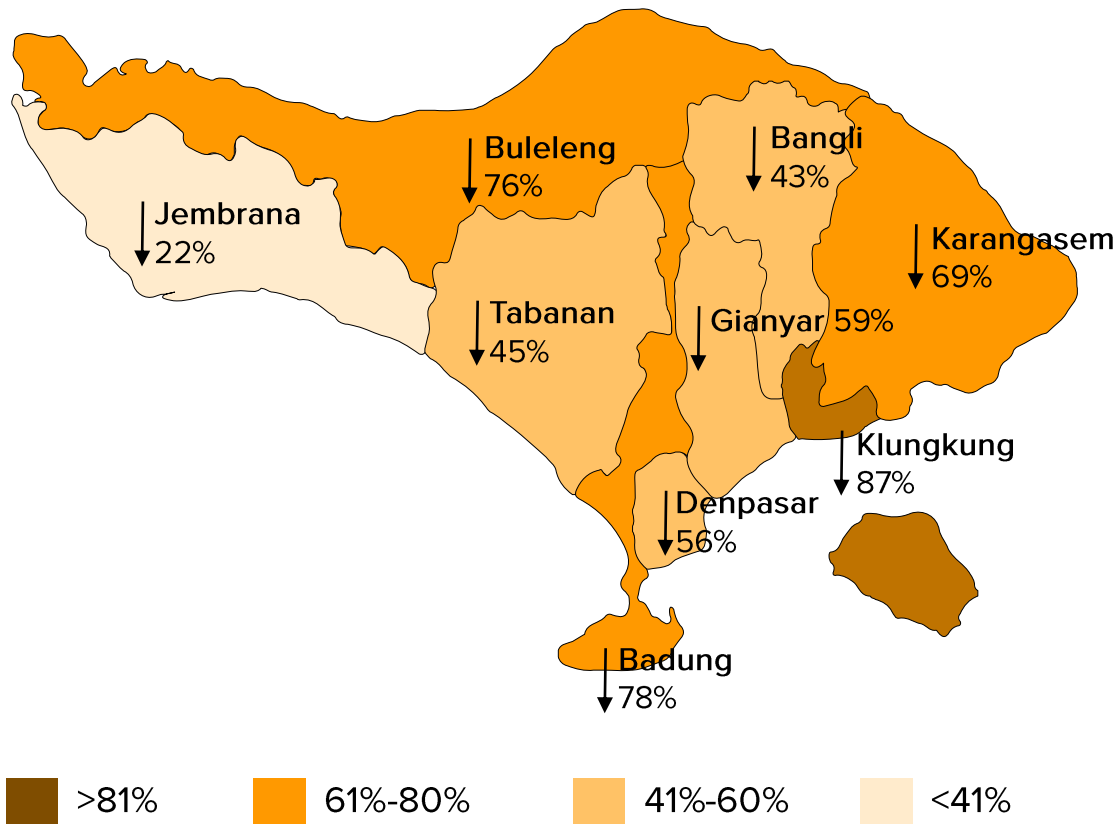


# COVID-19 IMPACT

Respondents from Klungkung, Karangasem, Buleleng, and Badung have experienced the highest drops in income. There are regional differences in support received, with respondents from Tabanan having not received any support.

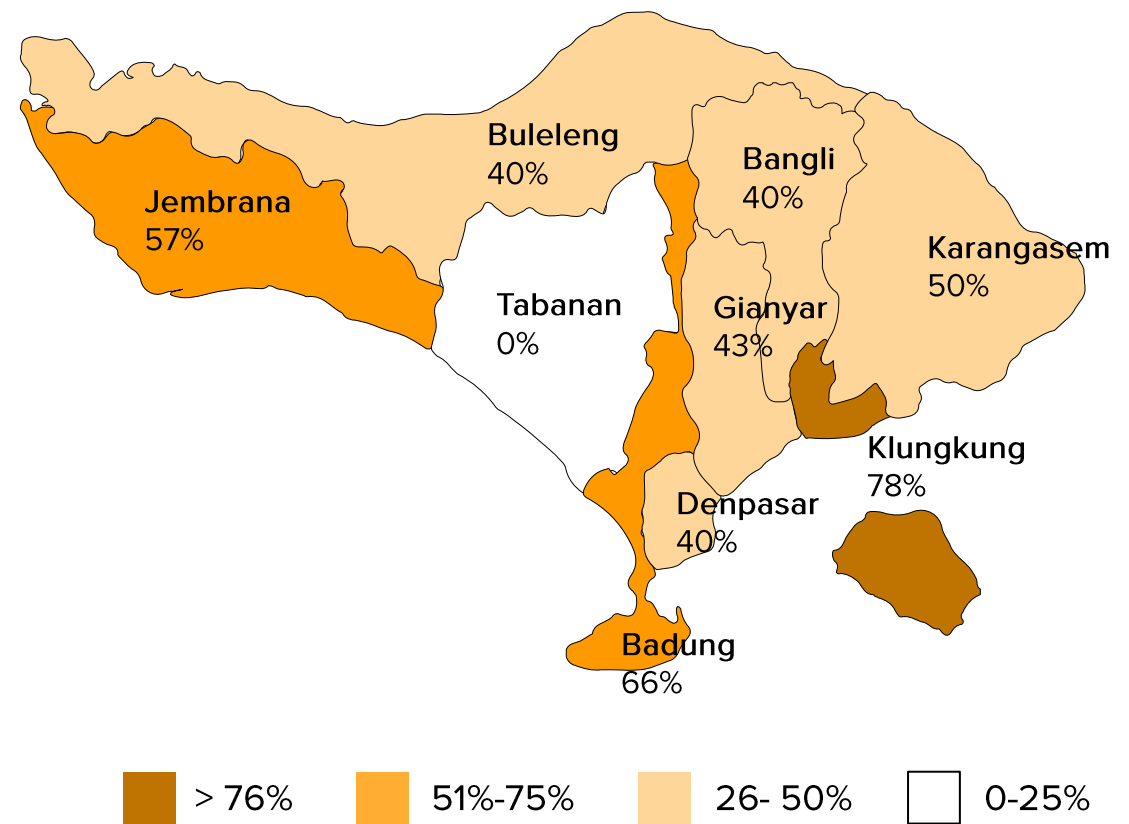
## Income reduction in Bali due to COVID-19

(%, N=77)



## Ratio of support received by location

(%, N=77)



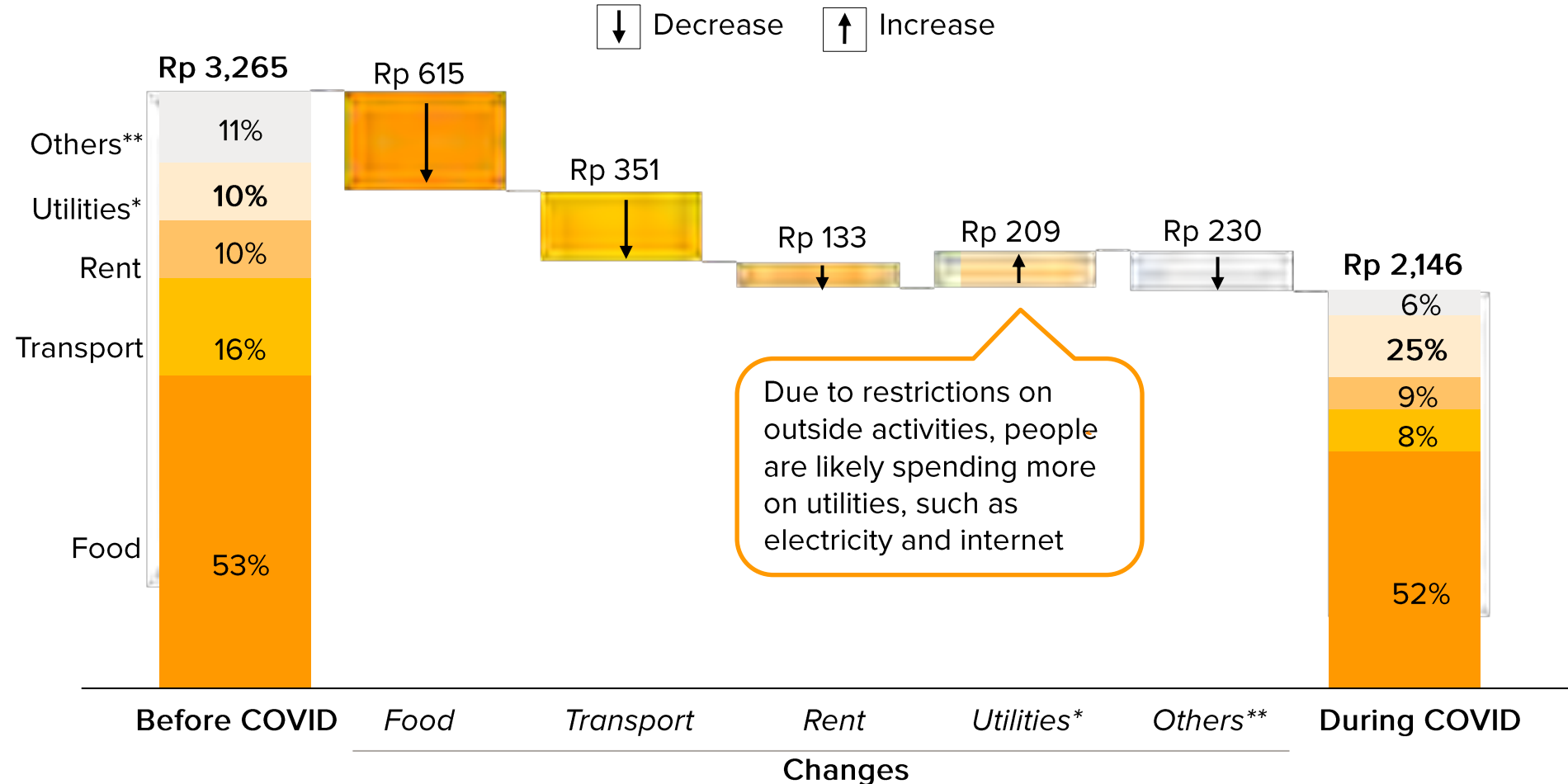
Jembrana (N=7); Badung (N=9); Buleleng (N=7); Bangli (N=5); Karangasem (N=8); Gianyar (N=14); Tabanan (N=5); Klungkung (N=9); Denpasar (N=15)

# COVID-19 IMPACT

Respondents are adapting to the impact of COVID-19 by significantly decreasing their expenses in all categories, except for utilities.

## Average breakdown of expenses by category per month

(Thousand Rp, N=77)



\*Internet, phone credit, electricity, water etc. \*\*Others such as social expenses

# COVID-19 IMPACT

During COVID-19, expenses exceed household income.

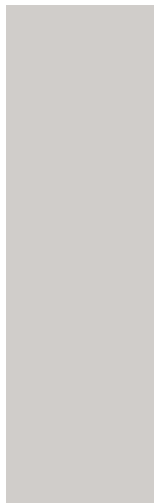
## Average income and expenditure of HHs before and during COVID-19 in Bali

(Thousand Rp, N= 77 HHs)

### Before COVID-19

*Rp 1.6 million left over after expenses*

Rp4,870



Income

Rp3,265



Expenses

### During COVID-19

*Expenses exceed income*

Rp1,883



Income

Rp2,146



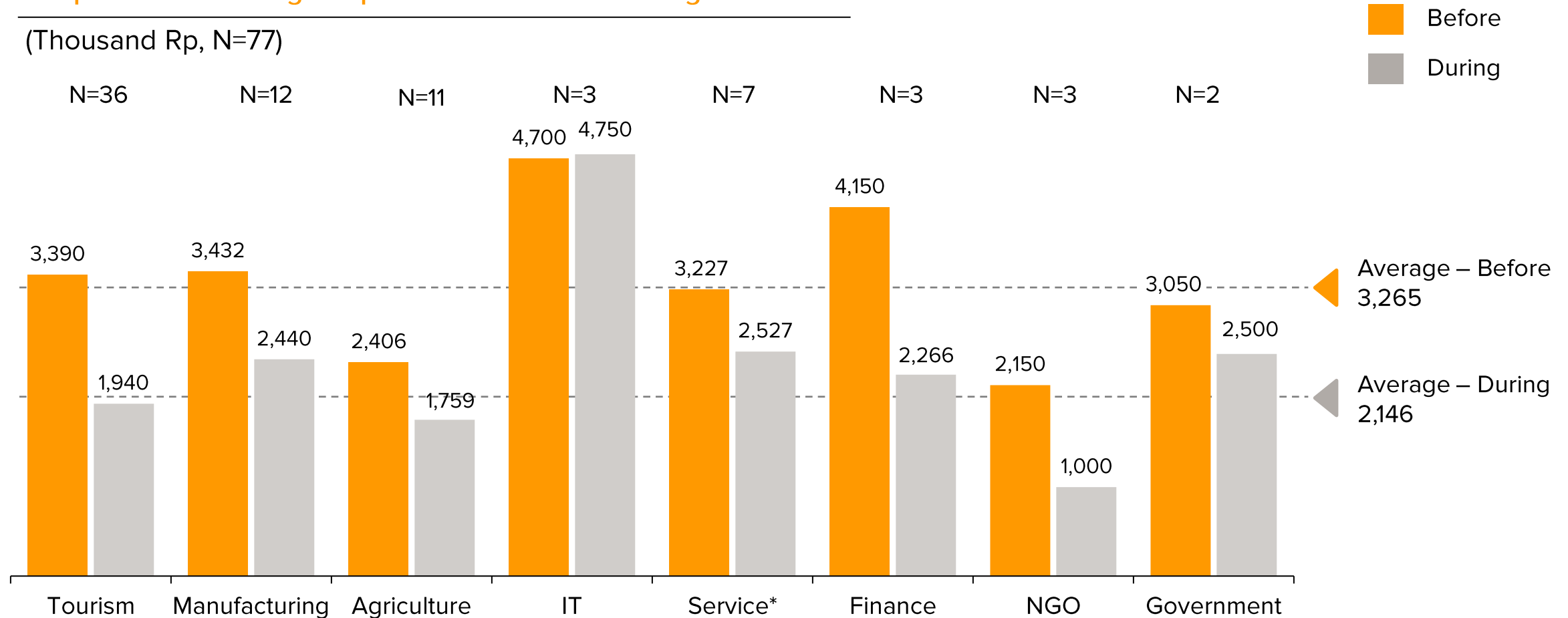
Expenses

# COVID-19 IMPACT

Respondents from all sectors (except IT), have cut their expenses significantly.

## Respondents' average expenses before and during COVID-19

(Thousand Rp, N=77)



\*Service includes:

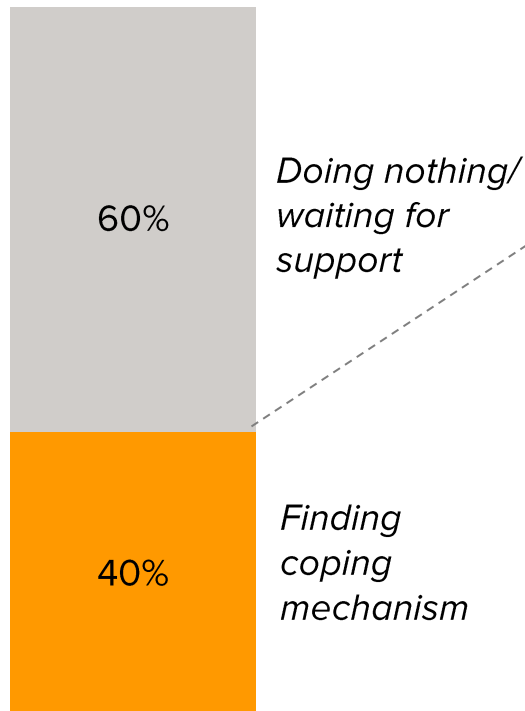
- Low income workers such as: cleaners, security guards, personal drivers etc.
- High income workers such as: operational consultant, technical services/certification consultant services.

# COVID-19 IMPACT

40% of the respondents are finding a coping mechanism by seeking an alternative source of income, or engaging in farming activities.

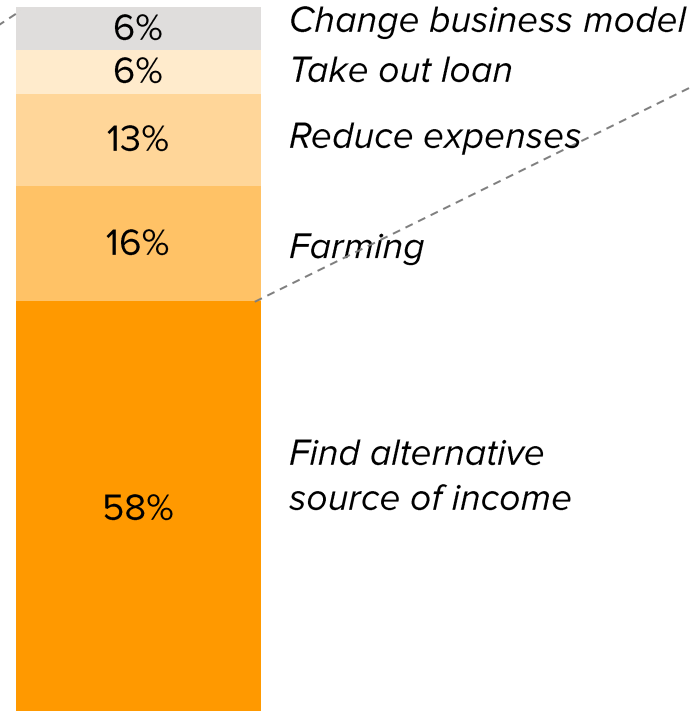
## HHs response due to COVID-19

(%, N= 77 HHs)



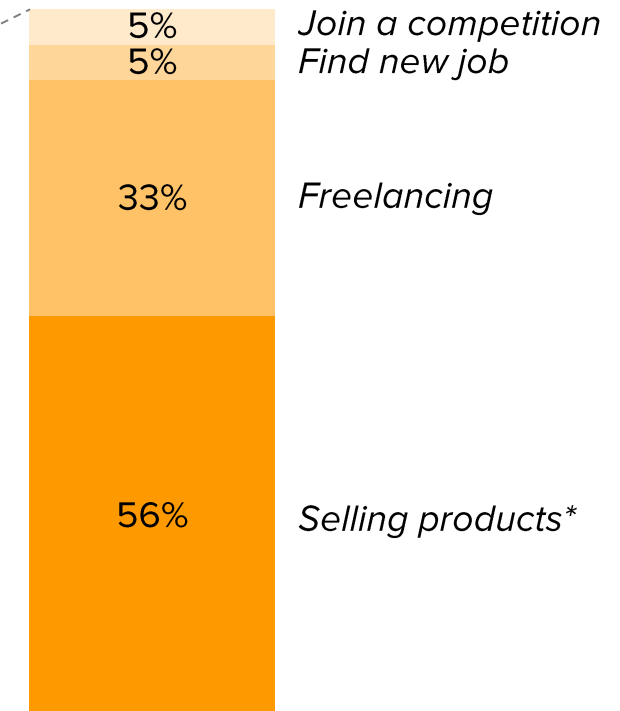
## Coping mechanism during COVID-19

(%, N= 31 HHs)



## Alternative source of income

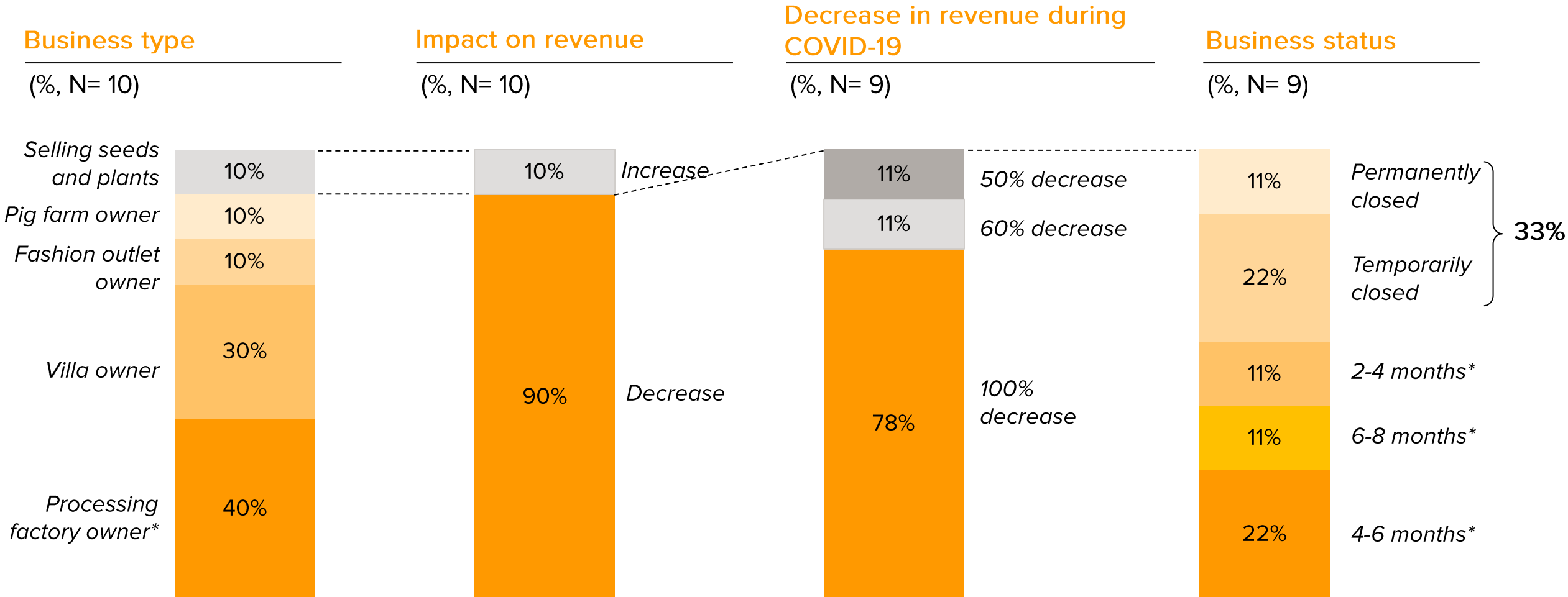
(%, N= 18 HHs)



\*Products include food, personal hygiene products, crafts, etc.

# COVID-19 IMPACT

9 of the 10 business owners interviewed said their revenue has reduced, with 33% closing their business temporarily or permanently.



\*Processing factory owner includes chocolate and garment factories.

\*\*Number of months that the business owner can sustain the business if the current situation continues.

## SUPPORT PROVIDED

Government support has focused on financial and utilities support while non-government initiatives mainly provide support to families and communities, awareness raising and hygiene/protective equipment distribution.

| Type of support   | Government Support | Non-Government support* | Description   |
|---|--------------------|-------------------------|---|
| Financial support/Cash transfer                                 | ✓✓✓                | N/a                     | BLT Desa, PKH, tax and credit incentives to help people that were affected from COVID-19.   |
| Family and community support                                    | ✓                  | ✓✓✓                     | Distribution of food and other basic needs, livelihood support, psychological support.  |
| Utilities payment and subsidies                                 | ✓✓✓                | N/a                     | Electricity subsidy rate for low income households. <ul style="list-style-type: none"> <li>• 100% subsidy for 450 VA</li> <li>• 50% subsidy for 900 VA</li> </ul> |
| Job creation, information dissemination, and training           | ✓✓                 | ✓                       | Pre-employment training and job creation  |
| Awareness raising and campaigns around protection from COVID-19 | ✓✓✓                | ✓✓✓                     | Education campaigns on hygiene related messages, how to slow down spread of COVID-19. Provision of up to date information.  |
| Health related supplies (Masks, Hand sanitizer, PPE)            | ✓✓✓                | ✓✓✓                     | Production and distribution of health and protective supplies.  |
| Research/ Assessment  | ✓                  | ✓                       | Conduct research and assessments.   |

✓ Low level of support  
 ✓✓ Medium level  
 ✓✓✓ High level

\*Non-government support includes NGOs, companies, individuals and other non-government initiatives.

Source: Interview with Gugus Tugas Deputy Director, non-government coordination database & meeting polling results, web research.

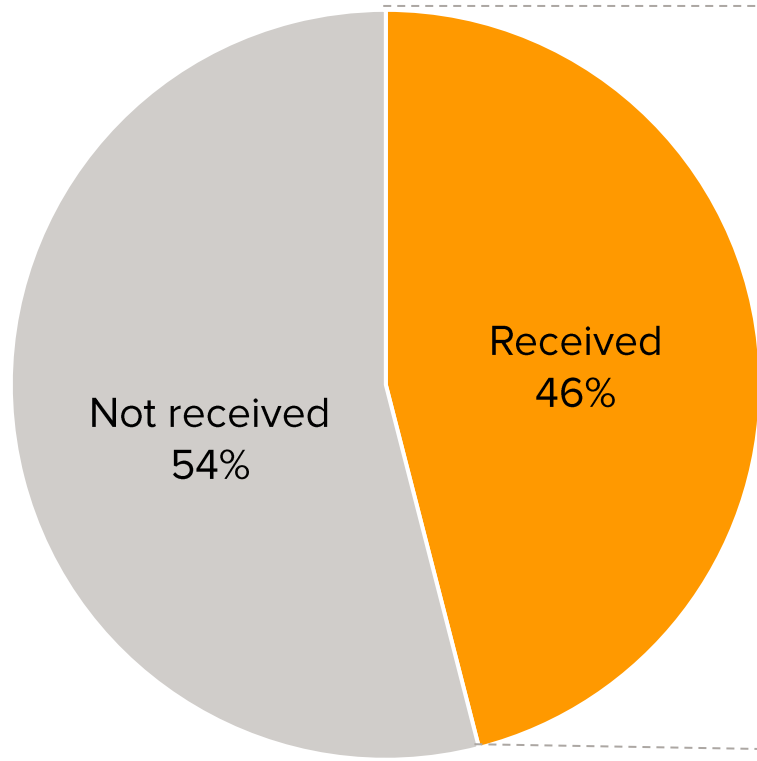


## SUPPORT PROVIDED

46% of respondents have received some type of support to date, mostly in the form of food, masks, or hand sanitizer.

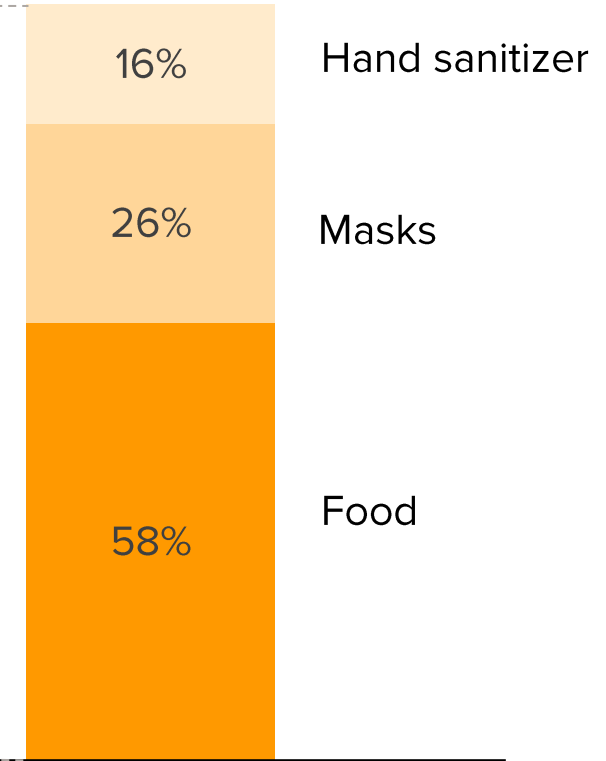
### Support status

(%, N=77)



### Type of support received

(# of responses, multiple answers N=36)

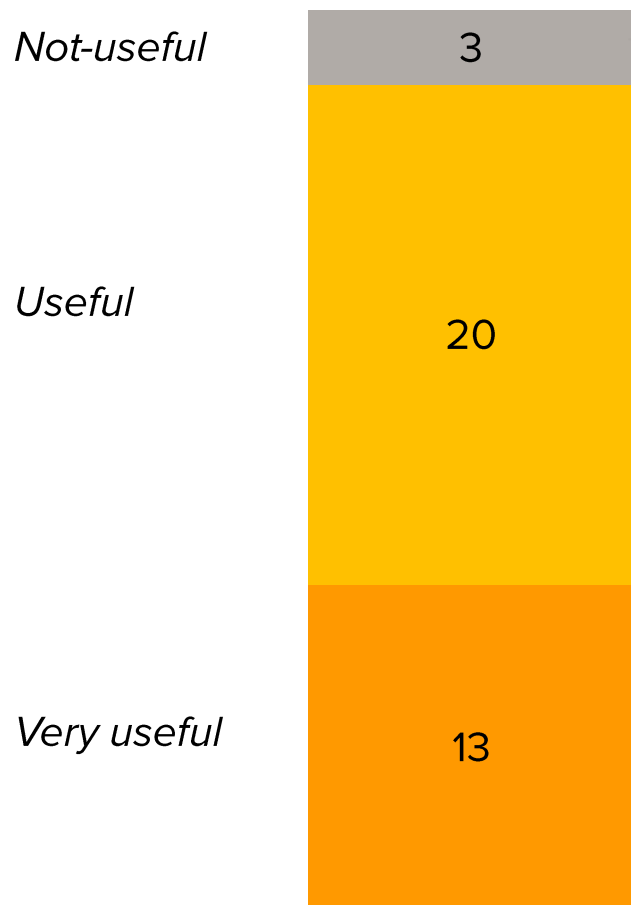


# SUPPORT PROVIDED

Most respondents who received support felt positively about the assistance provided.

## Response to support provided.

(# of respondents, N=36)



## Examples of comments

“Not on target - the distribution of the support **did not reach some of the households in need**”

“We received support from the Banjar, when we said that **we did not need the support and that it should be distributed somewhere else, but the Banjar told us to donate it to others**”

“Yes, **it is useful because we have kids, and at the moment**, some of the health-related products are very difficult to find at the store”

“**We can save some of our money** because of the support that we received, so we don’t need to spend more money on our daily needs”

“Useful, however it will not be enough for the next two months”

“It is very **useful** to receive masks and hand sanitizer, **because we cannot find it at the store.**”

“Very useful, especially for us now that we have **lost our job.**”

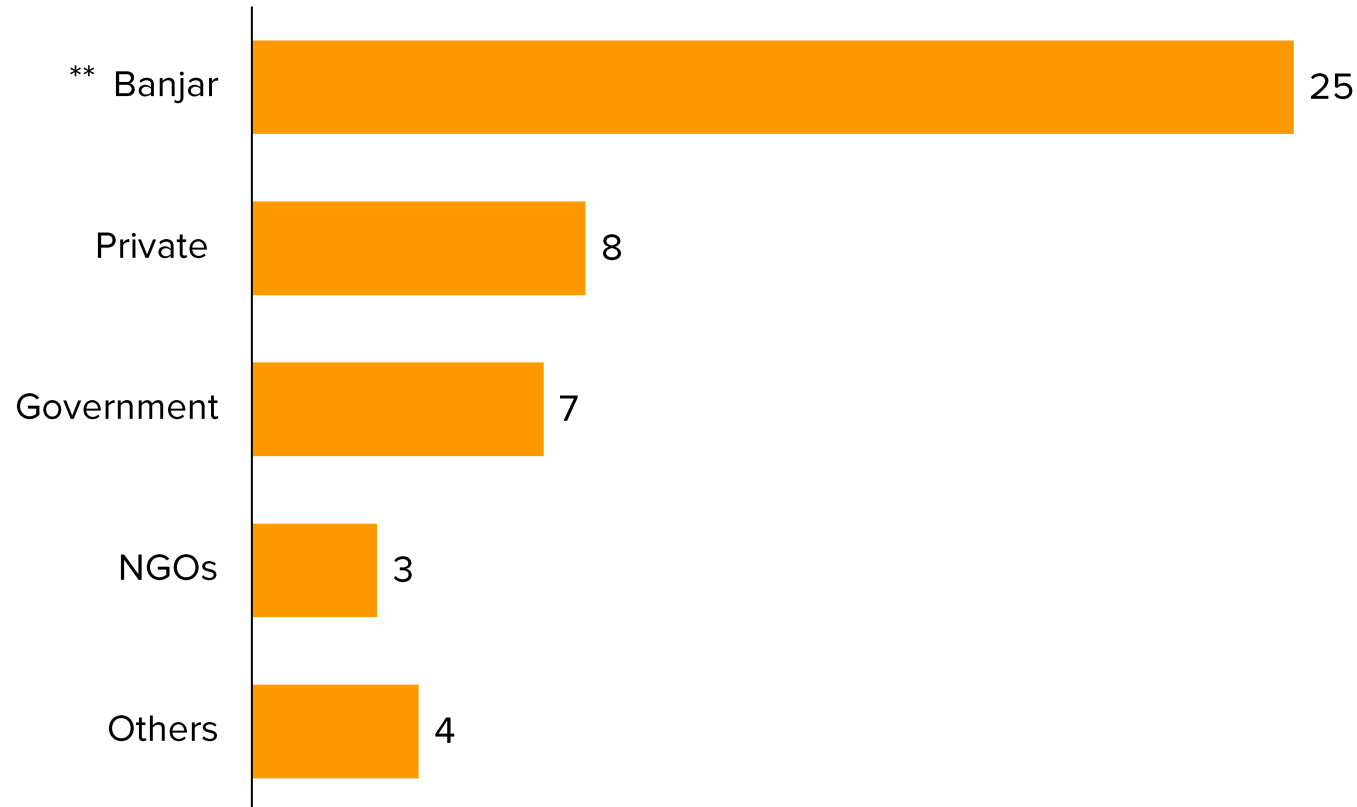
“In this crisis situation, I am very grateful for the support I have received, because **I do not have to borrow money** from somewhere else.”

## SUPPORT PROVIDED

The Banjar has been the main channel for distributing support to the community.

### Support received by source

(# of responses, multiple answers, N=36)



*\*In Bali, most support provided by government, private (companies and individuals), NGOs and others is done in coordination with the local Banjar for distribution to households.*

*\*\*The Banjar – local administration/village council is the lowest level of local government in Bali responsible for all administrative and cultural issues.*



Photo Credit: Rio Helmi

# TABLE OF CONTENTS

1. Executive summary

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- Implications for future livelihood support in Bali



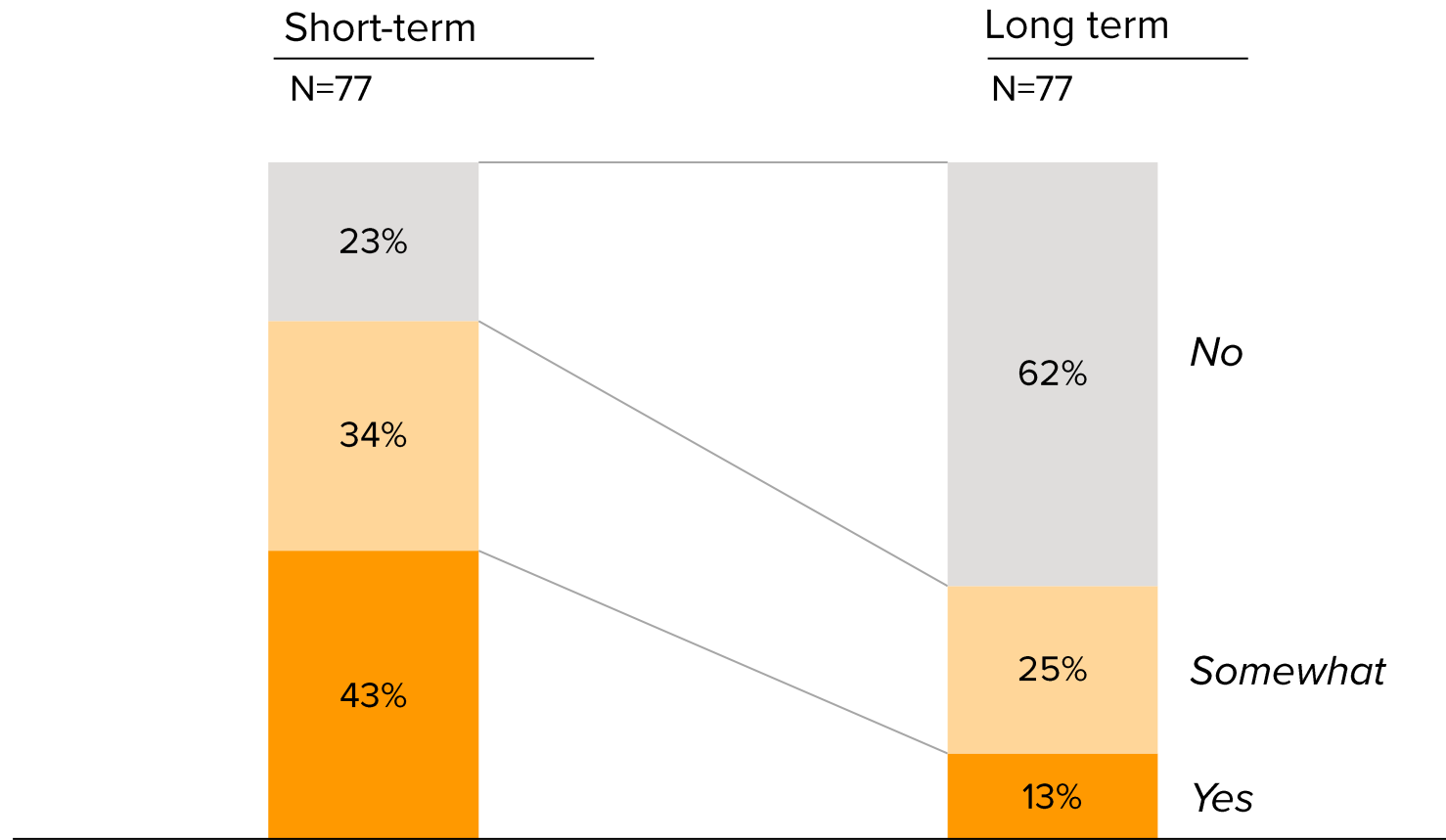
3. Annex

# EXISTING GAPS

Majority of people are uncertain whether they will be able to fulfill their longer-term needs.

## Short-term and long-term needs fulfillment

(%, N=77)

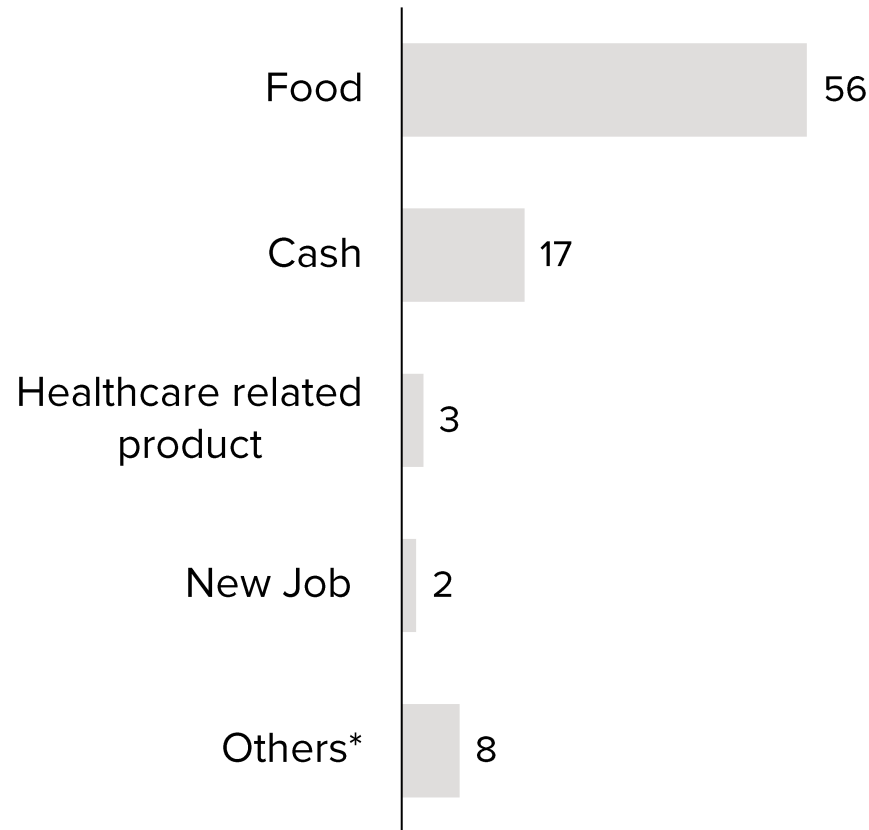


## EXISTING GAPS

Respondents said that food was the most important short-term need. In the longer-term, assistance with finding a new job, and skills training for new profession were identified as priorities.

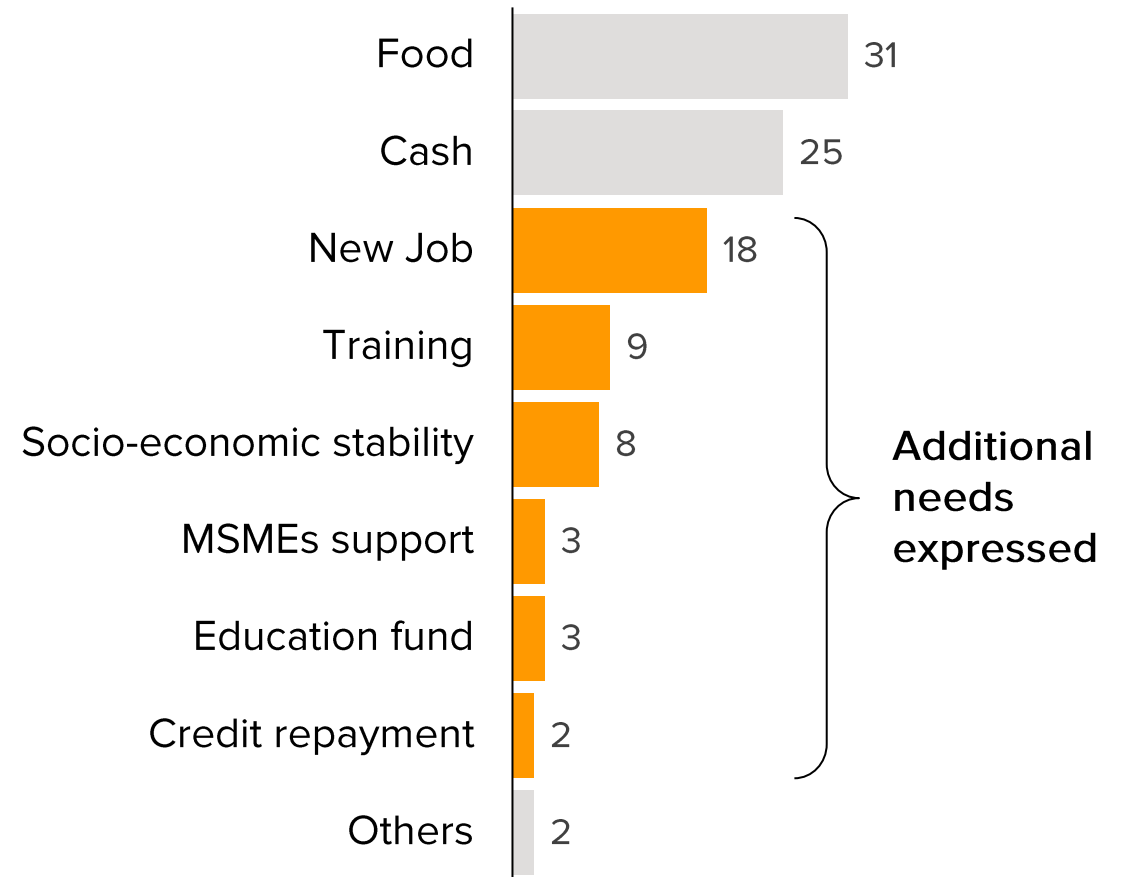
### Short term needs during COVID-19

(# of responses, multiple answers N=77)



### Long term needs during COVID-19

(# of responses, multiple answers N=77)



\*Others includes Internet connection, lower interest rate



Photo Credit: Rio Helmi



# TABLE OF CONTENTS

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3. Annex

## IMPLICATIONS FOR FUTURE SUPPORT

Continued livelihood support is needed, and reskilling and job creation in the agricultural sector provide an opportunity to increase economic resilience in Bali.

1. Given the deep and widespread impact of COVID-19 on the livelihoods of people in Bali, it is **necessary to provide continued support**, especially to those who have been more severely impacted, such as women, informal workers and non-Balinese Indonesian residents of Bali.
2. In addition to addressing immediate needs such as **food** and **financial assistance**, **longer-term support** needs to be provided around **skills training** and **job creation**.
3. In particular, given that the local economy, which is heavily dependent on tourism, is unlikely to bounce back in the short term, a **targeted focus on the agricultural sector** (the second largest economic sector in Bali) presents an **opportunity** to meet local **food security** needs, reduce household expenses and reach domestic and international markets.
4. If appropriate and targeted support is provided in **re-skilling**, **agricultural value chain improvement** and **access to markets**, the livelihoods of people in Bali can become more resilient.
5. The scope and magnitude of the impact of COVID-19 on livelihoods are **expected to grow** as this situation continues. It will therefore be necessary to **conduct regular livelihood assessments** to understand the evolving conditions of people across Bali, keeping in mind that **impact tends to be uneven** across sectors, geographies and socio-economic groups. Having up-to-date data on the conditions and needs will enable the **right type of support** to be developed and targeted to **where it is most needed**.



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# TABLE OF CONTENTS

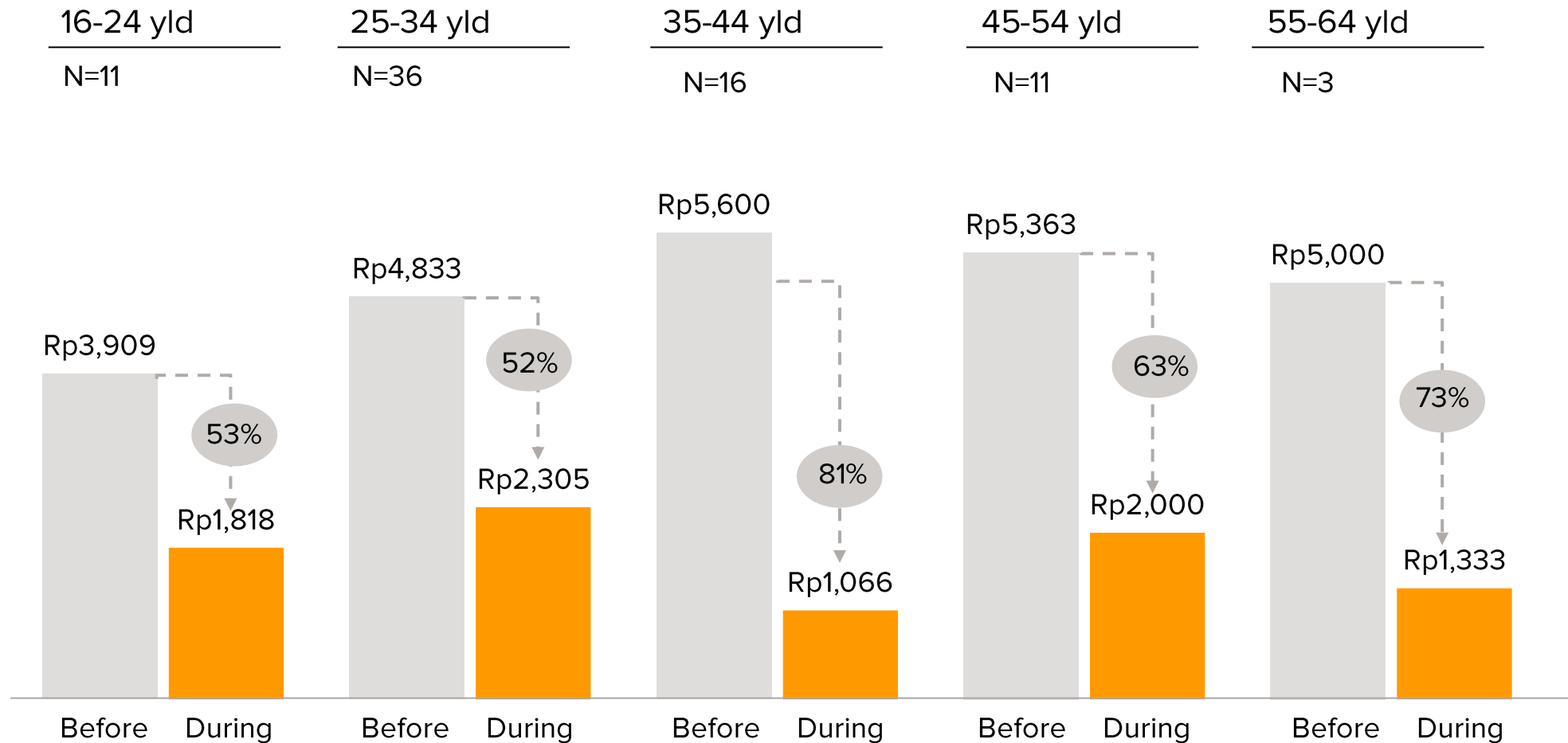
1. Executive summary
2. Interviews with Households and Businesses
  - Methodology & key questions
  - Livelihood conditions before COVID-19
  - Impact of COVID-19 on livelihoods in Bali & support provided
  - Gaps and required support
  - Implications for future livelihood support in Bali

 **3. Annex**

# RESPONDENTS BETWEEN 35 AND 44 YEARS OF AGE ARE FACING THE MOST SEVERE IMPACT DUE TO COVID-19.

## Average income before and during COVID-19 by age

(Thousand Rp, N=77)



# GOVERNMENT SUPPORT OVERVIEW

## Households



### Program Keluarga Harapan (PKH)

PKH is a conditional cash transfer program (Rp 600,000) for poor and vulnerable families in Indonesia. In response to COVID-19, the government has increased the amount of cash provided by 25%.



### Bantuan Langsung Tunai (BLT) Desa

BLT Desa is to help “the newly poor” families who lost their job due to COVID-19, with a payment of Rp 600,000. This amount may increase depending on family size.



### Tax incentives

Income tax exemption for workers with an income below Rp 200 million/year for six months for various sectors.



### Food Assistance and Electricity subsidy

Program Sembako non-cash food assistance aims to cover 30% of the poorest household in Bali. Free electricity and 50 percent subsidy rate for low income households.



### Pre-employment training

The program offers 2,000 courses, including English for tour guides, accounting, IT, business.

## Business (MSEs, SMEs, and non SME)



### Tax incentive

Acceleration of VAT (value-added tax) refunds in 19 manufacturing sectors.



### Credit for business

Debt payment will be delayed by six months for micro loan credit. Credit restructuring and financing for small and medium business. Budget estimate of: Rp 150 trillion.



### Delay and postponement of credit

One-year postponement of credit or leasing payments for loans up to Rp10 billion. Postponement of credit or leasing payments without ceiling limits in accordance with the debtors' ability to pay the credit and the agreement with banks.



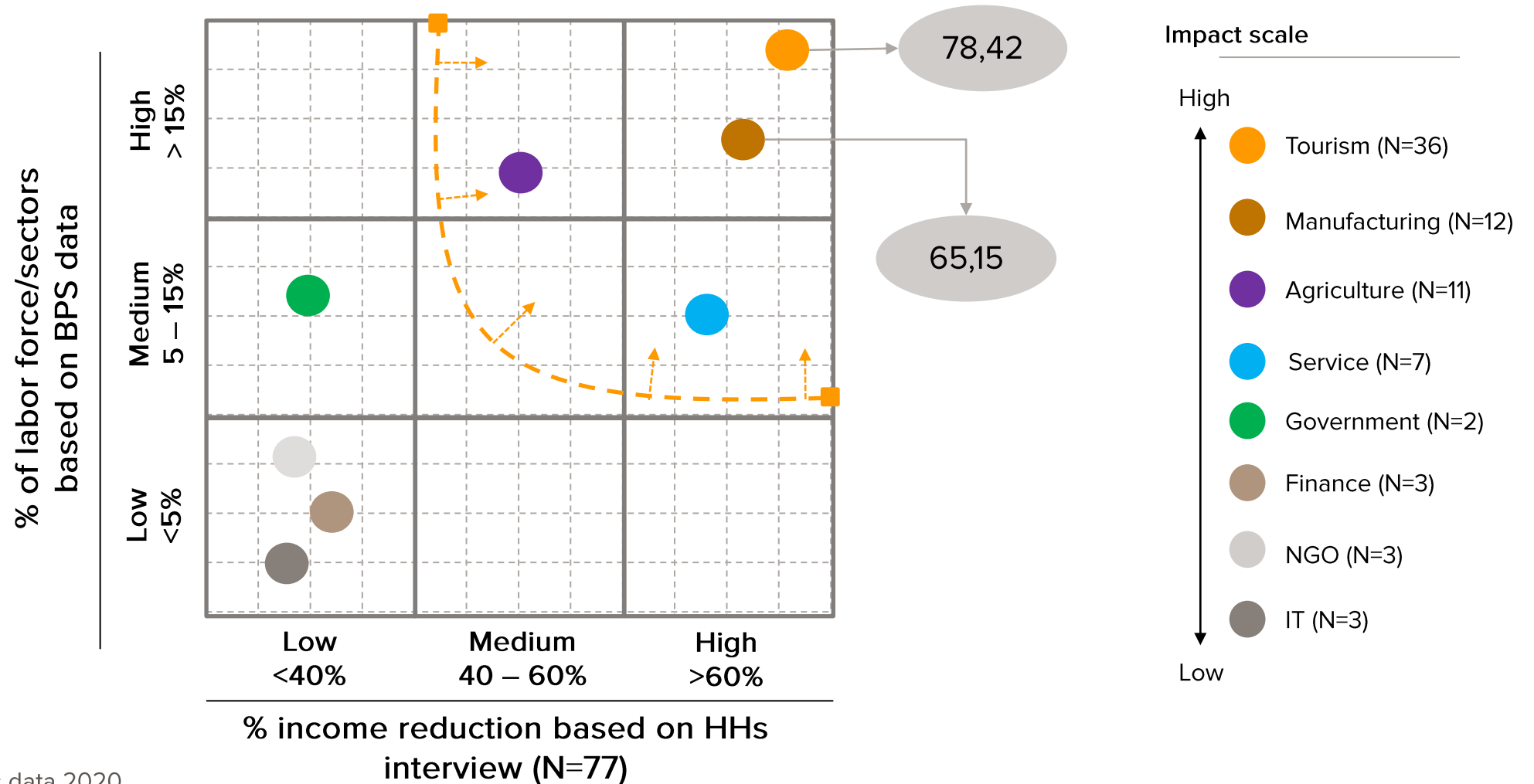
### Monetary stimulus by Bank Indonesia

Expanding of economic stimulus that previously targeted export-import sectors to other sectors including SMEs and non SME.

Looking at the economic impact to the ratio of the labor force in each sector, Tourism has experienced the highest impact, followed by manufacturing and agriculture.

### Economic Impact for each sector

(% income reduction, % of labor force each sector)



Source: BPS Socio-economic data 2020



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